



ASX PRELIMINARY FINAL REPORT

Appendix 4E

Zimplats Holdings Limited

ARBN: 083 463 058

Australian Stock Exchange code: ZIM

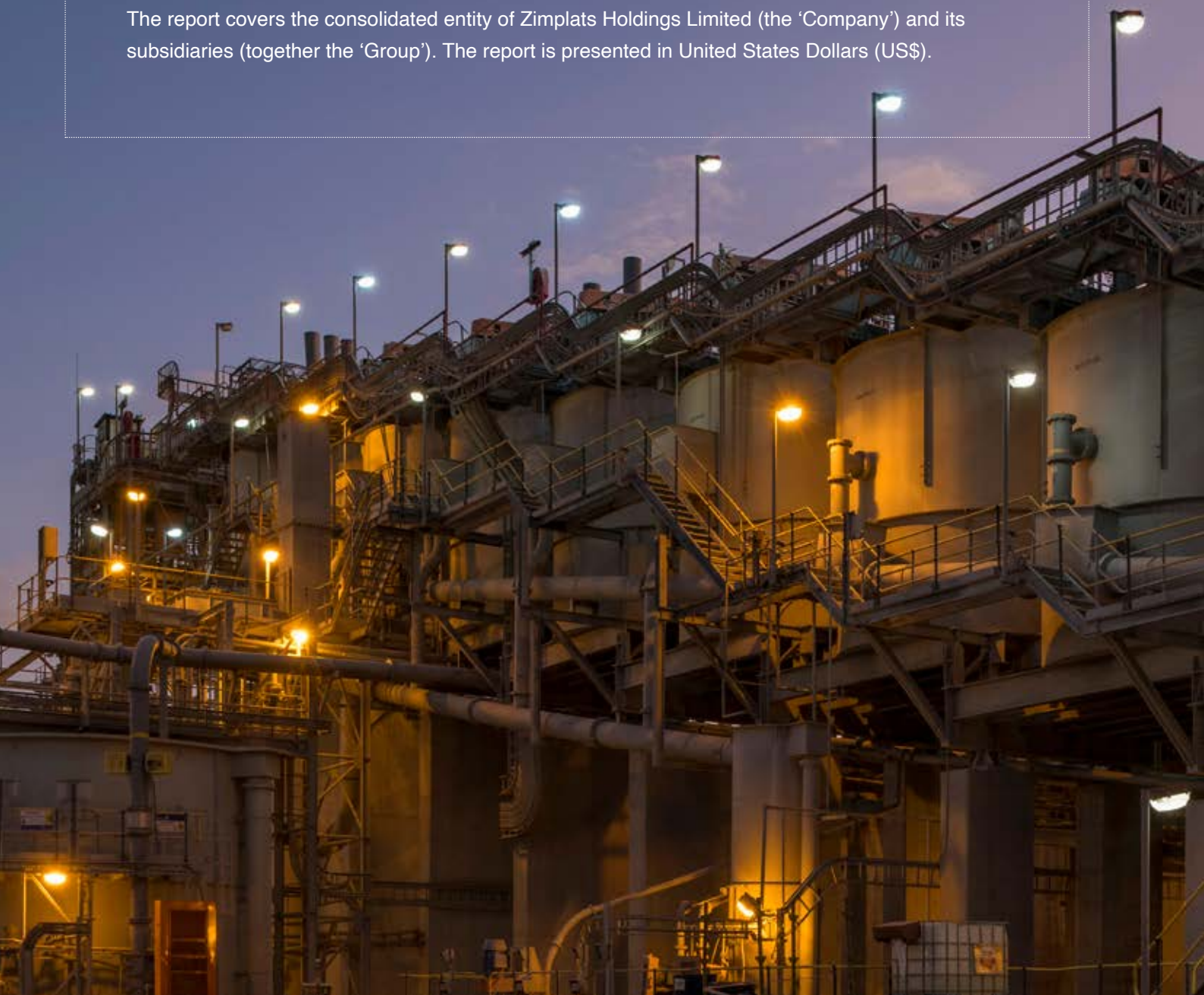
Year ended 30 June 2022

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The 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 2021 to 30 June 2022 (FY2022)
Previous reporting period: 1 July 2020 to 30 June 2021 (FY2021)

		FY2022	FY2021
		US\$ 000	US\$ 000
Revenue	↓ 8%	1 243 140	1 353 792
Profit before income tax	↓ 26%	593 609	800 548
Income tax expense	↑ 1%	(239 969)	(237 426)
Profit for the year attributable to members	↓ 37%	353 640	563 122
Basic and diluted earnings per share (cents)	↓ 37%	329	523
Dividend per share (cents)	↑ 129%	190	83

NET TANGIBLE ASSET BACKING

		FY2022	FY2021
Net tangible assets per security	↑ 9%	US\$17.60	US\$16.22

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 ON RESULTS

FINANCE

- Revenue decreased by 8% to US\$1.2 billion (FY2021: US\$1.4 billion) primarily due to the decrease in the prevailing average US\$ metal prices during the year. Gross revenue per 6E ounce sold (including pipeline debtors revaluation) decreased to US\$1 996 (FY2021: US\$2 493). However, 6E ounces sold increased by 15% to 623 000 ounces (FY2021: 543 000 ounces) largely driven by the sale of converter matte produced and stockpiled in June 2021.
- Cost of sales increased by 9% to US\$594.3 million (FY2021: US\$546.7 million) primarily due to the 15% increase in volumes sold.
- Operating cash cost per 6E ounce increased by 10% to US\$724 per ounce (FY2021: US\$661 per ounce), owing primarily to 5.4% year-on-year US\$ internal inflation. Furthermore, costs were affected by an increase in permanent employee headcount, a marginal deterioration in 6E head grade, and 6E recovery.
- The gross profit margin decreased to 52% (FY2021: 60%) primarily due to a reduction in average US\$ metal prices.
- The income tax expense increased to US\$240 million (FY2021: US\$237.4 million) due to increase in withholding taxes.
- As a result, profit after tax decreased to US\$353.6 million (FY2021: US\$563.1 million).
- Net cash generated from operating activities increased to US\$510.1 million (FY2021: US\$452.7 million).

DIVIDENDS

- A final dividend for the year ended 30 June 2021, amounting to US\$85 million (equating to 79 US cents per share) was declared in August 2021 and paid on 3 September 2021 to securityholders on record as at 20 August 2021.
- An interim dividend for the half year ended 31 December 2021, amounting US\$120 million (equating to 111 US cents per share) was declared in February 2022 and paid on 8 March 2022 to securityholders on record as at 21 February 2022.

COMMENTARY ON RESULTS (CONTINUED)

SAFETY, HEALTH AND ENVIRONMENT

- The Group regrettably reported one fatality during the year. Six lost-time injuries (LTIs) were reported, including the fatality, compared to three LTIs in the previous year. As a result, the lost-time injury frequency rate declined by 50% to 0.30 per million man-hours worked (FY2021: 0.20 per million man-hours worked).
- An external safety, health and environment management systems audit was conducted during the year. No non-conformities were raised in terms of the three management systems (ISO 45001: 2018, ISO 14001: 2015 and ISO 9001: 2015) and certification was maintained.
- The amount of water abstracted by the Group from dams and underground increased by 3% from prior year mainly due to an increase in tonnes milled and additional water demand from the various capital projects implemented during the year. However, water recycled increased by 1% to 46% (FY2021: 45%), reflecting the Group's commitment to resource conservation.
- The rehabilitation of the mined out pits progressed well. During the year, 10.2 hectares of the old open pit area were rehabilitated. The concurrent rehabilitation of the tailings storage facilities (TSFs) progressed well, and 1.6 hectares of new slopes were covered.
- Consistent with the Group energy and decarbonisation policy, sustainable development goals 7 and 13 on affordable and clean energy and climate action and International Council on Mining and Metals ('ICMM') Mining Principles, the Group recognises that climate change is a global challenge that calls upon businesses to reduce greenhouse gas emissions across the value chain. In line with this commitment, two Independent Power Producer licenses were issued by the regulator for the 185MW solar plants. The first phase of the project, which will produce 35MW at Selous was approved for execution in FY2023. This phase will generate an average of 86 000 MWh (56 760 tonnes of carbon dioxide equivalent - tCO₂e displaced) per year over a 25-year period, representing about 8% of consumption at the time of commissioning.

OPERATIONS

- There were no disruptions to operations throughout the financial year on the back of strict adherence to Covid-19 management protocols. The rollout of the vaccination programme for all the employees (including contractors) and their dependents which commenced in FY2021 was successfully completed in the year with all employees and contractors now fully vaccinated.
- Volumes of mined ore at 7.1 million tonnes (FY2021: 7.2 million tonnes) were 1% lower than prior year driven mainly by production interruption at Mupfuti Mine during the transition to a new trackless mining equipment maintenance service provider. The lower production at Mupfuti Mine had a negative impact on head grade as the lost production was substituted with lower grade development ore from Mupani Mine. Production at Ngwarati Mine resumed on 9 July 2021 following the stabilisation of the high wall and reconstruction of the mine access.

Rukodzi Mine closed operations in June 2022, and the teams were deployed to Bimha and Mupani mines. Ngwarati and Mupani mines produced 50% and 25% better than the prior year respectively as full production resumed at Ngwarati Mine, and ore contribution from Mupani as the project ramped up production towards design capacity. Overall, the general ground conditions in the mines remained stable.

Ore milled for the year at 6.9 million tonnes (FY2021: 6.8 million tonnes), increased by 1% due to improved running time and milling rate to compensate for the low feed grades. 6E production at 583 000 ounces (FY2021: 579 000 ounces) increased by 1%.

COMMENTARY ON RESULTS (CONTINUED)

CAPITAL PROJECTS

- The Group spent US\$270.3 million on capital projects including stay-in-business, replacement and expansion projects (FY2021: US\$159.1 million).
- The development of Mupani Mine, a replacement mine for depleted Rukodzi Mine and Ngwarati Mine which depletes in FY2025, is progressing well and on schedule. The upgrade of Mupani Mine from the current design capacity of 2.2Mtpa to 3.6Mtpa to replace part of the tonnage contribution from Mupfuti Mine on depletion in FY2027 was approved, increasing the estimated total project cost from US\$264 million to US\$386.2 million. A total of US\$44.1 was spent on this project during the year bringing the project to date expenditure to US\$190.7 million. The mine is scheduled to reach production of 2.2Mtpa in September 2024 (full replacement of Ngwarati and Rukodzi mines) and full production of 3.6Mtpa in August 2028.
- The upgrade of Bimha Mine from the current design capacity of 2.0Mtpa to 3.1Mtpa to replace part of the tonnage from Mupfuti Mine which will deplete in FY2027 is progressing well and on schedule. A total of US\$27.8 million was spent during the year bringing the total project to date expenditure to US\$34.7 million. The upgraded Bimha Mine is expected to achieve full production of 3.1Mtpa in FY2023.
- A total of US\$64.7 million was spent on the Third Concentrator plant project during the year bringing the total project to date expenditure to US\$79.3 million. The new concentrator plant with planned installed capacity of 0.9Mtpa, will mill ore generated from the optimisation of the Life of Mine through ramping up replacement mines production (Mupani and Bimha mine upgrades) ahead of depletion of the mine being replaced (Mupfuti Mine). The project commenced in FY2021 and is on track for commissioning in the first quarter of FY2023.
- During the year, the board approved the construction of a new 38MW furnace and an acid plant at a total cost of US\$520.6 million. Currently, the Group is exporting part of its metal production in concentrate form as the existing smelter cannot process all the concentrate generated from the concentrators. Commissioning of the Third Concentrator plant which is currently under construction will increase the volume of concentrate produced from 144 000 tonnes to 163 000 tonnes per annum at 2.1% mass pull. The new furnace will increase smelting capacity from the current 135 000 tonnes of concentrate to 380 000 tonnes of concentrate. A total of US\$18.5 million was spent in the year on the project. The project is on course for commissioning of the smelter in January 2024 and the acid plant in August 2024.

PRELIMINARY CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2022

	Notes	2022 US\$ 000	2021 US\$ 000
Revenue	4	1 243 140	1 353 792
Cost of sales		(594 319)	(546 730)
Gross profit		648 821	807 062
Administrative expenses		(7 460)	(5 608)
Net foreign currency exchange transactions losses	5	(40 527)	(218)
Other expenses		(8 614)	(2 627)
Other income		2 668	6 385
Finance income		714	38
Finance cost		(2 000)	(4 484)
Share of profit of equity-accounted entities	7	7	-
Profit before income tax		593 609	800 548
Income tax expense		(239 969)	(237 426)
Profit for the year		353 640	563 122
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		353 640	563 122
Earnings per share from continuing operations attributable to owners of the parent during the year:			
Basic earnings per share (cents)		329	523
Diluted earnings per share (cents)		329	523

PRELIMINARY CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2022

	Notes	2022 US\$ 000	2021 US\$ 000
ASSETS			
Non-current assets			
Property, plant and equipment	6	1 404 612	1 225 940
Investments in equity-accounted entities	7	702	-
Loans receivable	8	2 070	-
Other financial assets		-	16
		1 407 384	1 225 956
Current assets			
Inventories		101 696	132 539
Prepayments		99 702	50 246
Trade and other receivables		437 719	396 592
Current tax receivable		-	23 460
Equity Instruments at fair value through profit or loss		-	4 254
Other financial assets		-	216
Cash and cash equivalents		377 975	344 815
		1 017 092	952 122
Total assets		2 424 476	2 178 078
EQUITY AND LIABILITIES			
EQUITY			
Capital and reserves			
Share capital		10 763	10 763
Share premium		89 166	89 166
Retained earnings		1 794 833	1 646 193
		1 894 762	1 746 122
LIABILITIES			
Non-current liabilities			
Provision for environmental rehabilitation		26 004	20 256
Deferred tax		352 220	280 346
Lease liabilities		-	559
Share based compensation		2 759	3 124
		380 983	304 285
Current liabilities			
Trade and other payables		130 607	98 159
Current tax payable		5 326	-
Lease liabilities		734	2 221
Share based compensation		12 064	27 291
		148 731	127 671
Total equity and liabilities		2 424 476	2 178 078

PRELIMINARY CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2022

	Share capital US\$ 000	Share premium US\$ 000	Retained earnings US\$ 000	Total US\$ 000
Balance as at 1 July 2020	10 763	89 166	1 172 070	1 271 999
Total comprehensive income for the year	-	-	563 122	563 122
Profit for the year	-	-	563 122	563 122
Other comprehensive income for the year	-	-	-	-
Transactions with owners in their capacity as owners:	-	-		-
Dividends paid	-	-	(88 999)	(88 999)
Balance as at 30 June 2021	10 763	89 166	1 646 193	1 746 122
Balance as at 1 July 2021	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	-	-	-	-
Transactions with owners in their capacity as owners:				
Dividends paid	-	-	(205 000)	(205 000)
Balance as at 30 June 2022	10 763	89 166	1 794 833	1 894 762

PRELIMINARY CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2022

	Notes	2022 US\$ 000	2021 US\$ 000
Cash flows from operating activities			
Net cash generated from operations	9	675 832	779 286
Finance income		714	38
Finance costs paid		(489)	(3 095)
Share-based compensation payments		(13 154)	(33 145)
Payments made for environmental rehabilitation		(4 630)	(901)
Income taxes and withholding taxes paid		(148 176)	(289 500)
Net cash inflow from operating activities		510 097	452 683
Cash flows from investing activities			
Purchase of property, plant and equipment	6	(270 276)	(159 072)
Proceeds from disposal of property, plant and equipment		189	387
Disposals of equity instruments		2 609	10 327
Proceeds from sale of subsidiary		500	2 800
Investments in equity-accounted entities	7	(702)	-
Net cash outflow from investing activities		(267 680)	(145 558)
Cash flows from financing activities			
Loans to equity-accounted entities	8	(2 070)	-
Lease payments		(2 046)	(1 853)
Dividends paid		(205 000)	(88 999)
Net cash outflow from financing activities		(209 116)	(90 852)
Net increase in cash and cash equivalents			
Cash and cash equivalents at beginning of the year		344 815	128 542
Exchange losses on cash and cash equivalents		(141)	-
Cash and cash equivalents at the end of the year		377 975	344 815

NOTES TO THE PRELIMINARY FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

1. ACCOUNTING POLICIES, ESTIMATION METHODS AND MEASUREMENT BASIS

The Group prepares its financial statements in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee applicable to companies reporting under IFRS.

The accounting policies adopted are consistent with those of the half year interim financial statements and the previous financial year.

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

There are no entities over which control has been gained or lost during the year.

3. DETAILS OF ASSOCIATES AND JOINT VENTURE ENTITIES

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

4. REVENUE

Revenue from contracts with customers
Revenue from movements in commodity prices

	2022 US\$ 000	2021 US\$ 000
	1 340 061	1 181 329
	(96 921)	172 463
	1 243 140	1 353 792
The Group derives its revenue from the following metal products:		
Palladium	451 929	498 851
Rhodium	312 045	440 305
Platinum	248 799	246 057
Nickel	110 974	63 587
Gold	57 660	49 889
Iridium	23 135	25 000
Copper	30 180	23 419
Ruthenium	7 337	5 949
Silver	374	412
Cobalt	707	323
	1 243 140	1 353 792

NOTES TO THE PRELIMINARY FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

5. NET FOREIGN EXCHANGE TRANSACTIONS

	2022 US\$ 000	2021 US\$ 000
Unrealised foreign exchange (gains)/losses on the translation of the monetary assets and liabilities (net):	2 962	650
Trade and other receivables	5 466	463
Trade and other payables	(2 492)	254
Current income tax liabilities	(153)	(68)
Cash and cash equivalents	141	-
Realised foreign exchange losses/(gains) on translation of monetary assets and liabilities (net):	37 565	(432)
Trade and other receivables	21 002	7 681
Trade and other payables	(799)	(5 319)
Current income tax liabilities	9 021	(2 389)
Cash and cash equivalents	8 341	(405)
Foreign currency exchange losses (net)	40 527	218
For the purposes of the statement of cash flows, the foreign currency exchange adjustment comprises of:		
Unrealised foreign currency exchange losses (net)	2 972	650
Net foreign currency exchange loss/(gains) on current income tax liabilities	8 868	(2 389)
Foreign exchange loss on cash and cash equivalents	141	-
Foreign currency exchange adjustment (note 9)	11 981	(1 739)

6. PROPERTY, PLANT AND EQUIPMENT

	30 June 2022 US\$ 000	30 June 2021 US\$ 000
Opening net book amount	1 225 940	1 159 904
Additions	270 276	159 072
Environmental rehabilitation asset adjustment	8 867	745
Disposals	(22 554)	(56 085)
Accumulated depreciation on disposals	20 152	52 392
Depreciation charge	(98 069)	(90 088)
Closing net book amount	1 404 612	1 225 940

NOTES TO THE PRELIMINARY FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

7 INVESTMENTS IN EQUITY-ACCOUNTED ENTITIES

Name	Country of incorporation	Ownership interest	
		2022 %	2021 %
Palmline Investments (Private) Limited	Zimbabwe	45	45
Haskval Mining (Private) Limited	Zimbabwe	45	-
Value Bridge Investments (Private) Limited	Zimbabwe	40	-
Voltron Mining (Private) Limited	Zimbabwe	40	-
Mine Support Solutions (Private) Limited	Zimbabwe	15	15

	2022 US\$ 000	2021 US\$ 000
Palmline Investments (Private) Limited	-	-
Haskval Mining (Private) Limited	656	-
Value Bridge Investments (Private) Limited	39	-
Voltron Mining (Private) Limited	-	-
Mine Support Solutions (Private) Limited	7	-
Total investments in equity-accounted entities	702	-

The Group recorded a share of profit of US\$7 000 from Mine Support Solutions (Private) Limited.

8 LOANS RECEIVABLE

	2022 US\$ 000	2021 US\$ 000
Balance as at 1 July 2021	-	-
Loans granted	2 070	-
Balance as at 30 June 2022	2 070	-

Loans granted comprise US\$1.6 million to Voltron Mining (Private) Limited and US\$0.5 million to Palmline Investments (Private) Limited.

NOTES TO THE PRELIMINARY FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

9. CASH GENERATED FROM OPERATIONS

	2022 US\$ 000	2021 US\$ 000
Profit before income tax	593 609	800 550
Adjustments for:		
Depreciation	98 069	90 088
Provision for obsolete inventories	(2 465)	-
Provision for share based compensation	(2 438)	45 044
Foreign currency exchange adjustment (note 5)	11 981	(1 739)
Loss on disposal of property, plant and equipment	2 214	61
Impairment of investment in subsidiary	-	-
Profit on sale of subsidiary	-	(58)
Loss/(gain) on remeasuring of equity instruments at fair value through profit and loss	1 645	(5 941)
Finance income	(714)	(38)
Finance costs	2 000	4 484
Changes in operating assets and liabilities		
Decrease/(increase) in inventories	33 308	(40 647)
(Increase)/decrease in prepayments	(49 456)	(17 273)
Increase in trade and other receivables	(47 093)	(108 607)
Decrease in other financial assets	232	69
Increase/(decrease) in trade and other payables	34 940	13 293
Net cash generated from operations	675 832	779 286

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 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 2022

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 FY2022 of US\$120 million was declared in August 2022. 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), who have expressed an unmodified opinion.



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