



Member of the Implats Group

## ASX PRELIMINARY FINAL REPORT

### Appendix 4E

Zimplats Holdings Limited

ARBN: 083 463 058

Australian Securities Exchange code: ZIM

Year ended 30 June 2023



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This report covers the consolidated entity of Zimplats Holdings Limited (the 'Company') and its subsidiaries (together the 'Group'). The report is presented in United States Dollars (US\$).





## RESULTS FOR ANNOUNCEMENT TO THE MARKET

### REPORTING PERIOD

Reporting period:	1 July 2022 to 30 June 2023 (FY2023)
Previous reporting period:	1 July 2021 to 30 June 2022 (FY2022)

		<b>FY2023</b>	<b>FY2022</b>
		<b>US\$ 000</b>	<b>US\$ 000</b>
Revenue	23%↓	962 290	1 243 140
Profit before income tax	52%↓	286 848	593 609
Income tax expense	66%↓	(81 382)	(239 969)
Profit for the year attributable to shareholders	42%↓	205 466	353 640
Dividend per share (cents)	7%↑	204	190

### NET TANGIBLE ASSET BACKING

		<b>FY2023</b>	<b>FY2022</b>
Net tangible assets per security	1%↓	US\$17.47	US\$17.60

### Notes

- FY in this report refers to the financial year for the Group which ends on 30 June.
- 6E (six elements) consists of platinum, palladium, rhodium, gold, ruthenium and iridium.
- Mtpa in this report refers to million tonnes per annum.

## COMMENTARY

### FINANCIAL

- Revenue decreased by 23% to US\$962.3 million (FY2022: US\$1.2 billion) as average US\$ metal prices softened during the period. Gross revenue per 6E ounce sold (including pipeline debtors revaluation) declined by 20% to US\$1 595 (FY2022: US\$1 996). Sales volumes of 6E ounces were 3% lower at 603 000 ounces (FY2022: 623 000 ounces) as the prior period benefitted from the deferred sales of stockpiled volumes due to administrative delays towards the end of FY2021.
- Cost of sales increased by 10% to US\$651.9 million (FY2022: US\$594.3 million) primarily due to an increase in operating cash costs.
- Operating cash cost per 6E ounce increased by 16% to US\$837 per ounce (FY2022: US\$724 per ounce), owing primarily to 11% year-on-year US\$ internal inflation. Additionally, costs were affected by an increase in engineering costs, permanent employee headcount as well as selling expenses due to an increase in concentrates sold from the third concentrator plant commissioned in the year.
- Lower revenue and higher cost of sales resulted in the gross profit margin contracting to 32% (FY2022: 52%) and the income tax expense declined to US\$81.4 million (FY2022: US\$240 million).
- Profit after tax reduced to US\$205.5 million (FY2022: US\$353.6 million) and net cash generated from operating activities decreased to US\$461.9 million (FY2022: US\$532.1 million).

### DIVIDENDS

- A final dividend for FY2022 amounting to US\$120 million (111 US cents per share) was declared in August 2022 and paid on 22 August 2022.
- An interim dividend for the half year ended 31 December 2022, amounting to US\$100 million (92.9 US cents per share) was declared in February 2023 and paid on 8 March 2023.

## COMMENTARY (CONTINUED)

### SAFETY, HEALTH AND ENVIRONMENT

- The safety of our employees and stakeholders is paramount and our vision is to attain sustainable zero harm by implementing safety interventions specifically targeted for our systems, people and technologies. Regrettably, the Company recorded two fatal injuries during the year under review as a result of fall-of-ground (FOG) accidents. Seven lost-time injuries (LTIs) were reported, including the two fatalities, compared to six LTIs in the prior reporting period. As a result, the lost-time injury frequency rate (LTIFR) increased by 17% to 0.35 per million man-hours worked (FY2022: 0.30 per million man-hours worked). The Group achieved 1.02 million fatality-free shifts at the end of the period.
- A successful surveillance audit for three international standards was concluded in FY2023: the Zimplats Group complies with international standards as set out in Environmental Management System ISO14001:2015, Occupational Health and Safety ISO45001:2018 and Quality Management System ISO9001:2015.
- The amount of water abstracted from dams and underground sources increased by 7% from the prior reporting period, mainly due to the higher milled tonnage and increased water requirements to progress Zimplats' portfolio of capital projects. The use of recycled water decreased from 46% to 44% in FY2023, primarily as a result of lower rainfall over the period, which increased the required draw of fresh water.
- Zimplats rehabilitated 10.2 ha of its open pit working areas during the period while concurrent rehabilitation of the tailings storage facilities (TSFs) resulted in the revegetation of a further 1.3 ha of new slopes.
- CO<sub>2</sub> emissions, measured per tonne of ore milled, decreased by 13% to 0.052 in FY2023 (FY2022: 0.060) due to increased use of clean energy.
- SO<sub>2</sub> emissions, measured per tonne milled, decreased by 16% to 24 420 tonnes in FY2023 (FY2022: 29 165 tonnes) due to the reduced sulphur content in ore treated during the period.
- The environmental impact assessment (EIA) certificate for the Selous solar power plant project was issued by the Environmental Management Agency (EMA) of Zimbabwe. The first 35MW phase of the four-phase project was initiated during the period, with commissioning on track for FY2024. Subsequent phases will increase total solar power generation to 185MW. These are planned for implementation from FY2024 to FY2027.

### OPERATIONS

- Mined volumes increased by 7% to 7.6 million tonnes (FY2022: 7.1 million tonnes), however the mined grade was negatively impacted by the mining mix due to an increase in lower-grade development tonnages and higher volumes of production from the upper ore zone (UOR1), which has a high dilution factor. FY2023 6E head grade declined by 2% to 3.34g/t (FY2022: 3.34g/t).
- Pleasing production increases were recorded at all mining units. Tonnes mined at Mupfuti Mine increased by 16% as the Trackless Mining Machinery (TMM) contractor performance stabilised, while Bimha and Mupani mines delivered a 20% and 151% increase in tonnage, respectively, as the mines ramp-up to design capacity. Production from Ngwarati Mine improved by 8%, benefitting from the development fleet which was introduced in H1 FY2023.
- Primary operations at the depleted Rukodzi Mine ceased in June 2022, and a pillar reclamation trial was successfully carried out in FY2023, contributing 1% of the total ore mined. General ground conditions remain stable.
- Ore milled for the year at 7.5 million tonnes (FY2022: 6.9 million tonnes), increased by 9% due to additional tonnage from the third concentrator plant which was commissioned during the year. 6E production at 611 000 ounces (FY2022: 583 000 ounces) increased by 5%.

## COMMENTARY (CONTINUED)

### CAPITAL PROJECTS

- Zimplats is progressing a series of stay-in-business, mine replacement and expansion projects, and consequently capital project spend in the period increased by 13% to US\$304.3 million (FY2022: US\$270.3 million).
- Development of Mupani Mine, which will provide replacement volumes for Rukodzi Mine (depleted in June 2022) and Ngwarati Mine (scheduled depletion in FY2025) progressed well and remains on schedule with US\$63.8 million spent on the project in FY2023. Total cumulative expenditure has amounted to US\$252 million. The mine is scheduled to reach production of 2.2Mtpa in Q1 FY2025 (attaining full replacement of Rukodzi and Ngwarati mines) and design capacity production of 3.6Mtpa planned for Q1 FY2029.
- The Bimha Mine upgrade progressed well with US\$28.7 million spent on the project in FY2023 and total cumulative expenditure of US\$66.8 million. The project will increase Bimha's design capacity to 3.1Mtpa (from 2.0Mtpa) and provide part replacement of the tonnage from Mupfuti Mine, which will deplete in FY2027. The upgraded Bimha Mine remains on schedule to achieve full production in Q1 FY2024.
- The Ngezi Third Concentrator plant was successfully commissioned in September 2022 and ramped up to name plate capacity of 0.9 million tonnes per annum during the period. A total of US\$23.6 million was spent on the project in FY2023 bringing cumulative projects spend to US\$104 million.
- US\$61.8 million was spent on the smelter expansion and SO<sub>2</sub> abatement plant project in FY2023 with cumulative project expenditure amounting to US\$80.4 million. The expanded smelter incorporating the new 38MW furnace, will increase smelting capacity to more than 1 million ounces of 6E in converter matte and is scheduled for commissioning in Q4 FY2024.
- During FY2023, the board approved the US\$190 million project to refurbish the mothballed base metal refinery at Selous. The project will enable Zimplats to refine a portion of its base metal production domestically. A total of US\$11 million was spent on the project by period end.

## PRELIMINARY CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

### FOR THE YEAR ENDED 30 JUNE 2023

	Notes	2023 US\$ 000	2022 US\$ 000
Revenue	4	962 290	1 243 140
Cost of sales		(651 927)	(594 319)
<b>Gross profit</b>		<b>310 363</b>	<b>648 821</b>
Administrative expenses		(6 713)	(7 460)
Net foreign currency exchange transactions losses	5	(17 273)	(40 527)
Other expenses		(1 547)	(8 614)
Other income		459	2 668
Finance income		4 128	714
Finance cost		(2 569)	(2 000)
Share of profit of equity-accounted entities		-	7
<b>Profit before income tax</b>		<b>286 848</b>	<b>593 609</b>
Income tax expense		(81 382)	(239 969)
<b>Profit for the year</b>		<b>205 466</b>	<b>353 640</b>
<b>Other comprehensive income for the year, net of tax</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive income for the year</b>		<b>205 466</b>	<b>353 640</b>
<b>Earnings per share from continuing operations attributable to owners of the parent during the year:</b>			
Basic earnings per share (cents)		191	329
Diluted earnings per share (cents)		191	329

## PRELIMINARY CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2023

	Notes	2023 US\$ 000	2022 US\$ 000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	6	1 598 796	1 404 612
Investments in equity-accounted entities	7	2 430	702
Loans receivable	8	7 872	2 070
Prepayments		5 189	-
		<b>1 614 287</b>	<b>1 407 384</b>
<b>Current assets</b>			
Inventories		122 754	101 696
Prepayments		177 980	99 702
Trade and other receivables		298 658	437 719
Current tax receivable		5 486	-
Cash and cash equivalents		253 594	377 975
		<b>858 472</b>	<b>1 017 092</b>
<b>Total assets</b>		<b>2 472 759</b>	<b>2 424 476</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Capital and reserves			
Share capital		10 763	10 763
Share premium		89 166	89 166
Retained earnings		1 780 299	1 794 833
		<b>1 880 228</b>	<b>1 894 762</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Provision for environmental rehabilitation		19 422	26 004
Deferred tax		412 835	352 220
Lease liabilities		2 516	-
Share based compensation		1 523	2 759
		<b>436 296</b>	<b>380 983</b>
<b>Current liabilities</b>			
Trade and other payables		147 280	130 607
Current tax payable		-	5 326
Lease liabilities		2 284	734
Share based compensation		6 671	12 064
		<b>156 235</b>	<b>148 731</b>
<b>Total equity and liabilities</b>		<b>2 472 759</b>	<b>2 424 476</b>



## PRELIMINARY CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

### FOR THE YEAR ENDED 30 JUNE 2023

	Share capital US\$ 000	Share premium US\$ 000	Retained earnings US\$ 000	Total US\$ 000
<b>GROUP</b>				
<b>Balance as at 1 July 2021</b>	10 763	89 166	1 646 193	1 746 122
Total comprehensive income for the year	-	-	353 640	353 640
Profit for the year	-	-	353 640	353 640
Other comprehensive income for the year	-	-	-	-
<b>Transactions with owners in their capacity as owners:</b>				
Dividends paid	-	-	(205 000)	(205 000)
<b>Balance as at 30 June 2022</b>	10 763	89 166	1 794 833	1 894 762
<b>Balance as at 1 July 2022</b>	10 763	89 166	1 794 833	1 894 762
Total comprehensive income for the year	-	-	205 466	205 466
Profit for the year	-	-	205 466	205 466
Other comprehensive income for the year	-	-	-	-
<b>Transactions with owners in their capacity as owners:</b>				
Dividends paid	-	-	(220 000)	(220 000)
<b>Balance as at 30 June 2023</b>	10 763	89 166	1 780 299	1 880 228

## PRELIMINARY CONSOLIDATED STATEMENT OF CASH FLOWS

### FOR THE YEAR ENDED 30 JUNE 2023

	Notes	30 June 2023 US\$ 000	30 June 2022 US\$ 000
<b>Cash generated from operations</b>			
Net cash generated from operations	9	499 267	675 832
Finance income		4 128	714
Finance costs paid		(629)	(489)
Share-based compensation payments		(7 542)	(13 154)
Payments made for environmental rehabilitation		(2 036)	(4 630)
Income taxes and withholding taxes paid		(31 311)	(148 176)
<b>Net cash inflow from operating activities</b>		<b>461 877</b>	<b>510 097</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	6	(304 263)	(270 276)
Increase in deposits on property, plant and equipment		(74 743)	-
Proceeds from disposal of property, plant and equipment		448	189
Disposals of equity instruments		-	2 609
Proceeds from sale of subsidiary		-	500
Investments in equity-accounted entities	7	(1 728)	(702)
Loans to equity-accounted entities	8	(5 802)	(2 070)
<b>Net cash outflow from investing activities</b>		<b>(386 088)</b>	<b>(269 750)</b>
<b>Cash flows from financing activities</b>			
Lease payments		(1 982)	(2 046)
Dividends paid		(220 000)	(205 000)
<b>Net cash outflow from financing activities</b>		<b>(221 982)</b>	<b>(207 046)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>			
Cash and cash equivalents at beginning of the year		377 975	344 815
Reclassification from trade and other receivables*		22 037	-
Exchange losses on cash and cash equivalents		(225)	(141)
<b>Cash and cash equivalents at the end of the year</b>		<b>253 594</b>	<b>377 975</b>

\*Upon reassessment of the nature of amounts held with the Reserve Bank of Zimbabwe (RBZ), which are short term, highly liquid and held for the purposes of meeting short-term commitments, an amount of US\$22 million has been reclassified from trade and other receivables to cash and cash equivalents.

The above statement of cash flows should be read in conjunction with the accompanying notes.

## NOTES TO THE PRELIMINARY FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

### 1. ACCOUNTING POLICIES, ESTIMATION METHODS AND MEASUREMENT BASIS

The Group prepares its financial statements in accordance with IFRS® Accounting Standards and interpretations issued by the IFRS Interpretations Committee applicable to companies reporting under IFRS.

### 2. DETAILS OF ENTITIES OVER WHICH CONTROL HAS BEEN GAINED OR LOST

(i) In terms of an approved Economic Empowerment Plan, the Group disposed 5% shareholding in each of: Value Bridge Investments (Private) Limited, Voltron Mining (Private) Limited, Mine Support Solutions (Private) Limited, Palmline Investments (Private) Limited, and Haskval Mining (Private) Limited to the Zimplats Mhondoro-Ngezi Chegutu Zvimba Community Share Ownership Trust's (CSOT) wholly owned special purpose vehicle, Dalebrands (Private) Limited.

(ii) As it relates to Haskval Mining (Private) Limited, over and above the 5% disposal to Dalebrands (Private) Limited, the Group disposed its remaining interest in Haskval, being 40% shareholding to a third party.

### 3. DETAILS OF ASSOCIATES AND JOINT VENTURE ENTITIES

The Group has no joint venture entities but invested in associates.

### 4. REVENUE

Revenue from contracts with customers  
Revenue from movements in commodity prices

	2023 US\$ 000	2022 US\$ 000
	1 054 365	1 340 061
	(92 075)	(96 921)
	962 290	1 243 140
The Group derives its revenue from the following metal products:		
Palladium	340 652	451 929
Rhodium	169 279	312 045
Platinum	240 980	248 799
Nickel	102 888	110 974
Gold	51 840	57 660
Iridium	25 054	23 135
Copper	25 626	30 180
Ruthenium	5 309	7 337
Silver	387	374
Cobalt	275	707
	962 290	1 243 140

## NOTES TO THE PRELIMINARY FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 JUNE 2023

#### 5. NET FOREIGN EXCHANGE TRANSACTIONS

	2023 US\$ 000	2022 US\$ 000
Unrealised foreign exchange losses/(gains) on the translation of the monetary assets and liabilities (net):	1 980	2 962
Trade and other receivables	6 844	5 466
Trade and other payables	(4 819)	(2 492)
Current income tax liabilities	(270)	(153)
Cash and cash equivalents	225	141
Realised foreign exchange losses/(gains) on translation of monetary assets and liabilities (net):	15 293	37 565
Trade and other receivables	17 917	21 002
Trade and other payables	1 063	(799)
Current income tax liabilities	(3 687)	9 021
Cash and cash equivalents	-	8 341
Foreign currency exchange losses (net)	17 273	40 527
For the purposes of the statement of cash flows, the foreign currency exchange adjustment comprises of:		
Unrealised foreign currency exchange losses (net)	2 025	2 972
Net foreign currency exchange (gains)/loss on current income tax liabilities	(270)	8 868
Cash and cash equivalents	225	141
	1 981	11 981

#### 6. PROPERTY, PLANT AND EQUIPMENT

	30 June 2023 US\$ 000	30 June 2022 US\$ 000
Opening net book amount	1 404 612	1 225 940
Additions	304 263	270 276
Rights of use assets	6 048	-
Environmental rehabilitation asset adjustment	(6 486)	8 867
Disposals	(49 183)	(22 554)
Accumulated depreciation on disposals	48 741	20 152
Depreciation charge	(109 199)	(98 069)
Closing net book amount	1 598 796	1 404 612

## NOTES TO THE PRELIMINARY FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 JUNE 2023

#### 7. INVESTMENTS IN EQUITY-ACCOUNTED ENTITIES

Name	Country of incorporation	Ownership interest	
		2023 %	2022 %
Palmline Investments (Private) Limited	Zimbabwe	40	45
Haskval Mining (Private) Limited	Zimbabwe	-	45
Value Bridge Investments (Private) Limited	Zimbabwe	35	40
Voltron Mining (Private) Limited	Zimbabwe	35	40
Mine Support Solutions (Private) Limited	Zimbabwe	10	15

	2023 US\$ 000	2022 US\$ 000
Palmline Investments (Private) Limited	500	-
Haskval Mining (Private) Limited	-	656
Value Bridge Investments (Private) Limited	1 923	39
Voltron Mining (Private) Limited	-	-
Mine Support Solutions (Private) Limited	7	7
<b>Total investments in equity-accounted entities</b>	<b>2 430</b>	<b>702</b>

#### 8. LOANS RECEIVABLE

	2023 US\$ 000	2022 US\$ 000
Balance as at 1 July	2 070	-
Loans granted	5 802	2 070
Balance as at 30 June	7 872	2 070

Loan balances comprise US\$1.7 million to Voltron Mining (Private) Limited and US\$5.8 million to Palmline Investments (Private) Limited and US\$0.3 million to Mine Support Solutions (Pvt) Limited.



## NOTES TO THE PRELIMINARY FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 JUNE 2023

#### 9. CASH GENERATED FROM OPERATIONS

	30 June 2023 US\$ 000	30 June 2022 US\$ 000
Profit before income tax	286 848	593 609
<b>Adjustments for:</b>		
Depreciation	109 199	98 069
Provision for obsolete inventories	2 003	(2 465)
Provision for share based compensation	913	(2 438)
Foreign currency exchange adjustment	1 981	11 981
(Gain)/loss on disposal of property, plant and equipment	(7)	2 214
Loss on remeasuring of equity instruments at fair value through profit and loss	-	1 645
Finance income	(4 128)	(714)
Finance costs	2 569	2 000
<b>Changes in operating assets and liabilities</b>		
(Increase)/decrease in inventories	(23 061)	33 308
Increase in prepayments	(8 724)	(49 456)
Decrease/(increase) in trade and other receivables	110 180	(47 093)
Decrease in other financial assets	-	232
Increase in trade and other payables	21 494	34 940
Net cash generated from operations	499 267	675 832

#### 10. CONTINGENCIES

##### 10.1 Contingent liabilities

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.

##### 10.2 Uncertain tax matters

The Group 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, the Group 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.

The Group 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 to the extent that disclosure does not prejudice the Group.

## NOTES TO THE PRELIMINARY FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2023

### **10.3 Matters before the courts**

The Group 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. The Group 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.

### **11. EVENTS AFTER THE REPORTING PERIOD**

A final dividend for FY2023 of US\$100 million was declared in August 2023. There have been no other significant events since the statement of financial position date that have an impact on the understanding of this preliminary final report.

### **12. AUDIT STATUS**

This report is based on financial statements which are in the process of being audited by Deloitte & Touche (Zimbabwe).



[www.zimplats.com](http://www.zimplats.com)