# Audited summarised consolidated annual results

for the year ended 30 June 2023

IMPLATS

EXCELLENCE IN PGMs

RESPECT, CARE AND DELIVER

## 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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31 August 2023
Johannesburg

Sponsor to Implats
Nedbank Corporate and Investment Banking,
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# Our purpose, vision and values

## Our purpose

**To create a better future**

## Our vision

**To be the most valued and responsible metals producer, creating a better future for our stakeholders**

## Our values

### RESPECT

- We believe in ourselves
- We work together as a team
- We take ownership of our responsibilities
- We are accountable for our actions

### CARE

- We set each other up for success
- We care for the environment
- We work safely and smartly
- We make a positive contribution to society

### DELIVER

We play our A-game every day
We go the extra mile
We learn, adapt and grow
We create a better future

## Implats is a leading producer of platinum group metals (PGMs) structured around seven mining operations and a refining business, Impala Refining Services.

Our mining operations span the Bushveld Complex in South Africa, the Great Dyke in Zimbabwe and the Canadian Shield. The metals we produce are key to making many industrial, medical and electronic items – and they contribute to a cleaner, greener world.

### KEY FEATURES FOR THE 12 MONTHS

#### Safety and sustainability

- Regrettably, five fatalities at managed operations
- 7% improvement in LTIFR* to 3.92
- 13 of the Group's 18 operations achieved fatality-free millionaire or multimillionaire status
- No major or significant environmental incidents
- Maintained an A-rating from MSCI for ESG performance
- Second consecutive inclusion in the S&P Global Sustainability Yearbook (2023)

* Per million man-hours worked.

#### Operational

- 6% increase in managed 6E production to 2.42Moz
- 1% lower JV 6E production of 541koz
- 18% decrease in third-party 6E receipts to 287koz
- Refined 6E production declined 4% to 2.96Moz
- 6E sales volumes declined 6% to 2.97Moz
- Group 6E unit costs rose 14% to R19 834/oz (stock-adjusted)
- Consolidated Group capital expenditure of R11.5 billion

#### Financial

- Gross profit of R22.3 billion at a gross profit margin of 21%
- EBITDA of R36.0 billion and EBITDA margin of 34%
- Headline earnings of R18.8 billion or 2 211c per share
- Free cash flow of R14.2 billion
- R25.3 billion in closing net cash (excluding leases)
- 30% of adjusted free cash flow allocated to shareholder returns
- Final dividend of 165c per share, bringing total FY2023 dividend to 585c per share


#### Market

- Dollar revenue per 6E ounce sold down 18% to US$2 035/oz
- Rand revenue per 6E ounce sold down 4% to R36 118/oz
- PGM pricing heavily influenced by global macro-economic factors and destocking by end-users
- Tightening markets for platinum and palladium, with rhodium undercut by industrial destocking in 2023

* Per million man-hours worked.

# Operating statistics

| | | FY2023 | FY2022 | Variance % |
|---|---|---|---|---|
| **Gross refined production** | | | | |
| 6E | (000oz) | **2 958.7** | 3 086.6 | (4.1) |
| Platinum | (000oz) | **1 359.5** | 1 426.1 | (4.7) |
| Palladium | (000oz) | **1 050.5** | 1 071.4 | (2.0) |
| Rhodium | (000oz) | **169.3** | 180.7 | (6.3) |
| Nickel | (tonnes) | **14 970** | 16 520 | (9.4) |
| **IRS metal returned (toll refined)** | | | | |
| 6E | (000oz) | **1.6** | 0.8 | 100.0 |
| Platinum | (000oz) | **0.1** | 0.0 | – |
| Palladium | (000oz) | **1.5** | 0.8 | 87.5 |
| Rhodium | (000oz) | **–** | – | – |
| Nickel | (tonnes) | **3 588** | 3 678 | (2.4) |
| **Sales volumes** | | | | |
| 6E | (000oz) | **2 973.0** | 3 146.8 | (5.5) |
| Platinum | (000oz) | **1 408.1** | 1 492.6 | (5.7) |
| Palladium | (000oz) | **1 047.4** | 1 087.6 | (3.7) |
| Rhodium | (000oz) | **167.8** | 177.3 | (5.4) |
| Nickel | (tonnes) | **10 902** | 13 094 | (16.7) |
| **Prices achieved** | | | | |
| Platinum | (US$/oz) | **962** | 1 008 | (4.6) |
| Palladium | (US$/oz) | **1 763** | 2 211 | (20.3) |
| Rhodium | (US$/oz) | **11 696** | 16 544 | (29.3) |
| Nickel | (US$/t) | **23 864** | 21 150 | 12.8 |
| **Consolidated statistics** | | | | |
| Average rate achieved | (R/US$) | **17.68** | 15.22 | 16.2 |
| Closing rate for the period | (R/US$) | **18.85** | 16.27 | 15.9 |
| Revenue per 6E ounce sold | (US$/oz) | **2 035** | 2 481 | (18.0) |
| Revenue per 6E ounce sold | (R/oz) | **36 118** | 37 703 | (4.2) |
| Tonnes milled ex mine* | (000t) | **23 883** | 22 363 | 6.8 |
| Group 6E production | (000oz) | **3 245.6** | 3 188.7 | 1.8 |
| Group unit cost per 6E ounce stock adjusted* | (R/oz) | **19 834** | 17 364 | (14.2) |
| Group unit cost per 6E ounce stock adjusted* | (US$/oz) | **1 116** | 1 141 | 2.2 |
| Capital expenditure* | (Rm) | **11 510** | 9 081 | (26.7) |
| Stay-in-business capital | (Rm) | **7 333** | 6 318 | (16.1) |
| Replacement capital | (Rm) | **2 272** | 1 413 | (60.8) |
| Expansion capital | (Rm) | **1 905** | 1 350 | (41.1) |

* *Managed operations.*

# Operating statistics

| | | FY2023 | FY2022 | Variance % |
|---|---|---|---|---|
| **Financial performance** | | | | |
| Revenue | (Rm) | **106 594** | 118 332 | (9.9) |
| Gross profit | (Rm) | **22 338** | 41 285 | (45.9) |
| EBITDA** | (Rm) | **36 002** | 53 375 | (32.5) |
| Profit for the year | (Rm) | **6 178** | 33 139 | (81.4) |
| Basic earnings | (Rm) | **4 905** | 32 049 | (84.7) |
| Headline earnings | (Rm) | **18 801** | 32 028 | (41.3) |
| Free cash flow** | (Rm) | **14 171** | 28 840 | (50.9) |
| Net cash (excluding leases) | (Rm) | **25 347** | 26 505 | (4.4) |
| Basic earnings per share | (cps) | **577** | 3 856 | (85.0) |
| Headline earnings per share | (cps) | **2 211** | 3 853 | (42.6) |
| Dividends per share | (cps) | **585** | 1 575 | (62.9) |

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

Additional statistical information is available on the company's website.

| | | FY2023 | FY2022 | Variance % |
|---|---|---|---|---|
| **ESG indicators** | | | | |
| Fatalities | (count) | **5** | 7 | – |
| TIFR | (pmmhw)** | **9.25** | 9.76 | 5.2 |
| LTIFR | (pmmhw)** | **3.92** | 4.21 | 6.9 |
| Labour including capital* | (number) | **60 344** | 58 557 | (3.1) |
| Level 4 or 5 environmental incidents | (count) | **0** | 0 | – |
| Level 3 environmental incidents | (count) | **7** | 4 | (75.0) |
| Water consumption | (kl/t milled) | **2.25** | 2.04 | (10.3) |
| Water recycled/reused | % | **52** | 53 | 1.9 |
| Energy consumption | (GJ/t milled) | **0.851** | 0.781 | (9.0) |
| Scope 1 and 2 carbon emissions | (tCO2/t milled) | **0.171** | 0.161 | (6.2) |
| Land rehabilitated | Hectares | **11.33** | 11.00 | (3.0) |
| Local spend with indigenous community suppliers | Rbn | **7.3** | 7.3 | – |
| Social economic spend* | Rm | **644.7** | 780.4 | (17.4) |

* *Including housing.*

** *Per million man-hours worked.*

## INTRODUCTION

Enhanced operational flexibility, resilience and disciplined execution enabled Implats to successfully navigate a series of domestic and regional challenges, which compounded the effects of softening dollar pricing, rand depreciation and persistent inflation in the year under review. This is a testament to the skills and strength of our people, with standout performances at Impala Canada, Zimplats and Impala Rustenburg.

The year's highlight was securing ownership of Royal Bafokeng Platinum Limited (RBPlat) and the Group is advancing its plans to integrate and optimise the asset to ensure maximum value from this important acquisition. The combined asset base of Impala Rustenburg and RBPlat – which will be renamed Impala Bafokeng on delisting – will result in a more secure and sustainable Rustenburg operating complex in years to come, with a premier mine-to-market production base, well-capitalised infrastructure and long-term competitive positioning, enhanced by industry-leading integrated processing capability.

Amid softening rand platinum group metals (PGM) pricing and lower refined production and sales, the Group recorded EBITDA of R36.0 billion, headline earnings of R18.8 billion or 2 211 cents per share, and generated free cash flow of R14.2 billion, after funding capital expenditure of R11.4 billion and R4.9 billion in RBPlat acquisition costs. The board of directors of Implats (board) declared a final dividend of 165 cents per share, resulting in a total dividend for FY2023 of 585 cents per share.

The Group improved its safety metrics and its sustainability journey gained momentum with several accolades received in the period, recognising excellent environmental, social and governance (ESG) management.

Despite the challenging operating environment, Implats delivered a strong performance and ended the year in a robust, sustainable, flexible and more competitive position, well placed to continue creating and sharing value with all stakeholders.

## SAFETY

Safe production remains the Group's foremost priority, with the goal of achieving zero harm to the health and safety of our employees and contractors. All safety metrics improved in the period, benefiting from a focus on fatal risk control protocols, risk mitigation using leading indicators, visible leadership and mine-safety discipline. However, the Group regrettably reported five employee fatalities at managed operations during the period (FY2022: seven), and one at joint venture (JV) operation, Two Rivers.

In memoriam: Mr Estevao Matsimbe who sustained fatal injuries from an equipment accident at 16 Shaft, Impala Rustenburg; Ms Lydia Gore who succumbed to injuries from a fall-of-ground at Zimplats' Bimha Mine; Mr Seutlwadi Ramathelesa who passed away following a fall from height at Two Rivers; Mr Abraham Mofokeng who was fatally injured in a blasting accident at Impala Rustenburg's 14 Shaft; Mr Henry Raki who was fatally injured in a fall-of-ground at Zimplats' Mupani Mine; and Mr Thembile Ngqanji who passed on following a fall-of-ground at Impala Rustenburg's 20 Shaft.

Following investigations in each case, the Group renewed its focus on targeted safety interventions, adopted leading practices related to fall-of-ground incidents, further embedded critical controls and intensified employee engagement on safety adherence. The board and the management team extended their sincere condolences to the families and peers of our lost colleagues and the Group offers ongoing support to their families.

During the 12 months to end-June 2023, the Group's fatal injury frequency rate improved by 29% to 0.040 per million man-hours worked (FY2022: 0.056). The lost-time injury frequency rate improved by 7% to 3.92 (FY2022: 4.21) and the all-injury frequency rate by 5% to 9.25 per million man-hours worked (FY2022: 9.76). By year-end, 13 of the Group's 18 operations had achieved millionaire or multimillionaire status in terms of fatality-free shifts.

## CREATING A BETTER FUTURE

Implats' strategy serves to achieve the Group's purpose — to create a better future. Implats prioritises value in a zero-harm environment to deliver sustainable outcomes. The strategy allows for the agility and resilience needed to respond to the dynamic environment in which the Group operates and the evolving markets for its primary products. Implats' strategic objectives are:

- **Sustainable development:** We aspire to deliver an industry-leading sustainability performance, producing metals that sustain livelihoods through and beyond mining, creating a cleaner and better future for all
- **Operational excellence:** We generate superior value for all stakeholders through modern, safe, responsible, competitive and consistent operational delivery
- **Organisational effectiveness:** We place people at the centre of our organisation and engender a shared culture founded on our values to respect, care and deliver
- **Optimal capital structure:** We pursue value creation by sustaining and leveraging a strong and flexible balance sheet within a prudent capital allocation framework
- **Competitive asset portfolio:** We seek to leverage, strengthen and grow our diverse asset base through operational exposure to shallow, mechanisable orebodies
- **Future focus:** We sustain and grow value by supporting present and future demand drivers, creating strong customer relationships and aligning our production to evolving demand

The Group's focus is to deliver these strategic objectives, in pursuit of its purpose and to ensure Implats is robustly high-value, sustainable, profitable and competitive.

### 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, and the mandatory offer closed on 21 July 2023, with Implats securing 98.91% ownership post-year-end. The compulsory acquisition of the residual shareholding, in terms of section 124(1) of the Companies Act (71 of 2008) as amended, will be effected by 14 September 2023.

The equity interest in RBPlat was accounted for as an associate until Implats' shareholding increased to over 50% on 30 May 2023, following which RBPlat became a subsidiary of Implats. As a result, with effect from 1 June 2023, RBPlat's operating and financial results are consolidated into the Implats results.

Securing outright ownership of RBPlat marks an important milestone for Implats, after a process that was lengthy and contentious. It creates the best possible chance of maximising value from this important acquisition — it enables sustainable socio-economic benefits for the Rustenburg region and its communities, secures employment, unlocks significant value from the neighbouring operations and contiguous orebodies at Impala Rustenburg, and secures the most significant source of global primary PGM production.

The combined asset base represents the dominant resource and production base in the region and it is further differentiated by the quality of its well-capitalised, long-life operating assets, which include the Group's competitive smelting and refining infrastructure.

Through a series of short, medium and long-term priorities, the Group looks forward to delivering meaningful value from RBPlat as it optimises the current performance, delivers on latent production potential and secures the significant synergies available.

- The immediate focus is to integrate RBPlat into the Implats Group and management and reporting structure changes have already been implemented. Implats' management teams engaged intensively with the new team over the past two months and were gratified by the enthusiasm and energy with which they were received. Implats has also actioned the processes that will realise cost savings, which include delisting RBPlat and the broader rationalisation and absorption of its corporate function
- RBPlat's operational performance lagged behind expectations and potential during the lengthy period of uncertainty associated with the corporate action. The immediate focus will be for the Implats technical team to provide technical support, guidance and oversight, to address milled throughput and processing constraints at the

- RBPlat concentrators and ramp up mined volumes from Styldrift, which stalled of late due to operational challenges
- Volume gains at RBPlat are vital to offset the inflationary pressures present in the PGM industry and, in particular, at mechanised operations in the recent past
- The scope of projects aimed at extending life-of-mine at Impala Rustenburg's 20 and 6 shafts, 'through the farm fence', will be optimised, finalised and implemented, and the current royalty regimes covering current RBPlat ore extraction will be rationalised
- In the medium term, projects aimed at optimising the processing infrastructure across Impala Rustenburg and RBPlat will be executed to ensure that installed milling capacity and processes maximise both recoveries and efficiencies, and capture the latent revenue potential of *in situ* chrome resources
- Implats has signalled its intent to trigger and transfer the right to beneficiate 50% of the RBPlat concentrates produced. This will likely occur from 2027 due to contractual agreements in place and will use part of the Group's planned increase in smelting and refining capacity, currently in execution
- In the longer term, Implats will scope and execute plans that optimise shared overhead costs across both Impala Rustenburg and RBPlat and seek to increase and extend the production output of the combined asset base

The acquisition results in increased broad-based ownership in the PGM sector through the implementation of an empowerment ownership structure at both Impala Rustenburg and RBPlat. The proposed empowerment transaction includes commitments made in relation to creating a community share ownership trust across both companies, as well as the option to replace the current proposed RBPlat employee share ownership plan with an employee share ownership trust, at the election of employees. In addition, as part of the proposed empowerment transaction, Implats has partnered with Siyanda Resources Proprietary Limited (Siyanda), which will lead a broad-based empowerment consortium. The empowerment transactions are expected to be finalised and implemented during FY2024.

Included in the disclosed acquisition-related costs of R415 million in the period under review, is a provision of R250 million which is earmarked for local investing activities. Implats has committed to co-fund up to R200 million in South African hydrogen technology projects, or its commercialisation, which will be identified in conjunction with the Industrial Development Corporation of South Africa (IDC), as well as R50 million to fund proof-of-concept activities, jointly managed by Implats and the IDC.

## Key projects

Implats is proceeding responsibly with its multi-billion rand, multi-year capital investment programme to extend life-of-mine development at several of its operations, increase beneficiation capacity, ensure regulatory compliance, strengthen energy security and progress the Group towards achieving its decarbonisation targets.

Of this capital investment, R12 billion is earmarked to expand its South African and Zimbabwean smelting and refining facilities. Around R8 billion is being invested across managed and JV southern African mining operations to extend the life-of-mine at producing mines, secure meaningful employment and entrench southern Africa's status as a stable and sustainable global PGM producer, to support enduring benefits for all stakeholders.

The Group is sensitive to recent metal price weakness and has instituted capital prioritisation initiatives aligned to prevailing pricing.

The projects under study and in implementation at our integrated processing assets will reduce the Group's processing environmental footprint and directly increase local beneficiation, improve operational flexibility and enhance metallurgical efficiencies, positioning the region more competitively as a global mine-to-market PGM producer.

Added to several other life-of-mine extension projects at Impala Rustenburg and the successful acquisition of RBPlat, Implats is confident of growing the total refined 6E PGM supply from its southern African assets over the next decade.

# Commentary

**Energy security and decarbonisation projects**
Implats' Zimplats operations are midway through constructing a US$37 million solar plant at the Selous Metallurgical Complex. The 35MW facility is the first phase of an intended 185MW complex that will secure supply and reduce the unit cost of energy. The first phase will go live in Q2 FY2024. This is the first large-scale project towards meeting the Group's short-term (2030) decarbonisation target of a 30% reduction against the 2019 baseline, and it supports Implats' stated ambition of achieving carbon neutrality by 2050. Following the agreement of a 50MW hydro-power offtake with the Zambia Electricity Supply Corporation Limited (ZESCO) in April 2023, Zimplats now sources 67% of its energy from regional hydro-electric facilities. The proportion of renewable energy will grow during FY2024 as the first phase of the operation's solar programme is commissioned.

Feasibility studies are underway at Impala Rustenburg (140MW) and Marula (30MW) for the construction of photovoltaic facilities to advance energy security and improve their carbon footprints. These studies are taking place in parallel to Implats' programme to procure wheeled renewable electricity for all South African operations — wheeling is the process of moving privately generated electricity (own-generated or generated by independent power producers) to customers across national utility-owned power grids. Energy wheeling will address the site limitations at Impala Rustenburg and Impala Refineries. In addition, Impala Refineries is undertaking conceptual studies for a combined heat and power project to eliminate coal usage.

Impala Canada's grid-supplied energy is 100% renewable (hydropower), while the operation uses carbon-based fuels (diesel, petrol and propane) for mobile equipment and heating.

**Zimplats' mine replacement and beneficiation projects**
In the prior financial year, the board approved the expansion of existing smelter capacity at Zimplats and the installation of $SO_2$ abatement to mitigate the operation's air quality impact, at a total capital vote of US$521 million. Together with the phased solar projects, the abatement plant will result in an industry-leading environmental footprint for the Zimbabwean smelting facilities. The smelter expansion will accommodate an additional 600 000 6E ounces per annum, the matte from which will initially be transported to Implats' South African processing facilities for refining. The first matte production from the new 38MW furnace is scheduled for Q4 FY2024, and the acid plant commissioning is expected in Q4 FY2027.

US$190 million was approved during the year under review to rehabilitate the Base Metal Refinery at Selous which will facilitate in-country beneficiation of base metals. This facility is forecast to be commissioned towards the beginning of FY2027.

The US$468 million mine replacement projects, focused on upgrading Bimha Mine and developing the new Mupani Mine, progressed well and remained ahead of schedule. Full production of 3.1 million tonnes and 3.6 million tonnes per annum is on schedule for Q1 FY2024 and Q1 FY2029, respectively. Bimha and Mupani will collectively replace the Ngwarati, Rukodzi and Mupfuti mines, on depletion.

Zimplats' construction of a new 0.9 million tonnes per annum module at the third concentrator plant (US$104 million), together with the associated mining fleet (US$18 million) and infrastructure, was completed and commissioned on schedule in Q2 FY2023. This project results in Zimplats' overall milling capacity increasing to 7.6 million tonnes per annum.

**Impala Refineries projects**
The Group's PGM production evolves over time due to the nature and quantum of its ore feeds and those received from third parties. Future production is set to increase in line with Implats' growth and beneficiation strategy. As such, R2.5 billion over five years was allocated to improve the South African refining facilities, of which R500 million was approved to debottleneck sections of the Base Metals Refinery in Springs and expand treatment capacity by circa 10% to provide room for future growth.

The debottlenecking project is progressing well with the final unit process package forecast to be completed before the end of FY2024. Beneficial occupation of some of the early packages was accomplished and these units are providing added flexibility to the operation.

In addition, the Group is completing three replacement sections at the precious metals refinery. Regulatory compliance projects addressing atmospheric emissions and water use requirements are underway to secure Impala Refineries' continued licence to operate.

**Marula's Phase II expansion project**
The project to expand and extend Marula's life-of-mine was initiated in FY2022. During the year under review, the programme to expand mining and milling by 20% was split into discrete projects — for the two mining complexes and the plant — to facilitate optimal resource allocation and funding while maintaining production targets. The R5.7 billion programme will deliver a 15-year life-of-mine extension to FY2045 at 2.4 million tonnes per annum, with steady-state production expected in FY2028.

**Two Rivers' Merensky Mine, UG2 plant expansion and tailings projects**
In partnership with JV partner, African Rainbow Minerals, Implats committed R7.3 billion to construct a new Merensky mine and concentrator at the Two Rivers operation. The Merensky mining project was approved in FY2021 and will expand production by circa 180 000 6E ounces, with first concentrate production scheduled in late FY2024 and full production planned for FY2025. The mining schedule is on plan with the run-of-mine stockpile built up during the period. The concentrator construction progressed significantly, with most mechanical equipment on site and civil and structural activities on schedule.

Implats has a 46% stake in Two Rivers, but 100% of the 180 000 6E ounces of the project's production will be treated through the Group's smelting and refining facilities.

The tailings storage facility (TSF) expansion was completed, to cater for both the UG2 expansion and the Merensky project.

**Mimosa's North Hill project**
The US$130 million North Hill project will extend Mimosa's life-of-mine by circa 10 years to FY2044. The feasibility study was completed and a memorandum of understanding to support project execution is under discussion with the Zimbabwean government. The project will increase life-of-mine at the current production platform and sustain 227 000 tonnes per month into the existing processing plant. Steady-state production from North Hill is forecast for FY2034.

During the period, Mimosa completed its plant optimisation project to increase floatation retention times and improve mill grinds, and recoveries improved to planned figures.

The extension of the current TSF, which accommodates arisings from the remaining life-of-mine, is in progress and on schedule. Early commissioning is expected from December 2023.

Mimosa is a 50:50 JV with Sibanye-Stillwater with 100% of concentrate production treated through the Group's smelting and refining facilities.

**Impala Canada's mill decoupling project**
A mill decoupling project at Impala Canada was commissioned during the period. The C$29 million facility will deliver a more consistent feed rate, in a tighter size range, to the concentrator's SAG mill.

The considerable organic and acquisitive growth outlined above was made possible by a relentless focus in recent years on achieving an optimal capital structure and ensuring that windfall profits from PGM cycles were appropriately harnessed to secure long-term benefits, and enhance flexibility and asset integrity to entrench sustainable operational excellence.

## SUSTAINABILITY
Implats is committed to creating a better future for all stakeholders, building value through excellence and execution, and delivering responsible stewardship and long-term value creation. The Group seeks to sustain livelihoods through and beyond mining and leave a positive social and environmental legacy. As such, sustainable development is a core strategic focus.

The Group's commitment to prioritise sustainable development and ESG disclosure practices are recognised in several rankings by leading global and regional agencies. The process involved in attaining these recognitions enables Implats to directly report key sustainability metrics and benchmark the Group's performance on a wide range of industry-specific economic, environmental and social criteria. These are relevant to demonstrate our commitment and enhance our disclosures to meet the growing number of sustainability-focused investors, while contributing to the Group's financial sustainability. The rankings assist in benchmarking Implats' ESG performance against global best practice, as expected by responsible investors and other stakeholders.

## ESG ratings and recognition

- During the period, Implats' annual S&P Global Corporate Sustainability Assessment score (for the Dow Jones Sustainability Index (DJSI)) improved to 66 out of 100 (FY2022: 61 out of 100), ranking the Group in the 89th percentile of the mining and metals industry
- Implats earned its second consecutive inclusion in S&P's Global Sustainability Yearbook (2023), a distinction reserved for top-performing companies
- FTSE Russell ranked Implats second in the mining sub-sector for disclosures on managing environmental, social and governance risks
- The Group maintained an overall A-rating from MSCI, reflecting excellent emissions and water performances, and strong governance structures
- For the fourth consecutive year, Implats is included in the Bloomberg Gender-Equality Index (2023), based on progressive inclusivity policies and practices
- Implats holds an 'A' rating for water security risk management, and 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
- Impala Refineries, Marula and Zimplats are ISO 45001:2018 certified
- Impala Refineries holds the London Palladium and Platinum Markets Responsible Sourcing Standard certificate
- The Biodiversity Disclosure Project's inaugural report, by the non-profit Endangered Wildlife Trust, ranked Implats in the top 10 in its sector for biodiversity mainstreaming
- Sustainalytics ranked Implats as a 'leader' for its management of governance-related risks
- Responsible investment firm, ISS ESG, rated the Group above industry average on ESG risk management, with low governance risk, and ranked it among industry leaders in environmental and social disclosures

## Health and wellness

Implats aims to engender a fitter and healthier workforce and motivate employees to participate in the health and wellness solutions provided. The Group adopts a proactive approach to health and wellbeing and engages in extensive employee and community education on health and wellness topics, conducts regular employee and community vaccination and wellness outreach drives, facilitates access to its on-site medical facilities and promotes uptake of the Implats Employee Assistance Programme.

The Group also has a proactive clinical approach to effectively managing the main occupational and non-occupational health risks facing employees, responding to on-site injuries, and detecting and monitoring chronic disease and mental wellbeing. As a result, good progress was made on targeted interventions to reduce the main health risks facing employees.

During the period, there were 219 new cases of noise-induced hearing loss (NIHL), due to the Group reporting the backlog of NIHL cases accumulated during the Covid-19 pandemic, during which time hearing screenings were suspended as a Covid-19 preventative measure. Implats has committed to reducing the number of new NIHL cases by 50% in FY2024.

Pulmonary TB and HIV levels were well controlled. At South African operations, the annualised TB incidence rate of 226 per 100 000 employees remains well below the estimated national average of 518 per 100 000 citizens, and the Group aims to reduce the incidence rate a further 10% in FY2024.

Adherence to HIV treatment has remained consistently excellent at 95%. Implats aims to increase the uptake of anti-retroviral treatment to eliminate Aids-related deaths among in-service employees by 2025.

All operations focus on supporting the mental health and wellness of their healthcare workers, employees and dependants, and the Group continues to strengthen its approach, informed by learnings and evolving global best practice.

**Environment**

Implats' achievements in responsible stewardship are anchored in a robust risk assessment framework, underpinned by strong governance, and seek to maximise social and environmental benefit and ensure a just transition as the Group accelerates its decarbonisation journey. The Group delivered a sound environmental performance during the period and published its second supplementary report on climate-related risks and opportunities, in line with recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

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. Seven limited-impact (level 3) incidents (FY2022: four) were recorded, the majority of which related to uncontrolled water releases following unseasonal rainfall. All were closed out and enhanced controls were implemented.

**Climate change, energy and decarbonisation**

Climate change is a global challenge requiring businesses to reduce greenhouse gas (GHG) emissions across the value chain, and to build operational and asset portfolio resilience while ensuring transparent communication and engagement with stakeholders.

The Group's decarbonisation strategy targets carbon neutrality by 2050, with a short-term target to reduce carbon emissions 30% by FY2030 (off FY2019 as the baseline year). Highlights include a commitment that all new mines will have at least 30% renewable energy, and each operation with at least five years of life-of-mine remaining will have a renewable energy source by 2025.

Good progress was made on several renewable energy projects and initiatives (see **Key projects**, above), with each project including a social impact contribution to ensure the just transition. The Group also set an internal carbon price to stress-test its investment, which is now part of the capital approval process.

During the period, Implats' carbon emissions and energy-use intensity improved by 6% and 4% to 0.171 $CO_2$ tonnes per tonne milled and 0.851 GJ per tonne milled, respectively, due primarily to decreased energy consumption and energy efficiency improvements.

Zero-carbon fuels and offsets, while not part of the Group's short-term decarbonisation plan, will play a role in the later stages towards meeting carbon emission neutrality, as technology readiness improves. The Group is assessing an opportunity for a coal-to-gas combined heat and power solution, and a 1.5kW hydrogen fuel cell is being tested under realistic load conditions at Impala Refineries — the operation already has grey hydrogen piped to site. Implats aims to ensure green hydrogen is a feature in decarbonising and powering its own operations. In addition, the Group is considering projects for carbon credits from established and verifiable emissions trading schemes.

**Water management**

Sound water management is critical at Implats' water-scarce southern African sites — access to water is a vital operational resource, a basic human right, and essential to the socio-economic development of mine-host communities. Implats is deepening its understanding of water issues critical to the security of supply, compliance, efficiency and integrated management. In parallel, it has addressed supply constraints in vulnerable host communities through major infrastructure projects and continues to focus on alleviating water shortages, while also working with municipalities and schools to improve water conservation and climate change awareness.

The Group assists with strategic regional planning and local service provision, and works with local stakeholders to address immediate needs and ensure bulk infrastructure is maintained and long-term planning is in place. Implats is an active member in two long-term water infrastructure public-private-partnership projects with other commercial water users — the Olifants Management Model and the Rustenburg Water Services Trust. These projects will supply bulk water to adjacent communities along the pipeline and allow for non-potable water offtake agreements for commercial users.

Group water-use practices improved in the period, resulting in 52% of water being recycling against a target of 54% — the goal is to reach 70% by 2030. Several initiatives are underway to improve water recycling/re-use, water-use efficiencies and reduce freshwater withdrawal.

**Rehabilitation, biodiversity and waste management**

Implats drives concurrent rehabilitation, aspiring to transition disturbed land into the next most usable state as soon as land is confirmed ready for rehabilitation — and not to wait until mine closure — to minimise the overall footprint of operations. In achieving this, Implats seeks to employ local companies to demolish and clear surface infrastructure and fill the shafts with waste. Implats has strengthened its closure liability financial facilities by increasing the cash holdings to R2.5 billion. There was a 3% increase in the quantum of land rehabilitated in the period.

The Group is advancing its journey towards biodiversity mainstreaming — which is to integrate or incorporate biodiversity considerations directly into business strategies, investments and production processes. Implats' approach to biodiversity conservation seeks to align with International Council on Mining and Metals (ICMM) guidelines. Site-level biodiversity management plans are being developed to achieve a net positive impact on biodiversity in areas affected by Group activities.

Implats is committed to reducing the amount of non-mineral waste sent to landfills, with a target of diverting nearly 80% of non-mineral waste by 2030. In managing non-mineral waste, Implats seeks to identify circular economy opportunities to benefit its operations and host communities. The Group's environmental strategy presents several opportunities for circular economy initiatives, and inclusive opportunities are identified within these projects, with several existing waste recycling projects in operation. Of the non-mineral waste generated during the period, 71% was diverted from landfills. Implats aspires to divert 85% of non-mineral waste from landfills by 2030 and achieve zero waste to landfill by 2040.

The tailings re-mining project at Impala Rustenburg is a large-scale recycling opportunity – by processing the tailings, the PGMs missed in the first processing phase are extracted in a low-risk and cost-effective way, reducing the Group's environmental footprint and enabling concurrent rehabilitation of the tailings dam. This project has created 55 local jobs from host communities and is managed in a JV with a community-led company.

Implats supports the ICMM's Global Industry Standard on Tailings Management (GISTM). All Group operations have annual reviews by an independent tailings review board (ITRB) to provide senior, independent and ongoing reviews of all aspects of their tailings facilities, as recommended by the GISTM. The ITRB review for the period concluded that all facilities are being operated safely and effectively, have minimal risk to local communities and the environment, and meet the applicable local government and international standards.

**Social**

Implats is committed to promoting sustainable social and economic transformation through constructive collaboration with our stakeholders. Businesses must play an active role in finding solutions to societal challenges. The Group works with its partners in business, the government, labour and local communities to build an inclusive economy that provides opportunities for social mobility, facilitated by equitable access to jobs, education and health. Ensuring the social, economic and environmental viability of mine-host communities and the broader economy is critical to safeguarding the continuing viability of the business.

During the past financial year, Implats made significant progress in its efforts to build sustainable livelihoods in mine communities. Projects worth R545 million were delivered, focused on community wellbeing, education and skills development, enterprise development, inclusive procurement and infrastructure development. Collectively, these initiatives directly benefited more than 135 000 people and sustained approximately 5 400 employment opportunities in the Group's mine communities.

More than 36 800 people benefited from Implats' community wellbeing programmes, including five agriculture and three conservation programmes, four food programmes and three gender-based violence (GBV) programmes. The Group supported six health care centres and sponsored training for 30 healthcare workers.

The Group's education and skills development initiatives supported more than 14 800 learners, provided 160 bursaries, and offered 500 learnerships for community members. Four early childhood development centres and 55 schools were assisted, and Implats sponsored sports events for more than 3 700 youth.

Local procurement continued to receive attention, to support the growth of resilient small, medium, and micro enterprises (SMMEs). Over the past year, Implats assisted 940 SMMEs and conducted training for 240 entrepreneurs from mine communities. As a result, more than 5 100 job opportunities were sustained and 250 new jobs were created.

Forty community infrastructure development projects were completed, positively impacting more than 12 280 beneficiaries. These included five school upgrade projects, 31 water projects or installations, three healthcare projects and one community sports field. The Group continues to build houses for employees and, since the start of its industry-leading housing programme, it has delivered better lives for close to 4 000 households.

Implats is a member of the United Nations Global Compact and aligns its security practices with the United Nations Voluntary Principles on Security and Human Rights. The Group is committed to upholding the human rights of employees and communities at all its operations, in line with international and local legislation.

## GROUP OPERATIONAL REVIEW

Tonnes milled from the Group's managed operations increased by 7% to 23.88 million tonnes (FY2022: 22.36 million tonnes) with higher reported volumes at each of Impala Rustenburg, Zimplats and Impala Canada together with a consolidated contribution of 403 000 tonnes at RBPlat offsetting lower throughput at Marula. 6E production at managed operations increased by 6% to 2.42 million ounces (FY2022: 2.29 million ounces), and a maiden contribution of 43 000 6E ounces in concentrate from RBPlat was recorded for the 30 days to 30 June 2023.

6E concentrate production of 541 000 ounces from JV operations declined by 1% (FY2022: 548 000 ounces). Safety stoppages, and intermittent localised community disruptions at Two Rivers exacerbated the ongoing impact of split-reef and development tonnage on milled grade. At Mimosa, processing and plant stability was impacted by commissioning and optimising the concentrator project, power interruptions, changes in reagent supply and poor water quality. Third-party 6E concentrate receipts declined by 18% to 287 000 6E ounces, with several operational challenges reported at peer-group producers and the termination of two contracts in Q3 FY2023. In total, Group 6E production increased by 2% to 3.25 million ounces (FY2022: 3.19 million ounces).

Implats manages the lower stages of load curtailment by reducing power to its furnaces and concentrators, with mining and hoisting volumes impacted at higher stages. These mitigating actions result in a combination of 'foregone' and 'deferred' production volumes. In addition to load curtailment at South African managed and JV operations during the period, severe loadshedding was experienced across the Zimbabwean national grid in March 2023, while operations at Mimosa were impacted by further intermittent power outages in May and June 2023. In total, Implats estimates 36 000 6E ounces of production were foregone across southern African managed and JV operations during the period.

Circa 101 000 6E ounces were deferred due to power constraints at the Group's smelting operations and the consequent delay to restart the refurbished Number 4 furnace in Q4 FY2023. A further 10 000 6E ounces were deferred due to cable theft at Impala Rustenburg, particularly the instance which resulted in power supply interruptions to the metallurgical complex.

# Commentary

Group refined 6E production of 2.96 million ounces, including saleable production from Impala Canada and RBPlat, declined by 4% (FY2022: 3.09 million ounces), impacted by constrained smelting capacity from the scheduled rebuild of Number 4 furnace in Rustenburg and the increased severity and duration of load curtailment experienced. Implats ended the period with circa 245 000 6E ounces of excess inventory (FY2022: 40 000 ounces).

Notable rand depreciation compounded the impact of high consumable and utilities inflation on the translated cost and capital expenditure at Zimbabwean and Canadian operations. Total cash operating costs increased by 19%, while unit costs benefited from higher throughput at managed operations and, despite lower refined output, increased by 14% to R19 834 per 6E ounces (FY2022: R17 364 per 6E ounce).

Capital expenditure at managed operations rose by 27% to R11.5 billion (FY2022: R9.1 billion) as spending on replacement and growth projects accelerated and the rand weakened against the dollar. Stay-in-business spend of R7.3 billion, replacement capital of R2.3 billion and expansion capital of R1.9 billion increased by 16%, 61% and 41%, respectively.

**Impala**

A series of targeted strategies and short and long-term interventions were implemented at Impala Rustenburg to restore underlying production performance and operational stability. These have begun to yield improvements, helping to offset a persistently challenging operating environment. Notable improvements in safety were recorded, with Impala achieving an LTIFR of 4.71 in FY2023, the lowest reported in 13 years, and a 9% improvement from FY2022, which resulted in a notable reduction in production losses associated with safety stoppages. Total development declined by 5% from FY2022, in line with the planned reduction of development teams. However, primary development increased by 4% and mineable face length increased by 3% to 26.5 km, with notable increases at both 12 and 20 shafts.

Tonnes milled increased by 5% to 10.25 million tonnes (FY2022: 9.80 million tonnes) and tonnes milled per employee costed increased by 5%. Milled grade increased marginally to 3.88g/t (FY2022: 3.86g/t) supported by an increase in stoping volumes. Load curtailment led to reduced volumes of treated tailings and impacted yield. Stock-adjusted 6E production increased by 3% to 1.23 million ounces (FY2022: 1.20 million ounces). An estimated 25 000 6E ounces were foregone due to operational adjustments in response to the increased severity and duration of load curtailment in the period.

The scheduled rebuild of Number 4 furnace was completed during the period and, together with load curtailment, impacted processing capacity. Refined 6E volumes increased by 6% to 1.21 million ounces (FY2022: 1.14 million ounces) as Impala Refining Services material was stockpiled during load curtailment in Q4 FY2023.

Total cash costs, including corporate and marketing costs, increased by 10% to R26.7 billion (FY2022: R24.4 billion). Above-CPI increases on contractors, consumables and utilities resulted in mining inflation of 9%. The discretionary employee bonus payment contributed R359 per 6E ounce (FY2022: R455 per 6E ounce) and costs were also negatively impacted by additional engineering costs and overtime, and additional production shifts worked. On a stock-adjusted basis, unit costs increased by 7% to R21 685 per 6E ounces (FY2022: R20 340 per 6E ounce).

Capital expenditure increased by 21% to R4.1 billion (FY2022: R3.4 billion). Stay-in-business spend increased by 15% to R3.6 billion as investment across several mining and processing projects continued. Replacement capital increased by 79% to R333 million as spend on the 11 and 12 shaft life-of-mine extension projects continued, while R159 million was spent on expansion projects.

R1.2 billion (FY2022: R796 million) was invested in the Rustenburg smelters and refineries as spend continued on the new flash dryer, the final metals Phase 3 and 4 projects at the Precious Metals Refinery, and debottlenecking the Base Metal Refinery. The scheduled rebuild of Number 4 furnace began in late-November 2022 and was completed as planned in April 2023, but full recommissioning was delayed due to load curtailment, which worsened in May 2023. Number 5 furnace is scheduled to be rebuilt during H2 FY2024.

Sales volumes increased by 4% to 1.20 million 6E ounces (FY2022: 1.16 million ounces 6E), aided by destocking some refined platinum inventory, while the achieved rand revenue per 6E ounce sold declined by 5% to R35 768 (FY2022: R37 454 per 6E ounce). During FY2023, Impala delivered R7.5 billion in free cash flow, a 30% decrease from the previous comparable period. The impact of lower revenue, higher cash costs and increased capital expenditure offset the impact of lower royalties and taxation and higher interest income. Impala recorded gross profit of R9.6 billion (FY2022: R15.6 billion) and contributed R8.0 billion (FY2022: R11.5 billion) to Group headline earnings.

Impala Rustenburg's production remains vulnerable to the severity of load curtailment, which is expected to persist at similar levels to those experienced in FY2023. 6E stock-adjusted production is expected to be between 1.18 and 1.28 million 6E ounces in FY2024.

### Impala Refining Services (IRS)

Receipts of 6E matte and concentrates from managed operations at Marula and Zimplats declined by 5% to 838 500 ounces (FY2022: 878 000 6E ounces) — receipts in the prior period were elevated by deferred deliveries from Zimplats. Receipts from the JVs, Two Rivers and Mimosa, declined marginally to 531 900 6E ounces (FY2022: 534 200 6E ounces). Third-party 6E receipts decreased by 18% to 287 300 ounces (FY2022: 351 000 6E ounces) as peer-group producers faced operational challenges and two long-term contracts concluded in Q3 FY2023. In aggregate, gross 6E receipts were 6% lower at 1.66 million ounces (FY2022: 1.76 million ounces).

Refined 6E volumes declined by 16% to 1.45 million ounces as available processing capacity was limited by the planned rebuild of Number 4 furnace, intensified load curtailment, and the Group prioritised processing higher-grade concentrates during the period and base-metal-rich inventory was accumulated.

Cash operating costs associated with smelting, refining and marketing IRS production increased by 9% to R2.1 billion (FY2022: R2.0 billion). Higher smelting and refining inflation was partially offset by lower treated volumes due to load curtailment. Lower purchased volumes and softening rand PGM pricing resulted in the cost of metals purchased declining by 14% to R47.2 billion (FY2022: R54.6 billion). The impact of higher in-process inventory was fully offset by net realisable value adjustments due to the significantly weaker closing dollar pricing for rhodium, resulting in a credit to inventory of R6.0 billion (FY2022: R2.9 billion). IRS reported a gross loss of R0.6 billion (FY2022: profit of R8.0 billion), and a headline loss of R362 million (FY2022: profit of R5.7 billion). Free cash flow declined to R1.3 billion (FY2022: R8.4 billion) due to adverse working capital movements. Receipts of third-party 6E in concentrate are expected to be between 180 000 and 210 000 ounces in FY2024.

### Zimplats

Zimplats successfully navigated a series of challenges, including persistent inflation and intermittent power availability, while simultaneously progressing a significant suite of replacement and expansion projects across its mining, renewable energy and processing assets. Mining operations ramped up volumes and new milling capacity was commissioned.

Tonnes mined at the operation increased by 7% to 7.6 million tonnes (FY2022: 7.1 million tonnes) and tonnes milled were 9% higher at 7.5 million tonnes (FY2022: 6.9 million tonnes). The third concentrator was commissioned at the end of September 2022 and optimised to installed capacity during the period. Milled grade declined by 3% to 3.33g/t (FY2022: 3.42g/t) as the mining mix was negatively impacted by increased throughput of lower-grade development tonnage and closure of the higher-grade Rukodzi mine at the end of June 2022. Production was impacted by power constraints across the national grid in March 2023, but benefited from higher mining volumes from all production units. There was a higher development rate at Ngwarati, an improved contractor performance at Mupfuti, and volumes at both Bimha and Mupani mines continued to ramp up, which offset the closure of Rukodzi. 6E in matte production rose 5% to 611 200 6E ounces (FY2022: 583 500 6E ounces).

Total cash costs increased by 19% to US$503 million (FY2022: US$423 million) with mining inflation of 11% intensified by a 42% increase in electricity tariffs in October 2022, as well as higher labour and running costs associated with the third concentrator and higher mined volumes. Translated costs were impacted by rand depreciation and increased by 39% to R8.9 billion (FY2022: R6.4 billion). Unit costs per tonne milled increased by 10% to US$67 per tonne, while stock-adjusted costs, including stockpile movements, increased by 16% to U$836 per 6E ounce (FY2022: US$724 per 6E ounce).

Capital expenditure increased by 15% to US$310 million (FY2022: US$270 million) and, at R5.5 billion, was 34% higher in rands (FY2022: R4.1 billion). Zimplats is progressing a series of stay-in-business, mine replacement and expansion projects. The refurbishment of the Selous Base Metal Refinery was approved by the board and initiated in the period. Project spend was completed on the third concentrator and accelerated on the smelter expansion and $SO_2$ plant.

Sales volumes in the prior comparable period were bolstered by deferred deliveries due to export administrative delays in late FY2021 and, in the period under review, declined by 3% to 603 300 6E ounces (FY2022: 622 800 6E ounces). Revenue decreased by 7% to R18.0 billion (FY2022: R19.3 billion) benefiting from higher nickel pricing and a weaker rand, but was negatively impacted by weaker palladium and rhodium pricing and lower sales volumes. Gross profit declined by 37% to R6.4 billion (FY2022: R10.2 billion) and Zimplats contributed R5.0 billion (FY2022: R6.8 billion) in headline earnings to the Group. Free cash flow of R1.8 billion was impacted by lower revenue, higher capital expenditure and higher prepayments associated with the capital expansions underway. Zimplats is expected to produce between 630 000 and 660 000 6E ounces in matte in FY2024, and the smelter expansion and first phase of the solar project will also be commissioned in the period.

**Marula**

Operating momentum at Marula was negatively impacted in the second half of the financial year by a series of community disruptions. As a result, production metrics in FY2023 retraced from the record achieved in FY2022.

Milled tonnage declined by 3% to 1.94 million tonnes (FY2022: 2.00 million tonnes). Grade declined by 3% to 4.39g/t (FY2022: 4.53g/t), impacted by Phase II project waste tonnage and a higher development to stoping ratio, while plant stability and recoveries were impacted by load curtailment. 6E concentrate volumes declined by 7% to 241 000 ounces (FY2022: 259 400 6E ounces).

Employee numbers increased to accommodate novice labour from the community, and higher maintenance and engineering costs further compounded mining inflation. Total cash costs, including the discretionary employee bonus, increased by 15% to R3.9 billion (FY2022: R3.4 billion). This increase was exacerbated by lower volumes, resulting in unit costs increasing by 24% to R16 303 per 6E ounce (FY2022:

R13 200 per 6E ounce), with the bonus payment contributing R198 per 6E ounce (FY2022: R241 per 6E ounce). Capital expenditure increased by 74% to R558 million (FY2022: R321 million) as investment in the Phase II project increased and R288 million (FY2022: R23 million) of replacement spend was incurred.

Sales volumes declined by 9% to 238 800 6E ounces (FY2022: 261 200 6E ounces). Sales revenue per 6E ounce declined by 10% to R32 062 per 6E ounce (R35 423 per 6E ounce), impacted by the rhodium and palladium prices materially weakening. Negative pricing provisions increased markedly in H2 FY2023 and revenue declined by 18% to R6.9 billion (FY2022: R8.4 billion). Gross profit declined by 39% to R2.7 billion (FY2022: R4.3 billion), headline earnings decreased 23% to R2.3 billion (FY2022: R3.0 billion) and Marula generated R2.5 billion in free cash flow (FY2022: R3.1 billion). Marula is expected to produce between 230 000 and 250 000 6E ounces in concentrate in FY2024.

**Impala Canada**

Impala Canada delivered a step-change in production volumes, benefiting from improved operational stability and continuity in the period, which partly offset persistent cost inflation and the softening palladium price. Mined volumes increased by 12% to 4.54 million tonnes (FY2022: 4.07 million tonnes) and the plant decoupling project was commissioned, resulting in improved processing throughput and recoveries, with a 3% increase in tonnes milled to 3.80 million tonnes. Grade benefited from increased quantities of high-grade underground ore and rose by 9% to 2.93g/t (FY2022: 2.68g/t). 6E production in concentrate increased by 17% to 290 900 ounces (FY2022: 248 700 ounces).

Cash costs of C$358 million (FY2022: C$316 million) were impacted by mining inflation of 7.8%, compounded by higher employee numbers and increased mined and milled volumes. Unit costs benefited from volume increases and retraced by 3% to C$1 231 per 6E ounce (FY2022: C$1 272 per 6E ounce). Rand depreciation resulted in a 7% increase in reported 6E unit costs to R16 325 per ounce (FY2022: R15 312 per ounce).

Capital expenditure declined 14% to C$92 million, with spend in the prior comparable period elevated by the plant decoupling project (FY2022: C$107 million).

Rand weakness and a 15% increase in sales volumes helped offset the weaker palladium price and revenue increased by 8% to R7.5 billion (FY2022: R6.9 billion). Gross profit declined by 66% to R587 million (FY2022: R1.7 billion), impacted by inflation, translation of cost of sales at a weaker rand exchange and higher depreciation charges on revisions to the quantum of reserves used in calculating units of production. Impala Canada generated R604 million (FY2022: R1.0 billion) in free cash flow in the period and contributed R94 million (FY2022: R965 million) in headline earnings to the Group. The operation is expected to produce between 270 000 and 290 000 6E ounces in FY2024.

**Two Rivers**

The operating environment at Two Rivers was typified by extended safety stoppages and community interruptions. This compounded the ongoing challenges presented by higher input inflation, the operational complexity of navigating the split-reef on the UG2 horizon and progressing the Merensky expansion project.

Tonnes milled increased by 3% to 3.56 million tonnes (FY2022: 3.46 million tonnes), but head grade declined by 4% to 3.09g/t (FY2022: 3.22g/t), impacted by the treatment of lower-grade Merensky development ore volumes, increased challenging geological features and split reef. Recoveries were impeded by ore mix and plant instability due to power interruptions, and 6E concentrate production declined by 2% to 295 400 ounces (FY2022: 301 900 6E ounces).

Total cash costs increased by 20% to R4.0 billion, with the weaker rand exacerbating inflationary pressures on diesel, explosives and fleet, the increase in labour and higher mined volumes. Costs per 6E ounce in concentrate increased by 22% to R13 974 per ounce on a stock-adjusted basis (FY2022: R11 491 per ounce), including the allocated cost of stockpile milled.

Capital expenditure increased by 67% to R3.0 billion (FY2022: R1.8 billion) as spend accelerated on the Merensky project, deepening the declines at Main and North shafts. During the period, a project review highlighted time delays, additional required earthworks and civil engineering costs associated with building the concentrator, required scope changes for additional water and electricity, as well as the impact of the current inflationary environment and procurement challenges associated with Covid-19 and global geopolitical events. This has resulted in a circa four-month delay in the expected commissioning date for the concentrator to Q4 FY2024 and a revised project estimate of R7.3 billion (from R5.7 billion).

Sales volumes were largely unchanged at 293 200 6E ounces (FY2022: 295 100 6E ounces), while revenue per 6E ounce sold declined by 11% to R30 332 per 6E ounce (FY2022: R33 968 per 6E ounce), due primarily to softer palladium and rhodium pricing, which offset the impact of the weaker rand, and stronger chrome revenues. Revenue declined by 16% to R7.9 billion (FY2022: R9.4 billion), gross profit declined by 37% to R3.1 billion (FY2022: R4.9 billion), and Implats' 46% share of profit in Two Rivers decreased by 23% to R1.5 billion (FY2022: R2.0 billion). Implats received R414 million in dividends from the JV in the period (FY2022: R1.1 billion). Two Rivers is expected to produce between 290 000 and 320 000 6E ounces in concentrate in FY2024.

**Mimosa**

Mimosa operated well, despite the impact of power constraints and the persistent macro-economic challenges characteristic of Zimbabwe's operating environment. Production was impacted by the decision to trial milled volumes at nameplate capacity for a short period, to validate achievable processing recoveries ahead of commissioning and optimising the concentrator project. Concentrator performance was further impeded by poor water quality and changes in reagent supply.

Tonnes milled decreased by 3% to 2.74 million tonnes (FY2022: 2.82 million tonnes) and milled grade of 3.77g/t declined 1% as lower grade sections of the orebody were mined (FY2022: 3.82g/t). Plant recoveries benefited from changes in operating protocols at the concentrator and improved residence time on increased milling and flotation capacity, and 6E production was stable at 245 100 ounces (FY2022: 246 400 6E ounces).

Cash costs at Mimosa increased by 12% to US$252 million (FY2022: US$226 million), impacted by Zimbabwean mining inflation of 9%, the 42% increase in electricity tariffs levied during the period, higher reagent use and initiatives to increase spend in the local currency. Unit costs per 6E ounce increased by 13% to US$1 030 per ounce (FY2022: US$915 per 6E ounce). Translated rand unit costs were negatively impacted by currency depreciation and increased by 31% to R18 290 per 6E ounce (FY2022: R13 933 per 6E ounce).

Capital expenditure increased by 56% to US$122 million (FY2022: US$78 million), with increased expenditure on the plant project and TSF.

Sales volumes were stable at 236 800 6E ounces. Gains in nickel pricing and rand depreciation helped offset weaker palladium and rhodium pricing, resulting in a 2% decline in revenue per 6E ounce sold to R34 786 per 6E ounce (FY2022: R35 553 per 6E ounce). Revenue was negatively impacted by provisional pricing adjustments and declined by 7% to R7.5 billion (FY2022: R8.0 billion). Gross profit declined by 46% to R2.0 billion (FY2022: R3.7 billion) and the Group's 50% attributable share of profit in Mimosa decreased by 31% to R887 million (FY2022: R1.3 billion). Implats received R209 million (FY2022: R438 million) in dividends from Mimosa in the period.

## MINERAL RESERVES AND MINERAL RESOURCES

The attributable Mineral Resource estimate decreased by 2% to 262.7 million ounces 6E, due to production depletion and model update to the Zimplats Hartley Mineral Resources. This decrease is offset by the model update to Two Rivers' Merensky Mineral Resources and the addition of the Rukodzi and Ngwarati pillar reclamation at Zimplats.

The attributable Mineral Reserves decreased by 5.8% to 52.5 million ounces 6E, due to production depletion, update to models, mine design and scheduling, and economic tail cutting of life-of-mine at predominantly Impala Rustenburg, Marula and Lac des Iles. This decrease is offset by the addition of Zimplats' Mupani Upper Ores I and the pillar reclamation at Rukodzi and Ngwarati mines.

In March 2023, RBPlat released a Mineral Reserve and Mineral Resource estimate of 15.13 million and 65.69 million 4E ounces, respectively. This has yet to be verified by Implats and full disclosure will be made when the Group reports interim results in February 2024.

## FINANCIAL REVIEW

The Group's financial performance was negatively impacted by the retracement in rand PGM pricing, lower refined production and sales volumes, continued higher levels of inflation, and the accounting impact of end-of-period inventory valuations and impairments related to Impala Canada and RBPlat, the latter as required by its consolidation.

Revenue of R106.6 billion was 10% or R11.7 billion lower than the prior comparable period:

- Lower sales volumes resulted in a 5% or R6.0 billion reduction in revenue. 6E sales declined by 6% to 2.97 million ounces, impacted by lower refined volumes due to production challenges, but benefiting from the release of refined stock. Platinum sales declined by 6% to 1.41 million ounces, palladium sales were 4% lower at 1.05 million ounces, benefiting from the strong performance at Impala Canada, and rhodium sales declined by 5% to 167 800 ounces. Nickel sales declined by a more notable 17%, impacted by logistical challenges associated with exports and stockpiling base metal-rich concentrates during a period of constrained smelter capacity
- Lower dollar metal prices resulted in a 17% or R20.7 billion reduction in revenue. Weaker achieved rhodium, palladium and platinum pricing accounted for a R12.4 billion, R7.1 billion and R1.0 billion decline in revenue, respectively. Stronger pricing for nickel and chrome was offset by lower pricing on the remainder of the minor metals. Total dollar revenue per 6E ounce sold declined by 18% to US$2 035 per 6E ounce (FY2022: US$2 481 per 6E ounce)
- The achieved rand exchange rate weakened to R17.68/US$ (FY2022: R15.22/US$) resulting in a R15.4 billion or 13% increase in revenue. Currency weakness offset some of the material drop-off in US dollar metal pricing and, consequently, the rand revenue per 6E ounce sold decreased by 4% to R36 118 per ounce (FY2022: R37 703 per 6E ounce)

Cost of sales of R84.3 billion increased 9% or R7.2 billion:

- Cash costs increased by 19% or R7.5 billion, with Group mining inflation of 9.2% and the translation of foreign subsidiaries' costs at a weaker rand accounting for R3.7 billion and R1.7 billion of the increase, respectively. In addition, R1.0 billion of the cash costs of RBPlat were consolidated for the first time for the month of June
- Lower volumes purchased from JVs and third parties, together with softer prevailing rand metal pricing, resulted in a 17% or R4.7 billion decrease in the cost of metals purchased
- Depreciation increased by 33% or R1.9 billion, impacted by the revised accounting assessments at Impala Canada and compounded by the translation of both Impala Canada and Zimplats charges at a weaker exchange rate
- Royalties declined by 24% or R0.8 billion, in line with lower profitability

The debit to the cost of sales arising from movement in inventory increased to R2.5 billion from a credit of R21 million in the prior comparable period. Higher levels of in-process stock were fully offset by the impact of lower prices, particularly the lower rhodium prices, which resulted in a write down of rhodium inventory of R2.9 billion to net realisable value.

Stock-adjusted unit costs increased by 14% or R2 470 per 6E ounce to R19 834:

- Group mining inflation of 9.2% at managed operations contributed R1 601 per 6E ounce to the increase, with inflation of 9.0% at South African operations increasing fractionally from 8.9% in FY2022. The Group recorded US dollar inflation of 11% at Zimplats, up from 5.4% in FY2022, driven mainly by higher electricity costs, while at Impala Canada, Canadian dollar inflation moderated from 8.5% in FY2022 to 7.8% in the period largely due to a reduction in utility costs

- The translation of subsidiaries' cash costs at the weaker prevailing exchange rate accounted for R599 per 6E ounce, or 3% of the annual increase
- Costs were negatively impacted by additional maintenance spend at Impala, Marula and Zimplats and higher volumes at Zimplats on commissioning of the third concentrator, while processing unit costs were adversely impacted by lower refined volumes in the period
- Discretionary bonuses for FY2023, of R206 per 6E ounce, were lower than the R290 per 6E ounce during FY2022

The combination of lower revenue and higher cost of sales reduced gross profit by 46% to R22.3 billion (FY2022: R41.3 billion).

Implats accounted for three significant once-off items in FY2023:
- A R10.9 billion impairment of the carrying value of Impala Canada, due to the combined impact of a material decrease in the US dollar palladium price profile and higher prevailing inflation
- A loss of R1.8 billion on the remeasurement of the previously held equity investment in RBPlat at the date it became a subsidiary of the Group
- A R4.2 billion impairment of goodwill arising on the acquisition of RBPlat

Income benefited from foreign exchange gains of R0.9 billion, while other net expenses included transaction costs and funding commitments of R415 million associated with the RBPlat acquisition. Income from associates declined by 22% to R3.4 billion, with profitability at both Two Rivers and Mimosa receding on weaker PGM pricing, but benefiting from the positive movement in unrealised profits. There was a R597 million contribution from RBPlat for 11 months prior to being consolidated.

The Group recorded an EBITDA of R36.0 billion (FY2022: R53.4 billion) at an EBITDA margin of 34% (FY2022: 45%).

The tax charge for the year amounted to R3.6 billion, resulting in an effective tax rate of 37% (FY2022: R12.1 billion and 27%). The tax charge in the prior comparable period benefited from a credit of R0.2 billion following the change in the South African tax rate, while in the current period it was elevated by the impairment and remeasurement of RBPlat investments, which were not tax deductible.

Basic earnings declined to R4.9 billion or 577 cents per share, from R32.0 billion or 3 856 cents per share. Headline earnings of R18.8 billion or 2 211 cents per share were 41% and 43% lower, respectively. The weighted average number of shares in issue increased to 850.28 million from 831.25 million, with total issued capital on 30 June 2023 increasing to 866.40 million shares. During FY2023, Implats issued 16.18 million shares with a fair value of R2.6 billion, in part consideration for the additional 18.6% stake acquired in RBPlat.

The board approved the declaration of a final dividend of R1.49 billion or 165 cents per ordinary share, in terms of the Group's dividend policy, which is aligned to its capital allocation framework. This brings the total dividend for FY2023 to 585 cents per share (FY2022: 1 575 cents per share). The dividend was declared from retained earnings and will be paid on Tuesday, 26 September 2023.

Net cash from operating activities declined by 33% to R23.6 billion due to lower sales volumes delivered into softer rand PGM pricing. Capital cash outflows of R11.4 billion (FY2022: R 9.0 billion) increased by 27% or R2.4 billion. Stay-in-business spend increased by 16% to R7.3 billion, while replacement spend of R2.3 billion and expansion capital of R1.9 billion increased by 61% and 41%, respectively. The increase in capital expenditure was impacted by rand depreciation, inflation and increasing spend on a suite of mine extension and processing projects underway across the Group's managed operations. A further R1.3 billion was incurred on deposits, primarily associated with the Zimplats capital projects.

The cash consideration associated with the acquisition of RBPlat resulted in a R4.9 billion outflow. Implats received R1.6 billion in dividends from its JVs and associates, of which R0.9 billion was received from RBPlat. Dividend payments totalling R13.6 billion (FY2022: R14.8 billion) were made to shareholders and non-controlling interests at Marula and Zimplats. The consolidation of RBPlat resulted in a cash inflow of R5.3 billion. A further R0.6 billion was invested to fund future rehabilitation obligations. Net cash and cash equivalents decreased by R0.6 billion, while exchange rate changes resulted in a R0.9 billion benefit to closing cash balances of R26.8 billion (FY2022: R26.5 billion). Consolidating the RBPlat PIC housing facility resulted in gross closing debt of R1.5 billion, and Implats closed the period with net cash (excluding finance leases of R1.1 billion) of R25.3 billion.

At the end of the period, the Group had undrawn, dual-tranche revolving credit facilities (RCF) of R6.5 billion and US$93.8 million in place, with a further R2 billion undrawn on the pre-existing RBPlat RCF, resulting in liquidity headroom of R37.0 billion at 30 June 2023 (FY2022: R34.5 billion). Post-year-end, Implats increased its shareholding in RBPlats to 98.91% for a cash consideration of R11.1 billion and the issue of 37 million Implats shares. The compulsory acquisition of all remaining RBPlat shares not already owned by Implats will result in a further R0.3 billion outflow.

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

During the period, Implats incurred R9.5 billion on stay-in-business and replacement capital, with a further R0.4 billion spent on acquiring shares for the Implats share incentive schemes. After adjusting for R0.9 billion in foreign exchange translation gains, the Group generated R16.6 billion in adjusted free cash flow (FY2022: R29.9 billion).

Of this adjusted free cash flow, 43% was allocated to growth and investment by funding the cash consideration of the RBPlat acquisition, investment in brownfield expansion projects at our processing and mining operations, and contributing to AP Ventures (PGM venture capital). Free cash flow allocation to shareholder returns, through the interim and final dividends and payments to Zimplats and Marula minority shareholders, accounted for 38% of adjusted free cash flow in the period.

Total dividends declared for the financial year amounted to circa 30% of adjusted free cash flow pre-growth capital, in line with the Group's dividend policy, and considering the liquidity requirements during a period of elevated capital expenditure, the required integration and operation of RBPlat and the PGM pricing environment. R3.2 billion or 19% of adjusted free cash flow generated was therefore allocated to the balance sheet, with R0.6 billion invested for future rehabilitation obligations and the remaining cash to be used to fund the acquisition of the remaining shares in RBPlat not already held at year-end.

## PGM MARKET OUTLOOK (calendar years unless otherwise stated)

Palladium and rhodium markets tightened in 2022 — primary supply retraced as the release of work-in-progress inventory moderated and South African processing capacity was impeded by scheduled maintenance and the increased severity and duration of 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, exchange traded funds (ETFs) returned metal to the market and the Chinese jewellery market face headwinds, leading to a post-investment surplus for the year.

There have been several revisions to forecast PGM supply and demand in 2023. Primary supplies continue to be challenged by the South African operating environment, while processing maintenance will result in lower refined Russian supplies. Forecasts for secondary flows continue to be downgraded as scrap collections fall short of expectations in the face of rising interest rates, increased regulatory scrutiny and still-weak new vehicle sales.

While expectations for auto production and sales have enjoyed modest upgrades, forecasts for net metal demanded by industrial users have been adjusted down to account for the destocking of inventory. Negative revisions to the outlook for Chinese jewellery demand have largely been countered by a stronger-than-expected performance in India, the US and Europe.

Our forecasts indicate fundamental deficits for each of the PGMs in 2023. However, the potential impact and pattern of industrial and auto original equipment manufacturer (OEM) destocking, particularly in rhodium, will likely heavily influence physical market tightness, and hence pricing, during the year.

### Macro-environment and pricing

Global economic activity in the first half of 2023 proved resilient, despite the challenging environment, with surprisingly strong labour markets and a significant easing in supply chain disruptions. Energy and food prices moderated, allowing global inflation pressures to ease faster than expected. Despite these 'green shoots', global commentators and market forecasts remain exceedingly cautious, highlighting the persistence of several challenges.

There are signs that global activity is losing momentum, with tightening monetary policy bringing policy rates into contractionary territory. This has started to weigh on activity, slowing credit growth, increasing interest payments, and placing pressure on real estate markets. China's recovery following the re-opening of its economy, shows signs of losing steam amid continued concerns about the property sector, with implications for the global economy.

Precious metal pricing continues to be heavily influenced by the global macro-economic outlook and, simplistically, the outlook for US interest rates. Persistently high domestic inflation amid a resilient economic performance resulted in upward revisions to the trajectory of the interest rate outlook, and deferred expectations for rate cuts into early 2024. This, in turn, led to enduring strength in the US dollar and persistent downward pressure on precious metal pricing.

The platinum price closed the financial year just 1% higher at US$ 897 per ounce, with average pricing declining by 4% to US$ 968 per ounce. The platinum market remains in a modest 'pre-investment' surplus, with underlying auto, industrial and jewellery demand insufficient to absorb primary and secondary refined supply. Pricing remains heavily dependent on macro-economic news flow in general, and the trajectory of the US dollar and the gold price. Volume trade on the Shanghai Gold Exchange slowed materially in 2023 and price support garnered from ETF purchases eased on profit taking by South African investors, while NYMEX investor positioning contracted on rising short positions into period end.

Palladium closed FY2023 some 20% lower at US$1 254 per ounce with average pricing of US$1 763 per ounce declining by 20%, under pressure from a confluence of factors including the flow of discounted Russian primary supply and destocking by auto OEMs adjusting inventory levels. This was compounded by financial flows — NYMEX net short investor positioning was at multi-year highs. Perceived supply risk has dissipated materially since the advent of the Ukraine conflict, while rising electrification of the global light-duty vehicle fleet and the soft outlook for global growth is weighing on investor sentiment, despite the outlook for tight medium-term markets.

Rhodium pricing also exhibited significant price weakness over the course of FY2023. Average pricing declined 30% to US$ 11 458 per ounce versus the prior comparable period, but the closing price at period end was 57% lower at US$ 4 300 per ounce. Rhodium was negatively impacted by soft spot demand from Chinese fabricators due to a slower-than-expected recovery in economic activity on the easing of zero-Covid-19 policies; the destocking of inventory by domestic fibreglass manufacturers facing financial difficulties; elevated levels of inventory at OEMs; and increased flows of Russian metal to Asia. Rhodium is a small and illiquid market, and the availability of excess stock resulted in a rapid decline in pricing on limited volumes of traded metal.

**Auto**

The global light-duty vehicle market remains on an improving path, with recent seasonally adjusted selling rates indicating a much firmer performance in 2023. The semi-conductor chip shortage continues to be the primary factor determining market sizes, especially in the mature markets of Europe and North America.

Long vehicle lead times and low inventory levels continue to characterise the industry. Light-duty vehicle sales of 42.7 million units in H1 2023 rose by a notable 11% from the prior comparable period, as the easing of supply constraints supported improved production volumes, and pent-up consumer demand proved resilient to broader consumer confidence and affordability concerns.

July forecasts from Global Insight indicate a 7% and 5% increase in annual sales in each of 2023 and 2024, respectively. Battery electric vehicles (BEVs) continue to gain market share, with rolling 12-month global light-duty market share of 12% in June 2023 versus 9% in the prior comparable period. Questions remain over the global market's ability to sustain the near-doubling of BEV sales in H1 2023 into the second half of the year — US growth seems set to remain high, but Europe may struggle.

Recovery in the global medium and heavy truck market is also expected to take place in 2023. Last year's sharp drop was driven primarily by the Covid-19-shocked Chinese market, which is now normalising. Global Insight expects global production of medium and heavy trucks to rise 7% from 3.0 million units in 2022 to 3.3 million units in 2023, with China accounting for most of the increase, and a further 5% in 2024.

PGM demand will benefit from the continued recovery in production volumes. However, platinum will outperform due to growth in the truck market (which is dominated by diesel powertrain) and increased levels of switching platinum for palladium in the light-duty vehicle gasoline market.

**Jewellery**

Global jewellery demand is characterised by the divergence in performance and expectations in the Chinese market — where manufacturing demand was eroded by a confluence of competitive forces — relative to the burgeoning Indian market and the better-than-expected resilience and latent growth potential from mature markets in the US, Europe and Japan.

In China, the promising start provided by robust consumption and a stabilising manufacturing and investment pace indicated a narrowing of year-on-year declines in jewellery demand. However, as economic activity faltered and consumer confidence remained subdued, momentum wavered. The widely acknowledged fragility of economic data increased the urgency for government stimulus and support. Platinum Guild International (PGI) estimates that fabrication contracted by 19% in H1 2023 versus the prior comparable period.

In India, the government has remained focused on strong growth with an expansionary national budget, and the broader jewellery industry enjoyed modest growth — however, platinum as a high-margin category outperformed and delivered double-digit increases. PGI India is developing the opportunity to use India as a pilot to enter the Gulf region, where a large and affluent Muslim and Indian male demographic is seen as an attractive target for platinum growth by PGI's partners.

In Japan, the market swung back to growth after Covid-19 restrictions were lifted, despite the impact of rising inflation, and jewellery sales are set for their eighth successive quarter of expansion. In the US, although GDP slowed, consumption levels stayed relatively resilient. As expected, sales dipped slightly from 2022 levels, which benefited from high wedding demand and pent-up savings following the pandemic, but were better than previously expected given the economic constraints and the concomitant shift in spending patterns.

In total, our medium-term outlook for jewellery continues to indicate market dominance shifting away from China, with a strong US and burgeoning Indian market. This provides resilient and meaningful stability to the outlook for this segment of demand in our own modelling.

**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. The underlying outlook for industrial demand in 2023 was somewhat overshadowed by the pattern of industrial users destocking elevated PGM inventory levels, particularly rhodium, which led to meaningful dislocations in market liquidity and created significant pricing pressure.

Steady investment in both the petroleum and chemical sectors will continue to support industrial demand, while glass capacity expansions will moderate — expansions have slowed in response to the weak consumer electronics sector. The price-sensitive elements of palladium demand, including electronics and dental, are expected to continue their steady decline, with still-high pricing and shifts in consumer preferences weighing on demand.

**Investment**

Implats' definition of the investment market includes ETF flows and net bar and coin purchases. As of 30 June 2023, the 13 platinum, palladium and rhodium ETFs in Europe, Asia, North America, Australia, Japan, and South Africa held a total of 3.26 million ounces platinum, 624 000 ounces palladium and 9 000 ounces rhodium with year-to-date inflows of 194 000 ounces, 66 000 ounces and 350 ounces, respectively. These flows will positively impact platinum demand and supply balances after heavy disinvestment in 2022.

After a quarter of accumulation in Q1 2023, the strong yen platinum price resulted in net returns of bars by Japanese investors in Q2 2023, with modest net purchases in the year-to-date as a result. Elsewhere, strong coin demand in Europe and North America will support another positive year of demand from this segment.

**Hydrogen**
The development of a hydrogen economy and the latent potential offtake for PGMs underpins our long-term view of future demand and the continued role our primary products will play in a changing world. Implats believes evolving demand from electrolysers and fuel cells will be augmented by that from adjacent and associated technologies and processes — enabling new and diversified uses for PGMs. In the case of platinum, hydrogen-related demand will likely offset the anticipated decline in demand from catalysing emissions from internal combustion engines, while also delivering absolute growth for each of platinum, iridium and ruthenium.

The adoption of coordinated, long-term regulatory policy and incentives which have been outlined by many early adopter markets including Europe, Japan, Korea, China and the US de-risks the outlook for demand from this sector. Implats base-case forecasts indicate a potential PGM market for more than 2.5 million ounces of annual PGM demand over the next two decades.

**Supplies**
Refined PGM mine supply should expand modestly in 2023. South African supply remains vulnerable to inventory accumulation due to persistent constraints across industry processing assets due to load curtailment. The ability to supplement refined metal shortfalls by drawing down refined stock is also limited, in our view, given the pattern of these sales and residual inventory across the peer group.

The rapid regression in PGM pricing will result in a keen focus on cost and capital plans across the industry, and we expect negative revisions to production profiles as projects are slowed and rescoped in response to margin contraction. The fall in rhodium pricing has consequences for the economic viability of the UG2 production base, which has been the focus of production upgrades and life extensions in the recent past.

In North America, palladium-rich orebodies have been challenged by high inflation due to labour and skills shortages, supply chain constraints following Covid-19, and the material retracement in revenues in 2023 year-to-date, which threatens the future production profile of these operations.

Finally, accurately forecasting the pattern of future Russian production and sales has become more challenging, while the route-to-market and pricing of these ounces is a key market dynamic for PGMs in 2023.

Forecasts for secondary PGM supplies continue to be downgraded in the near term, with an expected period of 'catch-up' in the medium term. The cost and complexity of collecting, funding and transporting spent catalyst materials remains challenging, with the decline in palladium and rhodium pricing providing further headwinds to supply. We continue to expect meaningful growth from this source, however, with capacity expansions in China key to unlocking regional growth.

## PROSPECTS AND OUTLOOK

The uncertain macro-economic environment and the recent material decline in dollar PGM pricing heralded a period of rapid margin compression across the sector, which requires decisive action and focus to preserve business sustainability. The pricing decline, however, is taking place in the context of a robust medium-term outlook for our primary products — discounted metal flows from Russia and destocking by OEMs and industrial end users is causing pricing dislocations, exacerbated by the impact of speculative flows in both platinum and palladium.

Implats remains focused on delivering consistent and safe production, constructively collaborating with key stakeholders and entrenching operational agility and flexibility.

Each operation was reviewed in the context of current pricing, and their operating and capital plans aligned to ensure an appropriate response to the reality of current PGM pricing. Implats' ability to do so was underpinned by a prudent and consistent approach to balance sheet management, capital allocation and the Group's investment framework, which collectively guided the current capital expenditure profile.

The Group invested heavily in asset integrity, harvesting the benefit of its recent strong financial performance to materially strengthen its portfolio competitiveness. Implats' expansion projects are focused on the lowest-cost and most capital-efficient producing assets.

It is imperative that each operation generates positive margins through the cycle. The Group is advancing targeted capital and cost interventions in response to the current market conditions. Implats will sustain investment across projects key to ensuring regulatory compliance and strategic value creation. The commitment is to prioritise shareholder returns, with a dividend policy founded on a minimum allocation of free cash flow generated before growth capital.

The near-term focus at RBPlat is to optimise costs, improve metallurgical performance, complete the Styldrift ramp-up, and plan and implement the medium and longer-term initiatives to realise the synergies provided by the RBPlat acquisition.

The downturn in palladium pricing compounded margin compression from structural changes in the operating and cost context faced by Impala Canada, largely due to the aftermath of Covid-19 and the subsequent supply-chain constraints, labour market tightness and hyper-inflationary pressures from rising global utility and consumables pricing. Teams are working to secure a sustainable value proposition for the asset, underpinned by the volume gains and operating momentum established in FY2023 — specifically targeting mining from higher-grade areas.

At Two Rivers, a comprehensive review of the Merensky project was completed, reaffirming the quality and growth potential from this low-cost, mechanised orebody. Operational challenges, which impeded the planned ramp-up in UG2 tonnage to fill increased milling capacity, will be addressed and the Group anticipates a stabilisation and subsequent improvement in production momentum at the mine in FY2024.

### Guidance

Group production in FY2024 will be supported by volume gains from increased milling capacity at Zimplats and Two Rivers, while the improved operational stability established at Impala Rustenburg and Impala Canada bodes well for further efficiency gains. Concentrate volumes from RBPlat will materially alter the production profile for the Group, while third-party receipts reflect expected volumes from pre-existing contracts at IRS. Refined volumes will be impacted by the planned rebuild of Number 5 furnace, with Group sales in line with refined and saleable production.

Group 6E refined production is expected to be between 3.30 and 3.45 million ounces. Group unit costs are forecast to rise by between 6% and 10% to between R21 000 per ounce and R22 000 per ounce on a stock-adjusted basis. Group capital expenditure is forecast to be between R12.5 billion and R13.5 billion, inclusive of growth capital of between R3.0 billion and R3.5 billion. This guidance assumes exchange rates of R18.25/US$ and C$1.34/US$, respectively.

| | Unit | Actual FY2023 | Guidance FY2024 |
|---|---|---|---|
| **Refined production**[1] | 6E koz | **2 959** | 3 300 – 3 450 |
| **Group production** | 6E koz | **3 246** | 3 550 – 3780 |
| Impala | stock-adjusted | **1 232** | 1 175 – 1 275 |
| Zimplats | in matte | **611** | 630 – 660 |
| Two Rivers | in concentrate | **295** | 290 – 320 |
| Impala Canada | in concentrate | **291** | 270 – 290 |
| Mimosa | in concentrate | **245** | 240 – 260 |
| Marula | in concentrate | **241** | 230 – 250 |
| RBPlat | in concentrate | **43** | 490 – 530 |
| IRS (third-party) | in concentrate | **287** | 180 – 210 |
| Group unit cost[1] | R/oz 6E | **19 834** | 21 000 – 22 000 |
| Group capital expenditure | Rm | **11 510** | 12 500 – 13 500 |
| Exchange rate assumptions | R/US$ | **17.77** | 18.25 |
| | C$/US$ | **1.33** | 1.34 |

*1 Includes Impala Canada and RBPlat saleable ounces.*

The financial information on which the above guidance is based has not been reviewed and reported on by Implats' external auditors.

## 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 annual general meeting on 12 October 2022. We were saddened to report that Mr Peter William Davey, an independent non-executive director, passed away on 7 February 2023 after a short illness. Mr Bernard Swanepoel was appointed as the lead independent director of the board on 21 February 2023.

## DECLARATION OF DIVIDEND

Shareholders are advised that the board has resolved to declare a final gross cash dividend of 165.0 cents per ordinary share amounting to R1.49 billion at the date of declaration, for the financial year ended 30 June 2023. 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 the 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 has been declared from retained earnings.

Implats has 903 416 075 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 132.0 cents per ordinary share for shareholders liable to pay the dividend withholding tax and 165.0 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, 31 August 2023 |
| Last day for trading to be eligible for cash dividend | Tuesday, 19 September 2023 |
| Trading ex-dividend commences | Wednesday, 20 September 2023 |
| Record date | Friday, 22 September 2023 |
| Dividend payment date | Tuesday, 26 September 2023 |

Share certificates may not be dematerialised or rematerialised between Wednesday, 20 September 2023 and Friday, 22 September 2023, both days inclusive.

# Approval of the summarised consolidated 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 summarised consolidated financial statements and related information in a manner that fairly presents the state of the affairs of the Company. These summarised consolidated 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 summarised consolidated financial statements and the consolidated 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 summarised consolidated financial statements, and to prevent and detect material misstatement and loss.

The summarised consolidated 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 summarised consolidated financial statements have been approved by the board and are signed on their behalf by:

**NDB Orleyn**
*Chairman*

**NJ Muller**
*Chief executive officer*

Johannesburg
31 August 2023

# Independent auditor's report on summarised consolidated financial statements

## TO THE SHAREHOLDERS OF IMPALA PLATINUM HOLDINGS LIMITED

### OPINION

The summarised consolidated financial statements of Impala Platinum Holdings Limited, which comprise the summarised consolidated statement of financial position as at 30 June 2023, the summarised consolidated statement of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and related notes, are derived from the audited consolidated financial statements of Impala Platinum Holdings Limited for the year ended 30 June 2023.

In our opinion, the summarised consolidated financial statements included on pages 28 to 64 are consistent, in all material respects, with the audited consolidated financial statements of Impala Platinum Holdings Limited, in accordance with the requirements of the JSE Limited Listings Requirements for summary financial statements, set out in note 3 to the summarised consolidated financial statements, and the requirements of the Companies Act of South Africa as applicable to summary financial statements.

### OTHER MATTER

We have not audited future financial performance and expectations by management included in the accompanying summarised consolidated financial statements and accordingly do not express any opinion thereon.

### SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS

The summarised consolidated financial statements do not contain all the disclosures required by the International Financial Reporting Standards and the requirements of the Companies Act of South Africa as applicable to annual financial statements. Reading the summarised consolidated financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited consolidated financial statements of Impala Platinum Holdings Limited and the auditor's report thereon.

### THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AND OUR REPORT THEREON

We expressed an unmodified audit opinion on the audited consolidated financial statements in our report dated 31 August 2023. That report also includes the communication of key audit matters as reported in the auditor's report of the audited consolidated financial statements.

### DIRECTORS' RESPONSIBILITY FOR THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the summarised consolidated financial statements in accordance with the requirements of the JSE Limited Listings Requirements for summary financial statements, set out in note 3 to the summarised consolidated financial statements, and the requirements of the Companies Act of South Africa as applicable to summary financial statements.

The Listings Requirements require summary financial statements to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council, and also contain the information required by IAS 34, *Interim Financial Reporting*.

### AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on whether the summarised consolidated financial statements are consistent, in all material respects, with the consolidated audited financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810 (Revised), *Engagements to Report on Summary Financial Statements*.

DocuSigned by:

Deloitte & Touche

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**Deloitte & Touche**
*Registered Auditors*
Per: Sphiwe Stemela
Partner
31 August 2023

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

# Summarised consolidated statement of profit or loss and other comprehensive income

*for the year ended 30 June 2023*

| | Notes | 2023 Rm | 2022 Rm |
|---|---|---|---|
| **Revenue** | 6 | **106 594** | 118 332 |
| Cost of sales | 7 | **(84 256)** | (77 047) |
| **Gross profit** | | **22 338** | 41 285 |
| Impairment – Property, plant and equipment | 10 | **(10 872)** | — |
| Impairment – Goodwill on RBPlat acquisition | 11 | **(4 244)** | — |
| Loss on remeasurement of previously held equity investment before acquisition – RBPlat | 12 | **(1 772)** | — |
| Other income | 8 | **240** | 100 |
| Other expenses | 9 | **(1 319)** | (539) |
| Finance income | | **1 792** | 805 |
| Finance costs | | **(615)** | (562) |
| Net foreign exchange transaction gains/(losses) | | **857** | (161) |
| Share of profit of equity-accounted entities | 12 | **3 382** | 4 311 |
| **Profit before tax** | | **9 787** | 45 239 |
| Income tax expense | | **(3 609)** | (12 100) |
| **Profit for the year** | | **6 178** | 33 139 |
| **Other comprehensive income comprising items that may subsequently be reclassified to profit or loss:** | | | |
| Exchange differences on translating foreign operations | | **5 805** | 4 304 |
| Deferred tax thereon | | **(89)** | (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 | | **152** | 38 |
| Deferred tax thereon | | **—** | — |
| Actuarial gain on post-employment medical benefit | | **5** | 1 |
| Deferred tax thereon | | **(1)** | — |
| **Total other comprehensive income** | | **5 872** | 4 237 |
| **Total comprehensive income** | | **12 050** | 37 376 |
| **Profit attributable to:** | | | |
| Owners of the Company | | **4 905** | 32 049 |
| Non-controlling interests | | **1 273** | 1 090 |
| | | **6 178** | 33 139 |
| **Total comprehensive income attributable to:** | | | |
| Owners of the Company | | **10 263** | 35 889 |
| Non-controlling interests | | **1 787** | 1 487 |
| | | **12 050** | 37 376 |
| **Earnings per share (cents)** | | | |
| Basic | | **577** | 3 856 |
| Diluted | | **575** | 3 840 |

The notes on pages 33 to 64 are an integral part of these summarised consolidated financial statements.

# Summarised consolidated statement of financial position
*as at 30 June 2023*

| | Notes | 2023 Rm | 2022 Rm |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | 10 | **71 176** | 64 513 |
| Investment property | | **88** | 90 |
| Goodwill | 11 | **9 870** | — |
| Investment in equity-accounted entities | 12 | **12 525** | 26 804 |
| Financial assets at fair value through other comprehensive income | | **661** | 463 |
| Environmental rehabilitation investments | | **2 506** | 315 |
| Other financial assets | | **1 257** | 125 |
| Prepayments and other assets | 13 | **3 541** | 3 597 |
| | | **101 624** | 95 907 |
| **Current assets** | | | |
| Inventories | 14 | **24 320** | 23 899 |
| Trade and other receivables | | **11 310** | 6 209 |
| Current tax receivable | 15 | **1 059** | 530 |
| Other financial assets | | **23** | 1 056 |
| Prepayments and other assets | 13 | **4 230** | 1 981 |
| Cash and cash equivalents | | **26 820** | 26 505 |
| | | **67 762** | 60 180 |
| **Total assets** | | **169 386** | 156 087 |
| **EQUITY AND LIABILITIES** | | | |
| **Equity** | | | |
| Share capital | 16 | **25 819** | 23 080 |
| Retained earnings | | **74 175** | 81 336 |
| Foreign currency translation reserve | | **13 920** | 8 718 |
| Share-based payment reserve | | **480** | 1 262 |
| Other components of equity | | **453** | 301 |
| Equity attributable to owners of the Company | | **114 847** | 114 697 |
| Non-controlling interests | | **11 188** | 4 594 |
| **Total equity** | | **126 035** | 119 291 |
| **LIABILITIES** | | | |
| **Non-current liabilities** | | | |
| Provisions | | **2 734** | 2 214 |
| Deferred tax | 15 | **19 140** | 16 795 |
| Deferred revenue | | **1 238** | — |
| Borrowings | 17 | **2 255** | 957 |
| Other financial liabilities | | **8** | 16 |
| Other liabilities | | **304** | 227 |
| | | **25 679** | 20 209 |
| **Current liabilities** | | | |
| Provisions | | **94** | 98 |
| Deferred revenue | | **144** | — |
| Trade and other payables | | **16 041** | 15 428 |
| Current tax payable | 15 | **242** | 533 |
| Borrowings | 17 | **335** | 250 |
| Other financial liabilities | | **263** | 34 |
| Other liabilities | | **553** | 244 |
| | | **17 672** | 16 587 |
| **Total liabilities** | | **43 351** | 36 796 |
| **Total equity and liabilities** | | **169 386** | 156 087 |

The notes on pages 33 to 64 are an integral part of these summarised consolidated financial statements.

# Summarised consolidated statement of changes in equity

*for the year ended 30 June 2023*

| | Share capital Rm | Retained earnings Rm | Foreign currency translation reserve Rm |
|---|---|---|---|
| **Balance at 30 June 2021** | 21 189 | 59 661 | 4 917 |
| Shares issued | 6 544 | — | — |
| Conversion of ZAR convertible bonds (net of tax) | 1 | — | — |
| Shares purchased – long-term incentive plans | (867) | — | — |
| Transfer of reserves | (3 787) | 4 020 | — |
| Transfer of Marula non-controlling interest | — | — | — |
| Share-based compensation expense | — | — | — |
| Total comprehensive income | — | 32 050 | 3 801 |
| Profit for the year | — | 32 049 | — |
| Other comprehensive income | — | 1 | 3 801 |
| Dividends paid | — | (14 395) | — |
| **Balance at 30 June 2022** | **23 080** | **81 336** | **8 718** |
| Shares issued | **2 631** | **—** | **—** |
| Acquisition of non-controlling interest in Royal Bafokeng Platinum (note 23) | **—** | **—** | **—** |
| Acquisition of shares in Royal Bafokeng Platinum from non-controlling interest | **—** | **(269)** | **—** |
| Shares purchased – long-term incentive plans | **(384)** | **—** | **—** |
| Transfer of reserves | **492** | **693** | **—** |
| Share-based compensation expense | **—** | **—** | **—** |
| Deferred tax on share-based compensation liability | **—** | **(28)** | **—** |
| Total comprehensive income | **—** | **4 909** | **5 202** |
| Profit for the year | **—** | **4 905** | **—** |
| Other comprehensive income | **—** | **4** | **5 202** |
| Dividends paid | **—** | **(12 466)** | **—** |
| **Balance at 30 June 2023** | **25 819** | **74 175** | **13 920** |

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

The notes on pages 33 to 64 are an integral part of these summarised consolidated financial statements.

# Summarised consolidated statement of changes in equity

*for the year ended 30 June 2023*

| | Share-based payment reserve Rm | Other components of equity Rm | Attributable to: Owners of the Company Rm | Attributable to: Non-controlling interests Rm | Total equity Rm |
|---|---|---|---|---|---|
| | 1 799 | 263 | 87 829 | 2 847 | 90 676 |
| | — | — | 6 544 | — | 6 544 |
| | — | — | 1 | — | 1 |
| | — | — | (867) | — | (867) |
| | (233) | — | — | — | — |
| | (654) | — | (654) | 654 | — |
| | 350 | — | 350 | — | 350 |
| | — | 38 | 35 889 | 1 487 | 37 376 |
| | — | — | 32 049 | 1 090 | 33 139 |
| | — | 38 | 3 840 | 397 | 4 237 |
| | — | — | (14 395) | (394) | (14 789) |
| | **1 262** | **301** | **114 697** | **4 594** | **119 291** |
| | **—** | **—** | **2 631** | **—** | **2 631** |
| | **—** | **—** | **—** | **6 147** | **6 147** |
| | **—** | **—** | **(269)** | **(145)** | **(414)** |
| | **—** | **—** | **(384)** | **—** | **(384)** |
| | **(1 185)** | **—** | **—** | **—** | **—** |
| | **403** | **—** | **403** | **3** | **406** |
| | **—** | **—** | **(28)** | **(22)** | **(50)** |
| | **—** | **152** | **10 263** | **1 787** | **12 050** |
| | **—** | **—** | **4 905** | **1 273** | **6 178** |
| | **—** | **152** | **5 358** | **514** | **5 872** |
| | **—** | **—** | **(12 466)** | **(1 176)** | **(13 642)** |
| | **480** | **453** | **114 847** | **11 188** | **126 035** |

# Summarised consolidated statement of cash flows

*for the year ended 30 June 2023*

| | Notes | 2023 Rm | 2022 Rm |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Cash generated from operations | 18 | **30 372** | 45 955 |
| Finance costs paid | | **(384)** | (379) |
| Income tax paid | 15 | **(6 419)** | (10 637) |
| **Net cash inflow from operating activities** | | **23 569** | 34 939 |
| **Cash flows from investing activities** | | | |
| Purchase of property, plant and equipment | | **(11 356)** | (8 968) |
| Increase in deposits on property, plant and equipment | | **(1 314)** | — |
| Proceeds from sale of property, plant and equipment | | **55** | 83 |
| Acquisition of equity-accounted interest in Royal Bafokeng Platinum | 12 | **(2 195)** | (9 939) |
| Net cash acquired through the acquisition of Royal Bafokeng Platinum | | **2 862** | — |
| Acquisition of controlling interest in Royal Bafokeng Platinum | | **(2 394)** | — |
| Cash acquired through the acquisition | | **5 256** | — |
| Acquisition of Royal Bafokeng Platinum from non-controlling interests | | **(275)** | — |
| Acquisition of interest in other equity-accounted investments | 12 | **(250)** | (218) |
| Proceeds from disposal of short-term and other investments | | **1 125** | — |
| Investments in environmental rehabilitation financial assets | | **(1 689)** | (306) |
| Acquisition of financial assets at fair value through other comprehensive income | | **(46)** | — |
| Finance income received | | **1 695** | 756 |
| Dividends received | | **1 616** | 2 070 |
| Other | | **(94)** | (40) |
| **Net cash outflow from investing activities** | | **(9 866)** | (16 562) |
| **Cash flows from financing activities** | | | |
| Purchase of shares for long-term incentive plans | | **(384)** | (867) |
| Repayments of borrowings | 17 | **(2)** | — |
| Repayments of lease liabilities | 17 | **(295)** | (249) |
| Dividends paid to shareholders of the Company | 24 | **(12 466)** | (14 395) |
| Dividends paid to non-controlling interests | | **(1 176)** | (394) |
| **Net cash outflow from financing activities** | | **(14 323)** | (15 905) |
| **Net (decrease)/increase in cash and cash equivalents** | | **(620)** | 2 472 |
| Cash and cash equivalents at the beginning of the year | | **26 505** | 23 474 |
| Effect of exchange rate changes on cash and cash equivalents held in foreign currencies | | **935** | 559 |
| **Cash and cash equivalents at the end of the year** | | **26 820** | 26 505 |

The notes on pages 33 to 64 are an integral part of these summarised consolidated financial statements.

## 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 refining business. The mining operations are located on 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.

On 30 May 2023, Implats acquired control of RBPlat through the acquisition of 9.2%, representing 26 601 654 shares in RBPlat, increasing its equity interest from 46.2% to 55.4%. Details of the business combination and goodwill are included in notes 11 and 23.

The summarised consolidated financial statements were approved for issue on 31 August 2023 by the board of directors.

## 2. INDEPENDENT AUDITOR'S OPINION

The summarised consolidated financial statements have been derived from the audited consolidated financial statements which have been published on the Company's website on **(www.implats.co.za)**. The summarised consolidated financial statements for the year ended 30 June 2023 have been audited by our external auditor, Deloitte & Touche, who has expressed an unmodified opinion thereon. The auditor also expressed an unmodified opinion on the consolidated financial statements, which included key audit matters, from which these summarised consolidated financial statements were derived. A copy of the auditor's report on the summarised consolidated financial statements is available on page 27. The auditor's report does not necessarily report on all the information contained in this announcement. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditor's engagement, they should refer to the auditor's report on page 27. Any forward looking statements have not been reviewed or reported on by the Company's external auditor.

## 3. BASIS OF PREPARATION

The summarised consolidated financial statements for the year ended 30 June 2023 have been 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*.

The summarised consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the year ended 30 June 2023, which have been prepared in accordance with IFRS, and the commentary included in the results.

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

The summarised consolidated financial statements are presented in South African rand, which is the Company's functional currency.

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

The directors take full responsibility for the preparation of the consolidated financial statements from which the summarised consolidated financial statements are derived.

## 4. ACCOUNTING POLICIES

The principal accounting policies and methods used by the Group are in accordance with IFRS and are consistent with those of the prior year, except for changes due to the adoption of new or revised IFRS. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in the notes where necessary and indicated with EJ.

**The following amendments to standards are not yet effective and 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 did not have an impact on these 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 did not have an impact on these financial statements.

### Amendments to IAS 17 and IFRS 7 *Supplier Finance Arrangements*

- The amendments add disclosure requirements, and guidance within existing disclosure requirements, that require entities to provide qualitative and quantitative information about supplier finance arrangements
- The amendments did not have an impact on these financial statements.

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

### Amendments to IAS 12 *Income Taxes – International Tax Reform: Pillar Two Model Rules*

- The amendments introduce a mandatory temporary exception (whose application must be disclosed) from the recognition and disclosure of deferred taxes arising from implementation of the Organisation for Economic Co-operation and Development (OECD) Pillar Two Mode Rules
- An entity is required to separately disclose its current tax expense (income) related to Pillar Two income taxes, in the periods when the legislation is effective, and for periods in which Pillar Two legislation is (substantively) enacted but not yet effective, disclose known or reasonably estimate information of the entity's exposure from Pillar Two income taxes
- The exception applies retrospectively and immediately while the rest of the disclosure requirements apply for annual reporting periods beginning on or after 1 January 2023
- The amendments are currently not expected to impact the Group.

## 5. SEGMENT INFORMATION

The Group identified Mining, Impala Refining Services 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.

The acquisition of a controlling interest in RBPlat on 30 May 2023 resulted in RBPlat being consolidated and included in the mining segment since the date of acquisition (note 23).

### Revenue flows

The geographical locations of our operations (five of which form the 'Mining' segment, and the 'All other segments' includes the Group's equity-accounted entities, Mimosa, Two Rivers and up until the end of May 2023, RBPlat (refer to note 12 and 23)) represent the origins of the 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 and RBPlat sell their mined PGM concentrate to one customer each in North America and South Africa, respectively
- IRS, a division of Impala, is dedicated to the refining and metal concentrate purchases built up by Implats. Situated in Springs, some 35km east of Johannesburg in South Africa, IRS provides smelting and refining services through offtake agreements with Group companies (except Impala Canada and RBPlat) and third parties
- The Marula and Zimplats mining segment revenues are therefore made intra-group 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% (2022: 13% and 12%) of total revenue, from Impala and Impala Refining Services.

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

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

| | 2023 | | 2022 | |
|---|---|---|---|---|
| | Revenue Rm | Profit/(loss) after tax Rm | Revenue Rm | Profit after tax Rm |
| **Mining** | | | | |
| Impala | **43 082** | **8 014** | 43 551 | 11 483 |
| Zimplats | **18 047** | **4 598** | 19 311 | 6 335 |
| Marula | **6 851** | **2 020** | 8 388 | 3 006 |
| RBPlat | **610** | **(4 781)** | — | — |
| Impala Canada | **7 502** | **(7 737)** | 6 946 | 982 |
| **Impala Refining Services** | **54 691** | **(362)** | 67 508 | 5 674 |
| **All other segments** | **709** | **1 340** | 327 | 4 623 |
| **Reconciliation** | | | | |
| Consolidation adjustments to revenue/ inventory | **(24 898)** | **3 086** | (27 699) | 1 036 |
| | **106 594** | **6 178** | 118 332 | 33 139 |

## 5. SEGMENT INFORMATION continued

| | 2023 | | | 2022 | | |
|---|---|---|---|---|---|---|
| | Capital expenditure Rm | Total assets Rm | Total liabilities Rm | Capital expenditure Rm | Total assets Rm | Total liabilities Rm |
| **Mining** | | | | | | |
| Impala | **4 054** | **62 647** | **18 922** | 3 352 | 63 856 | 30 557 |
| Zimplats | **5 513** | **46 611** | **11 158** | 4 115 | 39 438 | 8 616 |
| Marula | **558** | **5 935** | **1 758** | 321 | 7 377 | 2 426 |
| RBPlat | **158** | **20 854** | **7 476** | — | — | — |
| Impala Canada | **1 223** | **5 486** | **5 200** | 1 286 | 15 443 | 8 277 |
| **Impala Refining Services** | **—** | **33 228** | **20 352** | — | 50 106 | 33 277 |
| **All other segments** | **4** | **38 103** | **19 491** | 7 | 71 614 | 38 978 |
| | **11 510** | **212 864** | **84 357** | 9 081 | 247 834 | 122 131 |
| Intercompany balances eliminated | **—** | **(42 366)** | **(43 234)** | — | (85 229) | (86 103) |
| Inventory adjustments | **—** | **(1 112)** | **—** | — | (6 518) | — |
| Deferred tax raised on undistributed reserves | **—** | **—** | **2 528** | — | — | 2 528 |
| Deferred tax on consolidation | **—** | **—** | **(300)** | — | — | (1 760) |
| | **11 510** | **169 386** | **43 351** | 9 081 | 156 087 | 36 796 |

## 5. SEGMENT INFORMATION continued

| | 2023 | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Impala Rm | Zimplats Rm | Marula Rm | RBPlat Rm | Impala Canada Rm | IRS Rm | All other segments Rm | Recon-ciliation Rm | Total Rm |
| **Revenue from** | | | | | | | | | |
| Platinum | 11 528 | 4 521 | 1 343 | 365 | 295 | 11 983 | — | (5 864) | 24 171 |
| Palladium | 9 587 | 6 875 | 2 525 | 217 | 6 854 | 15 917 | — | (9 401) | 32 574 |
| Rhodium | 16 258 | 4 356 | 3 244 | 225 | — | 18 142 | — | (7 600) | 34 625 |
| Nickel | 1 548 | 2 021 | 86 | 67 | — | 2 996 | — | (2 107) | 4 611 |
| By-products | 4 161 | 2 001 | 465 | 133 | 837 | 5 349 | 771 | (2 527) | 11 190 |
| Commodity price adjustments | — | (1 727) | (807) | (413) | (484) | — | — | 2 534 | (897) |
| Revenue from gold streaming | — | — | — | 16 | — | — | — | — | 16 |
| Treatment charges | — | — | (5) | — | — | — | (62) | 67 | — |
| Treatment income | — | — | — | — | — | 304 | — | — | 304 |
| | 43 082 | 18 047 | 6 851 | 610 | 7 502 | 54 691 | 709 | (24 898) | 106 594 |

| | 2022 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Impala Rm | Zimplats Rm | Marula Rm | Impala Canada Rm | IRS Rm | All other segments Rm | Recon-ciliation Rm | Total Rm |
| **Revenue from** | | | | | | | | |
| 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) |
| Treatment charges | — | — | (5) | — | — | (28) | 33 | — |
| Treatment income | — | — | — | — | 284 | — | — | 284 |
| | 43 551 | 19 311 | 8 388 | 6 946 | 67 508 | 327 | (27 699) | 118 332 |

## 6. REVENUE

| | | 2023 Rm | 2022 Rm |
|---|---|---|---|
| 6.1 | **Disaggregation of revenue by category** | | |
| | **Sale of goods** | | |
| | Platinum | **24 171** | 22 917 |
| | Palladium | **32 574** | 36 365 |
| | Rhodium | **34 625** | 44 579 |
| | Nickel | **4 611** | 4 220 |
| | By-products | **11 190** | 10 423 |
| | | **107 171** | 118 504 |
| | **Commodity price adjustments** | **(897)** | (456) |
| | **Revenue from gold streaming** | | |
| | Deferred revenue recognised | **15** | — |
| | Variable consideration | **1** | — |
| | **Revenue from services** | | |
| | Toll refining | **304** | 284 |
| | | **106 594** | 118 332 |

| | | 2023 Rm | 2022 Rm |
|---|---|---|---|
| 6.2 | **Analysis of revenue by destination** | | |
| | **Main products (Pt, Pd, Rh and Ni)** | | |
| | Asia | **40 713** | 45 443 |
| | North America | **23 883** | 27 144 |
| | Western Europe | **18 997** | 22 332 |
| | South Africa | **11 491** | 12 701 |
| | | **95 084** | 107 620 |
| | **By-products** | | |
| | Asia | **3 635** | 3 610 |
| | Western Europe | **2 875** | 2 389 |
| | South Africa | **3 002** | 2 621 |
| | North America | **1 548** | 1 662 |
| | Australia | **130** | 146 |
| | Bermuda | **16** | — |
| | | **11 206** | 10 428 |
| | **Toll refining** | | |
| | Rest of Africa | **298** | 280 |
| | South Africa | **4** | 4 |
| | North America | **2** | — |
| | | **304** | 284 |
| | | **106 594** | 118 332 |

Note 5 contains additional disclosure of revenue per reportable segment.

## 7. COST OF SALES

| | 2023 Rm | 2022 Rm |
|---|---|---|
| **Production costs** | | |
| On-mine operations | **32 476** | 27 607 |
| Processing operations | **10 437** | 8 550 |
| Refining and selling | **2 537** | 2 252 |
| Depreciation of operating assets[1] | **7 736** | 5 821 |
| **Other costs** | | |
| Metals purchased | **22 253** | 26 939 |
| Decrease/(increase) in metal inventories | **2 546** | (21) |
| Royalty expenses | **2 624** | 3 453 |
| Corporate costs | **2 052** | 1 580 |
| Chrome operation – cost of sales | **407** | 267 |
| Share-based compensation and other | **1 188** | 599 |
| | **84 256** | 77 047 |

[1] *Impala Canada revised its estimate of useful lives for certain assets increasing depreciation by approximately R741 million (C$56 million) in the current year. Refer to note 10* EJ.

## 8. OTHER INCOME

| | 2023 Rm | 2022 Rm |
|---|---|---|
| Fair value gain on environmental rehabilitation investments | **165** | 9 |
| Profit on sale and leaseback of houses | **30** | 30 |
| Insurance proceeds – asset damage | **—** | 32 |
| Profit on disposal of property, plant and equipment | **24** | 3 |
| Dividends received – Rand Mutual Assurance (RMA) | **7** | 11 |
| Other | **14** | 15 |
| | **240** | 100 |

## 9. OTHER EXPENSES

| | 2023 Rm | 2022 Rm |
|---|---|---|
| Acquisition-related costs – RBPlat (note 23) | **415** | 97 |
| Fair value loss on foreign exchange rate collars | **222** | — |
| Exploration expenditure | **169** | 159 |
| Fair value loss on metal inventories – hedge ineffectiveness (note 14) | **138** | — |
| Non-production-related corporate costs | **101** | 144 |
| Loss on disposal of property, plant and equipment | **39** | — |
| Auditor remuneration | **37** | 26 |
| Loss – change of interest in associates | **21** | 25 |
| Other | **177** | 88 |
| | **1 319** | 539 |
| Auditor remuneration comprises: | **37** | 26 |
| Audit services including interim review | **37** | 26 |
| Other services | **—** | — |

## 10. PROPERTY, PLANT AND EQUIPMENT

| | 2023 Rm | 2022 Rm |
|---|---|---|
| **Carrying value – opening balance** | **64 513** | 57 709 |
| Capital expenditure[1] | **11 379** | 8 989 |
| Right-of-use assets capitalised | **154** | 113 |
| Property, plant and equipment acquired through the acquisition of RBPlat (note 23) | **8 644** | — |
| Depreciation (note 7)[1] | **(7 759)** | (5 842) |
| Impairment | **(10 872)** | — |
| Disposals and scrapping | **(70)** | (80) |
| Rehabilitation adjustment | **(66)** | (43) |
| Exchange differences | **5 253** | 3 667 |
| **Carrying value – closing balance** | **71 176** | 64 513 |

[1] *Includes depreciation of R23 million (2022: R21 million) which was capitalised to the cost of property, plant and equipment.*

### Impairment

During the year, as a result of decreased consensus pricing and changes to the mine life and mineable reserves, Impala Canada carried out a review of the recoverable amount of the Lac des Iles mine. The review led to the recognition of an impairment of R10 872 million (C$771 million) of property, plant and equipment with an offsetting impact on deferred tax of R3 058 million (C$217 million) resulting in a post-tax loss of R7 814 million (C$554 million). The property, plant and equipment's recoverable amount of R2 334 million (C$164 million) has been determined on the basis of their fair value less costs of disposal.

## 10. PROPERTY, PLANT AND EQUIPMENT continued

### Significant accounting estimates and judgements

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 on production volumes, costs of production, capital expenditure, metal prices and market forecasts for foreign exchange rates. A risk-adjusted discount rate is used, which takes into account specific to the cash-generating unit (CGU) where cash flows have not been adjusted for the risk.

Mineral resources outside the approved mine plans are valued based on the *in situ* 4E ounce value. Comparable market transactions are used as a source of evidence adjusting specifically for the nature of each underlying ore body 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 can occur which may affect the recoverability of the mining assets.

Possible indicators of impairment were taken into account in the impairment tests for property, plant and equipment, including climate related impacts where applicable, during the period. The assets' DCFs were updated to reflect the revised production volumes, metal prices, cost forecasts and other factors. No impairment was required other than property, plant and equipment at Impala Canada.

The key financial assumptions used in the recoverable amount calculations were:
- An overall long-term real basket price per 6E ounce sold of R27 300 (2022: R24 100 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 21% to 29% (2022: 20% to 33%) and a long-term post-tax real discount rate range of 11% to 19% (2022: 8% to 17%) for the various cash-generating units in the Group
- *In situ* resource valuation of between US$2.00 and US$12.00 (2022: US$1.90 and US$10.00) per 4E ounce, depending on whether the resource is inferred, indicated and 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 UOP depreciation for certain assets within the following categories:
- Shafts, mining development and infrastructure
- Metallurgical plants
- Other assets.

Previously, the UOP 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 on the future identification and extraction of reserves) or 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 future pattern and rate of consumption of those assets. This change in estimates increased the depreciation charge and reduced net profit before tax by approximately R741 million (C$56 million) for the current year.

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## 10. PROPERTY, PLANT AND EQUIPMENT continued

| | 2023 Rm | 2022 Rm |
|---|---|---|
| **Right-of-use assets included in property, plant and equipment** | | |
| Land and buildings | **330** | 419 |
| Refining plants | **95** | 101 |
| Other assets | **152** | 161 |
| | **577** | 681 |

| | 2023 Rm | 2022 Rm |
|---|---|---|
| **Capital commitments in respect of property, plant and equipment:** | | |
| Commitments contracted for | **11 320** | 7 031 |
| Approved expenditure not yet contracted | **18 414** | 18 902 |
| | **29 734** | 25 933 |
| Less than one year | **15 160** | 13 318 |
| Between one and five years | **14 574** | 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.

## 11. GOODWILL

| | 2023 Rm |
|---|---|
| Cost | **14 114** |
| Accumulated impairment | **(4 244)** |
| **Carrying amount** | **9 870** |

The goodwill of R14 114 million associated with RBPlat arose on the business combination at acquisition date (note 23) and was impaired by an amount of R4 244 million to its recoverable amount of R9 870 million. The carrying amount of R9 870 million has been allocated to the relevant cash-generating units (CGUs) with R6 347 million allocated to the Impala CGU, R3 333 million to the Impala Refining Services CGU and R190 million (post impairment) to the RBPlat CGU, respectively.

Implats' acquisition of RBPlat offers compelling strategic, operational and financial benefits for all stakeholders through securing a significant Western Limb production base that enhances and entrenches the region's position as the most significant source of global primary PGM production.

## 11. GOODWILL continued

A sizeable and sustainable Western Limb operation will deliver tangible socio-economic benefits for the region and its communities including employment security and through sustained indirect benefits for the various industries and stakeholders supported by mining activities in the greater-Rustenburg region.

Further, this acquisition will enhance Implats' ability to:
- Deploy its significant scale, relevance, mineral resource base and technical capabilities to further grow and optimise value delivery of its asset portfolio;
- Progress enhanced regional socio-economic stability, sustainability, and shared value delivery;
- Enhance strategic optionality to significantly extend life-of-mine production profiles, which will enhance job security and socio-economic benefits to all concerned stakeholders; and
- Increase its ability to further pursue substantial, unique regional synergies in the fullness of time through broader collaboration and the logical combination of complementary assets and shared infrastructure.

### Impairment of goodwill

The recoverable amount of the RBPlat CGU was determined using its fair value less costs to sell. The fair value less costs to sell was determined based on estimates of future discounted cash flows (DCFs) of the latest adjusted life-of-mine plans using updated assumptions on metal prices, rand foreign exchange rates and inflation. A risk-adjusted discount rate was used, taking into account specific risks relating to the CGU where cash flows have not been adjusted for the risk.

Mineral resources outside the approved mine plans are valued based on the *in situ* 4E ounce value. Comparable market transactions are used as a source of evidence adjusting specifically for the nature of each underlying ore body and the prevailing platinum price.

The fair value less costs to sell valuation of RBPlat was categorised as a level 2 valuation of the fair value hierarchy (note 23).

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 may occur which may affect the recoverability of the RBPlat CGU.

The key financial assumptions for the CGU used in the recoverable amount calculations were:
- An overall long-term real basket price per 6E ounce sold of R27 300 adjusted for the CGU's prill split
- A long-term pre-tax real discount rate range of 24% to 29% and long-term post-tax real discount rate range of 17% to 20%
- *In situ* resource valuation of between US$2.00 and US$12.00 per 4E ounce depending on whether the resource is inferred, indicated and measured
- If the long-term real basket price per 6E ounce were to increase or decrease by 5%, the recoverable amount would increase or decrease by approximately R2 700 million
- If the real discount rate was to increase or decrease by 50 basis points, the recoverable amount will decrease or increase respectively by approximately R240 million.

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## 11. GOODWILL continued

### Goodwill

Goodwill is an intangible asset with an indefinite useful life that arises on the date of acquisition of a business combination and represents the excess of the aggregate of the cost of the acquisition, the non-controlling interest and the fair value of the acquirer's previously held equity interest in the acquiree over the net amounts of the identifiable assets acquired and the liabilities assumed at the acquisition date.

For the purposes of impairment testing, goodwill is allocated to each of the Group's CGUs (or group of CGUs) that is expected to benefit from the synergies of the combination. Goodwill is carried at cost less accumulated impairment losses, if any. Gains or losses on the disposal of a CGU includes the carrying amount of goodwill allocated to the CGU sold.

### Impairment of goodwill

Goodwill is tested for impairment at least annually, and at the end of each reporting period when an indicator of impairment exists. Goodwill is allocated to CGUs for impairment testing. The recoverable amount of the CGU to which goodwill has been allocated is based on the highest of value in use or fair value less costs to sell, derived from reserve and resource ounce valuation. If the recoverable amount of the CGU is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to other assets of the unit prorate based on the carrying amount of each asset in the unit. Any impairment loss on goodwill is recognised directly in profit or loss and may not be reversed.

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## 12. INVESTMENT IN EQUITY-ACCOUNTED ENTITIES

| | 2023 Rm | 2022 Rm |
|---|---|---|
| **Summary balances** | | |
| **Joint ventures** | | |
| Mimosa | **6 642** | 5 488 |
| AP Ventures | **1 150** | 534 |
| **Associates** | | |
| Royal Bafokeng Platinum | **—** | 16 731 |
| Two Rivers | **4 494** | 3 838 |
| Individually immaterial associates and joint ventures | **239** | 213 |
| **Total investments in equity-accounted entities** | **12 525** | 26 804 |
| **Summary movement** | | |
| Beginning of the year | **26 804** | 7 748 |
| Share of profits | **2 523** | 3 761 |
| Acquisition of equity-accounted interest in RBPlat | **3 451** | 16 483 |
| Cash consideration | **2 195** | 9 939 |
| Shares issued | **1 256** | 6 544 |
| Acquisition of interests in other equity-accounted investments | **250** | 218 |
| Carrying amount of equity investment immediately before acquisition date | **(19 878)** | — |
| Fair value of equity investment immediately before acquisition date – RBPlat | **(18 106)** | — |
| Loss on remeasurement of previously held equity investment before acquisition – RBPlat | **(1 772)** | — |
| Change of interests in associates | **(23)** | (25) |
| Exchange differences | **1 007** | 678 |
| Dividends received | **(1 609)** | (2 059) |
| **End of the year** | **12 525** | 26 804 |
| **Share of profit of equity-accounted entities is made up as follows:** | | |
| Share of profits | **2 523** | 3 761 |
| Unrealised profit in inventory movements | **859** | 550 |
| **Total share of profit of equity-accounted entities** | **3 382** | 4 311 |

### RBPlat

On 30 May 2023, Implats acquired control through the acquisition of 9.2%, representing 26 601 654 shares in RBPlat, increasing its equity interest from 46.2% to 55.4%. As a result of the business combination achieved in stages (note 23), the equity-accounted investment in RBPlat (46.2%) was deemed to be disposed of at a fair value of R18 106 million, resulting in a loss of R1 772 million, and was consolidated on the same date.

## 13. PREPAYMENTS AND OTHER ASSETS

| | Notes | 2023 Rm | 2022 Rm |
|---|---|---|---|
| Royal Bafokeng Nation (RBN) prepaid royalty | 13.1 | **3 572** | 3 851 |
| Deposits on property, plant and equipment | 13.2 | **2 659** | 1 091 |
| Business-related prepaid expenditure | 13.3 | **1 276** | 636 |
| Employee housing benefit | 13.4 | **264** | — |
| | | **7 771** | 5 578 |
| Current | | **4 230** | 1 981 |
| Non-current | | **3 541** | 3 597 |

### 13.1 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.

### 13.2 Deposits on property, plant and equipment

In the current period, the prepaid deposits on property, plant and equipment comprise cash deposits (which are separately disclosed in the statement of cash flows under investing activities) and foreign exchange differences from the translation of Zimplats to the reporting currency. Property, plant and equipment prepayments mainly relate to amounts prepaid on capital equipment at Zimplats for the tailings storage facility, replacement mines, solar power projects, the smelter expansion and $SO_2$ abatement plant projects.

### 13.3 Business-related prepaid expenditure

The business-related prepaid expenditure mainly relate to amounts prepaid on operating activities at Zimplats for power supply, import duty as well as other consumables.

### 13.4 Employee housing benefit

The Group recognises the difference between the fair value of the employee housing loan receivable at initial recognition and the transaction price as an employee benefit. The employee benefit is amortised over the shorter of the service period of the employee (which takes into account expected retirement date) and the loan period. If the employee's service period differs from the initial expectation on occupation date, the change in expectation is recognised in profit or loss in the statement of profit or loss and other comprehensive income.

The portion of the short-term employee benefit to be realised within 12 months from the reporting date is presented as part of current assets and the balance of the amount is presented as a non-current asset in the statement of financial position.

## 14. INVENTORIES

| | 2023 Rm | 2022 Rm |
|---|---|---|
| **Mining metal** | | |
| Refined metal | **2 893** | 3 397 |
| In-process metal | **6 503** | 6 133 |
| | **9 396** | 9 530 |
| **Purchased metal**[1] | | |
| Refined metal | **3 536** | 4 812 |
| In-process metal | **8 100** | 7 636 |
| | **11 636** | 12 448 |
| **Total metal inventories** | **21 032** | 21 978 |
| **Stores and materials inventories** | **3 288** | 1 921 |
| | **24 320** | 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. During the current period, the hedging relationship was ineffective, resulting in a fair value loss adjustment of R138 million recognised in other expenses (note 9).*

The net realisable value (NRV) adjustment included in the inventory value is impacted by the prevailing metal prices at the reporting date. The current year adjustment of R2 879 million comprised R923 million (2022: Rnil) for refined metal and R1 956 million (2022: Rnil) for in-process metal.

Purchased metal consists mainly of Impala Refining Services inventory.

## 14. INVENTORIES continued

**Significant accounting estimates and judgements**

### 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 quantity.

### 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 R480 million (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.

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## 15. TAXATION

### 15.1 Deferred tax

| | 2023 Rm | 2022 Rm |
|---|---|---|
| **Deferred tax liabilities** | **19 140** | 16 795 |

The total year-on-year deferred tax movement is mainly attributable to temporary difference movements relating to acquisition of RBPlat (R2 209 million), foreign currency translation adjustment on deferred tax (R1 312 million), metal inventory adjustment (R1 142 million), offset by property, plant and equipment (R2 225 million).

### 15.2 Current tax

| | 2023 Rm | 2022 Rm |
|---|---|---|
| Current tax payable | **242** | 533 |
| Current tax receivable | **(1 059)** | (530) |
| **Net current tax (receivable)/payable** | **(817)** | 3 |
| **Reconciliation** | | |
| Beginning of the year | **3** | (411) |
| Income tax expense | **5 243** | 10 940 |
| Payments made during the year | **(6 419)** | (10 637) |
| Current tax payable acquired through the acquisition of RBPlat (note 23) | **426** | — |
| Interest and penalties refunded | **(3)** | (35) |
| Exchange differences[1] | **(67)** | 146 |
| **End of the year** | **(817)** | 3 |

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

## 16. SHARE CAPITAL

| | 2023 Rm | 2022 Rm |
|---|---|---|
| **Share capital** | **25 819** | 23 080 |

**Number of ordinary shares in issue outside the Group**

| | 2023 Million | 2022 Million |
|---|---|---|
| Number of ordinary shares issued | **866.40** | 850.22 |
| Treasury shares | **(3.36)** | (4.09) |
| **Number of ordinary shares issued outside the Group** | **863.04** | 846.13 |
| **The movement of ordinary shares was as follows:** | | |
| Beginning of the year | **846.13** | 813.98 |
| Shares issued for long-term incentive plans | **2.77** | 4.26 |
| Shares purchased for long-term incentive plans | **(2.04)** | (5.07) |
| Shares issued on acquisition of interest in RBPlat (notes 12 and 23) | **16.18** | 32.95 |
| Conversion of ZAR convertible bonds | **—** | 0.01 |
| **End of the year** | **863.04** | 846.13 |

The authorised share capital of the Company consist of 944.01 million (2022: 944.01 million) ordinary no par value shares. The authorised but unissued share capital is 77.61 million (2022: 93.79 million) ordinary no par value shares and remains under the control of the directors.

## 17. BORROWINGS

| | 2023 | | | 2022 | | |
|---|---|---|---|---|---|---|
| | Non-current Rm | Current Rm | Total Rm | Non-current Rm | Current Rm | Total Rm |
| Lease liabilities | **830** | **287** | **1 117** | 957 | 250 | 1 207 |
| PIC housing facility | **1 425** | **48** | **1 473** | — | — | — |
| **Total borrowings** | **2 255** | **335** | **2 590** | 957 | 250 | 1 207 |

## 17. BORROWINGS continued

| | 2023 Rm | 2022 Rm |
|---|---|---|
| **Reconciliation** | | |
| Beginning of the year | **1 207** | 1 328 |
| Conversion of ZAR bonds to equity | **—** | (1) |
| Capital repayments | **(297)** | (249) |
| Interest repayments | **(120)** | (120) |
| Borrowings acquired through the acquisition of RBPlat (note 23) | **1 475** | — |
| Lease liabilities acquired through the acquisition of RBPlat (note 23) | **37** | — |
| Leases capitalised | **154** | 113 |
| Interest accrued | **120** | 120 |
| Exchange differences | **14** | 16 |
| **End of the year** | **2 590** | 1 207 |

| | 2023 Rm | 2022 Rm |
|---|---|---|
| **Facilities** | | |
| **Committed revolving credit facility** | | |
| ZAR tranche | **6 545** | 6 000 |
| US$ tranche – US$93.8 million (2022: US$125 million) | **1 767** | 2 032 |
| Credit facilities – RBPlat | **3 008** | — |
| | **11 320** | 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 (2022: R6 billion) and a US$93.8 million US$ tranche (2022: US$125 million). Impala Canada is also a borrower under the US$ tranche.

The committed revolving credit facility of R6.5 billion (June 2022: R6 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 (2022: R2 billion). Subsequent to year-end, the facility was extended for another year and will mature on 24 February 2026 with no further option to extend. The facility was undrawn at year-end.

The US$ 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 (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 (2022: US$50 million). Subsequent to year-end, the facility was extended for another year and will mature on 24 February 2026 with no further option to extend. The facility was undrawn at year-end.

## 17. BORROWINGS continued

The R3 billion RBPlat credit facilities comprise a revolving credit facility of R2 billion which bears interest at the Johannesburg Interbank Average Rate (JIBAR) plus 250 basis points, as well as a general banking facility of R1 billion which bears interest at the prime rate less 140 basis points. RBPlat provided a cession and pledge of its shares in and claims against Royal Bafokeng Resources as security under a subordination agreement of its claims against Royal Bafokeng Resources in favour of the banks. Royal Bafokeng Resources also provided a cession in which it cedes and pledges its rights, title and interest in respect of, or connected with the Royal Bafokeng Resources operations. Royal Bafokeng Resources can voluntarily prepay and cancel the facilities at any time. The revolving credit facility was undrawn at year-end and R123.6 million of the general banking facility was utilised for guarantees as at year-end.

## 18. CASH GENERATED FROM OPERATIONS

| | 2023 Rm | 2022 Rm |
|---|---|---|
| Profit before tax | **9 787** | 45 239 |
| Adjusted for: | | |
| Impairment – Property, plant and equipment (note 10) | **10 872** | — |
| Impairment – Goodwill on RBPlat acquisition (note 11) | **4 244** | — |
| Loss on remeasurement of previously held equity investment before acquisition – RBPlat (notes 12 and 23) | **1 772** | — |
| Depreciation | **7 736** | 5 821 |
| Amortisation of prepaid royalty | **279** | 261 |
| Finance income | **(1 792)** | (805) |
| Finance costs | **615** | 562 |
| Share of profit of equity-accounted entities (note 12) | **(3 382)** | (4 311) |
| Net realisable value adjustment on metal inventory (note 14) | **2 879** | — |
| Dividends received – Rand Mutual Assurance (note 8) | **(7)** | (11) |
| Employee benefit provisions | **(7)** | (7) |
| Share-based compensation | **310** | (24) |
| Rehabilitation and other provisions | **(96)** | (237) |
| Acquisition-related costs accrued – RBPlat | **250** | — |
| Foreign currency differences | **(1 031)** | (162) |
| Profit on disposal of property, plant and equipment (note 8) | **(24)** | (3) |
| Loss on disposal of property, plant and equipment (note 9) | **39** | — |
| Deferred profit on sale and leaseback of houses (note 8) | **(30)** | (30) |
| Deferred revenue | **(15)** | — |
| Loss – change of interest in associates | **21** | 25 |
| Fair value gain on environmental rehabilitation and other investments | **(159)** | (9) |
| Fair value loss on foreign exchange rate collars (note 9) | **222** | — |
| Tax penalties and interest received | **—** | (35) |
| | **32 483** | 46 274 |
| Changes in working capital: | | |
| Decrease in trade and other receivables | **137** | 807 |
| Increase in inventories | **(882)** | (124) |
| Decrease in trade and other payables | **(1 366)** | (1 002) |
| **Cash generated from operations** | **30 372** | 45 955 |

## 19. HEADLINE EARNINGS

| | 2023 Rm | 2022 Rm |
|---|---|---|
| **Profit attributable to owners of the Company** | **4 905** | 32 049 |
| Remeasurement adjustments: | | |
| Impairment – Property, plant and equipment | **10 872** | — |
| Impairment – Goodwill on RBPlat acquisition | **4 244** | — |
| Loss on remeasurement of previously held equity investment before acquisition – RBPlat | **1 772** | — |
| Profit on disposal of property, plant and equipment | **(53)** | (37) |
| Loss on disposal of property, plant and equipment | **32** | — |
| Loss – change of interest in associates | **18** | 25 |
| Earnings adjustments from equity-accounted entities | **62** | 2 |
| Insurance proceeds – asset damage | **—** | (28) |
| Total tax effects of adjustments | **(3 051)** | 17 |
| **Headline earnings** | **18 801** | 32 028 |
| **Headline earnings used in the calculation of diluted headline earnings per share** | **18 801** | 32 028 |

| | 2023 Million | 2022 Million |
|---|---|---|
| **Weighted average number of ordinary shares in issue for basic and headline earnings per share** | **850.28** | 831.25 |
| Adjusted for: | | |
| Dilutive potential ordinary shares relating to long-term incentive plan | **3.49** | 3.39 |
| **Weighted average number of ordinary shares for diluted basic and headline earnings per share** | **853.77** | 834.64 |
| **Headline earnings per share (cents)** | | |
| Basic | **2 211** | 3 853 |
| Diluted | **2 202** | 3 837 |

## 20. CONTINGENT LIABILITIES, GUARANTEES AND UNCERTAIN TAX MATTERS

### Contingent liabilities and guarantees

At year-end, the Group had contingent liabilities in respect of matters arising in the ordinary course of business from which it is anticipated that no material liabilities will arise.

The Group has issued guarantees of R57 million (2022: R69 million). Guarantees of R15 291 million (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 R11 417 million (2022: R16 830 million) for the acquisition of Royal Bafokeng Platinum and the Department of Mineral Resources and Energy (DMRE) for R3 254 million (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 in the following page.

**South Africa**

At 30 June 2023, the Group has an unresolved historical tax matter relating to deductions at its South African operations. The South African Revenue Service had issued an additional assessment relating to this matter which the Group had 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 R673 million (2022: R647 million) (including interest).

## 20. CONTINGENT LIABILITIES, GUARANTEES AND UNCERTAIN TAX MATTERS continued

**Uncertain tax matters** continued

**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 volatile, highly 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.

## 21. RELATED PARTY TRANSACTIONS

| | 2023 Rm | 2022 Rm |
|---|---|---|
| **Associates** | | |
| **Two Rivers** | | |
| Transactions with related party: | | |
| Purchases of metal concentrates | **7 897** | 9 121 |
| Year-end balances arising from transactions with related party: | | |
| Payable to associate | **2 458** | 3 447 |
| **Makgomo Chrome** | | |
| Transactions with related party: | | |
| Tailings fee expense | **69** | 68 |
| Sale of metal concentrates | **69** | 68 |
| **Friedshelf** | | |
| Transactions with related party: | | |
| Interest accrued | **89** | 101 |
| Repayments | **220** | 204 |
| Year-end balances arising from transactions with related party: | | |
| Borrowings – finance leases[1] | **785** | 916 |
| **RBPlat** | | |
| Transactions with related party: | | |
| Royalty expense | **308** | 390 |
| Year-end balances arising from transactions with related party: | | |
| Payable to associate[2] | **–** | 58 |

[1] *Friedshelf finance leases have an effective interest rate of 10.2%.*
[2] *RBPlat royalty expense for the current year reflects the royalty expense up to 30 May 2023, thereafter RBPlat was consolidated.*

| | 2023 Rm | 2022 Rm |
|---|---|---|
| **Joint venture** | | |
| **Mimosa** | | |
| Transactions with related party: | | |
| Refining fees | **298** | 293 |
| Interest received | **36** | 4 |
| Purchases of metal concentrates | **6 494** | 6 806 |
| Year-end balances arising from transactions with related party: | | |
| Payable to joint venture net of advance | **1 117** | 1 227 |

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 R258 million (2022: R412 million).

## 22. FINANCIAL INSTRUMENTS

**Background and basis of preparation**

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:

| | 2023 Rm | 2022 Rm |
|---|---|---|
| **Financial assets – carrying amount** | | |
| **Financial assets at amortised cost** | **33 502** | 30 722 |
| Other financial assets | **1 214** | 129 |
| Environmental rehabilitation investments | **194** | — |
| Trade receivables | **3 485** | 2 845 |
| Other receivables | **1 577** | 1 078 |
| Employee receivables | **212** | 165 |
| Cash and cash equivalents | **26 820** | 26 505 |
| **Financial assets at fair value through profit or loss (FVPL)** | **7 652** | 2 454 |
| Environmental rehabilitation investments | **2 312** | 315 |
| Other financial assets | **66** | 1 052 |
| Trade receivables | **5 274** | 1 087 |
| **Financial assets at fair value through other comprehensive income (FVOCI)** | **661** | 463 |
| **Total financial assets** | **41 815** | 33 639 |
| **Financial liabilities – carrying amount** | | |
| **Financial liabilities at amortised cost** | **10 796** | 6 699 |
| Borrowings (note 17) | **2 590** | 1 207 |
| Other financial liabilities | **49** | 50 |
| Trade payables | **8 000** | 5 403 |
| Other payables | **157** | 39 |
| **Financial liabilities at FVPL** | **5 754** | 7 727 |
| Trade payables – metal purchases | **5 532** | 7 727 |
| Trade payables at FVPL | **6 521** | 8 665 |
| Advances[1] | **(989)** | (938) |
| Other financial liabilities | **222** | — |
| **Total financial liabilities** | **16 550** | 14 426 |

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

## 22. 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 the 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.

| | Fair value | | | |
|---|---|---|---|---|
| **Financial instrument** | **2023 Rm** | **2022 Rm** | **Fair value hierarchy** | **Valuation technique and key inputs** |
| **Financial assets at FVOCI** | | | | |
| Waterberg | **506** | 366 | Level 3 | Discounted cash flow<br>Risk-free ZAR interest rate |
| Other | **155** | 97 | Level 3 | Discounted cash flow<br>Risk-free ZAR interest rate |
| **Financial assets at FVPL** | | | | |
| Guarantee investments – Guardrisk | **2 169** | — | Level 2 | Market prices for listed investments |
| Guarantee investments – Guardrisk | **—** | 315 | Level 3 | Discounted cash flow<br>Risk-free ZAR interest rate |
| Guarantee investments – Centriq Insurance Company Limited | **143** | — | Level 2 | Shareholders Weighted Top 40 Index on the JSE |
| Short-term investments | **—** | 1 052 | Level 1 | Quoted market prices for the same instrument |
| Housing insurance investment | **66** | — | Level 3 | Market prices for listed investments and reliance on an external valuer for discounted cash flow models for unlisted investments |
| Trade receivables | **5 274** | 1 087 | Level 2 | Quoted market metal prices and exchange rates |
| **Financial liabilities at FVPL** | | | | |
| Foreign exchange rate collars | **222** | — | Level 2 | Black Scholes valuation technique using quoted market exchange rates, volatility and risk-free ZAR interest rate |
| Trade payables at FVPL | **6 521** | 8 665 | Level 2 | Quoted market metal prices and exchange rates |

There were no transfers between fair value hierarchy levels in the current year.

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

## 22. 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** | 330 | 95 | — | 425 |
| Purchases | — | — | 306 | 306 |
| Income recognised in profit or loss | — | — | 9 | 9 |
| Income recognised in other comprehensive income | 36 | 2 | — | 38 |
| **Balance at 30 June 2022** | **366** | **97** | **315** | **778** |
| Purchases | **—** | **46** | **—** | **46** |
| Re-invested | **—** | **—** | **(315)** | **(315)** |
| Acquired through the acquisition of RBPlat | **—** | **66** | **—** | **66** |
| Income recognised in other comprehensive income | **140** | **12** | **—** | **152** |
| **Balance at 30 June 2023** | **506** | **221** | **—** | **727** |

**Cash and cash equivalent exposure by country and currency**

| | 2023 Rm | 2022 Rm |
|---|---|---|
| **Exposure by currency is as follows:** | | |
| Bank balances – ZAR | **19 627** | 18 448 |
| Bank balances – US$ | **6 268** | 7 258 |
| Bank balances – C$ | **726** | 784 |
| Bank balances – ZW$ | **188** | 7 |
| Bank balances – Other currencies | **11** | 8 |
| | **26 820** | 26 505 |
| **Exposure by country is as follows:** | | |
| South Africa | **21 119** | 19 365 |
| Europe | **2 499** | 4 759 |
| Zimbabwe – US$ | **2 093** | 1 383 |
| Zimbabwe – ZW$ | **188** | 7 |
| Canada | **910** | 983 |
| Asia | **11** | 8 |
| | **26 820** | 26 505 |

## 22. FINANCIAL INSTRUMENTS continued

### 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 14), 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.

The effects of the fair value hedge are as follows:

| | 2023 Rm | 2022 Rm |
|---|---|---|
| **Hedging instrument** | | |
| **Trade payables at fair value through profit or loss – metal purchases** | | |
| Carrying amount | **6 521** | 8 665 |
| Fair value gain used to determine hedge effectiveness | **(2 599)** | (2 195) |
| **Hedged item** | | |
| **Purchased metal inventory** | | |
| Purchased metal exposed to fair value movement | **6 521** | 8 665 |
| Change in fair value of hedging instrument used to determine hedge effectiveness | **2 737** | 2 195 |
| Accumulated fair value hedge gain included in metal purchases in respect of closing inventory[1] | **994** | 1 220 |

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

Due to the significant decrease in the metal prices at year-end in relation to the fair value movements in trade payables and inventory, there has been hedge ineffectiveness identified in the hedging relationship during the current period. A R138 million fair value loss was recognised in other expenses (note 9).

## 23. BUSINESS COMBINATION

RBPlat is a mid-sized PGM producer with mining and concentrating operations contiguous to Impala Rustenburg portfolio on the Western Limb Bushveld Igneous Complex in South Africa. Its mineral reserve inventory is notable due to its size and quality, with a mechanised, Merensky-rich orebody, aligned to robust future demand for platinum, nickel and copper.

In the prior year, Implats had acquired a 37.83% shareholding in RBPlat and consequently, equity accounted its interest in RBPlat. After acquiring a further 8.36% shareholding during the year, Implats finally gained control of RBPlat on 30 May 2023 when it acquired 26 601 654 shares, representing a 9.16% shareholding in RBPlat, for a cash consideration of R2 394 million and the issue of 7 980 496 Implats shares with a fair value of R1 237 million. This increased Implats' total shareholding in RBPlat to 55.35%. As a result, RBPlat became a subsidiary of the Group at 30 May 2023 (effective date) and in terms of IFRS 3 *Business Combinations*, the previously equity-accounted investment in RBPlat was remeasured to its fair value of R18 106 million. This fair value then formed part of the purchase consideration of the subsidiary at the effective date.

Between 30 May 2023 and year-end, Implats acquired a further 1.06% of RBPlat shares resulting in a shareholding of 56.41% at year-end.

Subsequent to year-end and upon fulfilment of all the conditions precedent, the mandatory offer for RBPlat finally closed on 21 July 2023 and was accepted by shareholders holding 121 437 384 RBPlat shares or 41.83% of RBPlat. Implats also acquired another 1 945 665 or 0.67% of RBPlat shares. Therefore, post-year-end, Implats had acquired in aggregate 123 383 049 RBPlat shares or 42.50% of RBPlat for a total consideration of R11 104 million in cash and the issue of 37 014 918 Implats shares with a fair value of R5 052 million. This increased Implats' shareholding in RBPlat to approximately 98.91%.

On 1 August 2023, Implats gave notice in terms of section 124(1)(a) of the Companies Act to compulsorily acquire the remaining RBPlat shares not held by it as RBPlat shareholders holding more than 90% of the RBPlat shares had accepted the mandatory offer. The RBPlat shares were suspended from trading on the JSE on 2 August 2023. The compulsory acquisition of the remaining RBPlat shares is scheduled for 14 September 2023 and it is expected that the RBPlat shares will be delisted from the JSE on 18 September 2023.

The guarantees to the TRP required in terms of the mandatory offer for RBPlat amounted to R11 417 million as at 30 June 2023 (June 2022: R16 830 million). Following the closure of the mandatory offer on 21 July 2023 and the settlement of the purchase consideration, the TRP guarantees were cancelled.

This business combination accounting is provisional and may be restated in 2024 when the Group finalises the fair value of property, plant and equipment, with any adjustments recognised against goodwill to the extent not already impaired as disclosed in note 11.

## 23. BUSINESS COMBINATION continued

The following table summarises the provisionally recognised fair value of assets acquired and liabilities assumed at the acquisition date:

| | 2023 Rm |
|---|---|
| **Assets** | |
| Property, plant and equipment | 8 644 |
| Environmental rehabilitation investments | 335 |
| Other financial assets | 1 026 |
| Prepayments and other assets | 267 |
| Inventories | 852 |
| Trade and other receivables[1] | 5 168 |
| Current tax receivable | 47 |
| Cash and cash equivalents | 5 256 |
| | 21 595 |
| ***Less:* Liabilities** | |
| Provisions | 349 |
| Deferred tax liabilities | 2 209 |
| Deferred revenue | 1 388 |
| Borrowings | 1 512 |
| Other liabilities | 481 |
| Trade and other payables | 1 413 |
| Current tax payable | 473 |
| | 7 825 |
| **Total fair value of identifiable assets and liabilities assumed** | 13 770 |
| *Less:* Non-controlling interest[2] | (6 147) |
| Goodwill on acquisition of RBPlat (note 11) | 14 114 |
| **Total consideration** | 5 803 |
| Comprising the following: | |
| Fair value of equity interest held immediately before acquisition date | 18 106 |
| Carrying amount of equity investment immediately before acquisition date | 19 878 |
| Loss on remeasurement of previously held equity investment before acquisition – RBPlat | (1 772) |
| Cash | 2 394 |
| Shares issued | 1 237 |
| **Net cash flow on acquisition of RBPlat business** | |
| Cash consideration | (2 394) |
| *Less:* Cash and cash equivalent balances acquired | 5 256 |
| | 2 862 |

*[1] The fair value of trade receivables (R4 647 million) and other receivables (R521 million) represent the gross contractual amounts receivable all of which were subsequently collected.*

*[2] The measurement basis used for non-controlling interests is the proportionate share of the acquiree's net identifiable assets.*

Implats incurred acquisition-related costs of R415 million mainly comprising advisory and legal expenses of R156 million, local investing activities by means of co-funding up to R200 million in projects which will be identified in conjunction with the Industrial Development Corporation of South Africa Limited (IDC) in relation to hydrogen technology or its commercialisation in South Africa as well as R50 million for the funding of proof-of-concept activities to be jointly managed by Implats and the IDC. These costs are included in other expenses (note 9).

## 23. BUSINESS COMBINATION continued

| | 2023 Rm |
|---|---|
| **Revenue and loss of RBPlat since the acquisition date included in the consolidated statement of comprehensive income for the reporting period:** | |
| Revenue | 610 |
| Loss for the year | 537 |
| **RBPlat contribution had it been consolidated from 1 July 2022** | |
| Revenue | 13 543 |
| Profit for the year | 769 |

### Business valuation

The RBPlat business has been valued through the discounted cash flow methodology after adjusting for fair value adjustments on contributing assets.

The key financial assumptions for the discounted cash flow value are:

- Long-term real basket price per 6E ounce sold of R27 500
- Long-term pre-tax real discount rate range of 31% to 32% and a long-term post-tax real discount rate range of 20% to 21%.

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### Business combinations

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. Costs directly attributable to the acquisition are expensed.

### Business combinations achieved in stages

In a business combination achieved in stages, all previously held equity interest in the acquiree is remeasured at its acquisition date fair value and any resulting gain or loss, is recognised in profit or loss or other comprehensive income, as appropriate.

Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured initially at fair values at the acquisition date. The excess of the aggregate of the cost of the acquisition, the non-controlling interest and the fair value of the acquirer's previously held equity interest in the acquiree over the net of the acquisition date amounts of the identifiable assets acquired and the liabilities assumed is recognised as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the gain is recognised directly in profit or loss.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are initially measured either at the non-controlling interest's proportionate share of the acquiree's identifiable net assets or at fair value. The choice of measurement basis is made on a transaction-by-transaction basis.

Changes in the Group's ownership interest in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. Any difference between the fair value of the consideration paid or received and the carrying amount of the non-controlling interest, is recognised directly in equity and attributed to the owners of the Company.

The profit or loss realised when control is lost by the Group as a result of the disposal of an entity is calculated after taking into account any related goodwill.

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## 24. EVENTS OCCURRING AFTER THE REPORTING PERIOD

**Dividends**

The board declared a final cash dividend on 31 August 2023 in respect of the financial year ended 30 June 2023. 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 the 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 165 cents per ordinary share or R1 485 million in aggregate (excluding treasury shares) is to be paid out of retained earnings, but not recognised as a liability at year-end. 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 Tuesday, 26 September 2023 to shareholders recorded in the register at the close of business, 22 September 2023.

| | 2023 Rm | 2022 Rm |
|---|---|---|
| **Dividends paid:** | | |
| Final dividend No 97 for 2022 (2022: No 95 for 2021) of 1 050 cents (2022: 1 200 cents) per ordinary share | **8 896** | 9 773 |
| Interim dividend No 98 for 2023 (2022: No 96 for 2022) of 420 cents (2022: 525 cents) per ordinary share | **3 570** | 4 436 |
| Other[1] | **—** | 186 |
| | **12 466** | 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 annual financial statements, aside from the additional 42.5% shareholding acquired in RBPlat subsequent to year-end. Refer to note 23.

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