IMPLATS
EXCELLENCE IN PGMs

Condensed consolidated interim results (reviewed)
for the six months ended 31 December 2022

Creating a better future

Forward looking and cautionary statement

Certain statements contained in this disclosure, other than the statements of historical fact, contain forward looking statements regarding Implats' operations, economic performance or financial condition, including, without limitation, those concerning the economic outlook for the platinum industry, expectations regarding metal prices, production, cash costs and other operating results, growth prospects and the outlook of Implats' operations, including the completion and commencement of commercial operations of certain of Implats' exploration and production projects, its liquidity and capital resources and expenditure and the outcome and consequences of any pending litigation, regulatory approvals and/or legislative frameworks currently in the process of amendment, or any enforcement proceedings. Although Implats believes that the expectations reflected in such forward looking statements are reasonable, no assurance can be given that such expectations will prove to be correct. Accordingly, results may differ materially from those set out in the forward looking statements as a result of, among other factors, changes in economic and market conditions, success of business and operating initiatives, changes in the regulatory environment and other government actions, fluctuations in metal prices, levels of global demand and exchange rates and business and operational risk management. For a discussion on such factors, refer to the risk management section of the Company's integrated annual report. Implats is not obliged to update publicly or release any revisions to these forward looking statements to reflect events or circumstances after the dates of the integrated annual report or to reflect the occurrence of unanticipated events.

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2 March 2023
Johannesburg

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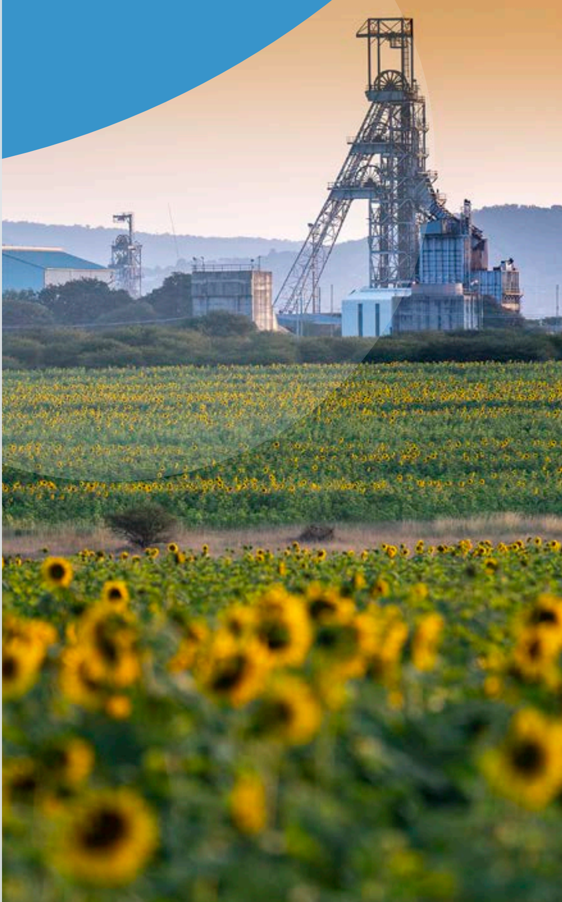
Our purpose

CREATING A
BETTER FUTURE

...through the way we do business

...through the metals we produce

...through our superior performance



Key features

Safety and sustainability

- Regrettably, two fatal injuries recorded at managed operations
- 12% improvement in TIFR to 9.16*
- R4.3bn allocated over next five years to energy security and decarbonisation
- Social performance projects benefited 130 000 people
- In 89th sector percentile of S&P Dow Jones Sustainability Index
- ESG performance ranked ahead of sector peers by FTSE Russell

Operational

- Benefit of geographical diversification and maiden contributions from growth projects
- Challenging operating context with high inflation and power constraints
- 2% increase in managed 6E concentrate production to 1.18Moz
- JV operations maintained 6E concentrate production at 270koz
- 10% decrease in third-party 6E receipts to 169koz
- 9% decrease in refined and saleable 6E production to 1.48Moz
- 2% decrease in 6E sales volumes to 1.52Moz
- Group unit costs rose by 15% to R19 346 per 6E ounce (stock-adjusted)
- Consolidated Group capital expenditure of R4.9bn
- Maintained key FY2023 production guidance

Financial

- Gross profit of R17.2bn and EBITDA of R24.5bn
- Headline earnings of R14.0bn or 1 654 cents per share
- Free cash flow of R11.0bn
- R27.0bn cash net of debt
- Liquidity headroom of R35.1bn
- 36% of adjusted free cash flow allocated to shareholder returns
- Interim dividend of 420 cents per share

Market

- Dollar revenue per 6E ounce sold down 9% to US$2 199/oz
- Rand revenue per 6E ounce sold increased by 5% to R38 117/6E oz sold
- PGM markets set to tighten on demand recovery and constrained supply in 2023

* *per million man-hours worked*

Operating statistics

		Six months to 31 December 2022	Six months to 31 December 2021	Variance %
Gross refined production				
6E	(000oz)	**1 476.0**	1 616.6	(8.7)
Platinum	(000oz)	**684.8**	759.6	(9.8)
Palladium	(000oz)	**519.7**	551.2	(5.7)
Rhodium	(000oz)	**85.8**	92.6	(7.3)
Nickel	(tonnes)	**7 944**	8 223	(3.4)
IRS metal returned (toll refined)				
6E	(000oz)	**0.5**	0.3	66.7
Platinum	(000oz)	**—**	—	—
Palladium	(000oz)	**0.5**	0.3	66.7
Rhodium	(000oz)	**—**	—	—
Nickel	(tonnes)	**1 886**	1 863	1.2
Sales volumes				
6E	(000oz)	**1 515.2**	1 545.7	(2.0)
Platinum	(000oz)	**729.1**	741.0	(1.6)
Palladium	(000oz)	**528.7**	529.5	(0.2)
Rhodium	(000oz)	**84.7**	84.3	0.5
Nickel	(tonnes)	**5 791**	6 111	(5.2)
Prices achieved				
Platinum	(US$/oz)	**927**	1 022	(9.3)
Palladium	(US$/oz)	**2 009**	2 200	(8.7)
Rhodium	(US$/oz)	**13 805**	16 036	(13.9)
Nickel	(US$/t)	**23 568**	18 476	27.6
Consolidated statistics				
Average rate achieved	(R/US$)	**17.36**	15.00	15.7
Closing rate for the period	(R/US$)	**17.04**	15.94	6.9
Revenue per 6E ounce sold	(US$/oz)	**2 199**	2 417	(9.0)
Revenue per 6E ounce sold	(R/oz)	**38 117**	36 230	5.2
Tonnes milled ex-mine*	(000t)	**11 815**	11 301	4.5
6E in concentrate production	(000oz)	**1 615.6**	1 615.8	—
Group unit cost per 6E ounce (stock adjusted)	(R/oz)	**19 346**	16 756	(15.5)
Group unit cost per 6E ounce (stock adjusted)	(US$/oz)	**1 116**	1 114	(0.2)
Capital expenditure*	(Rm)	**4 949**	3 568	(38.7)
Stay-in-business capital	(Rm)	**3 155**	2 745	(14.9)
Replacement capital	(Rm)	**1 100**	584	(88.4)
Expansion capital	(Rm)	**695**	239	(190.8)

* *Managed operations.*

Financial performance

		Six months to 31 December 2022	Six months to 31 December 2021	Variance %
Revenue	(Rm)	**57 797**	55 620	3.9
Gross profit	(Rm)	**17 194**	17 945	(4.2)
EBITDA**	(Rm)	**24 506**	23 992	2.1
Profit for the six months	(Rm)	**14 827**	14 383	3.1
Basic earnings	(Rm)	**13 973**	13 838	1.0
Headline earnings	(Rm)	**14 020**	13 814	1.5
Free cash flow**	(Rm)	**11 001**	15 149	(27.4)
Net cash (excluding leases)	(Rm)	**27 023**	18 537	45.8
Basic earnings	(cps)	**1 648**	1 693	(2.7)
Headline earnings	(cps)	**1 654**	1 690	(2.1)
Dividend	(cps)	**420**	525	(20.0)

** *Non-International Financial Reporting Standards metric.*

Additional statistical information is available on the Company's website, www.implats.co.za

ESG indicators

		Six months to 31 December 2022	Six months to 31 December 2021	Variance %
Fatalities	(count)	**2**	5	—
TIFR	(pmmhw)**	**9.16**	10.45	12.3
LTIFR	(pmmhw)**	**4.05**	3.88	(4.4)
Labour including capital*	(number)	**58 569**	58 047	(0.9)
Level 4 or 5 environmental incidents	(count)	**0**	0	—
Level 3 environmental incidents	(count)	**4**	2	(100.0)
Water consumption	(kl/t milled)	**2.21**	2.03	(8.9)
Water recycled/reused	(%)	**50**	51	(2.0)
Energy consumption	(GJ/t milled)	**0.741**	0.887	16.5
Scope 1 and 2 carbon emissions	(t CO_2/t milled)	**0.173**	0.184	6.0

* *At 31 December 2022.*
** *Per million man-hours worked.*

Commentary

Introduction

Implats delivered sustained production momentum and saw strong demand for its primary products in the half year ended 31 December 2022, amid a robust rand PGM pricing environment, mitigating the financial impact of broad-based inflationary pressures.

The benefits of a geographically diverse production footprint and maiden contributions from its suite of growth projects countered the challenging operating environment, which was typified by high inflation and intensified utility-level power constraints in South Africa.

Against this backdrop, the Group delivered EBITDA of R24.5 billion, headline earnings of R14.0 billion or 1 654 cents per share and generated free cash flow of R11.0 billion after funding capital expenditure. The board of directors declared an interim dividend of 420 cents per share.

Implats' progress on its journey to achieve its purpose – creating a better future – gained momentum, and the Group was delighted to again receive several accolades recognising its excellence in environmental, social and governance (ESG) management.

Safety

Safe production remains the Group's foremost priority, with the goal of eliminating harm to the health and safety of our employees and contractors. Despite much-improved safety metrics from a focus on visible leadership and mine-safety discipline, it is with deep regret the Group reports two employee fatalities at managed operations during the period.

In September 2022, Mr Estevao Matsimbe sustained fatal injuries resulting from an equipment accident at 16 Shaft, Impala Rustenburg. In December 2022, Ms Lydia Gore succumbed to injuries incurred from a fall of ground incident at Zimplats' Bimha Mine. Regrettably, the Group's Two Rivers joint venture also reported a fatal injury in mid-November when Mr Seutlwadi Ramathelesa passed away following a fall from height. Post the end of the period, two further fatal incidents occurred, one at Impala Rustenburg's 14 Shaft when Mr Abraham Mofokeng was fatally injured in a blasting accident, the other as a result of a fall of ground at Zimplats' Mupani Mine where Mr Henry Raki was fatally injured. The board of directors and the management team have extended their sincere condolences to the families and friends of our lost colleagues and the Group offers ongoing support to their families.

During the six months to end-December 2022, the Group's fatal-injury frequency rate improved 60% to 0.032 per million man-hours worked (H1 FY2022: 0.080). The total injury frequency rate improved 12% to 9.16 (H1 FY2022: 10.45) and the lost-time injury frequency rate deteriorated 4% to 4.05 per million man-hours worked (H1 FY2022: 3.88). By 31 December 2022, 13 of the Group's 17 operations had achieved millionaire or multi-millionaire status in terms of fatality-free shifts.

Sustainability

Implats aspires to produce metals that create a cleaner, greener future, and to operate in a way that sustains livelihoods beyond mining, and leaves a positive social and environmental legacy.

Sustainable development is a core strategic focus and Implats is committed to improving its environmental performance and delivering material socio-economic benefits for its stakeholders.

During the period, Implats received its annual S&P Dow Jones Sustainability Index (DJSI) assessment score, which improved to 66 out of 100 (FY2022: 61 out of 100), and which ranked the Group in the 89th percentile of the mining and metals industry. This score earned Implats its second consecutive inclusion in S&P's Sustainability Yearbook (2023), a distinction reserved for top-performing companies. In addition, FTSE Russell ranked Implats first in the mining sub-sector, ahead of its peers, for disclosures on managing environmental, social and governance risks.

Commentary

Implats maintained an overall A-rating from MSCI, reflecting excellent emissions and water performances, and strong governance structures, and was included in the Bloomberg Gender-Equality Index for a fourth consecutive year, based on its progressive inclusivity policies and practices. The Group also holds an 'A' rating for water security risk management, a 'B' rating for climate change action and disclosures, both from the Carbon Disclosure Project (CDP). The Group remains a constituent of the FTSE4Good Index Series and the FTSE/JSE Responsible Investment Top 30 Index. All operations, with the exception of Impala Canada, are ISO 14001:2015 certified, while Impala Refineries, Marula and Zimplats are also ISO 45001:2018 certified. Impala Refineries holds the London Palladium and Platinum Markets Responsible Sourcing Standard certificate.

Health and wellbeing

Implats continued its proactive approach to reduce the main occupational and non-occupational health risks facing employees and further progress was made on targeted interventions. There were 102 new cases of noise-induced hearing loss, and pulmonary TB and HIV levels were well controlled, with 44 pulmonary TB cases among employees. At the South African operations, the annualised TB incidence rate of 224 per 100 000 employees remains well below the estimated national average of 615 per 100 000 citizens. The Group's estimated HIV prevalence rate has remained level at 23%, with high adherence to HIV treatment at 94%. Implats' aims to increase the uptake of antiretroviral treatment to eliminate Aids-related deaths among in-service employees by 2025.

Environment

The Group delivered a sound environmental performance during the first half. There were no major (level 5) or significant (level 4) environmental incidents, and no fines or non-monetary sanctions were imposed for non-compliance with environmental regulations, licences or permits at any Group operation. Four limited-impact (level 3) incidents (H1 FY2022: two) were recorded, with each incident investigated and remedial action implemented.

The Group achieved 50% recycled and re-used water against an annual target of 54% (H1 FY2022: 51%), largely due to high evaporation rates and the delayed onset of the rainy season in southern Africa, which resulted in a 4% increase in freshwater withdrawals year-on-year. The Group is investigating several initiatives to improve water recycling/re-use, water-use efficiencies and to reduce the freshwater withdrawals. With other commercial water users, Implats is part of two public-private partnerships – the Rustenburg Water Services Trust and the Olifants Management Model Water User Association – to support the development of new, long-term water infrastructure that will supply bulk water to adjacent communities along the pipelines and allow for non-potable water offtake agreements for commercial users.

Implats has committed to achieving carbon neutrality by 2050 with a short-term target of a 30% reduction in carbon emissions by FY2030. The switch to renewable electricity will play an important role in achieving these goals and in mitigating worsening electricity supply disruptions. An initiative to procure wheeled renewable electricity for all South African operations is currently in the request-for-information stage. Impala Rustenburg is executing pre-feasibility studies for approximately 160MW of solar power, Impala Refineries is undertaking studies for a combined heat and power project to eliminate coal usage, and Marula is carrying out land suitability assessments for a 30MW solar plant. At Zimplats, contractor appointments for the US$37 million board-approved 35MW solar plant have been completed and construction is expected to be completed by mid-FY2024.

The Group's carbon emissions and energy-use intensity improved by 6% and 16% to 0.173 CO_2 tonnes per tonne milled (H1 FY2022: 0.184) and 0.741GJ per tonne milled (H1 FY2022: 0.887), respectively, due to improved production volumes at the lower-carbon Canadian and Zimbabwean operations, and decreased energy consumption resulting from load curtailment at the coal-power-driven South African operations.

Implats continues to support the Global Industry Standard on Tailings Management (GISTM).

Commentary

Social

The long-term viability of the business is linked to the well-being of Implats' host communities, who face high levels of unemployment, frustration with poor service delivery and growing global inequality. The Group seeks to deliver a lasting positive contribution in its sphere of influence, in line with its social performance framework. During the period, good progress was made to improve social performance maturity, reporting and stakeholder engagement.

Several projects and initiatives were completed in support of the Group's social performance strategy and to address key socio-economic challenges. During H1 FY2023, more than 130 000 people benefited in some way through these initiatives and more than 4 700 job opportunities in communities were supported.

Health and wellbeing initiatives were supported, driving zero hunger and job-creation, supporting healthcare and vulnerable groupings, and raising environmental awareness. Key highlights include the ongoing reach and scale of the Zimplats agriculture projects and Impala Canada's food centre support, Impala's home-based care programme and the Group's pledge for National Mining Industry Partnership on preventing gender-based violence (GBV). Together, these initiatives reached more than 50 000 beneficiaries in the period.

Key community infrastructure projects — including social and labour plan (SLP) and beyond-compliance projects — were completed. Marula delivered six SLP projects during the half year, including three school infrastructure projects and three community water projects, positively impacting the lives of more than 7 800 people in the Marula-adjacent communities. At Zimplats, three school upgrade projects were completed benefiting close to 2 000 learners. South African-based business units all supported matriculants through their school-enrichment programmes and Impala-supported schools consistently performed above the national and provincial averages in terms of matric pass rates.

Inclusive procurement and supporting SMMEs closest to our mining operations remains a key priority, and the recent appointment of an executive responsible for inclusive procurement and strategic sourcing will drive performance in this area. Impala and Marula are implementing their enterprise and supplier development (ESD) strategies that were concluded during this reporting period. Zimplats' ongoing local supplier development has ensured wealth creation and improved wellbeing, with stronger links to the local economy for 22 local enterprises. Six associate companies are currently part of the Zimplats Enterprise Model. An Impala Canada highlight includes the newly launched Miinikaanan Badakidoon programme to support indigenous entrepreneurs in Northwestern Ontario who are looking to start up, expand or buy an existing business. Current SMME support initiatives across the Group continue to support more than 4 300 job opportunities.

A Group-wide human rights impact assessment was concluded during the period and shared with practitioners, with collective action to close any identified gaps underway.

Stakeholder engagement was again prioritised with mine-host communities against the backdrop of high youth unemployment, intermittent industrial action and competition for procurement opportunities.

Group operational review

Implats reaped the benefit of its geographically diverse production portfolio and saw maiden contributions from a suite of expansion projects in execution across the asset base during the period, despite a challenging global macro-economic and operating environment.

Operating momentum was sustained during the period, and there was limited direct impact on mined volumes from escalating load curtailment in South Africa.

The South African processing assets were somewhat constrained by the timing of scheduled maintenance and the increased severity and frequency of load curtailment. In total, an estimated 9 000 6E ounces of mined volumes were foregone and circa 38 000 6E ounces of refined production deferred due to power constraints during the period. Tonnes milled from managed operations increased by 5% to 11.82 million tonnes (H1 FY2022: 11.30 million tonnes) with higher reported volumes

Commentary

at Zimplats, Impala Rustenburg and Impala Canada offsetting marginally lower throughput at Marula. Grade was impacted by an increase in off-reef mining at Impala Rustenburg and increased development ore from the Phase II project at Marula, and declined by 2% to 3.56 6E g/t (H1 FY2022: 3.62 6E g/t). Concentrate production at managed operations increased by 2% to 1.18 million 6E ounces (H1 FY2022: 1.16 million ounces).

Higher installed milling capacity at Two Rivers was offset by the grade impact of ore stockpile throughput, while at Mimosa, milled volumes were trialled at nameplate capacity for a short period to determine potential plant recovery improvements. 6E concentrate production from JV operations was unchanged at 270 000 ounces.

Third-party 6E receipts of 169 000 ounces were 10% lower than those in the prior comparable period, with several operational challenges reported at peer group producers, including load curtailment and severe weather events.

In total, 6E concentrate volumes produced were stable at 1.62 million ounces (H1 FY2022: 1.62 million ounces). Group refined production of 1.48 million 6E ounces, including saleable production from Impala Canada, declined by 9% (H1 FY2022: 1.62 million ounces). Smelting capacity was constrained by increased load curtailment and the scheduled rebuild of the Number 4 furnace in Rustenburg, which started in late November 2022. Implats ended the period with circa 140 000 6E ounces of excess inventory (H1 FY2022: nil).

Notable rand depreciation resulted in additional inflationary pressures, compounding the impact of high energy and consumables pricing on the translated cost and capital expenditure at the Zimbabwean and Canadian operations. Total cash operating costs increased by 15%, while unit costs were further impacted by lower refined production and, on a stock-adjusted basis, increased by 15% to R19 346 per 6E ounce (H1 FY2022: R16 756 per 6E ounce).

Capital expenditure at managed operations rose by 39% to R4.9 billion (H1 FY2022: R3.6 billion) as expenditure on replacement and growth projects accelerated and the rand weakened against the dollar. Stay-in-business spend of R3.2 billion, replacement capital of R1.1 billion and expansion capital of R0.7 billion increased by 15%, 88% and 191%, respectively.

Impala

Production momentum at Impala Rustenburg was impeded by unprotected industrial action, increased load curtailment and persistent regional socio-economic pressures, which impacted skills availability, labour attendance and community relations. A series of targeted strategies and interventions were implemented and are beginning to yield improvements in the underlying production performance and operational stability.

Total development declined by 4%, with reduced development rates impacted by a scheduled reduction in the number of development teams. Mineable face length increased by 1% to 25.6km with notable increases at both 16 and 20 shafts. Tonnes milled increased by 4% to 5.17 million tonnes (H1 FY2022: 4.98 million tonnes) and tonnes milled per employee costed increased by 6%. Milled grade declined by 4% to 3.82g/t due to an increase in off-reef mining. Load curtailment led to a reduction in tailings volumes treated and 6E in concentrate production decreased by 2% to 597 600 ounces (H1 FY2022: 608 000 ounces), while stock-adjusted 6E production was 3% lower at 608 300 ounces (H1 FY2022: 625 800 ounces).

Refined 6E volumes were 7% lower at 605 000 ounces (H1 FY2022: 650 700 ounces) but in line with stock-adjusted production. The previous comparable period benefited from some destocking.

Total cash costs, including corporate and marketing costs, increased by 7% to R13.3 billion (H1 FY2022: R12.4 billion). Above-CPI increases on consumables and utilities resulted in mining inflation of 9% in the period. The discretionary employee bonus payment contributed R726 per 6E ounce (H1 FY2022: R870 per 6E ounce), while Covid-19 spend also decreased. On a stock-adjusted basis, unit costs increased by 10% to R21 874 per 6E ounce (H1 FY2022: R19 879 per 6E ounce).

Capital expenditure increased by 27% to R2.0 billion (H1 FY2022: R1.6 billion). Stay-in-business spend increased by 14% to R1.7 billion as investment across several mining and processing projects continued. Replacement capital increased by 285% to R235 million and R40 million was spent on expansion projects. R547 million was invested in the Rustenburg smelters and the base and precious metal refineries (H1 FY2022: R376 million) and project spend accelerated on the new flash dryer, final metals Phase 3 and 4 projects at the Precious Metal Refinery and debottlenecking the Base Metal Refinery. The scheduled rebuild of the Number 4 furnace at Rustenburg started in late November 2022, with recommissioning planned for April 2023.

During the first half, Impala delivered R7.5 billion in free cash flow, a 6% increase from the previous comparable period. Stable 6E sales volumes of 624 600 ounces, due to some destocking of refined stock, were delivered into 2% higher achieved rand revenue per ounce sold. The operation benefited from positive working capital movements, higher interest received and lower tax payments, which offset the impact of higher costs and capital expenditure. Impala made a gross profit of R7.4 billion and contributed R5.8 billion to Group headline earnings (H1 FY2022: R6.4 billion).

Impala Rustenburg's production remains vulnerable to the severity of load curtailment but concentrate production guidance for FY2023 has been maintained between 1.18 and 1.28 million 6E ounces.

Impala Refining Services (IRS)

Receipts from managed operations at Marula and Zimplats declined by 8% to 420 100 ounces (H1 FY2022: 457 800 ounces), with receipts in the prior comparable period elevated by the deferred delivery of volumes from Zimplats. Receipts from Two Rivers and Mimosa increased by 2% to 264 000 ounces (H1 FY2022: 258 900 ounces). Third-party 6E receipts decreased by 10% to 169 000 ounces (H1 FY2022: 188 200 ounces) due to operational challenges at peer group producers.

In aggregate, gross 6E receipts of 853 100 ounces were 6% lower (H1 FY2022: 904 900 ounces).

Refined 6E volumes declined by 13% to 745 900 ounces (H1 FY2022: 853 500 ounces) as available processing capacity was limited by the planned rebuild of the Number 4 furnace, which started during the period, and increased load curtailment.

The cash operating costs associated with smelting, refining and marketing IRS production increased by 12% to R1.06 billion, with inflationary pressures on consumables and electricity offsetting the impact of lower refined throughput.

Weaker PGM pricing and lower purchased volumes were offset by the concentrate mix and rand weakness. Sales volumes decreased 5% to 765 400 6E ounces, with destocking of refined inventory partially offsetting the revenue impact of weaker refined volumes. Higher nickel pricing and lower minor PGM sales saw received revenue per 6E sales ounce increase by 7% to R39 362 (H1 FY2022: R36 753). The cost of metals purchased increased by 11% to R28.4 billion (H1 FY2022: R25.7 billion). IRS reported gross profit of R1.5 billion and contributed R1.4 billion to Group headline earnings. Free cash flow declined to R620 million due to higher tax payments and adverse working capital movements, from R3.1 billion in the prior comparable period when inventory was released.

Marula

Marula delivered to plan during the period, and saw stable community relations and sustained operational momentum despite the impact of increased load curtailment.

Milled tonnage declined by 1% to 1.01 million tonnes (H1 FY2022: 1.02 million). Grade declined by 3% to 4.40g/t (H1 FY2022: 4.56g/t), impacted by lower high-grade sweepings and Phase II project waste tonnage, resulting in 5% lower 6E concentrate production of 128 000 ounces (H1 FY2022: 134 500 ounces).

Commentary

A higher headcount to accommodate community novice employees and increased maintenance costs added to the inflationary pressures from consumables and energy. In total, cash costs, including the discretionary employee bonus payment, increased by 16% to R1.9 billion (H1 FY2022: R1.6 billion). Cost inflation was exacerbated by lower volumes and unit costs increased by 22% to R14 906 per 6E ounce (H1 FY2022: R12 253 per 6E ounce). The bonus payment contributed R373 per 6E ounce (H1 FY2022: R465 per 6E ounce). Capital expenditure increased by 13% to R130 million with spend initiated on the Phase II expansion project and the roll out of extra-low profile equipment.

Sales volumes declined 6% to 127 900 6E ounces (H1 FY2022: 136 200 ounces), but sales revenue per 6E ounce benefited from the weaker rand and increased by 3% to R35 297 (H1 FY2022: R34 107 per ounce). In the prior comparable period, revenue was adversely impacted by negative provisional pricing adjustments of R704 million, which moderated significantly to R69 million in H1 FY2023. Consequently, revenue increased 13% to R4.4 billion (H1 FY2022: R3.9 billion). Gross profit improved 10% to R2.1 billion, headline earnings decreased 28% to R1.3 billion (H1 FY2022: R1.8 billion) and Marula generated R2.0 billion in free cash flow (H1 FY2022: R1.4 billion).

Marula's R5.1 billion Phase II project was advanced and will result in a circa 20% increase in milling capacity and 17-year life-of-mine extension (to FY2039) with full capacity achieved in FY2028.

Two Rivers

Two Rivers navigated several operating challenges including DMRE safety stoppages and power supply interruptions due to localised infrastructure failures and increased load curtailment. The mine benefited from increased installed milling capacity at the UG2 concentrator, and delivered a 32% increase in mined tonnage, including initial volumes from Merensky workings.

Tonnes milled increased by 8% to 1.81 million tonnes (H1 FY2022: 1.67 million tonnes) but grade was impacted by the treatment of lower-grade volumes during DMRE mining stoppages and declined by 6% to 3.02g/t (H1 FY2022: 3.20g/t). 6E concentrate production increased by 1% to 147 300 ounces (H1 FY2022: 146 500 ounces). Total cash costs increased by 27% to R2.0 billion, with the inflationary impact of consumables and energy compounded by the cost components of Two Rivers, which is a mechanised operation. Concentrator costs were impacted by additional spend on grinding media and reagents, and the running costs for increased milling capacity associated with the UG2 plant expansion. Unit costs per tonne milled increased by 17% to R1 097 per tonne (H1 FY2022: R937 per tonne), but costs per 6E ounce in concentrate increased by 22% to R13 632 per ounce (H1 FY2022: R11 215 per ounce), including the allocated cost of stockpile milled.

Capital expenditure increased 124% to R1.3 billion as spend accelerated on the Merensky project. The R5.7 billion Merensky mining project was initiated in July 2021 and will expand production by circa 180 000 6E ounces with full production planned for FY2025.

Sales volumes increased by 3% to 145 700 6E ounces (H1 FY2022: 141 900 ounces), and sales revenue per 6E ounce rose 2% to R32 896 (H1 FY2022: R32 227 per 6E ounce), benefiting from the weaker rand, which offset softer PGM pricing. In the prior comparable period, revenue was adversely impacted by negative provisional pricing adjustments of R728 million, which moderated significantly to R204 million in H1 FY2023. Consequently, revenue of R4.8 billion increased by 21% (H1 FY2022: R4.0 billion). Gross profit improved 27% to R2.3 billion (H1 FY2022: R1.8 billion). Lower adjustments on the valuation of in-process volumes at IRS moderated positive intercompany adjustments in the period, and the 46% share of profit in the Group decreased by 27% to R828 million (H1 FY2022: R1.1 billion). The Group received R368 million in dividends from Two Rivers in the period (H1 FY2022: R391 million).

Commentary

Zimplats

Zimplats benefited from the commissioning of the third concentrator and maintained strong operating momentum, despite inflationary pressures and increased capital project activity across its mining and processing assets.

Tonnes mined at the operation increased by 9% to 3.80 million tonnes (H1 FY2022: 3.49 million tonnes) and tonnes milled were 8% higher at 3.68 million tonnes (H1 FY2022: 3.41 million tonnes). The third concentrator plant was commissioned in September 2022 and optimised to installed capacity in the final weeks of the period. Milled grade declined by 1% to 3.38g/t (H1 FY2022: 3.42g/t) with the higher grade Rukodzi Mine closed at end-FY2022. 6E concentrate and matte production were 6% higher at 308 800 ounces and 300 700 ounces (H1 FY2022: 291 100 ounces and 283 800 ounces), respectively.

Total cash costs increased by 20% to US$247 million, with mining inflation of 10.8% exacerbated by a 42% increase in electricity tariffs in the period, and higher labour and running costs associated with the third concentrator. Translated costs were impacted by the rand weakening, and increased by 39% to R4.3 billion (H1 FY2022: R3.1 billion). Unit cost per tonne milled increased by 12% to US$67 per tonne, while stock-adjusted costs, including stockpile movements, increased by 16% to US$822 per 6E ounce (H1 FY2022: US$708 per 6E ounce).

Capital expenditure increased by 59% to US$132 million (H1 FY2022: US$83 million) and was 82% higher in rand terms, as expansion capital on the third concentrator, smelter and SO_2 plant accelerated.

Sales volumes in the prior comparable period were bolstered by deferred deliveries because of export administrative delays in late FY2021, and in the period under review declined by 9% to 292 700 6E ounces (H1 FY2022: 322 800 ounces). Revenue benefited from higher nickel pricing, the weaker rand and lower negative provisional pricing adjustments of R163 million (H1 FY2022: R1.5 billion) and increased by 12% to R10.2 billion (H1 FY2022: R9.1 billion). Gross profit increased by 2% to R4.7 billion and Zimplats contributed R3.1 billion (H1 FY2022: R3.2 billion) in headline earnings to the Group. Free cash outflow of US$3 million was impacted by higher capital expenditure, lower US$ PGM pricing and higher prepayments associated with the capital expansion underway. Project development at Zimplats accelerated and progressed well in the period, with the third concentrator commissioned and optimised and the Bimha Mine replacement project on track for completion in July 2023. The Mupani Mine development is on schedule for completion in August 2028.

The US$521 million smelter and SO_2 abatement project was approved in December 2021 with commissioning planned in H2 FY2025. In November 2022, the board approved the US$190 million refurbishment of the Selous Base Metal Refinery, with commissioning planned in H1 FY2026. The US$37 million Phase 1A solar plant project is expected to be commissioned in December 2023.

Impala Canada

Impala Canada saw improved operational stability and reduced supply chain constraints, delivering a step-change in production in the period. Mined volumes increased by 19% to 2.47 million tonnes, while the commissioning of the plant decoupling project resulted in improved processing performance and supported a 3% increase in tonnes milled of 1.96 million tonnes (H1 FY2022: 1.89 million tonnes). Increased throughput of higher-grade underground tonnage resulted in an 8% increase in grade of 2.79g/t (H1 FY2022: 2.58g/t) and aided processing recoveries, resulting in a 15% increase in 6E concentrate production of 141 700 ounces (H1 FY2022: 123 200 ounces).

Cash costs of C$173 million were impacted by mining inflation of 9%, compounded by higher employee numbers and production volumes. Unit costs increased by 5% per 6E ounce in concentrate to C$1 224 per ounce (H1 FY2022: C$1 161 per ounce) with rand depreciation resulting in a 15% increase in reported 6E unit costs of R15 914 per ounce (H1 FY2022: R13 872 per ounce).

Capital expenditure of C$44 million was incurred, with spend in the prior comparable period elevated by the plant decoupling project (H1 FY2022: C$54 million).

Rand weakness, a reduction in negative provisional pricing, and an 11% increase in 6E sales volumes to 134 800 ounces (H1 FY2022: 121 000 ounces), compensated for the average palladium pricing softening from the previous comparable period, and resulted in revenue increasing by 39% to R4.2 billion. Gross profit was R955 million, and Impala Canada contributed R464 million to Group headline earnings (H1 FY2022: R384 million) and generated R535 million (H1 FY2022: R214 million) in free cash flow.

Mimosa

Mimosa operated well, despite the intermittent impact of power interruptions and the challenging socio-economic environment in Zimbabwe. Production was impacted by a decision to trial milled volumes at nameplate capacity for a short period to validate achievable process recoveries. Commissioning of the plant optimisation project in H2 FY2023 is expected to restore processing performance and support higher concentrate production.

Tonnes milled declined 3% to 1.38 million tonnes (H1 FY2022: 1.42 million tonnes). Mill grade declined by 2% to 3.78g/t (H1 FY2022: 3.85g/t) as lower-grade sections of the ore body were mined. Plant recoveries benefited from changes in reagents and short-term reduced milling capacity, which increased residence time, and 6E production in concentrate declined by 1% to 123 200 ounces (H1 FY2022: 124 300 ounces).

Cash costs at Mimosa increased by 19% to US$127 million (H1 FY2022: US$107 million), impacted by consumables and energy inflation, the 42% increase in the electricity tariff, changes in reagent use at the concentrator, as well as higher intermediated money transfer taxes and higher mined volumes. Unit costs per tonne milled rose by 22% to US$93 per tonne (H1 FY2022: US$76 per tonne), while unit costs per 6E ounce increased by 20% to US$1 033 per ounce (H1 FY2022: US$863 per ounce).

Capital expenditure increased by 65% to US$66 million (H1 FY2022: US$40 million) with higher spend on the tailings storage facility and the plant optimisation project.

Sales increased by 4% to 121 200 ounces, with volumes in the prior comparable period impacted by transport constraints and administrative delays. Softer PGM pricing was largely offset by a weaker rand and strong nickel pricing in the period, and revenue also benefited from higher sales and lower negative provisional pricing adjustments, and increased by 14% to R3.8 billion (H1 FY2022: R3.4 billion). Gross profit declined by 5% to R1.2 billion (H1 FY2022: R1.3 billion). Revaluations on in-process volumes at IRS resulted in lower intercompany adjustments and the 50% attributable share of profit in the Group decreased by 53% to R363 million (H1 FY2022: R770 million).

Mineral Reserves and Mineral Resources

There was no material change during the half-year assessment of the Implats Mineral Resource and Mineral Reserve estimates as at 31 December 2022.

Estimated total attributable Mineral Resources decreased by 0.6% from 268.6 million 6E ounces to 267.0 million 6E ounces. Estimated total attributable Mineral Reserves decreased by 3.0% from 55.7 million 6E ounces to 54.0 million 6E ounces.

The depletion in Mineral Resources and Mineral Reserves is consistent with the production performance during the period. The revised Mineral Resource and Mineral Reserve statement, as of 30 June 2023, will provide detailed updated estimates.

Financial review

The Group's financial performance was supported by robust rand PGM pricing and destocking refined metal inventory to offset the impact of lower refined volumes, and was hampered by broad-based inflationary pressures and a marked rand depreciation. Implats delivered significant EBITDA and free cash flow generation, maintained a strong and flexible balance sheet and sustained its commitment to consistent shareholder returns – while simultaneously funding increased rates of capital expenditure across a suite of mining and processing projects.

Commentary

Revenue of R57.8 billion was 4% or R2.2 billion higher than the prior comparable period:

- Lower sales volumes resulted in a R424 million reduction in revenue. 6E sales declined by 2% to 1.52 million ounces, impacted by lower production volumes but benefiting from the release of refined stock. Platinum sales declined by 2% to 729 100 ounces, palladium sales of 528 700 ounces and rhodium sales of 84 700 were similar to the prior comparable period
- Lower dollar metal prices resulted in a 10% or R5.7 billion reduction in revenue. Weaker achieved rhodium, palladium and platinum pricing accounted for a R2.8 billion, R1.5 billion and R1.0 billion decline in revenue respectively. Total dollar revenue per 6E ounce sold benefited from higher nickel pricing and changes in the sales mix, with lower proportionate ruthenium sales in the period, and declined by 9% to US$ 2 199 per 6E ounce (H1 FY2022: US$2 417 per 6E ounce)
- The weaker rand resulted in a 14% or R7.8 billion benefit. The average achieved exchange rate of R17.36/US$, was 16% weaker than the R15.00/US$ realised in H1 FY2022
- Currency depreciation more than offset softer dollar commodity pricing, and rand revenue per 6E ounce sold increased by 5% to R38 117 (H1 FY2022: R36 230).

Cost of sales of R40.6 billion increased by 8% or R2.9 billion:

- Cash costs increased by 15% or R3.0 billion, with the impact of 9% Group mining inflation compounded by the translation of the dollar cost base at Impala Canada and Zimplats at a weaker achieved rand rate
- Higher rand metal pricing offset the impact of lower concentrate volumes received by IRS and resulted in a 9% increase in the cost of metals purchased
- Depreciation of R3.7 billion increased by 30% and was impacted by higher mined volumes, the increased carrying value of Group assets, a revision in estimates at Impala Canada and the translation impact of the foreign subsidiaries at a weaker exchange rate
- The credit to the cost of sales, from inventory movement, increased to R2.5 billion from R32 million in the prior comparable period, due to higher in-process stock levels arising from scheduled furnace maintenance and Eskom load curtailment, as well as higher production costs, which offset the impact of lower refined stock levels.

Stock-adjusted unit costs increased by 15% or R2 590 per 6E ounce to R19 346:

- Group mining inflation of 9.0% at managed operations contributed R1 430 per ounce to the increase, with pronounced escalation in energy and consumable spend
- Inflation of 8.6% at South African operations was broadly in line with the 8.5% realised in H1 FY2022
- The impact of 10.8% US$ inflation at Zimplats and 9.3% C$ inflation at Impala Canada was exacerbated by the translation impact of the weaker rand, which contributed R553 per ounce or 4% to the unit cost increase
- Lower milled grades at managed operations contributed R287 or 2% to the increase, with the volume benefit of higher mined throughput offset by the decline in refined volumes
- The second payment of the discretionary employee bonus, in recognition of the Group's strong financial performance in FY2021, amounted to R420 per ounce (H1 FY2022: R565 per ounce) and Covid-19 spend also decreased
- The remaining R465, or 3% of the increase, was primarily due to increased maintenance costs and additional employees at Zimplats to support the ramp-up of the third concentrator.

The Group generated gross profit of R17.2 billion (H1 FY2022: R17.9 billion) at a gross profit margin of 30% (H1 FY2022: 32%).

Income benefited from higher foreign exchange gains of R538 million (H1 FY2022: R326 million) with a period-end exchange rate of R17.04/US$ (H1 FY2022: R15.94/US$) and net finance income of R415 million (H1 FY2022: R158 million) due to higher cash balances. Income from associates declined by 7%, or R136 million, to R1.8 billion (H1 FY2022: R2.0 billion). The lower equity earnings from both Mimosa and Two Rivers were partially offset by the equity earnings of RBPlat of R409 million. Income in the prior comparable period

Commentary

benefited from the reversal of significant unrealised profits in inventory at both JV operations due to lower closing 6E rand pricing. Implats recorded EBITDA of R24.5 billion (H1 FY2022: R24.0 billion) at an EBITDA margin of 42% (H1 FY2022: 43%).

The tax charge for the period amounted to R5.0 billion resulting in an effective tax rate of 25% (H1 FY2022: R5.8 billion and 29%). The tax charge in the current year benefited from the reversal of a prior year over-provision at Zimplats, and the reduced South African corporate tax rate in the period under review. Non-controlling interests share of profits increased to R854 million (H1 FY2022: R545 million). During the second half of FY2022, the Marula empowerment partners substantially paid off their BEE loans. At this point, the BEE partners' rights to the Marula shares became unconditional, resulting in the recognition of the 22.7% non-controlling interest in Marula attributable to the BEE partners' rights to the shares.

Basic and headline earnings increased by 1% both to R14.0 billion. Basic and headline earnings per share of 1 648 cents per share and 1 654 cents per share were 3% and 2% lower, respectively. The weighted average number of shares in issue increased by 30.2 million to 847.6 million, with the number of ordinary shares increasing to 852.7 million shares at period end, including treasury shares. A total of 2.5 million Implats shares, with a fair value of R454 million, were issued as part settlement for acquiring an additional 8.4 million RBPlat shares in the period.

The Implats board approved the declaration of an interim cash dividend of 420 cents per ordinary share in terms of the Group's dividend policy. The dividend was declared from retained earnings and will be paid on Monday, 27 March 2023.

Cash generated from operations of R17.7 billion declined by R3.8 billion due to a R3.1 billion increase in working capital because of higher in-process inventory and prepayments associated with capital projects at Zimplats. Net cash from operating activities of R14.5 billion declined by R3.1 billion.

Capital cash outflows increased by 40% to R4.8 billion (H1 FY2022: R3.5 billion) due to higher rates of replacement and project spend across the Group and the impact of the weaker rand on translation of Zimplats and Impala Canada capital. Free cash flow declined to R11.0 billion from R15.1 billion generated in H1 FY2022.

The cash consideration associated with the acquisition of RBPlat shares resulted in a R0.8 billion outflow during the period. Implats received R684 million in dividends from its JVs and associates, while dividend payments totalling R9.5 billion (H1 FY2022: R10.0 billion) were made to shareholders (R8.9 billion) and non-controlling interests at Zimplats and Marula (R607 million).

The Group balance sheet remained debt free, with closing net cash (excluding finance leases of R1.2 billion) increasing to R27.0 billion from R26.5 billion at 30 June 2022.

During the period, Implats amended and extended the duration of its committed revolving credit facility, which now comprises a R6.5 billion (H1 FY2022: R6.0 billion) ZAR tranche and a US$93.8 million (H1 FY2022: US$125 million) US$ tranche, with associated accordion options of R2.2 billion and US$37.5 million (H1 FY2022: R2.0 billion and US$50 million), respectively. The facility matures on 24 February 2025, with an option to extend for another year, and was undrawn at the end of the period, resulting in liquidity headroom of R35.1 billion.

The Group has provided guarantees of R15.5 billion to the Takeover Regulation Panel (TRP) in terms of the mandatory offer for the remaining circa 59% in RBPlat.

Implats' capital allocation framework aims to sustain and grow meaningful value for all stakeholders and provide attractive returns to shareholders, while retaining financial flexibility for the Group.

During the period, Implats incurred R4.1 billion spend on stay-in-business and replacement capital. Foreign translation gains offset the cost of acquiring shares for the Implats share incentive scheme, and after adding back expansion capital of R0.7 billion, the Group generated adjusted free cash flow of R11.7 billion (H1 FY2022: R15.1 billion).

Of this adjusted free cash flow, 14% was allocated to growth and investment by funding the cash consideration for the Group's additional investment in RBPlat, capital expenditure on brownfield expansion projects at our processing and mining operations, and contributions to AP Ventures.

Free cash flow allocated to shareholder returns, through the declared interim dividend of R3.6 billion and payments to Zimplats and Marula minority shareholders totalling R0.6 billion, accounted for circa 36% of adjusted free cash flow in the period.

The Group retained 50% of free cash flow, or R5.9 billion, as cash reserves to support the TRP guarantees and the Group's potential obligations under the RBPlat mandatory offer.

Market outlook

Palladium and rhodium markets tightened in 2022, recording deficits of 800 000 ounces and 62 000 ounces, respectively. Primary supply retraced as work-in-process inventory releases moderated and South African processing capacity was constrained by maintenance and increased load curtailment. Automotive supply-chain constraints eased and underpinned a modest recovery in light-duty vehicle production, while industrial demand remained robust. Platinum benefited from underlying auto and industrial demand growth but saw negative investor sentiment as the precious metals complex came under pressure and ETFs returned metal to the market, leading to a post-investment surplus of 336 000 ounces in 2022.

PGM pricing exhibited extreme intra-period volatility in 2022, spiking in the early months of the year on escalating supply-side risks and then easing over subsequent months as the global macro-economic outlook deteriorated, inflation rose, monetary policy was tightened, the dollar dominated and physical demand was vulnerable to intermittent shocks from lockdowns associated with China's stringent zero-Covid-19 policies. The average pricing of all three major PGMs retraced in 2022, although platinum closed the period higher than it opened, and palladium and rhodium prices closed lower.

Platinum pricing continued to be heavily influenced by the trajectory of global macro-economic policy in general, and the strength of the dollar and gold price in particular. Platinum benefited from strong physical purchases on the Shanghai Gold Exchange, which absorbed significant divestment from ETFs and rising open interest and speculative length in the closing months of the year.

Palladium prices rallied to record levels in early 2022 as escalating Russian supply risk led to increased inventory accumulation and elevated speculative activity. Despite initial administrative and logistical constraints, Russian PGM refined supplies continued to flow to customers during the year. The resultant dissipation of supply risk premia was exacerbated by intermittent demand shocks due to lockdowns associated with China's zero-Covid-19 policies and palladium's broader links to industrial activity. Futures open interest increased over the period, with a rising net-short position into period end, while ETFs returned metal to the market.

Rhodium prices soared on threats to Russian supplies, but then corrected over the year as Chinese automotive production faced interruptions from Covid-19-related lockdowns, and the traditional rhythm of South African refined supplies was altered by processing maintenance and movements in work-in-process inventory.

Automotive

Global light-duty vehicle sales are estimated to have contracted by 1% to 80.59 million units for 2022. Double-digit declines in Europe and weak North American and Japanese sales offset strong growth in India and volume gains in China, where tax incentives following zero-Covid-19 lockdowns saw the market reach record levels. The inflationary problems which emerged in 2021 due to widespread capacity constraints, were dramatically compounded in 2022 by energy and commodity cost inflation, which stemmed, to a significant degree, from the Russia-Ukraine war. While these pressures eased somewhat in recent months, they are unlikely to normalise quickly, especially as the war is ongoing with little prospect of near-term resolution.

Commentary

The global light-duty vehicle market remains on an improving path, with recent seasonally adjusted selling rates indicating a much firmer start to 2023. The semi-conductor chip shortage continues to be a primary factor in determining market sizes, especially in the mature markets of Europe and North America. Long vehicle lead times and extremely low inventory levels continue to characterise the industry. Global Insight forecasts sales growth of 6.3% and 6.0% in 2023 and 2024 with light-duty sales volumes of 85.7 and 90.8 million units, respectively.

A normalisation of the global vehicle supply-demand balance is likely to take some time to work through the system. Long lead times for new vehicles, and excessively low inventory levels, remain a feature in some markets, particularly in North America and Europe. Satisfying the order backlog and rebuilding depleted inventories will take time and provide a production cushion for the industry. This provides a significant buffer to demand given the recessionary conditions that have taken hold across the higher-income economies.

Battery electric vehicles (BEVs) have been a major consumer of disproportionately high semi-conductor chip content, and global sales are expected to have increased by 76% in 2022 to circa 6.7 million units or 10% of global sales. More recently, there has been increased commentary on potential material shortages, in particular the medium-term supply of lithium – if realised, this could undermine both the affordability and pace of the industry's transition to electrified vehicles.

The heavy-duty truck sector contracted sharply in 2022, due primarily to production being pulled forward in China in 2021, ahead of tightening emissions' legislation. Global heavy-duty production is expected to have fallen 16% to 2.96 million units as a result. A rebound is expected in 2023 and 2024, with production volumes of 3.13 and 3.35 million units, respectively.

PGM automotive demand is set to expand again in 2023, with platinum benefiting disproportionately due to underlying volume growth in the heavy-duty segment and its increased use in light-duty gasoline catalysts.

Industrial

The chemical, glass, electrical, biomedical and petroleum sectors drive industrial demand for PGMs, with annual demand impacted by both capacity utilisation rates and changes in installed capacity. Platinum industrial demand remained elevated in 2022, but eased from the record highs seen in 2021 as the pace of capacity increases in the glass industry moderated. Industrial demand for palladium continues to exhibit greater price elasticity than for platinum or rhodium, with the persistent decline in dental demand somewhat offset by capacity growth in the Asian chemical sector. Rhodium industrial demand benefited from lower average pricing as end consumers adjusted alloys and increased purchases in the period.

Jewellery

Chinese jewellery demand faced well-documented headwinds in 2022 with business disruption due to tightening pandemic controls and intermittent lockdowns weighing heavily on trade and consumer sentiment and leading to a drop in annual fabrication. This weakness was largely offset by the strong rebound in Indian demand and surprising resilience in the Japanese, North American and European markets in the face of macro-economic uncertainty and softening consumer sentiment. Top-end strength versus a soft mass market has emerged as a key theme in global jewellery markets and supports platinum outperformance in both the US and Europe. Jewellery demand is expected to remain stable in 2023, with a recovery in Chinese demand and robust growth in India likely to be offset by fading tailwinds to European and US demand.

Investment

Implats' definition of the investment market includes ETF flows and net bar and coin purchases. In 2022, metal returned to the market by platinum ETFs and net sales of Japanese bars outweighed the growth in bar and coin demand, resulting in estimated disinvestment of circa 260 000 ounces of platinum. Palladium and rhodium investment markets are far more modest in size, and we estimate net ETF sales of 88 000 ounces and 1 000 ounces, respectively.

Primary supplies

Refined PGM mine supply declined in 2022 as the release of previously accumulated work-in-process inventory eased and the South African industry faced processing constraints due to maintenance cycles and the increased severity and duration of load curtailment. Russian production was delivered to previous guidance, but sales volumes were opaque and reported working capital increases will likely lead to deferred delivery in 2023. Operational constraints across key producing geographies have been well documented and there were a series of negative revisions to medium-term production profiles across the PGM peer group.

Capital investment across the sector is elevated, but we retain our assertion that this investment is aimed at primarily improving asset integrity and environmental performance, and that the limited industry project pipeline will serve as a source of replacement rather than growth off the existing asset base. Near-term supply-side risks have been elevated by infrastructure and supply-chain constraints in Russia and persistent power constraints in South Africa.

Secondary supply of PGMs fell in 2022 as auto sales in developed nations disappointed, leading to reduced scrappage rates, and the cost and complexity of collecting, funding and transporting spent catalyst material escalated. Some recovery in secondary supply is expected in the short term, with announced capacity expansions in China key to unlocking expected regional growth in the medium term.

RBPlat acquisition

The Group launched the proposed acquisition of RBPlat in November 2021, with an offer of R90.00 in cash and 0.3 Implats shares per RBPlat share. The Competition Tribunal approved the transaction on 16 November 2022. The remaining conditions precedents outstanding to declare the offer unconditional, is the issuance of a compliance certificate by the Takeover Regulation Panel and the administrative approval by the JSE of the additional listing of Implats shares.

As at 31 December 2022, the Group held 40.71% in RBPlat. Implats continues to engage with all relevant stakeholders to successfully conclude the transaction.

Prospects and outlook

The global macro-economic backdrop is generally expected to become more benign in 2023. Dollar dominance is expected to ease, supporting a recovery in precious metal pricing which has been buffeted by rising speculative length and soft physical demand due to Chinese and OEM destocking in the opening weeks of the year.

PGM markets are expected to tighten during 2023, as auto production progressively recovers from recent supply chain constraints, China moves away from its zero-Covid-19 policy and industrial demand remains resilient. The risk to primary global supply has been elevated by the escalation in load curtailment in South Africa and logistical and supply chain constraints in Russia. Secondary supply should deliver modest growth, but remains vulnerable to rising funding and freight costs, constrained processing capacity and weak auto sales in developed markets.

Rand PGM pricing remains robust and the Group retained a strong and flexible balance sheet, which provides a meaningful underpin to navigate the pricing impact of short-term fluctuations in consumer and industrial demand while it pursues its capital investment programme and sustains attractive shareholder returns.

The operational focus for the remainder of FY2023 is on ensuring stability at our South African mining and processing assets during an expected period of inflationary pressure and more persistent load curtailment, and recommissioning the refurbished Number 4 smelter in Q4 FY2023. Project activity and capital spend is set to increase in H2 FY2023 as the Group progresses delivery across the mining, processing and environmental project suite currently in execution across the asset base.

Commentary

Implats is committed to rigorous stakeholder engagement as we navigate the changeable socio-economic environment in South Africa and Zimbabwe and pursue the proposed acquisition of a majority stake in RBPlat.

Guidance

Implats' planned production in FY2023 remains within the boundaries of previously provided key guidance parameters. While some allowance has been made for the likely impact of load curtailment on South African mining volumes and Group refined production, the severity of capacity constraints at Eskom remains a key risk to the near-term outlook. Broad-based inflationary pressures on energy and consumables were exacerbated by rand depreciation and the translation of the cost and capital base of both Zimplats and Impala Canada. A revised currency forecast has resulted in negative revisions to the unit cost outlook for the year.

Group 6E refined production in FY2023 is estimated to be between 3.0 and 3.15 million ounces. Group operating costs are forecast to be between R18 500 and R19 500 per 6E ounce on a stock-adjusted basis (from R18 200 and R19 200 per ounce). Group capital expenditure is forecast to be between R11.5 and R12.5 billion, including growth capital, of between R2.3 and R2.8 billion. This guidance assumes exchange rates of R17.00/US$ and C$1.26/US$ respectively (from R16.00/US$ and C$1.26/US$).

Directorate

Ms Mametja Moshe and Mr Billy Mawasha were appointed as independent non-executive directors with effect from 1 July 2022 and 1 September 2022, respectively. After 10 years of service, Mr Alastair Macfarlane's planned retirement as independent non-executive director took effect on conclusion of the board of directors' annual general meeting, on 12 October 2022.

Post the end of the period, we were saddened to report that Mr Peter William Davey, an independent non-executive director, passed away in February 2023 after a short illness. Mr Bernard Swanepoel was appointed as the lead independent director of the board on 21 February 2023.

The financial information on which this prospect and outlook statement is based has not been reviewed or reported on by Implats' external auditors.

Declaration of dividend

Shareholders are advised that the board has resolved to declare an interim cash dividend of 420 cents per ordinary share amounting to R3.6 billion at the date of declaration for the half year ended 31 December 2022. Based on the sustained profitability and strong free cash generation during the period, and after taking into consideration the liquidity requirements of the Group's mandatory offer for RBPlat, the board has approved a dividend of 30% of free cash flow, pre-growth capital, in line with the approved dividend policy. The dividend has been declared from retained earnings.

Implats has 852 729 255 ordinary shares in issue and the Company's tax reference number is 9700178719. The cash dividend will be subject to a 20% dividend withholding tax for shareholders who are not exempt from, or do not qualify for, a reduced rate of withholding tax. Therefore, the net dividend amount is 336 cents per ordinary share for shareholders liable to pay the dividend withholding tax and 420 cents per ordinary share for shareholders exempt from dividend withholding tax. Shareholders are advised to complete the requisite declaration form to make the Company aware of their tax status.

The salient dates are as follows:

Declaration date	Thursday, 2 March 2023
Last day for trading to be eligible for cash dividend	Monday, 20 March 2023
Trading ex-dividend commences	Wednesday, 22 March 2023
Record date	Friday, 24 March 2023
Dividend payment date	Monday, 27 March 2023

Share certificates may not be dematerialised or rematerialised between Wednesday, 22 March 2023 and Friday, 24 March 2023, both days inclusive.

Approval of the condensed consolidated interim financial statements

The directors of Impala Platinum Holdings Limited (Implats, the Company or the Group) are responsible for the maintenance of adequate accounting records and the preparation of the condensed consolidated interim financial statements and related information in a manner that fairly presents the state of the affairs of the Company. These condensed consolidated interim financial statements are prepared in accordance with the Listings Requirements of the JSE Limited, the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS), the SAICA Financial Reporting Guidelines as issued by the Accounting Practices Committee, Financial Pronouncements as issued by the Financial Reporting Standards Council, the Companies Act, No 71 of 2008 and the minimum requirements of International Accounting Standards (IAS) 34 *Interim Financial Reporting* and incorporate full and responsible disclosure in line with the accounting policies of the Group which are supported by prudent judgements and estimates.

The condensed consolidated interim financial statements have been prepared under the supervision of the chief financial officer, Ms M Kerber, CA(SA).

The directors are also responsible for the maintenance of effective systems of internal control which are based on established organisational structure and procedures. These systems are designed to provide reasonable assurance as to the reliability of the condensed consolidated interim financial statements, and to prevent and detect material misstatement and loss.

The condensed consolidated interim financial statements have been prepared on a going-concern basis as the directors believe that the Group will continue to be in operation in the foreseeable future.

The condensed consolidated interim financial statements as set out on pages 20 to 52 have been approved by the board of directors and are signed on their behalf by:

NDB Orleyn
Chairman

NJ Muller
Chief executive officer

Johannesburg

2 March 2023

Independent auditor's review report on interim financial statements

To the Shareholders of Impala Platinum Holdings Limited

We have reviewed the condensed consolidated interim financial statements of Impala Platinum Holdings Limited, as set out on pages 20 to 52, which comprise the condensed consolidated statement of financial position as at 31 December 2022 and the condensed consolidated statement of profit or loss and other comprehensive income, changes in equity and cash flows for the six months then ended, and selected explanatory notes.

Directors' responsibility for the interim financial statements

The directors are responsible for the preparation and presentation of these interim financial statements in accordance with International Financial Reporting Standard (IAS) 34 *Interim Financial Reporting*, the SAICA Financial Reporting Guides, as issued by the Accounting Practices Committee and Financial Pronouncements as issued by Financial Reporting Standards Council and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of interim financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on these interim financial statements. We conducted our review in accordance with International Standard on Review Engagements (ISRE) 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* (ISRE 2410). ISRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the interim financial statements are not prepared in all material respects in accordance with the applicable financial reporting framework. This standard also requires us to comply with relevant ethical requirements.

A review of interim financial statements in accordance with ISRE 2410 is a limited assurance engagement. We perform procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluate the evidence obtained. The procedures performed in a review are substantially less than and differ in nature from those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on these financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements of Impala Platinum Holdings Limited for the six months ended 31 December 2022 are not prepared, in all material respects, in accordance with IAS 34 *Interim Financial Reporting*, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by Financial Reporting Standards Council and the requirements of the Companies Act of South Africa.

DocuSigned by:
Deloitte & Touche
E09FB7715245430...

Deloitte & Touche
Registered Auditor
Per: Sphiwe Stemela
Partner

2 March 2023

Deloitte & Touche
The Ridge
6 Marina Road
Portswood District
V&A Waterfront
Cape Town, 8000

Condensed consolidated statement of profit or loss and other comprehensive income

	Notes	Six months ended 31 December 2022 (Reviewed) Rm	Six months ended 31 December 2021 (Reviewed) Rm	Year ended 30 June 2022 (Audited) Rm
Revenue	6	**57 797**	55 620	118 332
Cost of sales	7	**(40 603)**	(37 675)	(77 047)
Gross profit		**17 194**	17 945	41 285
Other income	8	**57**	51	100
Other expenses	9	**(219)**	(253)	(539)
Finance income		**733**	383	805
Finance costs		**(318)**	(225)	(562)
Net foreign exchange transaction gains/(losses)		**538**	326	(161)
Share of profit of equity-accounted entities	11	**1 826**	1 962	4 311
Profit before tax		**19 811**	20 189	45 239
Income tax expense		**(4 984)**	(5 806)	(12 100)
Profit for the period		**14 827**	14 383	33 139
Other comprehensive income, comprising items that may subsequently be reclassified to profit or loss:				
Exchange differences on translating foreign operations		**922**	3 602	4 304
Deferred tax thereon		**(25)**	(391)	(106)
Other comprehensive income, comprising items that will not be subsequently reclassified to profit or loss:				
Financial assets at fair value through other comprehensive income		**21**	3	38
Deferred tax thereon		**—**	—	—
Actuarial gain on post-employment medical benefit		**—**	—	1
Deferred tax thereon		**—**	—	—
Total other comprehensive income		**918**	3 214	4 237
Total comprehensive income		**15 745**	17 597	37 376
Profit attributable to:				
Owners of the Company		**13 973**	13 838	32 049
Non-controlling interests		**854**	545	1 090
		14 827	14 383	33 139
Total comprehensive income attributable to:				
Owners of the Company		**14 798**	16 721	35 889
Non-controlling interests		**947**	876	1 487
		15 745	17 597	37 376
Earnings per share (cents)				
Basic		**1 648**	1 693	3 856
Diluted		**1 644**	1 688	3 840

For headline earnings per share refer to note 18.

The notes on pages 25 to 52 are an integral part of these condensed consolidated interim financial statements.

Condensed consolidated statement of financial position

	Notes	As at 31 December 2022 (Reviewed) Rm	As at 31 December 2021 (Reviewed) Rm	As at 30 June 2022 (Audited) Rm
Assets				
Non-current assets				
Property, plant and equipment	10	**66 763**	61 740	64 513
Investment property		**88**	90	90
Investments in equity-accounted entities	11	**29 479**	24 153	26 804
Financial assets at fair value through other comprehensive income		**484**	428	463
Environmental rehabilitation investments		**322**	309	315
Other financial assets		**183**	87	125
Prepayments	12	**3 436**	3 703	3 597
		100 755	90 510	95 907
Current assets				
Inventories	13	**26 961**	24 405	23 899
Trade and other receivables		**5 437**	4 616	6 209
Current tax receivable	14	**183**	746	530
Other financial assets		**1 089**	1 030	1 056
Prepayments	12	**3 455**	2 097	1 981
Cash and cash equivalents		**27 023**	18 537	26 505
		64 148	51 431	60 180
Total assets		**164 903**	141 941	156 087
Equity and liabilities				
Equity				
Share capital	15	**23 701**	27 079	23 080
Retained earnings		**87 117**	63 281	81 336
Foreign currency translation reserve		**9 522**	7 797	8 718
Share-based payment reserve		**299**	1 698	1 262
Other components of equity		**322**	266	301
Equity attributable to owners of the Company		**120 961**	100 121	114 697
Non-controlling interests		**4 934**	3 565	4 594
Total equity		**125 895**	103 686	119 291
Liabilities				
Non-current liabilities				
Provisions		**2 326**	2 577	2 214
Deferred tax	14	**17 170**	17 013	16 795
Borrowings	16	**907**	1 069	957
Other financial liabilities		**12**	25	16
Other liabilities		**187**	228	227
		20 602	20 912	20 209
Current liabilities				
Provisions		**96**	101	98
Trade and other payables		**15 755**	15 304	15 428
Current tax payable	14	**2 024**	1 303	533
Borrowings	16	**272**	259	250
Other financial liabilities		**40**	28	34
Other liabilities		**219**	348	244
		18 406	17 343	16 587
Total liabilities		**39 008**	38 255	36 796
Total equity and liabilities		**164 903**	141 941	156 087

The notes on pages 25 to 52 are an integral part of these condensed consolidated interim financial statements.

Condensed consolidated statement of changes in equity

	Share capital Rm	Retained earnings Rm	Foreign currency translation reserve Rm
Balance at 30 June 2021 (Audited)	21 189	59 661	4 917
Shares issued	6 007	—	—
Conversion of ZAR convertible bonds (net of tax)	1	—	—
Shares purchased – long-term incentive plans	(759)	—	—
Transfer of reserves	641	(388)	—
Share-based compensation expense	—	—	—
Total comprehensive income	—	13 838	2 880
Profit for the period	—	13 838	—
Other comprehensive income	—	—	2 880
Dividends paid	—	(9 830)	—
Balance at 31 December 2021 (Reviewed)	27 079	63 281	7 797
Shares issued	537	—	—
Shares purchased – long-term incentive plans	(108)	—	—
Transfer of reserves	(4 428)	4 408	—
Transfer of Marula non-controlling interest	—	—	—
Share-based compensation expense	—	—	—
Total comprehensive income	—	18 212	921
Profit for the period	—	18 211	—
Other comprehensive income	—	1	921
Dividends paid	—	(4 565)	—
Balance at 30 June 2022 (Audited)	**23 080**	**81 336**	**8 718**
Shares issued	**454**	**—**	**—**
Shares purchased – long-term incentive plans	**(300)**	**—**	**—**
Transfer of reserves	**467**	**704**	**—**
Share-based compensation expense	**—**	**—**	**—**
Total comprehensive income	**—**	**13 973**	**804**
Profit for the period	**—**	**13 973**	**—**
Other comprehensive income	**—**	**—**	**804**
Dividends paid	**—**	**(8 896)**	**—**
Balance at 31 December 2022 (Reviewed)	**23 701**	**87 117**	**9 522**

The table above excludes the treasury shares held in terms of the Group's long-term incentive plans.

The notes on pages 25 to 52 are an integral part of these condensed consolidated interim financial statements.

		Attributable to:		
Share-based payment reserve Rm	Other components of equity Rm	Owners of the Company Rm	Non-controlling interests Rm	Total equity Rm
1 799	263	87 829	2 847	90 676
—	—	6 007	—	6 007
—	—	1	—	1
—	—	(759)	—	(759)
(253)	—	—	—	—
152	—	152	—	152
—	3	16 721	876	17 597
—	—	13 838	545	14 383
—	3	2 883	331	3 214
—	—	(9 830)	(158)	(9 988)
1 698	266	100 121	3 565	103 686
—	—	537	—	537
—	—	(108)	—	(108)
20	—	—	—	—
(654)	—	(654)	654	—
198	—	198	—	198
—	35	19 168	611	19 779
—	—	18 211	545	18 756
—	35	957	66	1 023
—	—	(4 565)	(236)	(4 801)
1 262	**301**	**114 697**	**4 594**	**119 291**
—	**—**	**454**	**—**	**454**
—	**—**	**(300)**	**—**	**(300)**
(1 171)	**—**	**—**	**—**	**—**
208	**—**	**208**	**—**	**208**
—	**21**	**14 798**	**947**	**15 745**
—	**—**	**13 973**	**854**	**14 827**
—	**21**	**825**	**93**	**918**
—	**—**	**(8 896)**	**(607)**	**(9 503)**
299	**322**	**120 961**	**4 934**	**125 895**

Condensed consolidated statement of cash flows

	Notes	Six months ended 31 December 2022 (Reviewed) Rm	Six months ended 31 December 2021 (Reviewed) Rm	Year ended 30 June 2022 (Audited) Rm
Cash flows from operating activities				
Cash generated from operations	17	**17 724**	21 528	45 955
Finance costs paid		**(210)**	(141)	(379)
Income tax paid	14	**(3 028)**	(3 794)	(10 637)
Net cash inflow from operating activities		**14 486**	17 593	34 939
Cash flows from investing activities				
Purchase of property, plant and equipment		**(4 838)**	(3 462)	(8 968)
Proceeds from sale of property, plant and equipment		**24**	57	83
Acquisition of interest in Royal Bafokeng Platinum	11	**(755)**	(9 221)	(9 939)
Acquisition of interest in other equity-accounted investments	11	**(101)**	(140)	(218)
Investments in environmental rehabilitation financial assets		**–**	(306)	(306)
Finance income received		**699**	360	756
Dividends received		**684**	604	2 070
Other		**(54)**	(3)	(40)
Net cash outflow from investing activities		**(4 341)**	(12 111)	(16 562)
Cash flows from financing activities				
Purchase of shares for long-term incentive plans		**(300)**	(759)	(867)
Repayments of lease liabilities		**(138)**	(122)	(249)
Dividends paid to shareholders of the Company		**(8 896)**	(9 830)	(14 395)
Dividends paid to non-controlling interests		**(607)**	(158)	(394)
Net cash outflow from financing activities		**(9 941)**	(10 869)	(15 905)
Net increase/(decrease) in cash and cash equivalents		**204**	(5 387)	2 472
Cash and cash equivalents at beginning of the period		**26 505**	23 474	23 474
Effect of exchange rate changes on cash and cash equivalents held in foreign currencies		**314**	450	559
Cash and cash equivalents at end of the period		**27 023**	18 537	26 505

The notes on pages 25 to 52 are an integral part of these condensed consolidated interim financial statements.

Notes to the condensed consolidated interim financial statements

for the six months ended 31 December 2022

1. General information

Impala Platinum Holdings Limited (Implats, the Company or the Group) is a leading producer of platinum group metals (PGMs). Implats is structured around seven mining operations and Impala Refining Services (IRS), a toll refining business. The mining operations are located within the Bushveld Complex in South Africa, the Great Dyke in Zimbabwe – the two most significant PGM-bearing ore bodies in the world – and the Canadian Shield, a prominent layered igneous complex domain for PGMs.

Implats has its primary listing on the JSE Limited (JSE) and a secondary listing on A2X Markets in South Africa, as well as a level 1 American Depositary Receipt programme in the United States of America.

The condensed consolidated interim financial statements were approved for issue on 2 March 2023 by the board of directors.

2. Independent auditor's review

Deloitte & Touche, the independent auditor, has conducted a review in accordance with International Standards on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor, and their unmodified review report is available on page 19. Any reference to future financial performance included in this announcement has not been reviewed or reported on by the Group's external auditors. The auditor's report does not necessarily report on all of the information contained in this announcement/financial results. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditor's engagement they should read the auditor's report together with the accompanying financial information.

3. Basis of preparation

The condensed consolidated interim financial statements for the period ended 31 December 2022 have been prepared in accordance with the Listings Requirements of the JSE Limited and A2X Markets, the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS), the SAICA Financial Reporting Guidelines as issued by the Accounting Practices Committee, Financial Pronouncements as issued by the Financial Reporting Standards Council, the Companies Act, No 71 of 2008 and the minimum requirements of International Accounting Standards (IAS) 34 *Interim Financial Reporting*.

The condensed consolidated interim financial statements should be read in conjunction with the annual consolidated financial statements for the year ended 30 June 2022, which were prepared in accordance with IFRS, and the commentary included in the interim results.

The condensed consolidated interim financial statements were prepared under the historical cost convention except for certain financial assets, financial liabilities and derivative financial instruments which were measured at fair value and liabilities for cash-settled share-based payment arrangements which were measured using a binomial option pricing model.

Notes to the condensed consolidated interim financial statements

for the six months ended 31 December 2022

3. Basis of preparation continued

The condensed consolidated interim financial information is presented in South African rand (ZAR), which is the Company's functional currency.

The following foreign currency exchange rates were used to prepare the condensed consolidated interim financial statements:

	Six months ended 31 December 2022 (Reviewed)	Six months ended 31 December 2021 (Reviewed)	Year ended 30 June 2022 (Audited)
US$[1]/ZAR			
Closing rate	**17.04**	15.94	16.27
Average rate	**17.33**	15.04	15.22
C$[2]/ZAR			
Closing rate	**12.56**	12.62	12.64
Average rate	**13.01**	11.94	12.03
US$/ZW$[3]			
Closing rate	**660.45**	108.70	372.87
Average rate	**576.10**	93.29	141.15

[1] *United states dollar.*
[2] *Canadian dollar.*
[3] *Zimbabwean dollar.*

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

4. Accounting policies

The principal accounting policies and methodologies used by the Group are consistent with those of the most recent annual financial statements. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the condensed consolidated interim financial statements, are disclosed in the notes where necessary and indicated with EJ.

The following amendments to standards are not yet effective but were early adopted by the Group on 1 July 2022:

Amendments to IFRS 16 *Lease liability in a sale and leaseback*

The amendments prohibit the seller-lessee in a sale and leaseback arrangement from recognising any gain or loss that relates to the right of use asset it retains, when the proceeds exceed the fair value of the asset being sold. The excess of the sales price over the fair value is recognised as additional funding provided by the buyer-lessor to the seller-lessee. The amendment does not prevent the seller-lessee from recognising a gain or loss relating to the right of use asset if it relates to the partial or full termination of the lease. The amendments are effective for annual periods beginning on or after 1 January 2024 and do not have an impact on these condensed consolidated interim financial statements.

Amendments to IAS 1 *Non-current liabilities with covenants*

The amendments clarify that only covenants to be complied with on or before the reporting date should affect the classification of a liability as current or non-current and require an entity to disclose information that enables users of financial statements to understand the risk that non-current liabilities with covenants could become repayable within 12 months. The amendments are effective for annual periods beginning on or after 1 January 2024 and do not have an impact on these condensed consolidated interim financial statements.

Notes to the condensed consolidated interim financial statements

for the six months ended 31 December 2022

5. Segment information

Refer to note 1 for an overview of Implats' operations.

The Group identified Mining, Impala Refining Services (IRS) and "All other segments" as reportable segments.

Management has defined the operating segments based on the business activities and management structure within the Group. Management considers factors such as the nature of the products and services, as well as the geographical location of operations in their judgement to identify reportable segments.

Revenue flows

The geographical locations of our operations (four of which form the "Mining" segment, and the "All other segments" include the Group's equity-accounted entities, Mimosa, Two Rivers and most recently RBPlat (refer to note 11)) represent the origins of their revenues.

- Impala mines and refines its own metal inventories and sells externally to third parties. Sales are disaggregated geographically in the revenue note (note 6).

- Impala Canada sells its mined PGM concentrate to a customer in North America.

- IRS, a division of Impala, is dedicated to the toll-refining and metal concentrate purchases built up by Implats. Situated in Springs, some 35 km east of Johannesburg in South Africa, IRS provides smelting and refining services through offtake agreements with Group companies (except Impala, Impala Canada and RBPlat) and third parties.

- The Marula and Zimplats mining segment revenues are therefore made intragroup to IRS, which ultimately sells the refined metal externally to the third parties, disaggregated geographically, as indicated in note 6.

Sales to the two largest customers amounted to 12% and 10% (December 2021: 14% and 12%) (June 2022: 13% and 12%) of total revenue from Impala and IRS.

Capital expenditure comprises additions to property, plant and equipment (note 10).

The measure of profit or loss for reportable segments is profit after tax. The basis of accounting for reportable segments is consistent with the Group's consolidated financial statements.

Notes to the condensed consolidated interim financial statements

for the six months ended 31 December 2022

5. Segment information continued

	Six months ended 31 December 2022 (Reviewed)		Six months ended 31 December 2021 (Reviewed)		Year ended 30 June 2022 (Audited)	
	Revenue Rm	Profit after tax Rm	Revenue Rm	Profit after tax Rm	Revenue Rm	Profit after tax Rm
Mining						
Impala	**23 128**	**5 841**	22 568	6 391	43 551	11 483
Zimplats	**10 182**	**3 500**	9 079	2 405	19 311	6 335
Marula	**4 445**	**1 564**	3 940	1 343	8 388	3 006
Impala Canada	**4 184**	**462**	3 004	391	6 946	982
Impala Refining Services	**30 265**	**1 439**	29 903	317	67 508	5 674
All other segments	**220**	**1 499**	145	2 256	327	4 623
Reconciliation						
Consolidation adjustments to revenue/unrealised profits	**(14 627)**	**522**	(13 019)	1 280	(27 699)	1 036
	57 797	**14 827**	55 620	14 383	118 332	33 139

	Six months ended 31 December 2022 (Reviewed)			Six months ended 31 December 2021 (Reviewed)			Year ended 30 June 2022 (Audited)		
	Capital expenditure Rm	Total assets Rm	Total liabilities Rm	Capital expenditure Rm	Total assets Rm	Total liabilities Rm	Capital expenditure Rm	Total assets Rm	Total liabilities Rm
Mining									
Impala	**1 971**	**79 836**	**53 462**	1 550	52 847	28 668	3 352	63 856	30 557
Zimplats	**2 281**	**42 302**	**9 347**	1 252	36 105	6 926	4 115	39 438	8 616
Marula	**130**	**7 724**	**2 639**	115	7 148	2 494	321	7 377	2 426
Impala Canada	**567**	**14 917**	**7 348**	645	14 912	8 368	1 286	15 443	8 277
Impala Refining Services	**—**	**67 831**	**51 226**	—	36 372	20 976	—	50 106	33 277
All other segments	**—**	**95 085**	**51 783**	6	59 167	28 304	7	71 614	38 978
	4 949	**307 695**	**175 805**	3 568	206 551	95 736	9 081	247 834	122 131
Intercompany balances eliminated	**—**	**(136 825)**	**(137 699)**	—	(58 790)	(59 664)	—	(85 229)	(86 103)
Inventory adjustments	**—**	**(5 967)**	**—**	—	(5 820)	—	—	(6 518)	—
Deferred tax raised on undistributed reserves	**—**	**—**	**2 513**	—	—	3 813	—	—	2 528
Deferred tax on consolidation	**—**	**—**	**(1 611)**	—	—	(1 630)	—	—	(1 760)
	4 949	**164 903**	**39 008**	3 568	141 941	38 255	9 081	156 087	36 796

Notes to the condensed consolidated interim financial statements

for the six months ended 31 December 2022

5. Segment information continued

	Impala Rm	Zimplats Rm	Marula Rm	Impala Canada Rm	IRS Rm	All other segments Rm	Inter-segment revenue Rm	Total Rm
Six months ended 31 December 2022 (Reviewed)								
Revenue								
Sale of goods								
Platinum	**5 582**	**2 076**	**670**	**135**	**6 003**	**—**	**(2 746)**	**11 720**
Palladium	**5 600**	**3 800**	**1 505**	**3 692**	**9 069**	**—**	**(5 305)**	**18 361**
Rhodium	**9 237**	**2 575**	**2 065**	**—**	**10 957**	**—**	**(4 640)**	**20 194**
Nickel	**790**	**976**	**45**	**—**	**1 582**	**—**	**(1 021)**	**2 372**
By-products	**1 919**	**918**	**232**	**361**	**2 519**	**239**	**(1 169)**	**5 019**
Commodity price adjustments	**—**	**(163)**	**(69)**	**(4)**	**—**	**—**	**232**	**(4)**
Toll refining								
Treatment charges	**—**	**—**	**(3)**	**—**	**—**	**(19)**	**22**	**—**
Treatment income	**—**	**—**	**—**	**—**	**135**	**—**	**—**	**135**
	23 128	**10 182**	**4 445**	**4 184**	**30 265**	**220**	**(14 627)**	**57 797**
Six months ended 31 December 2021 (Reviewed)								
Revenue								
Sale of goods								
Platinum	5 297	2 094	681	113	5 974	—	(2 775)	11 384
Palladium	5 223	4 032	1 520	3 037	9 125	—	(5 552)	17 385
Rhodium	9 456	2 794	2 143	—	10 797	—	(4 937)	20 253
Nickel	528	702	36	—	1 165	—	(738)	1 693
By-products	2 064	981	266	316	2 693	158	(1 260)	5 218
Commodity price adjustments	—	(1 524)	(704)	(462)	—	—	2 228	(462)
Toll refining								
Treatment charges	—	—	(2)	—	—	(13)	15	—
Treatment income	—	—	—	—	149	—	—	149
	22 568	9 079	3 940	3 004	29 903	145	(13 019)	55 620
Year ended 30 June 2022 (Audited)								
Revenue								
Sale of goods								
Platinum	9 799	3 987	1 317	221	12 896	—	(5 303)	22 917
Palladium	9 835	7 665	2 970	6 493	20 037	—	(10 635)	36 365
Rhodium	19 453	5 622	4 398	—	25 126	—	(10 020)	44 579
Nickel	1 143	1 639	80	—	3 077	—	(1 719)	4 220
By-products	3 321	1 904	494	688	6 088	355	(2 427)	10 423
Commodity price adjustments	—	(1 506)	(866)	(456)	—	—	2 372	(456)
Toll refining								
Treatment charges	—	—	(5)	—	—	(28)	33	—
Treatment income	—	—	—	—	284	—	—	284
	43 551	19 311	8 388	6 946	67 508	327	(27 699)	118 332

Notes to the condensed consolidated interim financial statements

for the six months ended 31 December 2022

6. Revenue

	Six months ended 31 December 2022 (Reviewed) Rm	Six months ended 31 December 2021 (Reviewed) Rm	Year ended 30 June 2022 (Audited) Rm
6.1 Disaggregation of revenue by category			
Sale of goods			
Platinum	**11 720**	11 384	22 917
Palladium	**18 361**	17 385	36 365
Rhodium	**20 194**	20 253	44 579
Nickel	**2 372**	1 693	4 220
By-products	**5 019**	5 218	10 423
	57 666	55 933	118 504
Commodity price adjustments	**(4)**	(462)	(456)
Revenue from services			
Toll refining	**135**	149	284
	57 797	55 620	118 332
6.2 Analysis of revenue by destination			
Main products (Pt, Pd, Rh and Ni)			
Asia	**22 731**	21 087	45 443
North America	**13 971**	13 571	27 144
Western Europe	**9 867**	11 046	22 332
South Africa	**6 058**	4 540	12 701
	52 627	50 244	107 620
By-products			
Asia	**1 641**	1 907	3 610
Western Europe	**1 409**	1 267	2 389
South Africa	**1 283**	1 191	2 621
North America	**661**	769	1 662
Australia	**41**	93	146
	5 035	5 227	10 428
Toll refining			
Rest of Africa	**131**	146	280
South Africa	**2**	3	4
North America	**2**	—	—
	135	149	284
	57 797	55 620	118 332

Note 5 contains additional disclosure of revenue per reportable segment.

Notes to the condensed consolidated interim financial statements

for the six months ended 31 December 2022

7. Cost of sales

	Six months ended 31 December 2022 (Reviewed) Rm	Six months ended 31 December 2021 (Reviewed) Rm	Year ended 30 June 2022 (Audited) Rm
Production costs			
On-mine operations	**15 612**	13 769	27 607
Processing operations	**4 959**	4 210	8 550
Refining and selling	**1 303**	1 092	2 252
Depreciation of operating assets[1]	**3 682**	2 834	5 821
Other costs			
Metals purchased	**13 797**	12 646	26 939
Increase in metal inventories	**(2 450)**	(32)	(21)
Royalty expenses	**1 830**	1 880	3 453
Corporate costs	**936**	750	1 580
Chrome operation – cost of sales	**172**	130	267
Other	**762**	396	599
	40 603	37 675	77 047

[1] *Impala Canada revised its estimate of useful lives for certain assets increasing depreciation by approximately R364 million (C$28 million) for the period ended 31 December 2022, refer to note 10* EJ.

Notes to the condensed consolidated interim financial statements

for the six months ended 31 December 2022

8. Other income

	Six months ended 31 December 2022 (Reviewed) Rm	Six months ended 31 December 2021 (Reviewed) Rm	Year ended 30 June 2022 (Audited) Rm
Profit on sale and leaseback of houses	**15**	15	30
Insurance proceeds – asset damage	**–**	–	32
Profit on disposal of property, plant and equipment	**7**	18	3
Dividend received – Rand Mutual Assurance (RMA)	**7**	11	11
Other	**28**	7	24
	57	51	100

9. Other expenses

	Six months ended 31 December 2022 (Reviewed) Rm	Six months ended 31 December 2021 (Reviewed) Rm	Year ended 30 June 2022 (Audited) Rm
Exploration expenditure	**89**	74	159
Non-production-related corporate costs	**41**	58	144
Acquisition costs – Royal Bafokeng Platinum	**26**	78	97
Loss – Royal Bafokeng Platinum change of interest in investment	**–**	–	25
Auditor remuneration	**8**	3	26
Other	**55**	40	88
	219	253	539

Notes to the condensed consolidated interim financial statements

for the six months ended 31 December 2022

10. Property, plant and equipment

	Six months ended 31 December 2022 (Reviewed) Rm	Six months ended 31 December 2021 (Reviewed) Rm	Year ended 30 June 2022 (Audited) Rm
Carrying value – opening balance	**64 513**	57 709	57 709
Capital expenditure[1]	**4 854**	3 470	8 989
Right-of-use assets capitalised	**111**	106	113
Depreciation (note 7)[1]	**(3 698)**	(2 842)	(5 842)
Disposals and scrapping	**(17)**	(39)	(80)
Rehabilitation adjustment	**8**	249	(43)
Exchange differences	**992**	3 087	3 667
Carrying value – closing balance	**66 763**	61 740	64 513

[1] *Includes depreciation of R16 million (December 2021: R8 million) (June 2022: R21 million) which was capitalised to the cost of property, plant and equipment.*

	Six months ended 31 December 2022 (Reviewed) Rm	Six months ended 31 December 2021 (Reviewed) Rm	Year ended 30 June 2022 (Audited) Rm
Right-of-use assets			
Land and buildings	**379**	458	419
Refining plants	**97**	108	101
Other assets	**211**	203	161
	687	769	681
Capital commitments			
Commitments contracted for	**8 059**	4 247	7 031
Approved expenditure not yet contracted	**20 607**	11 119	18 902
	28 666	15 366	25 933
Less than one year	**13 696**	7 411	13 318
Between one and five years	**14 970**	7 955	12 615

Capital expenditure will be funded by internally generated funds and from borrowings, where necessary. All right-of-use assets are encumbered by leases and no other fixed assets are pledged as collateral.

10. Property, plant and equipment continued

EJ

Impairment

Long-term mining assets forming part of board-approved projects are valued based on estimates of future discounted cash flows (DCFs) of the latest board-approved business forecasts regarding production volumes, costs of production, capital expenditure, metal prices and market forecasts for foreign exchange rates. The discount rate is a risk-adjusted discount rate, taking into account specific risks relating to the cash-generating unit where cash flows have not been adjusted for the risk.

Mineral Resources outside the approved mine plans are valued based on the *in situ* 6E ounce value. Comparable market transactions are used as a source of evidence adjusting specifically for the nature of each underlying orebody and the prevailing platinum price.

All the above estimates are subject to risks and uncertainties including achievement of mine plans, future metal prices and exchange rates. It is therefore possible that changes could occur which may affect the recoverability of the mining assets.

Possible indicators of impairment were considered in the impairment tests for property, plant and equipment, including Covid-19 as well as climate-related impacts where applicable, during the reporting period. The assets' DCFs were updated to reflect the revised production volumes, metal prices, cost forecasts and other factors. No impairment was required.

The key financial assumptions used in the recoverable amount calculations were:

- An overall long-term real basket price per 6E ounce sold of R22 700 (December 2021: R23 500 in 2023 equivalent terms) (June 2022: R22 600 in 2023 equivalent terms) adjusted for the individual asset or cash-generating unit's prill split
- A long-term pre-tax real discount rate range of 15% to 27% (December 2021: 17% to 28%) (June 2022: 20% to 33%) and long term post-tax real discount rate range of 10% to 19% (December 2021: 6% to 17%) (June 2022: 8% to 17%) for the various cash-generating units in the Group
- *In situ* resource valuation of between US$1.90 and US$10.00 (December 2021: US$1.60 and US$9.00) (June 2022: US$1.90 and US$10.00) per 4E ounce depending on whether the resource is inferred, indicated or measured.

Change in useful lives

With effect from 1 July 2022, Impala Canada revised its estimate of the reserves used in the calculation of its unit-of-production depreciation for certain assets within the following categories: shafts/development & infrastructure; metallurgical plants; and other assets.

Previously, the unit-of-production depreciation was determined using the full proven and probable reserves. Following this change, only the current mineable portion of those reserves has been applied to assets that may be subject to either additional capital investment depending upon the future identification and extraction of reserves or are subject to a shorter useful life. In addition, the straight-line periods applied to certain buildings and machinery were also revised. The effect of these changes in estimates will align the depreciation charge in profit and loss more closely with the pattern and rate of consumption of the assets in the future. This change in estimates increased the depreciation charge and reduced net profit before tax by approximately R364 million (C$28 million) for the six-months ended 31 December 2022.

Marginal cash-generating unit (CGU)

Impala Canada is considered a marginal CGU due to its sensitivity to fluctuations in palladium prices and limited headroom. The operation's recoverable amount of R10 110 million (June 2022: R10 445 million) exceeded its carrying value of R8 614 million (June 2022: R9 020 million) by R1 496 million (June 2022: R1 425 million).

Notes to the condensed consolidated interim financial statements

for the six months ended 31 December 2022

10. Property, plant and equipment continued

Key assumptions and sensitivity analysis

	Six months ended 31 December 2022 (Reviewed)	Year ended 30 June 2022 (Audited)
Real long-term 6E basket price (Canada prill split)	**R18 600**	R18 580
	US$1 346	US$1 345
Long-term pre-tax real discount rate	**8.1%**	8.5%
5% sensitivity to real long-term 6E basket price	**R2 280 million**	R2 700 million
50 basis points sensitivity to discount rate	**R210 million**	R174 million

11. Investments in equity-accounted entities

	Six months ended 31 December 2022 (Reviewed) Rm	Six months ended 31 December 2021 (Reviewed) Rm	Year ended 30 June 2022 (Audited) Rm
Summary balances			
Joint ventures			
Mimosa	**6 092**	4 976	5 488
Associates			
Royal Bafokeng Platinum	**18 081**	15 245	16 731
Two Rivers	**4 250**	3 446	3 838
Individually immaterial associates and joint ventures	**1 056**	486	747
Total investments in equity-accounted entities	**29 479**	24 153	26 804
Summary movement			
Beginning of the period	**26 804**	7 748	7 748
Share of profit	**1 767**	1 088	3 761
Acquisition of interest in Royal Bafokeng Platinum	**1 211**	15 245	16 483
Cash consideration[1]	**757**	9 238	9 939
Shares issued	**454**	6 007	6 544
Acquisition of interest in other associates	**101**	140	218
Change of interests in associates	**—**	—	(25)
Exchange differences	**273**	525	678
Dividends received	**(677)**	(593)	(2 059)
End of the period	**29 479**	24 153	26 804
Share of profit of equity-accounted entities is made up as follows:			
Share of profit	**1 767**	1 088	3 761
Unrealised profit in inventory movements	**59**	874	550
Total share of profit of equity-accounted entities	**1 826**	1 962	4 311

[1] *Includes accrued transaction costs of R2 million (December 2021: R17 million) (June 2022: Rnil).*

Notes to the condensed consolidated interim financial statements

for the six months ended 31 December 2022

11. Investments in equity-accounted entities continued

Royal Bafokeng Platinum (RBPlat)

During the current period, Implats acquired a further 2.88% of the total issued ordinary shares in RBPlat. At 31 December 2022, the Group had acquired in aggregate 118 203 683 RBPlat shares increasing its equity interest to 40.71%.

The guarantees to the Takeover Regulation Panel (TRP) for the mandatory offer to acquire the remaining shares in RBPlat amounted to R15 505 million (December 2021: R19 650 million) (June 2022: R16 830 million).

Subsequent to the end of the period, Implats has extended the long stop date for the mandatory offer to the shareholders of RBPlat to 31 March 2023.

12. Prepayments

	Notes	Six months ended 31 December 2022 (Reviewed) Rm	Six months ended 31 December 2021 (Reviewed) Rm	Year ended 30 June 2022 (Audited) Rm
Royal Bafokeng Nation (RBN) prepaid royalty	12.1	**3 711**	3 973	3 851
Deposits on property, plant and equipment	12.2	**1 891**	1 007	1 091
Business-related prepaid expenditure		**1 289**	820	636
		6 891	5 800	5 578
Current		**3 455**	2 097	1 981
Non-current		**3 436**	3 703	3 597

12.1 Royal Bafokeng Nation (RBN) prepaid royalty

In March 2007, the Group agreed to pay the RBN all future royalties due to them, thus effectively discharging any further obligation to pay royalties. In turn, the RBN purchased shares through Royal Bafokeng Impala Investment Company and Royal Bafokeng Tholo Investment Holding Company, giving them a 13.2% holding in the Company at the time. The RBN have subsequently sold their shareholding in the Company.

12.2 Deposits on property, plant and equipment

Property, plant and equipment prepayments mainly relate to amounts prepaid on capital equipment at Zimplats for the tailings storage facility, replacement mines, the smelter expansion and SO_2 abatement plant projects.

Notes to the condensed consolidated interim financial statements

for the six months ended 31 December 2022

13. Inventories

	Six months ended 31 December 2022 (Reviewed) Rm	Six months ended 31 December 2021 (Reviewed) Rm	Year ended 30 June 2022 (Audited) Rm
Mining metal			
Refined metal	**3 668**	4 143	3 397
In-process metal	**7 195**	5 035	6 133
	10 863	9 178	9 530
Purchased metal[1]			
Refined metal	**4 367**	5 641	4 812
In-process metal	**9 290**	7 587	7 636
	13 657	13 228	12 448
Total metal inventories	**24 520**	22 406	21 978
Stores and materials inventories	**2 441**	1 999	1 921
	26 961	24 405	23 899

[1] *The fair value exposure on purchased metal was designated as a hedged item and is included in the calculation of the cost of inventories. The fair value exposure relates to adjustments made to commodity prices and US dollar exchange rates from the date of delivery until the final pricing date as per the relevant contract.*

The net realisable value (NRV) adjustment impacted by prevailing metal prices at the reporting date included in inventory comprised R44 million (December 2021: Rnil) (June 2022: Rnil) for refined palladium and rhodium metal inventory and R112 million (December 2021: Rnil) (June 2022: Rnil) for in-process palladium and rhodium metal inventory.

Purchased metal consists mainly of Impala Refining Services inventory.

Notes to the condensed consolidated interim financial statements

for the six months ended 31 December 2022

13. Inventories continued

EJ

Inventory valuation

Metals classification between main and by-products is determined based on an assessment of the relative metal content for each segment. The relative metal content of Impala Canada, mining on the Canadian Shield, differs materially from what is mined in the Bushveld Complex in South Africa and the Great Dyke in Zimbabwe.

For purposes of inventory valuation, the southern African operations treat platinum, palladium, rhodium and nickel as main products and other precious and base metals produced, as by-products.

Impala Canada's mining and processing activities do not form part of the southern African operations' production process and its inventory is valued independently. Impala Canada classifies palladium as a main product and all other precious and base metals as by-products for inventory valuation purposes.

The average unit cost of normal pre-smelter production for mining metal is determined by dividing mining production cost with mining output on a 12-month rolling average basis. The normal cost of purchased metal is measured based on the acquisition cost determined on a six-month rolling average basis. The refining cost per unit (further conversion through smelter, base metal refinery (BMR) and precious metal refinery (PMR)) is determined by dividing normal refining costs with total output (both mining and purchased) on a 12-month rolling average basis.

Refined ruthenium and iridium metal quantities on hand are valued using the lower of the actual stock quantity and three-months' sales quantities.

In-process metal estimate adjustments

Quantities of recoverable metal are reconciled to the quantity and grade of ore input as well as the quantities of metal actually recovered (metallurgical balancing). The nature of this process inherently limits the ability to precisely monitor recoverability levels. As a result, the metallurgical balancing process is constantly monitored and the engineering estimates are refined based on actual results over time. The Group conducts periodic counts (usually annually) at the refineries to assess the accuracy of inventory quantities. Based on these counts, changes in engineering estimates of metal contained in-process resulted in a pre-tax increase in metal inventory of R731 million (December 2021: R219 million) (June 2022: R228 million). Tolerances of up to 2% of annual throughput of the main products are regarded as normal levels of estimation uncertainty in the measurement of work-in-progress quantities.

Notes to the condensed consolidated interim financial statements

for the six months ended 31 December 2022

14. Taxation

14.1 Deferred tax

	Six months ended 31 December 2022 (Reviewed) Rm	Six months ended 31 December 2021 (Reviewed) Rm	Year ended 30 June 2022 (Audited) Rm
Deferred tax liabilities	**17 170**	17 013	16 795

The total deferred tax movement for the period is mainly attributed to temporary difference movements of R407 million from property, plant and equipment, R278 million in foreign currency and translation differences of foreign subsidiaries and a reversal of R287 million from unrealised fair value adjustment on purchased metal inventory.

14.2 Current tax

	Six months ended 31 December 2022 (Reviewed) Rm	Six months ended 31 December 2021 (Reviewed) Rm	Year ended 30 June 2022 (Audited) Rm
Current tax payable	**2 024**	1 303	533
Current tax receivable	**(183)**	(746)	(530)
Net current tax payable	**1 841**	557	3
Reconciliation			
Beginning of the period	**3**	(411)	(411)
Income tax expense	**4 909**	4 660	10 940
Payments made during the period	**(3 028)**	(3 794)	(10 637)
Interest and penalties refunded	**(3)**	(30)	(35)
Exchange differences[1]	**(40)**	132	146
End of the period	**1 841**	557	3

[1] *The exchange differences mainly arose from the settlement and translation of Zimbabwe dollar-denominated income tax liabilities to US dollars.*

15. Share capital

	Six months ended 31 December 2022 (Reviewed) Rm	Six months ended 31 December 2021 (Reviewed) Rm	Year ended 30 June 2022 (Audited) Rm
Share capital	**23 701**	27 079	23 080

Number of ordinary shares in issue outside the Group

	Six months ended 31 December 2022 (Reviewed) Million	Six months ended 31 December 2021 (Reviewed) Million	Year ended 30 June 2022 (Audited) Million
Number of ordinary shares issued	**852.73**	847.89	850.22
Treasury shares	**(2.96)**	(3.67)	(4.09)
Number of ordinary shares issued outside the Group	**849.77**	844.22	846.13
The movement of ordinary shares was as follows:			
Beginning of the period	**846.13**	813.98	813.98
Shares issued for long-term incentive plans	**2.65**	4.09	4.26
Shares purchased for long-term incentive plans	**(1.52)**	(4.48)	(5.07)
Shares issued on acquisition of interest in Royal Bafokeng Platinum (note 11)	**2.51**	30.62	32.95
Conversion of ZAR convertible bonds	**–**	0.01	0.01
End of the period	**849.77**	844.22	846.13

The authorised share capital of the Company consists of 944.01 million (December 2021: 944.01 million) (June 2022: 944.01 million) ordinary no par value shares. The authorised but unissued share capital is 91.28 million (December 2021: 96.12 million) (June 2022: 93.79 million) ordinary no par value shares and remains under the control of the directors.

Notes to the condensed consolidated interim financial statements

for the six months ended 31 December 2022

16. Borrowings

	Six months ended 31 December 2022 (Reviewed) Rm	Six months ended 31 December 2021 (Reviewed) Rm	Year ended 30 June 2022 (Audited) Rm
Lease liabilities	**1 179**	1 328	1 207
Total borrowings	**1 179**	1 328	1 207
Current	**272**	259	250
Non-current	**907**	1 069	957
Reconciliation			
Beginning of the period	**1 207**	1 328	1 328
Conversion of ZAR bonds to equity	**–**	(1)	(1)
Capital repayments	**(138)**	(122)	(249)
Interest repayments	**(54)**	(62)	(120)
Leases capitalised	**111**	106	113
Interest accrued	**54**	62	120
Exchange differences	**(1)**	17	16
End of the period	**1 179**	1 328	1 207
Facilities			
Committed revolving credit facility			
ZAR tranche	**6 545**	6 000	6 000
US$ tranche – US$93.75 million (December 2021: US$125 million) (June 2021: US$125 million)	**1 597**	1 992	2 032
	8 142	7 992	8 032

During the current period Implats amended and extended its committed revolving credit facility with various financial institutions consisting of a R6.5 billion ZAR tranche (December 2021: R6 billion) (June 2022: R6 billion) and a US$93.8 million US$ tranche (December 2021: US$125 million) (June 2022: US$125 million). Impala Canada is also a borrower under the US$ tranche.

The committed revolving credit facility of R6.5 billion bears interest at the three-month Johannesburg Interbank Acceptance Rate plus a margin and utilisation fee of between 210 and 260 basis points, subject to the level of utilisation and the total net debt to earnings before interest, tax, depreciation and amortisation (EBITDA) levels of the Group. The facility has an accordion option to increase the facility by an additional R2.2 billion (December 2021: R2 billion) (June 2022: R2 billion). The facility matures on 24 February 2025 with an option to extend for another year. The facility was undrawn at the end of the period.

The US dollar tranche of the committed revolving credit facility of US$93.8 million bears interest at the three-month Secured Overnight Financing Rate plus a credit adjustment spread, margin and utilisation fee of between 211 and 251 basis points, subject to the level of utilisation and the total net debt to EBITDA levels of the Group (December 2021 and June 2022: three-month London Interbank Offered Rate plus a margin and utilisation fee of between 185 and 225 basis points). The facility has an accordion option to increase the facility by an additional US$37.5 million (December 2021: US$50 million) (June 2022: US$50 million). The facility matures on 24 February 2025 with an option to extend for another year. The facility was undrawn at the end of the period.

17. Cash generated from operations

	Six months ended 31 December 2022 (Reviewed) Rm	Six months ended 31 December 2021 (Reviewed) Rm	Year ended 30 June 2022 (Audited) Rm
Profit before tax	**19 811**	20 189	45 239
Adjusted for:			
Depreciation	**3 682**	2 834	5 821
Amortisation of prepaid royalty	**140**	139	261
Finance income	**(733)**	(383)	(805)
Finance costs	**318**	225	562
Share of profit of equity-accounted entities (note 11)	**(1 826)**	(1 962)	(4 311)
Dividend received – Rand Mutual Assurance	**(7)**	(11)	(11)
Employee benefit provisions	**1**	(1)	(7)
Share-based compensation	**140**	(132)	(24)
Rehabilitation and other provisions	**(17)**	(49)	(237)
Foreign currency differences	**(609)**	(299)	(162)
Profit on disposal of property, plant and equipment	**(7)**	(18)	(3)
Deferred profit on sale and leaseback of houses	**(15)**	(15)	(30)
Loss – Royal Bafokeng Platinum change in investment	**—**	—	25
Fair value gain on environmental rehabilitation investments	**(5)**	(3)	(9)
Tax penalties and interest received	**(3)**	(30)	(35)
	20 870	20 484	46 274
Changes in working capital:			
(Increase)/decrease in trade and other receivables	**(442)**	2 361	807
Increase in inventories	**(2 924)**	(236)	(124)
Increase/(decrease) in trade and other payables	**220**	(1 081)	(1 002)
Cash generated from operations	**17 724**	21 528	45 955

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18. Headline earnings

	Six months ended 31 December 2022 (Reviewed) Rm	Six months ended 31 December 2021 (Reviewed) Rm	Year ended 30 June 2022 (Audited) Rm
Profit attributable to owners of the Company	**13 973**	13 838	32 049
Remeasurement adjustments:			
Profit on disposal of property, plant and equipment	**(22)**	(33)	(37)
Loss – Royal Bafokeng Platinum change in investment	**—**	—	25
Earnings adjustments from equity-accounted entities	**63**	—	2
Insurance proceeds – asset damage	**—**	—	(28)
Total tax effects of adjustments	**6**	9	17
Headline earnings	**14 020**	13 814	32 028
Headline earnings used in the calculation of diluted earnings per share	**14 020**	13 814	32 028

	Six months ended 31 December 2022 (Reviewed) Million	Six months ended 31 December 2021 (Reviewed) Million	Year ended 30 June 2022 (Audited) Million
Weighted average number of ordinary shares in issue for basic and headline earnings per share	**847.62**	817.37	831.25
Adjusted for: Dilutive potential ordinary shares relating to long-term incentive plans	**2.47**	2.62	3.39
Weighted average number of ordinary shares for diluted basic and headline earnings per share	**850.09**	819.99	834.64
Headline earnings per share (cents)			
Basic	**1 654**	1 690	3 853
Diluted	**1 649**	1 685	3 837

19. Contingent liabilities, guarantees and uncertain tax matters

Contingent liabilities and guarantees

As at 31 December 2022, the Group had contingent liabilities in respect of matters arising in the ordinary course of business from which it anticipated that no material liabilities will arise.

The Group has issued guarantees of R63 million (December 2021: R77 million) (June 2022: R69 million) in respect of liabilities held by companies in the Group. Guarantees of R18 292 million (December 2021: R22 416 million) (June 2022: R19 607 million) have been issued by third parties and financial institutions on behalf of the Group consisting mainly of guarantees to the Takeover Regulation Panel (TRP) of R15 505 million (December 2021: R19 650 million) (June 2022: R16 830 million) for the acquisition of Royal Bafokeng Platinum and the Department of Mineral Resources and Energy (DMRE) for R2 357 million (December 2021: R2 344 million) (June 2022: R2 346 million).

Uncertain tax matters

Implats is subject to income taxes under the various income tax regimes in the countries in which it operates. The Group has filed, and continues to file, all the required income tax returns and to pay the taxes, as reasonably determined, to be due. In some jurisdictions, tax authorities are yet to complete all their annual assessments and the income tax assessments, where completed by the tax authorities, remain subject to further examination within prescribed periods. Significant judgement is required in determining the Group's provisions for income taxes due to the complexity of legislation, which is often subject to interpretation. As a result, disputes can arise with the tax authorities over the interpretation or application of certain rules in respect of the Group's tax affairs within the country involved and the outcome of these claims and disputes cannot be predicted with certainty. On tax matters which are particularly complex or require judgement in applying, management has obtained and will continue to obtain, independent legal and/or tax practitioner opinions which inform and support the tax positions adopted.

Implats' companies are involved in tax queries, litigation and disputes with various tax authorities in the normal course of business. A detailed review is performed regularly on each matter and a provision is recognised, where appropriate. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially reported, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Regardless of whether potential economic outflows of matters have been assessed as probable or possible, individually significant matters are included on the following page.

19. Contingent liabilities, guarantees and uncertain tax matters continued

Uncertain tax matters continued

South Africa

At 31 December 2022, the Group had an unresolved historical tax matter relating to deductions at its South African operations. The South African Revenue Service has issued an additional assessment relating to this matter which the Group objected to. The Group has a tax practitioner and legal counsel opinion to support its objection. Should the Group be successful in its objection, it could result in a tax credit of up to R653 million (including interest).

Zimbabwe

Foreign currency taxes

Zimplats has historically filed, and continues to file, all required income tax returns and to pay the taxes reasonably determined to be due. The fiscal legislation in Zimbabwe is complex and subject to interpretation. From time to time, Zimplats is subject to a review of its historic income tax returns and in connection with such reviews, disputes can arise with the Zimbabwe Revenue Authority (ZIMRA) over the interpretation and/or application of certain legislation.

Significant judgement is required in determining the provision for income taxes due to the complexity and differences of interpretation of fiscal legislation, and application which may require determination through the courts. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business.

Zimplats recognises liabilities for anticipated tax audit issues and uncertain tax positions based on estimates of whether additional taxes will be due. The assessment is based on objective, unbiased interpretation of the fiscal legislation, informed by specialist independent tax and legal advice. Where ZIMRA as the tax authority makes an assessment that differs from that determined and initially recorded by the company, such difference in computation will impact the income tax expenses and liabilities in the period in which such determination is made.

Irrespective of whether potential economic outflows of matters have been assessed as probable or possible, individually significant matters are included below to the extent that disclosure does not prejudice the company.

Matters before the courts

Zimplats filed legal proceedings in the Special Court for Income Tax Appeals and the Supreme Court of Zimbabwe in relation to various historical income tax matters and these cases are pending in the courts. Zimplats has, on a without prejudice basis, settled the disputed liabilities involved in these cases and therefore no further liabilities will arise in respect of these disputed tax matters.

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20. Related-party transactions

	Six months ended 31 December 2022 (Reviewed) Rm	Six months ended 31 December 2021 (Reviewed) Rm	Year ended 30 June 2022 (Audited) Rm
Associates			
Two Rivers			
Transactions with related party:			
Purchases of metal concentrates	**4 801**	4 192	9 121
Period-end balances arising from transactions with related party:			
Payable to associate	**3 220**	3 462	3 447
Makgomo Chrome			
Transactions with related party:			
Tailings fee expense	**38**	27	68
Sale of metal concentrates	**38**	27	68
Friedshelf			
Transactions with related party:			
Interest accrued	**46**	52	101
Repayments	**108**	100	204
Period-end balances arising from transactions with related party:			
Borrowings – lease liabilities[1]	**855**	971	916
Royal Bafokeng Platinum			
Transactions with related party:			
Royalty expense	**220**	—	390
Period-end balances arising from transactions with related party:			
Payable to associate	**106**	—	58
Joint venture			
Mimosa			
Transactions with related party:			
Toll refining revenue	**131**	161	293
Interest received	**18**	—	4
Purchases of metal concentrates	**3 607**	3 146	6 806
Period-end balances arising from transactions with related party:			
Payable to joint venture net of advance	**1 132**	1 153	1 227

[1] *The lease liabilities have an effective interest rate of 10.2%*

There is no contractual relationship governing the Group's transactions with Mimosa. These are conducted through an intermediary. For accounting purposes, and to demonstrate the economic substance of the transactions, they are disclosed as related-party transactions, as though the Group had transacted directly with Mimosa.

Fixed and variable key management compensation was R185 million (December 2021: R345 million) (June 2022: R412 million).

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21. Financial instruments

Background

The impact of external factors such as climate change, geopolitical tensions as well as Covid-19 are deemed to be priced into the valuation of financial instruments, which for the Group, mostly relates to securities price risk and commodity price risk used in the level 1 and 2 fair valuation techniques as determined by the market. The level 3 valuation techniques were adjusted by amending the cash flows associated with the discounted cash flow valuations to factor in impacts of the various micro- and macro-economic factors where applicable. The outcome of these considerations and the resulting adjustments are reflected in the respective carrying amounts of the financial assets and financial liabilities measured at fair value.

The following table summarises the Group's classification of financial instruments:

	Six months ended 31 December 2022 (Reviewed) Rm	Six months ended 31 December 2021 (Reviewed) Rm	Year ended 30 June 2022 (Audited) Rm
Financial assets – carrying amount			
Financial assets at amortised cost	**30 964**	21 505	30 722
Trade receivables	**2 082**	2 142	2 845
Other receivables	**1 437**	533	1 078
Employee receivables	**235**	203	165
Cash and cash equivalents	**27 023**	18 537	26 505
Other financial assets	**187**	90	129
Financial assets at fair value through profit or loss (FVPL)	**2 447**	2 307	2 454
Environmental rehabilitation investments	**322**	309	315
Other financial assets	**1 085**	1 027	1 052
Trade receivables	**1 040**	971	1 087
Financial assets at fair value through other comprehensive income (FVOCI)	**484**	428	463
Total financial assets	**33 895**	24 240	33 639
Financial liabilities – carrying amount			
Financial liabilities at amortised cost	**6 425**	5 368	6 699
Borrowings	**1 179**	1 328	1 207
Other financial liabilities	**52**	53	50
Trade payables	**5 194**	3 987	5 403
Other payables	**—**	—	39
Financial liabilities at FVPL			
Trade payables – metal purchases	**7 673**	9 075	7 727
Trade payables at FVPL	**8 682**	9 846	8 665
Advances[1]	**(1 009)**	(771)	(938)
Total financial liabilities	**14 098**	14 443	14 426

[1] *Advances are carried at amortised cost.*

Notes to the condensed consolidated interim financial statements

for the six months ended 31 December 2022

21. Financial instruments continued

Fair value hierarchy

The table below represents significant financial instruments measured at fair value at the reporting date. The calculation of fair value requires various inputs into the valuation methodologies used. The source of the inputs used affects the reliability and accuracy of the valuations. Significant inputs have been classified into hierarchical levels in line with IFRS 13 valuations.

Level 1 Quoted prices in active markets for identical assets or liabilities.
Level 2 Inputs other than quoted prices that are observable for the asset or liability (directly or indirectly).
Level 3 Inputs for the asset or liability that are unobservable.

Financial instrument	Six months ended 31 December 2022 (Reviewed) Rm	Six months ended 31 December 2021 (Reviewed) Rm	Year ended 30 June 2022 (Audited) Rm	Fair value hierarchy	Valuation technique and key inputs
Financial assets at FVPL					
Environmental rehabilitation investments	**322**	309	315	Level 3	Discounted cash flow Risk-free ZAR interest rate
Other financial assets	**1 085**	1 027	1 052	Level 1	Quoted market prices for the same instrument
Trade receivables	**1 040**	971	1 087	Level 2	Quoted market metal prices and exchange rates
Financial assets at FVOCI					
Waterberg	**366**	330	366	Level 3	Discounted cash flow Risk-free ZAR interest rate
Other	**118**	98	97	Level 3	Discounted cash flow Risk-free ZAR interest rate
Financial liabilities at FVPL					
Trade payables at FVPL	**8 682**	9 846	8 665	Level 2	Quoted market metal prices and exchange rates

There were no transfers between fair value hierarchy levels during the reporting period.

The carrying amount of financial assets and liabilities which are not carried at fair value is a reasonable approximation of their fair value.

Notes to the condensed consolidated interim financial statements

for the six months ended 31 December 2022

21. Financial instruments continued

Reconciliation of Level 3 fair value measurements

	Waterberg Rm	Other Rm	Environmental rehabilitation investments Rm	Total Rm
Balance at 30 June 2021 (Audited)	330	95	—	425
Purchases	—	—	306	306
Income recognised in profit or loss	—	—	3	3
Income recognised in other comprehensive income	—	3	—	3
Balance at 31 December 2021 (Reviewed)	330	98	309	737
Income recognised in profit or loss	—	—	6	6
Income/(loss) recognised in other comprehensive income	36	(1)	—	35
Balance at 30 June 2022 (Audited)	**366**	**97**	**315**	**778**
Income recognised in profit or loss	**—**	**—**	**7**	**7**
Income recognised in other comprehensive income	**—**	**21**	**—**	**21**
Balance at 31 December 2022 (Reviewed)	**366**	**118**	**322**	**806**

Notes to the condensed consolidated interim financial statements

for the six months ended 31 December 2022

21. Financial instruments continued

Cash and cash equivalent exposure by country and currency

	Six months ended 31 December 2022 (Reviewed) Rm	Six months ended 31 December 2021 (Reviewed) Rm	Year ended 30 June 2022 (Audited) Rm
Exposure by currency is as follows:			
Bank balances – ZAR	**20 846**	10 779	18 448
Bank balances – US$	**5 327**	6 853	7 258
Bank balances – C$	**673**	382	784
Bank balances – ZW$	**165**	514	7
Bank balances – Other currencies	**12**	9	8
	27 023	18 537	26 505
Exposure by country is as follows:			
South Africa	**21 952**	11 132	19 365
Europe	**3 956**	3 782	4 759
Zimbabwe – US$	**152**	2 547	1 383
Zimbabwe – ZW$	**165**	514	7
Canada	**787**	554	983
Asia	**11**	8	8
	27 023	18 537	26 505

Fair value hedge accounting

The Group has a hedging strategy and accounting policy to manage the fair value risk (commodity price and foreign currency exchange risk) to which purchased metal (note 13), the hedged item, is exposed. The financial instrument used to hedge this risk is trade payables related to metal purchases, included in trade payables, measured at fair value through profit or loss. The fair value movements on this financial liability have been designated to hedge the price and foreign currency exchange risk on purchased metal inventory.

To the extent that the hedging relationship is effective, that is, to the extent that an economic relationship exists between the hedged item and hedging instrument, the fair value gains and losses on both the hedged item and hedging instrument are offset against each other. Where the hedge is ineffective, the gains and losses on trade payables and purchased metal inventory are recognised in profit or loss in other income and other expenses respectively.

21. Financial instruments continued

Fair value hedge accounting continued

The effects of the fair value hedge are as follows:

	Six months ended 31 December 2022 (Reviewed) Rm	Six months ended 31 December 2021 (Reviewed) Rm	Year ended 30 June 2022 (Audited) Rm
Hedging instrument			
Trade payables at fair value through profit or loss – metal purchases			
Carrying amount	**8 682**	9 846	8 665
Fair value gain used to determine hedge effectiveness	**(736)**	(1 956)	(2 195)
Hedged item			
Purchased metal inventory			
Purchased metal inventory exposed to fair value movement	**8 682**	9 846	8 665
Change in fair value of hedged instrument used to determine hedge effectiveness	**736**	1 956	2 195
Accumulated fair value hedge gain included in metal purchases in respect of closing inventory[1]	**770**	401	1 220

[1] *Relates to metal purchases that were still in the refining process at the end of the period.*

Due to the high correlation between the fair value movements in trade payables and inventory, there has been no material hedge ineffectiveness, nor identified sources thereof, in the hedging relationship during the current period.

Notes to the condensed consolidated interim financial statements

for the six months ended 31 December 2022

22. Events occurring after the reporting period

Dividends

The board declared an interim cash dividend on 2 March 2023 in respect of the six-month period ended 31 December 2022. In terms of the approved dividend policy, a minimum dividend of 30% of free cash flow pre-growth capital should be declared. The board has discretion to vary this percentage depending on the current and forecast financial performance, as well as market and other factors, including sufficiently capitalising the business to allow the Group to take advantage of future value-accretive growth opportunities.

The dividend of 420 cents per ordinary share or R3 569 million in aggregate (excluding treasury shares) is to be paid out of retained earnings, but not recognised as a liability at the end of the period. The dividend will have no tax consequence for the Group, but will be subject to 20% withholding tax for shareholders who are not exempt from or do not qualify for a reduced rate of withholding tax.

The dividend is payable on Monday, 27 March 2023 to shareholders recorded in the register at the close of business, 24 March 2023.

	Six months ended 31 December 2022 (Reviewed) Rm	Six months ended 31 December 2021 (Reviewed) Rm	Year ended 30 June 2022 (Audited) Rm
Dividends paid:			
Final dividend No 97 for 2022 (No 95 for 2021) of 1 050 cents (2021:1 200 cents) per ordinary share	**8 896**	9 773	9 773
Interim dividend No 96 for 2022 of 525 cents per ordinary share	**–**	–	4 436
Other[1]	**–**	57	186
	8 896	9 830	14 395

[1] *Other comprises dividends paid by subsidiaries within the Group to external parties.*

Other events occurring after the reporting period

The directors are not aware of any other subsequent events which materially impact the condensed consolidated interim financial statements other than the extension of the long-stop date for the mandatory offer to the shareholders of RBPlat to 31 March 2023, refer to note 11.

Corporate information

Impala Platinum Holdings Limited

(Incorporated in the Republic of South Africa)
Registration No 1957/001979/06
JSE share code: IMP
ISIN: ZAE000083648
ADRs: IMPUY
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Registered office

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Directors

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EXCELLENCE IN PGMs

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