



IMPLATS

EXCELLENCE IN PGMs

Creating a better future

Audited Annual Financial Statements **2021**

Supplement to the Annual Integrated Report 30 June 2021

Welcome to our 2021 annual financial statements

Impala Platinum Holdings Limited (Implats) is a leading producer of platinum and associated platinum group metals (PGMs).

This report contains the consolidated financial statements and the separate annual financial statements of Impala Platinum Holdings Limited for the year ended 30 June 2021.

These annual financial statements were prepared according to International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the requirements of the South African Companies Act, Act 71 of 2008, the Listings Requirements of the JSE Limited and the recommendations of King IV™*.

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Additional information, including assurance thereon, regarding Implats is provided in the following reports, all of which will be available at www.implats.co.za

Implats is structured around six mining operations and Impala Refining Services, a toll 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 listing on the JSE Limited (JSE) in South Africa and a level 1 American Depositary Receipt programme in the United States of America.

Additional information, including assurance thereon, regarding Implats is provided in the following reports, all of which will be available at www.implats.co.za



Integrated report

- Reporting about how Implats' strategy, governance, performance and outlook lead to the creation of value over the short, medium and long term
- Available at www.implats.co.za on release



ESG report

- Detail on material economic, social and environmental performance
- GRI G4 core compliance
- Internal reporting guidelines in line with the UN Global Compacts
- Independent assurance report



Mineral Resource and Mineral Reserve statement

- Provides updated estimates and reconciliation of Mineral Resources and Mineral Reserves
- Conforms to the South African Code for Reporting of Exploration Results, Mineral Resources and Mineral Reserves (SAMREC)
- Conforms to Section 12.13 of the JSE Listings Requirements
- Competent persons sign-off



Notice to shareholders

- Corporate governance
- Condensed consolidated financial statements
- Audit and risk committee report
- Social, transformation and remuneration committee report
- Notice and proxy

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We welcome your feedback to ensure we cover all aspects

Go to www.implats.co.za or email investor@implats.co.za to provide us with your feedback.

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Online

www.implats.co.za

Direct access to all our reports

Our website has detailed investor, sustainability and business information



[@impalaplatinum.com](https://twitter.com/impalaplatinum.com)



[www.linkedin.com/company/impalaplatinum limited](https://www.linkedin.com/company/impalaplatinum%20limited)



www.youtube.com/implats



Our purpose

Creating a better future



Our vision

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



Our values

The values, beliefs, attitudes and behaviours that we share set us apart and make Implats unique and special

How to navigate this report

AP

Accounting policies

The specific principles, bases, conventions, rules and practices applied by the Company for preparing and presenting financial statements.

EJ

Estimates and judgements

The complex or subjective judgements that have the most significant effect on amounts recognised and assumptions and other sources of estimation uncertainty where there is a significant risk of material adjustment to the carrying amounts of assets or liabilities with the next reporting period.

Report of the audit and risk committee

The Group audit and risk committee (the committee) is pleased to present its report as required by section 94 of the Companies Act, King IV and the JSE Listings Requirements for the financial year ended 30 June 2021. This report aims to provide details on how the committee satisfied its statutory and board-delegated duties during the period under review, as well as on some of the significant matters that arose and how they were addressed to ensure the integrity of the Group's financial reporting.

FUNCTION AND RESPONSIBILITIES

The committee's main objective is to assist the board in fulfilling its oversight responsibilities and has terms of reference in place which regulate both its statutory duties and those duties delegated to it by the board. These duties include the monitoring and evaluation of internal financial controls, evaluating the adequacy and effectiveness of accounting policies and financial and corporate reporting processes. Additionally, the committee monitors the internal and external assurance services to enable an effective control environment and that these support the integrity of information produced and reported by the Company. The committee is also responsible for IT governance.

In the current reporting period, the board resolved to delegate the oversight responsibility for the Group risk management system to the committee and was accordingly renamed the "audit and risk committee". The committee has ensured that the Group risk management framework and systems are both adequate and effective.

COMPOSITION

The committee comprises four members all of whom are independent non-executive directors. Mr Ralph Havenstein was appointed to the committee following his appointment as an independent non-executive director on 1 January 2021. The committee held four scheduled meetings and one *ad hoc* meeting which was convened to attend to special business.

Members ¹	Attendance	Appointed
Ms D Earp <i>BCom, BAcc, CA(SA)</i> (Chairman)	5/5	1 August 2018
Mr PW Davey <i>BSc (Hons) Mining Engineering</i>	5/5	18 February 2016
Mr R Havenstein <i>BSc and MSc Chemical Engineering, BComm</i>	3/3	1 January 2021
Mr PE Speckmann <i>BCompt (Hons), CA(SA)</i>	5/5	1 August 2018

¹ Audit and risk committees members' aggregate remuneration refer note 33. Detailed board profiles and diversity information is disclosed in the annual Integrated Report which will be released on 30 September 2021 and can be accessed at www.implats.co.za.

The Group chief executive officer (CEO), the chief financial officer (CFO), the chief audit executive, the executive heads representing Group financial reporting, Group management accounting, risk, insurance and compliance, legal services, the chief information officer, the external auditors as well as other members of management are standing invitees to all the committee meetings. At every scheduled quarterly meeting, the committee meets separately in closed sessions with internal auditors, external auditors and management.

COMMITTEE EVALUATION PROCESS

The board and sub-committees undergo effectiveness evaluations every two years on an alternating schedule. The latest results of the evaluations indicated that the committees remains effective. The recommendations and key focus areas have been included in the annual work plans.

MANDATE OF THE COMMITTEE – DISCHARGE OF DUTIES

The committee has discharged all its responsibilities as contained in the charter including but not limited to the following:

External reporting	Governance
<ul style="list-style-type: none"> Reviewing accounting policies and key accounting judgements and estimates Reviewing the impairment and reversal of impairment assessments Reviewing tax provisions and contingencies including uncertain tax matters Monitoring the reporting processes and the preparation of fairly presented financial statements in compliance with the applicable legal and regulatory requirements and accounting standards Monitoring the activities of internal auditors, ensuring independence of the function and recommending the internal audit charter for board approval Recommending the integrated report and the supplementary reports for board approval Reviewing and recommending, for adoption by the board, the financial information that is publicly disclosed, which for the year included: <ul style="list-style-type: none"> The interim results for the six months ended 31 December 2020 The annual results and the annual financial statements for the year ended 30 June 2021 Quarterly production reports Trading updates to shareholders Considering the impacts of the JSE's proactive monitoring activities reports on the Group financial statements. 	<ul style="list-style-type: none"> Considering the solvency and liquidity tests undertaken for specific transactions and distributions and making recommendations to the board in this regard Make recommendations regarding dividend declarations in line with the Group capital allocation framework, balance sheet and liquidity policy and the dividend policy Performing duties that are attributed to it by the Companies Act, the Johannesburg Stock Exchange (JSE) and King IV Code Reviewing and approving the Group tax policy and the treasury policy Reviewing and approving the IT governance framework Considering the effectiveness of internal audit, approving the five-year operational strategic internal audit plan and monitoring adherence of internal audit to its annual plan. The committee also approves any proposed deviations from the annual internal audit plan Reviewing the expertise, experience and performance of the CFO and the finance function.

Report of the audit and risk committee

MANDATE OF THE COMMITTEE – DISCHARGE OF DUTIES continued

External auditors	Internal control and risk management
<ul style="list-style-type: none"> Monitoring closely the activities of the external auditors including their independence, approval of audit fees and ensuring that the scope of their non-audit services provided do not impair their independence Recommending the appointment of external auditors for shareholder approval and overseeing any change of the lead partner. Prior to making its nomination, the committee requested and considered all information required in terms of Section 22.15(h) of the JSE Listings Requirements in assessing the auditor and the designated auditor's suitability for appointment. 	<ul style="list-style-type: none"> Ensuring that financial information issued to stakeholders is supported by robust internal controls and risk management processes Discharging its duties relating to safeguarding of the Company's assets by monitoring the proper operation of adequate and effective systems of internal controls Considering reports from, and minutes of, material subsidiary and non-controlled operations' audit and risk committees respectively, on the activities of these entities Reviewing reports from both internal and external auditors concerning the effectiveness of the internal control environment Overseeing cooperation between internal and external audit during the year in line with the Company's combined assurance model Monitoring and oversight of legal and compliance-related matters Monitoring the effectiveness of the information technology (IT) function and approving IT strategy Monitoring and oversight over the implementation of the Group risk management framework and quarterly update on risk management within the Group Confirmation of adequacy of insurance cover and placement.

FOCUS AREAS DURING THE YEAR

Annual reporting

Interim and annual financial statements

The annual financial statements have been prepared using appropriate accounting policies, which conform to International Financial Reporting Standards (IFRS), the SAICA Financial Reporting Guides and Financial Reporting Pronouncements, the requirements of the South African Companies Act, Act 71 of 2008, the Listings Requirements of the JSE Limited and the recommendations of King IV. Specific attention was given to areas of significant judgement which included, but was not limited to:

- Measurement of in-process metal inventories
- Reversals of impairments
- Repurchase of the ZAR convertible bonds
- Accounting for the Marula Black Economic Empowerment refinancing
- Environmental rehabilitation and funding
- Taxation matters
- Reclassification of components within equity.

The committee assessed and confirmed the appropriateness of the going-concern assumption used in the annual financial statements, considering the reasonableness of the values and commodity prices included in management budgets and the capital and the liquidity plans.

The committee has recommended the approval of the annual financial statements to the board. The board has subsequently approved the annual financial statements.

JSE Section 3.84(k) – Group CEO and CFO sign-off on internal financial control

The committee reviewed and assessed the process implemented by management to enable the CEO and the CFO to opine on the annual financial statements and the system of internal control over financial reporting. The results from the attestation process was communicated to the committee. The committee considered the identified deficiencies as well as the appropriateness of management's response including remediation, reliance on compensating controls and additional review procedures. The committee has resultantly noted the final attestation of the CEO and CFO.

Integrated Report

The committee is responsible for the content of the Integrated Report and to ensure compliance with the International Integrated Reporting Framework, which guides the integrated reporting process. Material matters were identified by senior management and external advisers through various workshops. These material matters and their rankings, as well as the content elements to be included in the Integrated Report were approved by the committee to form the basis of the current year report. The report will be reviewed by the committee and will be recommended to the board for approval.

Mineral Reserve and Resources Report

The committee has satisfied itself with the review of the Mineral Reserves and Resources report, which was prepared in accordance with the South African Code for the Reporting of Exploration Results, Mineral Resources and Mineral Reserves (SAMREC Code (2016)) and the relevant JSE Listings Requirements by the strategy and investment committee and the signoff by the competent person. The control environment associated with the estimation of reserves is sufficient and the committee believes the reporting to be appropriate in all material aspects.

The committee reviewed and recommended for approval the Mineral Reserves and Resources report to the board for approval.

Report of the audit and risk committee

Environmental social and governance report

The committee is responsible for reviewing the material issues reported to shareholders and other stakeholders, and considers the appointment, scope and conclusion of independent assurance providers for those reports. The committee reviewed the material matters to be included in the ESG report and commented on the report, which is jointly recommended to the board by the health, safety and environment, the social, ethics and transformation and the audit and risk committees.

Tax strategy policy

The committee approved the Group's tax policy including details on tax governance, key tax principles, risk management, the use of advisers, technical support and responsibilities. The tax policy can be viewed at www.implats.co.za.

Risk management and internal controls

Implats aims to maintain a strong risk culture and has implemented adequate and effective internal financial controls (IFCs) to confirm the integrity and reliability of the financial statements. The committee assesses the effectiveness of internal financial controls as tested by management and internal audit as part of combined assurance. This feedback is supplied on a quarterly basis and the committee has the opportunity to discuss and evaluate the findings and the reasonableness of remediation steps, if applicable. External auditors' feedback on the Group's systems of internal control, financial controls and IT risks and controls was reviewed.

The committee received detailed reports from the chief information officer on the Group's information and technology framework and had detailed discussions around cyber security including inherent risks and vulnerabilities with an increased focus on the security associated with operational technology. The committee considered the performance of information management, which includes IT, against an approved governance framework and is comfortable that adequate controls are in place and effective.

The committee further considered the risk of fraud, particular tax risks and the risks related to legislative compliance and measures taken to safeguard Implats during the Covid-19 pandemic. The committee was satisfied with the controls and risk mitigation measure in place and no material or significant deficiencies were identified that could result in a material misstatement of the annual financial statements.

As part of the Implats strategy execution process, the top material Group risks are reviewed quarterly by the Implats executive. The risks were allocated to various board sub-committees who, where necessary, have requested "deep dives" where additional focus on specific matters was required to ensure a thorough understanding of the risk and mitigating actions. In addition to reviewing the risk management policies and processes of mitigation on key risks, the audit and risk committee receives quarterly reporting of all the risks. On at least an annual basis, in respect of the oversight of risks specifically allocated to the committee, the committee has considered and approved the risk appetite and tolerance curves.

IMPLATS GROUP INTERNAL AUDIT (IGIA)

IGIA is the overall coordinator of the combined assurance, which is premised on King IV principles, discussed at the audit and risk committee bi-annually.

The departmental budgets and annual plans for the Group companies were approved by the respective audit and risk committees. The plans which are adjusted to cover key risks ensuring appropriate scope and coverage, if needed, are aligned Group-wide. The committee monitors progress against the approved audit plan throughout the year. The chief audit executive has a direct line to the audit and risk committee chair and an administrative reporting line to the CFO.

IGIA provided the committee with the annual written statements in the adequacy and effectiveness of:

- Internal financial controls
- Internal controls and risk management.

Areas such as cyber risk and automation continue to evolve and where appropriate, specialists and data driven techniques were utilised and audit plans adapted accordingly. As new risks emerge, focus is placed on improvement of the associated control environment.

While noting that improvements are required primarily in the safety, mining and operational technology control environments, the committee is of the opinion that, having reviewed the assessments by IGIA, nothing has come to its attention indicating that the Group's controls are not effective and could not be relied on in all material respects for the preparation of the Group's annual financial statements.

The committee has considered the appropriateness and timelines associated with the significant audit findings and is satisfied that the identified deficiencies are in the process of being addressed and remediated. These are tracked via a formal issues-log tracking system.

Chief audit executive review

The committee reviews the performance appraisal of the chief audit executive and determines the competence of the internal audit department annually. The committee is of the view that the chief audit executive, Ms Nonhlanhla Mgadza, has the necessary qualifications, skills and experience to fulfil this role and she has performed satisfactorily during the year under review. The committee meets with her regularly where management is not present and she is able to raise any matter of concern to the attention of the committee.

Ms Mgadza has unrestricted access to the members of the committee and her audit reports are circulated to the chairman of the board and the members of the committee. These internal audit reports from quarterly audits as set out in the annual plan are reviewed at the quarterly meetings in detail.

Report of the audit and risk committee

EXTERNAL AUDIT

The committee has satisfied itself, through enquiry, that the auditor of the Company is independent, as defined by the Companies Act. The Implats Group audit cycle is continuous as the external auditor performs half yearly reviews on the results of the Group. The committee, in consultation with executive management, agreed the audit fee for the 2021 financial year. The fee is considered appropriate for the work that could reasonably have been foreseen at that time. The auditor performed a satisfactory audit which covered all the significant risks to the Group and submitted their report accordingly. Audit fees are disclosed in note 6 to the annual consolidated financial statements.

Additionally, the approval of all non-audit-related services is governed by an appropriate policy which sets the limit as a percentage of the audit fee. During the year under review, Deloitte did not perform any non-audit services which impacted on their independence. Meetings were held with the external auditor in the absence of management, where concerns could be raised. The auditor did not have any concerns to raise and all differences of opinion with management were adequately resolved. These were brought to the committee's attention in meetings.

The committee monitored the effectiveness of the external auditors in terms of their audit quality, expertise and independence, as well as the content and execution of the audit plan, with the annual review of the quality of the audit and the performance of the external auditors having been undertaken.

On 26 October 2020 the shareholders approved the re-appointment of Deloitte as Group auditors for the second year, with Mr Eugene Zungu as the lead audit partner. Mr Zungu subsequently resigned from Deloitte and the committee agreed to the appointment of Mr Sphiwe Stemela as lead audit partner in February 2021, after reviewing his suitability for the appointment.

Key audit matters

The external auditors have reported on three key audit matters in respect of their 2021 audit tabulated below and further elaborated on in the report of the external auditor on page 8. These matters related to material financial statement line items and require judgement and estimates to be applied by management. Furthermore, the committee discussed the key audit matters with the external auditors to understand their related audit processes and views. Following its assessment, the committee was comfortable with the conclusions reached by management and the external auditors.

Key audit matters	How the audit and risk committee addressed the matter
In-process metal inventories	The audit and risk committee considered the relevant controls around the determination of in-process metal inventories and concluded that the in-process metal was fairly valued.
Determination of Marula Platinum Proprietary Limited (Marula) Black Economic Empowerment (BEE) charge	The committee assessed the methodology, assumptions and judgements applied by management in determining the BEE charge and concluded that the treatment was reasonable.
Reversal of impairment	The committee assessed the methodology, assumptions and judgements applied by management in dealing with the reversal of impairment and concluded that the reversal of impairments was reasonable.

CHIEF FINANCIAL OFFICER AND FINANCE FUNCTION REVIEW

Ms Meroonisha Kerber is a chartered accountant and she was appointed Group chief financial officer with effect from 1 August 2018. The committee has reviewed her qualifications and expertise and found her to be suitably qualified and experienced to lead the finance function.

Additionally, the committee has satisfied itself of the performance, qualifications and expertise of the financial accounting and the taxation departments.

FUTURE FOCUS AREAS

Future focus areas of the committee will include, but is not limited to the following:

- Monitoring the ever-increasing cyber security risk and the internal and mitigating controls in place
- Monitoring the integration of the IT and the operational technology environment and the associated impact on the cyber security risk.

CONCLUSION

The committee is satisfied that it has considered and discharged its responsibilities in accordance with its mandate, statutory responsibilities and terms of reference during the current year.

Ms Dawn Earp

Chairman of the audit and risk committee

2 September 2021

Directors' responsibility statement

The directors of Impala Platinum Holdings Limited (the board) present the consolidated and separate annual financial statements (the annual financial statements) for the year ended 30 June 2021. The annual financial statements have been prepared in accordance with the International Financial Reporting Standards, the requirements of the Companies Act, No 71 of 2008 (the Companies Act) and the Listings Requirements of the JSE Limited (the Listings Requirements), and incorporate full and responsible disclosure in line with the accounting policies of the Group which are supported by prudent judgements and estimates.

The board is responsible for the maintenance of effective systems of internal control which are based on established organisational structures and procedures. These systems are designed to provide reasonable assurance as to the reliability of the annual financial statements, and to prevent and detect material misstatement and loss.

The audit and risk committee assessed the adequacy and effectiveness of the system of internal controls and risk management during the year under review. This was achieved through the various levels of assurance such as management self-assessment reports from the internal and external auditors. On the recommendation of the audit and risk committee, the board has considered and is satisfied that adequate accounting records, risk management processes and internal controls have been maintained to provide reasonable assurance on the integrity and reliability of the annual financial statements. The board is further satisfied that the internal controls, processes and procedures provide reasonable assurance that all Group assets are safeguarded and verified, and that the possibility of material loss or misstatement is minimised.

The board further confirms that nothing has come to its attention that caused it to believe that the Company's system of internal controls and risk management are not effective and that the internal financial controls do not form a sound basis for the preparation of reliable financial statements. The board's opinion is underpinned by the audit and risk committee's statement which appears on pages 2 to 5.

The annual financial statements have been prepared under the supervision of the chief financial officer, Ms M Kerber, CA(SA). The annual financial statements have been prepared on a going-concern basis as the directors believe that the Company and the Group will continue to be in operation in the foreseeable future.

The annual financial statements as set out on pages 18 to 123 have been approved and authorised for issue by the board and are signed on its behalf by:

NDB Orleyn
Chairman

NJ Muller
Chief executive officer

2 September 2021

Chief executive officer and chief financial officer responsibility statement

The directors, whose names are stated below, hereby confirm that:

- (a) the annual financial statements set out on pages 18 to 123, fairly present in all material respects the financial position, financial performance and cash flows of the issuer in terms of IFRS
- (b) no facts have been omitted or untrue statements made that would make the annual financial statements false or misleading
- (c) internal financial controls have been put in place to ensure that material information relating to the issuer and its consolidated subsidiaries have been provided to effectively prepare the financial statements of the issuer
- (d) the internal financial controls are adequate and effective and can be relied upon in compiling the annual financial statements, having fulfilled our role and function within the combined assurance model pursuant to principle 15 of the King Code. Where we are not satisfied, we have disclosed to the audit and risk committee and the auditors the deficiencies in design and operational effectiveness of the internal financial controls and any fraud that involves directors, and have taken the necessary remedial action.

M Kerber
Chief financial officer

NJ Muller
Chief executive officer

2 September 2021

Certificate by Company secretary

In terms of section 88(2)(e) of the Companies Act, I certify that the Company has lodged with the Commissioner all such returns and notices as required by the Act and that all such returns and notices are true, correct and up to date.

TT Liale
Company secretary

2 September 2021

Independent auditor's report

To the shareholders of Impala Platinum Holdings Limited Report on the audit of the consolidated and separate financial statements

OPINION

We have audited the consolidated and separate financial statements of Impala Platinum Holdings Limited (the Company) and its subsidiaries (the Group) set out on pages 18 to 123, which comprise the consolidated and separate statements of financial position as at 30 June 2021, and the consolidated and separate statements of profit or loss and other comprehensive income, the consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of the Group and the Company as at 30 June 2021, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements section of our report. We are independent of the Group and Company in accordance with the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' (IESBA) International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined that there are no key audit matters to communicate in our audit report with regard to the separate financial statements of the Company.

Key audit matter	How the matter was addressed in the audit
<p>In-process metal inventories</p> <p>In-process metal inventories are held in a wide variety of forms, and prior to refining as a precious metal, are contained in a carrier material. It is not possible to determine the exact metal content within the carrier material until the refining process is complete. As such, theoretical quantities are determined through a process known as metal accounting, in which the processes of sampling, analysing and weighing determine the metal content and split between types of metal.</p> <p>Quantities of recoverable metal are reconciled to the quantity and grade of input as well as the quantities of metal actually recovered. The nature of this process inherently limits the ability to precisely monitor recoverability levels. As a result, the metal accounting process is constantly monitored and the engineering estimates are refined based on actual results over time.</p> <p>The accuracy of metal accounting can vary quite significantly, and the quantum of in-process metal inventories requires a significant amount of estimation and judgement in its determination and was therefore considered a key audit matter.</p> <p>The estimates and judgements with respect to in-process metal inventories, including the quantification of the change in engineering estimate for the current financial year, are disclosed in note 17 of the consolidated financial statements.</p>	<p>Our work on the in-process metal inventories included:</p> <ul style="list-style-type: none">• Obtaining an understanding of the Group's procedures around the estimation of physical quantities and measurement of in-process metal inventories• Evaluating the design and implementation of key metal accounting controls, including an evaluation of the process by our technical mining advisory specialists• Testing the operating effectiveness of controls that measure in-process metal inventories quantities, including the relevant automated controls• Attending the physical in-process metal inventories counts at the refineries and the smelter• Using our internally developed metal accounting tool to verify the accuracy of management's inventories valuation• Auditing the allocation of costs to the in-process metal inventories• Auditing the elimination of intercompany profits associated with the in-process metal inventories• Evaluating the change in engineering estimates with respect to in-process metal inventories that have been recognised in the current financial year• Reviewing the disclosures in respect of in-process metal inventories, including the description of the estimates and judgements in estimating the physical quantities of metal inventories, in the consolidated financial statements. <p>Based on our procedures performed the estimates and judgements with respect to the in-process metal inventories, including the relevant disclosures in the consolidated financial statements are substantiated and the Group's processes for estimation of in-process metal inventories are reliable.</p>

Independent auditor's report

Key audit matter	How the matter was addressed in the audit
<p>Determination of Marula Platinum Proprietary Limited (Marula) Black Economic Empowerment (BEE) charge</p> <p>The Group concluded the refinancing of the Standard Bank loan with the Marula BEE partners, which included the establishment of an employee share ownership trust (ESOT). The transaction reduced the BEE partners' shareholding in Marula from 27% to 22.7%, but introduced a 4% shareholding for the ESOT, resulting in an effective BEE ownership of 26.7%.</p> <p>As a result of the transaction, a BEE charge of R1.5 billion was determined, representing the difference between the fair value of the shares sold and the fair value of the consideration received from the BEE shareholders.</p> <p>The determination of the BEE charge required judgement by the directors, which included the inputs and assumptions used in performing a business valuation for Marula, based on a discounted cash flow model, as well as the inputs and assumptions used in the actuarial model that was then used to determine the BEE charge, based on the valuation of Marula. The complexities associated with these judgements, and the effort spent in auditing these judgements, has resulted in this being a key audit matter.</p> <p>The estimates and judgements with respect to the Marula BEE charge are disclosed in note 6 of the consolidated financial statements.</p>	<p>Our work on the determination of the Marula BEE charge included:</p> <ul style="list-style-type: none"> • Inspecting all the relevant signed agreements and Board resolutions with respect to the transaction • Engaging our technical accounting specialists to assist with auditing the accounting implications of the transaction • Assessing the discounted cash flow model prepared by the directors with respect to the Marula valuation • Engaging our technical mining advisory specialists to assist with assessing the reasonableness of the assumptions and cash flows used in the discounted cash flow model • Engaging our corporate finance specialists to assist with assessing the reasonableness of the assumptions used in calculating the weighted average cost of capital rate used in the discounted cash flow model • Engaging our financial advisory specialists to determine an independent BEE charge using an appropriate actuarial model and comparing this charge to that determined by the directors • Reviewing the disclosures with respect to the BEE charge, including the relevant estimates and judgements, in the consolidated financial statements. <p>Based on our procedures performed the estimates and judgements used to determine the BEE charge and the relevant disclosure in the consolidated financial statements are reasonable.</p>
<p>Reversal of impairment</p> <p>The Group processed an impairment reversal of R14.7 billion in the current financial year.</p> <p>This impairment reversal is based on the high platinum group metals (PGM) prices, which have resulted in a significant increase in expected future operating results and cash flows for the Group.</p> <p>The impairment reversal required judgement in consideration of both current and future PGM prices, as well as consideration by the directors of the requirements of International Accounting Standard (IAS) 36 <i>Impairment of Assets</i> (IAS 36). The quantum of the reversal is also significant to the consolidated financial statements. This has resulted in the reversal of impairment being a key audit matter.</p> <p>The estimates and judgements with respect to the impairment reversal are disclosed in note 4, note 11 and note 16 of the consolidated financial statements.</p>	<p>Our work on the reversal of impairment included:</p> <ul style="list-style-type: none"> • Obtaining the reversal of impairment calculation prepared by the directors • Assessing the reasonableness of the assumptions used by the directors in the calculation, including the reasonability of the forecast PGM prices, which were compared to external sources • Applying the requirements of IAS 36 with respect to the reversal of impairment calculation and verifying that the requirements were appropriately applied to all relevant and applicable past impairments that were recognised • Reviewing the disclosures with respect to the reversal of impairment in the consolidated financial statements. <p>Based on our procedures performed the reversal of impairment recognised by the directors and the relevant disclosures in the consolidated financial statements are appropriate.</p>

Independent auditor's report

OTHER INFORMATION

The Directors are responsible for the other information. The other information comprises the information included in the document titled "Audited Annual Financial Statements 2021", which includes the Audit and Risk Committee Report, the Certificate by Company Secretary, the Directors' Report, as required by the Companies Act of South Africa and Chief executive officer and Chief financial officer responsibility statement, which we obtained prior to the date of this report, and the Annual Integrated Report, which is expected to be made available to us after that date. The other information does not include the consolidated and separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not and will not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group and/or the Company or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

Independent auditor's report

- Conclude on the appropriateness of the directors' use of the going-concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and/or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

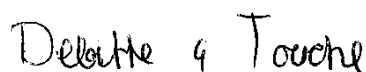
We communicate with the Audit and Risk Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit and Risk Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit and Risk Committee, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that Deloitte & Touche has been the auditor of Impala Platinum Holdings Limited for two years.



Deloitte & Touche

Registered Auditor

Per: Sphiwe Stemela

Partner

2 September 2021

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

Directors' report

for the year ended 30 June 2021

NATURE OF BUSINESS

Impala Platinum Holdings Limited (Implats/Company/Group) is a holding company and one of the world's foremost producers and suppliers of Platinum Group Metals (PGMs) to industrial economies. The Company is incorporated in South Africa and listed on the JSE Limited. The Company has interests in mining, processing and refining operations which are held as follows:

Company	Effective interest %	Business activity
Impala Platinum Limited (Impala) includes Impala and Impala Refining Services division	96	PGM mining processing and refining. Purchase of concentrate and/or smelter matte to smelt refine and the ultimate sale of resultant PGMs and base metals, and toll refining for third parties
Marula Platinum Proprietary Limited	73.3	PGM mining and production of concentrate
Zimplats Holdings Limited	87	PGM mining and production of matte
Impala Canada Limited	100	PGM mining and production of concentrate
Mimosa Investments Limited	50	PGM mining and production of concentrate
Two Rivers Platinum Proprietary Limited	46	PGM mining and production of concentrate
Impala Chrome Proprietary Limited	65	Purchase of chrome in tailings. Processing and sale of the chrome
Makgomo Chrome Proprietary Limited	50	Purchase of chrome in tailings. Processing and sale of the chrome

FINANCIAL MATTERS

Compliance with financial reporting standards

The Company annual financial statements and the Group consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, requirements of the South African Companies Act, Act 71 of 2008, and the Listings Requirements of the JSE Limited.

Accounting policies

A number of amended and new accounting standards were effective for the first time on 1 January 2020 or were not yet effective and early adopted by the Group on 1 July 2020. None of the amendments had a material impact on the Group. Refer to the accounting policy section on pages 19 and 20 for the principal accounting policies and the changes to the accounting policies that were adopted during the financial year.

Results for the year

The consolidated annual financial statements can be found on pages 18 to 105.

Capital expenditure

Capital expenditure amounted to R6.4 billion (FY2020: R4.2 billion).

ZAR convertible bonds repurchase

During the year, the Company repurchased 157 905 bonds for a total consideration of R8.8 billion which represented an average purchase price of circa R55 740 per R10 000 bond. This was achieved through a tender offer to bondholders (26 146 bonds) and on market purchases (131 759 bonds). The total amount repurchased represented 49% of the total bond issuance. The accounting for the total R8.8 billion purchase consideration resulted in a reduction of the carrying value of the bond liability of R1.5 billion, a reduction in Group equity of R7.1 billion and a charge of R0.2 billion to earnings for the year.

Up until 7 June 2021 a total of 68 017 bonds were tendered for conversion by bondholders, resulting in 14.2 million shares being issued (circa 2% of issued capital) and the outstanding value of debt reducing by R0.6 billion.

On 7 June 2021, the Company gave notice of its intention to exercise its soft call option to redeem the remaining bonds outstanding on 19 July 2021. Following this announcement and prior to 30 June 2021, a further 99 019 bond were converted into 21.3 million Implats ordinary shares (circa 3% of issued share capital). Subsequent to year-end, the remaining 59 bonds were also converted into 12 678 Implats ordinary shares prior to the 19 July 2021 redemption date.

Directors' report

for the year ended 30 June 2021

BEE loan refinancing

The Group concluded the refinancing of the Standard Bank loan with its Marula empowerment partners, which included the establishment of an Employee Share Ownership Trust (ESOT). The transaction reduced the BEE partners shareholding in Marula from 27% to 22.7% but also introduced a 4% shareholding by the ESOT, resulting in an effective BEE ownership of 26.7% post the refinancing. The 22.7% BEE shareholding will only be accounted for as non-controlling interest when the loan is substantially repaid, at which point the BEE partners' rights to the shares in Marula become unconditional. The IFRS 2 BEE charge of R1 514 million represents the difference between fair value of the interest in Marula disposed of and the fair value of the consideration received from the BEE shareholders.

DIVIDENDS

On 25 February 2021, the board approved the declaration of an interim cash dividend of 1 000 cents (2020: 125 cents) per ordinary share for the six-month period ended 31 December 2020, amounting to R7.9 billion and paid to shareholders on 23 March 2021. The interim dividend was declared pursuant to the dividend policy recommending a minimum payout of 30% of free cash flow, pre-growth capital, for any given period. The board has increased the interim dividend to approximately 40% of free cash flow on the back of improved profitability and strong cash flow generation due to strong metal pricing, a weaker rand and sustained operational performance. This was done in line with its commitment to prioritising returns to shareholders.

A final dividend of 1 200 cents per ordinary share, amounting to R9.8 billion, for the six-month period ended 30 June 2021 was approved by the board on 2 September 2021 for payment to shareholders on 27 September 2021. Shareholders will be eligible for payment if they are recorded in the register of the Company on 23 September 2021. Together with the interim dividend of 1 000 cents per ordinary share, this equates to a total dividend of 2 200 cents per share for the 2021 financial year.

POST-BALANCE SHEET EVENTS

In July 2021, the remaining 59 bonds were converted into 12 678 ordinary shares, refer note 26.2. The directors are not aware of any other subsequent events which materially impact the annual financial statements.

GOING CONCERN

Based on the review of the Group's financial budgets and forecasts, the directors believe that the Company and the Group have adequate financial resources to continue to be in operation in the foreseeable future. As a result, the consolidated financial statements have been prepared on a going-concern basis using appropriate accounting policies and supported by reasonable and prudent judgements and estimates.

ASSOCIATED AND SUBSIDIARY COMPANIES

Information regarding the Company's associated and subsidiary companies is given in note 6 and note 7 of the annual financial statements of the Company.

SHARE CAPITAL

Authorised share capital

944 008 000 ordinary no par value shares

Issued share capital

817 255 470 ordinary no par value shares

Unissued share capital

126 752 530 ordinary no par value shares

Directors' report

for the year ended 30 June 2021

The Company reported a total issued share capital of 799 034 147 in the previous year-end report. The issued share capital was reduced to 781 774 838 after the shareholders approved the repurchase and cancellation of 16 233 994 treasury shares and 1 025 315 shares from odd-lot holders. During the year, the Company issued a total of 35 480 632 to bondholders following their election to convert their bonds to Implats ordinary shares. This resulted in the issued share capital increasing to 817 255 470 at 30 June 2021. Subsequent to year-end, the conversion of the remaining 59 bonds to 12 678 Implats ordinary shares resulted in total issued capital increasing to 817 268 148. The authorised share capital has remained unchanged at 944 008 000 no par value shares from the previous financial year.

Further details on the authorised and issued share capital appear in note 21 of the consolidated annual financial statements.

Shares repurchased

During the year under review, the Group repurchased 9 497 780 shares in the market at the average price of R180.84 to satisfy the requirements of its share incentive schemes. To the extent that these have not yet vested, these are reflected as treasury shares. At 30 June 2021, the Group held 3 274 054 treasury shares on behalf of participants under the Long-term Incentive Plans.

Treasury shares

During the period under review the board and shareholders adopted resolutions to approve the repurchase of 16 233 994 treasury shares held by a subsidiary of the Company, Gazelle Platinum Limited. The resolution authorised the Company to repurchase the shares and to cancel them immediately after acquisition. The authorised and unissued capital of the Company increased by 16 233 994 shares after the transaction was concluded. There are currently 3 274 054 treasury shares held in terms of the management share incentive scheme.

Odd-lot offer

On 14 October 2020 at a special general meeting, shareholders approved that the Company should undertake an odd-lot offer to shareholders with less than 100 ordinary shares as permitted in terms of the JSE Listings Requirements. The Company successfully repurchased 1 025 315 shares which were subsequently delisted and cancelled.

Share-based compensation

Details of participation in the share option scheme are set out in note 33 of the consolidated financial statements.

American depositary receipts

At 30 June 2021, Implats had 15 814 532 (2020: 10 119 150) sponsored American depositary shares in issue through Deutsche Bank AG London and trading on the over-the-counter markets in the US. Each American depositary share is equal to one Implats ordinary share.

Shareholding in the Company

The issued capital of the Company held by public and non-public entities as at 30 June 2021 was as follows:

Shareholder type	Number of holders	% of total shareholders	Number of shares	% of issued capital
Public shareholders	23 018	99.94	813 271 240	99.51
Non-public shareholders	14	0.06	3 984 230	0.49
– Treasury	1	0.00	3 274 054	0.40
– Directors and executives	13	0.06	710 176	0.09
Total	23 032	100.00	817 255 470	100.00

Beneficial shareholdings

Beneficial shareholdings	Total shareholding	%
Government Employees Pension Fund (PIC)	140 738 044	17.22
Total	140 738 044	17.22

Directors' report

for the year ended 30 June 2021

Investment management shareholdings

Investment manager	Total shareholding	%
PIC	116 019 616	14.20
BlackRock Inc.	52 139 222	6.38
Ninety One Plc	44 635 712	5.46
FMR LLC	32 972 488	4.03
Prudential Investment Managers	29 022 539	3.55
The Vanguard Group Inc	28 826 621	3.53
Schroders Plc	26 756 380	3.27
Fairtree Asset Management Pty Ltd	26 624 680	3.26
Sanlam Investment Management	26 292 555	3.22
Old Mutual Ltd	25 052 995	3.07
Total	408 342 808	49.97

APPOINTMENT AND RESIGNATIONS OF DIRECTORS

The board announced the resignation of Dr Mandla Gantsho as a director of the Company with effect from 26 October 2020. Advocate Thandi Orleyn assumed the chairmanship at the conclusion of the annual general meeting held on 26 October 2020. The board appointed Mr Ralph Havenstein as an independent non-executive director and a member of the audit and risk committee on 1 January 2021. Ms Babalwa Ngonyama will step down as a member of the board at the conclusion of the annual general meeting to be held on 13 October 2021 after serving just under 11 years on the board.

Directorate

Name	Position as director	Date appointed
NDB Orleyn	Independent non-executive chairman	3 August 2020
PW Davey	Independent non-executive director	1 July 2013
D Earp	Independent non-executive director	1 August 2018
R Havenstein	Independent non-executive director	1 January 2021
M Kerber	Chief financial officer	1 August 2018
BT Koshane	Non-executive director	27 August 2019
AS Macfarlane	Independent non-executive director	1 December 2012
FS Mufamadi	Independent non-executive director	5 March 2015
NJ Muller	Chief executive officer	3 April 2017
B Ngonyama	Independent non-executive director	1 November 2010
MEK Nkeli	Independent non-executive director	29 April 2015
LN Samuel	Executive director	27 November 2017
PE Speckmann	Independent non-executive director	1 August 2018
ZB Swanepoel	Independent non-executive director	5 March 2015

Directors' report

for the year ended 30 June 2021

The board comprises 10 independent non-executive directors, one non-executive director and three executive directors. In compliance with the Company's memorandum of incorporation and Schedule 10 of the JSE Listings Requirements, the directors who will retire at the next AGM are Ms Boitumelo Koshane, Ms Mpho Nkeli, Mr Ralph Havenstein, Mr Alastair Macfarlane and Mr Peter Davey. The average length of service of the current 11 non-executive directors is 5 years (2020: 5.5 years), while that of the three executive directors is 3.6 years (2020: 2.6 years).

Board diversity

Gender	
Male	7
Female	7
Nationality	
Black South African	8
White South African	4
Non-South African	2
Independence	
Executive	3
Non-executive	1
Independent non-executive	10

Directors' interests

No contracts of significance were entered into in which the directors of the Company were materially interested during the financial year except for Mr PW Davey, Ms M Kerber, Mr NJ Muller, Ms L Samuel and Mr ZB Swanepoel who had an interest in some intercompany contracts and agreements by virtue of their membership of the board of Impala. No change in the interests has taken place between 30 June 2021 and the date of this report.

Directors' beneficial interest in the Company's issued ordinary shares at 30 June 2021 is shown below:

	Direct	
	2021	2020
PW Davey	1 400	1 400
M Kerber	10 500	
NJ Muller	78 432	176 809
B Ngonyama	—	3 180
LN Samuel	37 628	7 323
ZB Swanepoel	10 000	10 000
NDB Orleyn	305	—
Total	138 265	198 172

In terms of the Long-term Incentive Plan, executive directors held 740 398 awards to acquire shares in the Company and 133 799 bonus share plan awards. Refer to note 33 of the consolidated annual financial statements.

Directors' remuneration

Directors' remuneration is disclosed in the consolidated annual financial statements (note 33) in line with the Companies Act requirements.

Directors' report

for the year ended 30 June 2021

SPECIAL RESOLUTIONS PASSED

During the year, the following special resolutions were passed by the shareholders.

Approval directors' remuneration

Shareholders approved the remuneration which was paid to non-executive directors during the year under review.

Approval of financial assistance

Shareholders approved that the directors be and are hereby authorised in terms of, and subject to, the provisions of sections 44 and/or 45 of the Companies Act to cause the Company to provide any direct and/or indirect financial assistance.

Repurchase of Company's shares by the Company or subsidiaries

A renewal of the general authority to acquire up to 5% of the Company's shares subject to the provisions of the JSE Listings Requirements and the Companies Act, provided that the authority does not extend beyond 15 months from the date of the granting of that authority.

Authority to effect amendments to the memorandum of incorporation (Mol)

Shareholders approved that certain amendments be effected to the Mol.

Specific authority to repurchase 16 233 994 ordinary shares

Shareholders approved the repurchase of treasury shares held by a subsidiary of the Company and the subsequent delisting and cancellation thereof.

Authority to effect amendments to the memorandum of incorporation

Shareholders approved amendments to the Mol to enable the Company to remove the "top up" provision in respect of odd-lot offers to align the Mol with the current JSE Listings Requirements.

Specific authority to repurchase shares from the odd-lot holders

Shareholders gave the Company and its directors specific authority to repurchase shares from odd-lot holders.

ADMINISTRATION

Financial, administrative and technical advisers

In terms of a service agreement, Impala acted as financial, administrative and technical advisers to the Group during the year on a fee basis. Mr PW Davey, Ms M Kerber, Mr NJ Muller, Ms L Samuel and Mr ZB Swanepoel had an interest in the contract by virtue of the membership of the board of Impala.

Company secretary

Mr TT Liale acted as secretary to Implats and Impala. Impala acted as secretaries to other subsidiaries in the Group. The business and postal addresses of the Company secretary are set out on page 124.

United Kingdom secretaries

The business and postal addresses of the United Kingdom secretaries are set out on page 124.

Public officer

Mr Ben Jager acted as public officer to companies in the Group for the year under review.

Auditors

Deloitte was appointed as the Company's auditor at the AGM held in October 2020 Mr Sphiwe Stemela was appointed as the designated auditor partner on 19 February 2021 after the resignation of Mr Eugene Zungu from Deloitte.

Sponsor

Nedbank Corporate and Investment Banking acted as the Company's JSE sponsor.

ANNUAL GENERAL MEETING

The AGM will be held on Wednesday, 13 October 2021 at 11:00. Please refer to the notice for further details of the ordinary and special business for consideration at the meeting.

Consolidated financial statements

for the year ended 30 June 2021

GENERAL INFORMATION

The significant accounting policies, judgements and estimates that are deemed material and have been applied in the preparation of these Group and Company financial statements, along with the transitional impact of newly adopted IFRSs, are set out within the relevant notes to the financial statements and are indicated as follows:

	ACCOUNTING POLICIES The specific principles, bases, conventions, rules and practices applied by the Company for preparing and presenting financial statements.
	ESTIMATES AND JUDGEMENTS The complex or subjective judgements that have the most significant effect on amounts recognised and assumptions and other sources of estimation uncertainty where there is a significant risk of material adjustment to the carrying amounts of assets or liabilities with the next reporting period.

Accounting policies, which are useful to users, especially where particular accounting policies are based on judgement regarding choices within International Financial Reporting Standards (IFRS) have been disclosed. Accounting policies for which no choice is permitted in terms of IFRS, have been included only if management concluded that the disclosure would assist users in understanding the financial statements as a whole, taking into account the materiality of the item being discussed. Accounting policies which are not applicable from time to time, have been removed, but will be included if the type of transaction occurs in future.

Accounting policies that refer to “consolidated or Group”, apply equally to the Company financial statements where relevant. The composition of the Group is further described in note 7 of the Company financial statements. These consolidated financial statements are presented in South African rand and rounded to millions, unless otherwise stated.

The following foreign currency exchange rates were used when preparing these consolidated financial statements:

US dollar	
Year-end rate:	R14.32 (2020: R17.38)
Average rate:	R15.40 (2020: R15.67)

Canadian dollar	
Year-end rate:	R11.54 (2020: R12.76)
Average rate:	R12.00 (13 Dec 2019 to June 2020: R12.07)

The following Zimbabwean dollar/US\$ exchange rates were used when preparing these consolidated financial statements:

US dollar	
Year-end rate:	ZW\$85.47 (2020: ZW\$63.74)
Average rate:	ZW\$81.84 (2020: ZW\$19.13)

Consolidated financial statements

for the year ended 30 June 2021

Covid-19

Managing the Covid-19 pandemic remained a critical imperative in the period under review. The best-practice measures and processes put in place during FY2020, and which have served the Group well, will remain active through the course of the pandemic. These include heightened risk mitigation through early Covid-19 detection, pandemic awareness initiatives, workplace hygiene, medical surveillance, additional personal protective equipment and medical supplies and isolation and treatment of suspected and confirmed cases. These direct Covid-19 costs are included in cost of sales as part of the cost of production.

The Group's significant in-house medical capacity and facilities continue to play a proactive and important role in managing Covid-19. Until large-scale vaccination has been achieved in all our operating jurisdictions, the virus will remain a prominent feature of the Group's operating environment.

The Group saw a pleasing reduction in active and new Covid-19 cases as the second wave came off peak. The Group's current Covid-19 mortality rate is below that recorded by South Africa and globally.

Not all the estimates and judgements included in the financial statements were impacted by Covid-19. Where applicable, the impact was considered in the preparation of these annual financial statements and further disclosure can be found mainly in the following notes:

- Impairment of non-financial assets (notes 11, 12 and 13)
- Impairment of financial assets (notes 15 and 18)
- Valuation of inventories (notes 3 and 17)
- Provisions (note 24)
- Financial risk management (note 32).

NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

The principal accounting policies used by the Group are consistent with those of the previous year, except for changes emanating from new or revised IFRS standards.

NEW AND REVISED IFRS STANDARDS ADOPTED BY THE GROUP

The following amendments to standards are not yet effective but were early adopted by the Group on 1 July 2020:

IAS 16 *Property, Plant and Equipment*

- The amendment prohibits deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. An entity instead recognises the proceeds from selling such items, and related cost of production in profit or loss. The amendment had no material impact on the Group.

Disclosure of Accounting Policies

- Amendment to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements changes the requirements in IAS 1 *Presentation of Financial Statements* regarding the disclosure of accounting policies. The amendments explain how an entity can identify a material accounting policy, with added examples of when an accounting policy is likely to be material.
- To support the amendment, guidance and example have also been developed to explain and demonstrate the application of the "four-step materiality process" described in IFRS Practice Statement 2. The practice statement provides entities with guidance on making materiality judgements when preparing their annual financial statement.
- The Practice Statement is a non-mandatory document and does not change or introduce any requirements in IFRS standards. The amendments had no material impact on the Group.

Consolidated financial statements

for the year ended 30 June 2021

Definition of accounting estimates

- Amendments to IAS 8 replace the definition of a change in accounting estimates with a definition of accounting estimates, defined as “monetary amounts in financial statements that are subject to measurement uncertainty”
- The amendments further clarify that a change in accounting estimate that results from new information or new developments is not the correction of an error. The effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors. The amendments had no material impact on the Group.

Amendments to IAS 12 Income Taxes

- Narrows the IAS 12 scope of the initial recognition exception so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences. The amendments apply to taxable and deductible temporary differences associated with right-of-use assets and lease liabilities, and decommissioning obligations and the corresponding amounts recognised as assets. Amendments require an entity to recognise the related deferred tax asset and liability, with the recognition of any deferred tax asset subject to the recoverability criteria in IAS 12. The amendment had no material impact on the Group as Implats provides for deferred tax on lease assets and liabilities as well as rehabilitation provisions and the associated assets.

Covid-19-related rent concessions beyond 30 June 2021

- Amendment to IFRS 16 *Leases*
Due to the ongoing nature of the pandemic, the IASB has extended the practical expedient in the IFRS 16 amendment (that relieves a lessee from assessing whether a Covid-19-related rent concession is a lease modification) to reduction in lease payments originally due on or before 30 June 2022 (previously 30 June 2021). The amendment had no material impact on the Group.

The following amendments to standards are not yet effective and were not adopted by the Group on 1 July 2020:

Interest rate benchmark reform

- Phase 2 Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 address issues that might affect financial reporting when an existing interest rate benchmark is replaced with an alternative benchmark interest rate
- The proposed amendments will apply to existing financial assets and financial liabilities that are subject to Interbank Offered Rate (IBOR) reform. In addition to the Group’s US\$ revolving credit facility, which references the LIBOR that will cease to exist in December 2021, the impacts of the amendments and related disclosures will be considered for all the Group’s borrowing facilities and other financial assets and liabilities that would be in place and impacted by the respective IBOR reforms when they become effective. These amendments are not expected to have a material impact
- It is further not anticipated that the amendments, as they relate to interest rate hedge accounting and lease accounting, will impact the Group. The amendments are effective for annual periods beginning on or after 1 January 2021.

SIGNIFICANT ACCOUNTING POLICIES, JUDGEMENTS AND ESTIMATES

Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, requirements of the South African Companies Act, Act 71 of 2008, and the Listings Requirements of the JSE Limited.

Basis of preparation

The consolidated financial statements have been prepared under the historical cost convention except for the following:

- Certain financial assets and financial liabilities are measured at fair value
- Derivative financial instruments are measured at fair value
- Liabilities for cash-settled share-based payment arrangements are measured using a binomial option pricing model.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services received.


Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

Headline earnings (note 10) has been prepared in accordance with the changes contained in Circular 1/2021 – *Headline earnings* as issued by SAICA.

Consolidated financial statements

for the year ended 30 June 2021

Based on the review of the Group's financial budgets and forecasts, the directors believe that the Company and the Group have adequate financial resources to continue to be in operation in the foreseeable future. As a result, the consolidated financial statements have been prepared on the going-concern basis. It also requires management and the board to exercise their judgement in the process of applying the Group's accounting policies. The preparation of financial statements in conformity with IFRS also requires the use of certain critical accounting estimates and assumptions.

The estimates and underlying assumptions are reviewed on an ongoing basis and are based on historical experience and other factors that are considered relevant, including current and expected economic conditions, expectations of future events that are believed to be reasonable under the circumstances and climate-related considerations. These estimates will seldom equal the actual results exactly. Revisions to accounting estimates are recognised in the period in which the estimates are reviewed and in future periods. 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 .

Summary of critical estimates and judgements:

- Reversal of impairment (note 4)
- Marula IFRS 2 BEE charge (note 6)
- Depreciation of property, plant and equipment (note 11)
- Impairment of property, plant and equipment (note 11.1.4)
- Inventory valuation and quantities (note 17)
- Environmental rehabilitation provision (note 24).

Summary of selected accounting policies:

- New accounting policies adopted (pages 19 and 20)
- Property, plant and equipment and intangible assets are measured on the historical-cost model
- Expenses are classified on a functional basis, with additional information on the nature of the expenses
- Operating cash flows are presented on the indirect method
- Other comprehensive income has been disclosed on a before tax basis, together with the tax effect separately for each item.

Consolidation

The consolidated financial statements include those of the parent company, Impala Platinum Holdings Limited, its subsidiaries, associates, joint ventures and structured entities, using uniform accounting policies.

Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has the right to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Foreign currencies

Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured in its functional currency, ie the currency of the primary economic environment in which the entity operates. For South African operations, the functional currency is South African rand, for Zimbabwean operations (Zimplats and Mimosa), US dollar, and for Impala Canada, the Canadian dollar. The consolidated financial statements are presented in South African rand, which is the presentation currency of the Group.

Functional currency of Zimplats operations

Considering the primary economic environment in which Zimplats operates, as well as considering factors such as which currency influences sales prices, competitive forces and regulations primarily determining sales prices, cost, financing activities and the currency in which receipts from operating activities are retained, management concluded that Zimplats' functional currency is still the US dollar.

Transactions and balances

Foreign currency transactions are accounted for at the rates of exchange ruling at the date of the transaction. Foreign currency monetary assets and liabilities are translated at year-end exchange rates. Gains or losses arising on settlement of such transactions and from the translation of foreign currency monetary assets and liabilities are recognised in profit or loss.

Group companies

Total comprehensive income of the foreign subsidiary and joint venture is translated into South African rand at the actual exchange rate on transaction date. The average exchange rate is, where appropriate, used as an approximation of the actual rate at transaction date. Assets, including goodwill, and liabilities are translated at rates ruling at the reporting date. The exchange differences arising on translation of assets and liabilities of the foreign subsidiary and joint venture are recognised in other comprehensive income and accumulated in the foreign currency translation reserve. The proportionate disposal of the foreign entity would result in all of the translation differences being reclassified to profit or loss if control is lost over the entity. The proportionate share of accumulated exchange differences are re-attributed to non-controlling interest if control is not lost.

Consolidated statement of profit or loss and other comprehensive income

for the year ended 30 June 2021

	Notes	2021 Rm	2020 Rm
Revenue	2	129 575	69 851
Cost of sales	3	(76 120)	(46 580)
Gross profit		53 455	23 271
Reversal of impairment	4	14 728	—
Other income	5	214	471
Other expenses	6	(2 175)	(1 963)
Finance income	7	768	538
Finance cost	8	(946)	(1 155)
Net foreign exchange transaction (losses)/gains		(1 336)	786
Share of profit of equity-accounted entities	13	3 212	1 082
Profit before tax		67 920	23 030
Income tax expense	9	(20 065)	(6 546)
Profit for the year		47 855	16 484
Other comprehensive (loss)/income, comprising items that may subsequently be reclassified to profit or loss:			
Exchange differences on translating foreign equity-accounted entities	13	(739)	587
Deferred tax thereon	25	74	(59)
Exchange differences on translating foreign operations		(4 019)	3 499
Deferred tax thereon	25	15	57
Other comprehensive income/(loss), comprising items that will not be subsequently reclassified to profit or loss:			
Financial assets at fair value through other comprehensive income	14	31	28
Deferred tax thereon	25	—	(1)
Actuarial loss on post-employment medical benefit	28	(3)	(1)
Deferred tax thereon	25	1	—
Total other comprehensive (loss)/income		(4 640)	4 110
Total comprehensive income		43 215	20 594
Profit attributable to:			
Owners of the Company		47 032	16 055
Non-controlling interest	23	823	429
		47 855	16 484
Total comprehensive income attributable to:			
Owners of the Company		42 860	19 768
Non-controlling interest		355	826
		43 215	20 594
Earnings per share (cents)			
Basic	10	5 996	2 066
Diluted	10	5 957	1 911

The notes on pages 27 to 105 are an integral part of these consolidated financial statements.

Consolidated statement of financial position

as at 30 June 2021

	Notes	2021 Rm	2020 (Restated) ¹ Rm
ASSETS			
Non-current assets			
Property, plant and equipment	11	57 709	50 885
Investment property	12	90	90
Investment in equity-accounted entities	13	7 748	5 462
Financial assets at fair value through other comprehensive income	14	425	394
Other financial assets	15	84	83
Prepayments	16	3 747	—
		69 803	56 914
Current assets			
Inventories	17	22 711	19 451
Trade and other receivables	18	7 308	5 128
Current tax receivable	19	1 064	348
Other financial assets	15	1 006	3
Prepayments	16	1 109	680
Cash and cash equivalents	20	23 474	13 331
		56 672	38 941
Total assets		126 475	95 855
EQUITY AND LIABILITIES			
Equity			
Share capital ¹	21	21 189	22 387
Retained earnings		59 661	28 854
Foreign currency translation reserve		4 917	8 967
Share-based payment reserve ¹	22	1 799	2 094
Other components of equity		263	(425)
Equity attributable to owners of the Company		87 829	61 877
Non-controlling interests	23	2 847	2 669
Total equity		90 676	64 546
LIABILITIES			
Non-current liabilities			
Provisions	24	2 239	1 812
Deferred tax	25	14 405	10 503
Borrowings	26	1 087	6 233
Other financial liabilities	27	24	35
Other liabilities	28	251	226
		18 006	18 809
Current liabilities			
Provisions	24	100	192
Trade and other payables	29	16 190	9 220
Current tax payable	19	653	188
Borrowings	26	241	2 625
Other financial liabilities	27	28	16
Other liabilities	28	581	133
Bank overdraft	20	—	126
		17 793	12 500
Total liabilities		35 799	31 309
Total equity and liabilities		126 475	95 855

¹ The comparative numbers have been restated to present the share capital and share-based payment reserve, previously presented as a single line item, as separate line items. This was done to improve comparability in the industry and improve capital disclosure. Refer note 21.1.

The notes on pages 27 to 105 are an integral part of these consolidated financial statements.

Consolidated statement of changes in equity

for the year ended 30 June 2021

	Share capital ¹ Rm	Retained earnings Rm	Foreign currency translation reserve Rm
Balance at 30 June 2019	17 893	13 773	4 668
Conversion of US\$ bonds (notes 21 and 26)	4 810	—	—
Shares purchased – Long-term Incentive Plan (note 21)	(1 222)	—	—
Transfer of reserves	906	—	612
Share-based compensation expense (note 22)	—	—	—
Total comprehensive income	—	16 054	3 687
– Profit for the year	—	16 055	—
– Other comprehensive (loss)/income	—	(1)	3 687
Dividends paid	—	(973)	—
Balance at 30 June 2020	22 387	28 854	8 967
Conversion of ZAR bonds (net of tax) (notes 21 and 26)	1 605	—	—
Repurchase of ZAR bonds (note 26.2)	(7 141)	—	—
Shares purchased – Long-term Incentive Plan (note 21)	(1 613)	—	—
Shares purchased – Odd-lot offer (note 21)	(178)	—	—
Transfer of reserves ²	6 129	(5 182)	151
Share-based compensation expense (note 22)	—	—	—
Share-based compensation scheme modification (note 22.1)	—	—	—
Marula IFRS 2 BEE charge (note 6)	—	—	—
Total comprehensive income/(loss)	—	47 030	(4 201)
– Profit for the year	—	47 032	—
– Other comprehensive (loss)/income	—	(2)	(4 201)
Dividends paid	—	(11 041)	—
Balance at 30 June 2021	21 189	59 661	4 917

The table above excludes the treasury shares.

¹ The share capital and share premium columns have been combined into a single item, share capital, to improve comparability in the industry and improve capital disclosure. The subtotal comprising share capital and share-based payment reserve has been removed. Refer note 21.1.

² The transfer of reserves relates mainly to the associated repurchase of the ZAR bonds.

The notes on pages 27 to 105 are an integral part of these consolidated financial statements.

Consolidated statement of changes in equity

for the year ended 30 June 2021

Share-based payment reserve Rm	Other components of equity Rm	Attributable to:		Total equity Rm
		Owners of the Company Rm	Non-controlling interest Rm	
2 643	160	39 137	1 943	41 080
—	—	4 810	—	4 810
—	—	(1 222)	—	(1 222)
(906)	(612)	—	—	—
357	—	357	—	357
—	27	19 768	826	20 594
—	—	16 055	429	16 484
—	27	3 713	397	4 110
—	—	(973)	(100)	(1 073)
2 094	(425)	61 877	2 669	64 546
—	—	1 605	—	1 605
—	—	(7 141)	—	(7 141)
—	—	(1 613)	—	(1 613)
—	—	(178)	—	(178)
(1 755)	657	—	—	—
408	—	408	—	408
(462)	—	(462)	—	(462)
1 514	—	1 514	—	1 514
—	31	42 860	355	43 215
—	—	47 032	823	47 855
—	31	(4 172)	(468)	(4 640)
—	—	(11 041)	(177)	(11 218)
1 799	263	87 829	2 847	90 676

Consolidated statement of cash flows

for the year ended 30 June 2021

	Notes	2021 Rm	2020 Rm
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	30	56 852	19 760
Finance cost paid		(505)	(932)
Income tax paid	19	(14 513)	(1 706)
Net cash inflow from operating activities		41 834	17 122
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	11	(6 265)	(4 248)
Proceeds from sale of property, plant and equipment		148	80
Acquisition of interest in joint venture		(232)	—
Investment in financial instruments at fair value through profit and loss		(1 000)	—
Net cash paid for the acquisition of North American Palladium		—	(9 431)
Acquisition of North American Palladium		—	(10 859)
Cash acquired through the acquisition		—	1 428
Finance income received		766	532
Dividends received		1 822	628
Proceeds from equity instruments held at fair value through other comprehensive income		—	193
Proceeds from long-term debt instruments		—	87
Other		8	(4)
Net cash outflow from investing activities		(4 753)	(12 163)
CASH FLOWS FROM FINANCING ACTIVITIES			
Purchase of shares for the Long-term Incentive Plan		(1 613)	(1 222)
Purchase of shares for the odd-lot offer		(178)	—
Repayments of borrowings	26	(5 061)	(6 720)
Proceeds from borrowings net of transactions costs	26	873	9 026
Repayments of lease liabilities	26	(232)	(155)
Repurchase of ZAR bonds		(8 641)	—
Cash received from cancellation of cross-currency interest rate swap		—	77
Invitation premium paid on US\$ bond conversion		—	(509)
Dividends paid to Company's shareholders	34	(11 041)	(973)
Dividends paid to non-controlling interest		(177)	(100)
Net cash outflow from financing activities		(26 070)	(576)
Net increase in cash and cash equivalents		11 011	4 383
Cash and cash equivalents at the beginning of the year		13 205	8 242
Effect of exchange rate changes on cash and cash equivalents held in foreign currencies		(742)	580
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	20	23 474	13 205

The notes on pages 27 to 105 are an integral part of these consolidated financial statements.

Notes to the consolidated financial statements

for the year ended 30 June 2021

1. SEGMENT INFORMATION

Notes to operating segment analysis

The Group distinguishes its reportable segments between the mining operations (Mining), processing and refining (Impala Refining Services) and “All other segments”.

Management has defined the operating segments based on the business activities and management structure within the Group. Management’s judgements to identify reportable segments include factors such as the nature of products and services and geographical areas.

Capital expenditure comprises additions to property, plant and equipment (note 11).

The reportable segments’ measure of profit or loss is profit after tax. This is reconciled to the entities consolidated profit after tax and the basis of accounting for reportable segments is consistent with the Group’s consolidated financial statements.

The two largest sales customers amounted to 14% and 11% (2020: 13% and 9% each) of total revenue. These sales are reported as Impala and Impala Refining Services’ revenue.

	Revenue		Capital expenditure		Non-current assets ¹	
	2021 Rm	2020 Rm	2021 Rm	2020 Rm	2021 Rm	2020 Rm
Other segment information						
South Africa	129 913	71 875	2 863	2 097	28 891	18 012
Zimbabwe	20 054	14 426	2 450	1 735	17 552	20 181
Canada ²	8 971	3 254	1 124	657	11 356	12 782
Inter-segment revenue	(29 363)	(19 704)	—	—	—	—
	129 575	69 851	6 437	4 489	57 799	50 975

¹ Excludes investment in equity-accounted entities, financial instruments and prepayments.

² The revenue and capital expenditure for 2020 period is only from 13 December 2019, the acquisition date of Impala Canada.

Non-current assets and capital expenditure are allocated according to the location of the asset.

Revenues are allocated based on the country from which the sale originates.

Additional disaggregation of revenue by category, per segment, has been disclosed to meet the requirements of IFRS 15.

	2021 Rm	2020 Rm
Segmental profit reconciliation comprises the following items:		
Unrealised profit in inventory consolidation adjustment	(2 227)	(1 818)
Inventory adjustments made on consolidation	159	386
	(2 068)	(1 432)

	2021 Rm	2020 Rm
Reconciliation of segment assets comprises the following items:		
Intercompany balances eliminated	(49 412)	(47 098)
Unrealised profit in inventory, NRV and other inventory adjustments	(8 810)	(3 990)
Segmental deferred tax asset/liability allocations	—	(1 501)
Total consolidated assets	(58 222)	(52 589)
Reconciliation of segment liabilities comprises the following items:		
Intercompany balances eliminated	(50 287)	(47 972)
Deferred income tax raised on consolidation (foreign entities FCTR and reserves)	3 025	1 738
Segmental deferred tax asset/liability allocations and deferred tax on consolidation	(2 467)	(2 618)
Total consolidated liabilities	(49 729)	(48 852)

Notes to the consolidated financial statements

for the year ended 30 June 2021

1. SEGMENT INFORMATION *continued* Operating segments – June 2021

	Mining segments			
	Impala Rm	Zimplats Rm	Marula Rm	Impala Canada Rm
Segment profit				
Revenue from:				
Platinum	9 942	3 395	1 206	219
Palladium	12 142	6 845	2 878	7 952
Rhodium	25 699	5 036	4 354	—
Nickel	911	870	53	—
Other metals	2 699	1 351	272	627
Commodity price adjustments	—	2 557	550	173
Treatment charges	—	—	(4)	—
Treatment income	—	—	—	—
Revenue	51 393	20 054	9 309	8 971
Production costs				
On-mine operations	(16 561)	(3 524)	(2 488)	(2 136)
Processing operations	(4 000)	(1 843)	(324)	(894)
Refining and selling	(996)	—	—	—
Depreciation of operating assets	(2 480)	(1 388)	(279)	(1 324)
Other costs				
Metals purchased	—	—	—	—
Corporate costs	(386)	(591)	—	(154)
Royalty expense	(3 257)	(758)	(308)	(401)
Change in metal inventories	1 982	421	—	64
Chrome operation – cost of sales	—	—	—	—
Other	(500)	(737)	(42)	(27)
Cost of sales	(26 198)	(8 420)	(3 441)	(4 872)
Gross profit/(loss)	25 195	11 634	5 868	4 099
Reversal of impairment	14 728	—	—	—
Other (expense)/income	33	(39)	(1 558)	(71)
Finance income	54	1	14	5
Finance cost	(271)	(69)	(22)	(324)
Net foreign exchange transaction gains/(losses)	(1 468)	(3)	—	276
Share of profit of equity-accounted entities	—	—	—	—
Profit/(loss) before tax	38 271	11 524	4 302	3 985
Income tax (expense)/credit	(10 298)	(4 958)	(1 666)	(1 217)
Profit/(loss) for the year	27 973	6 566	2 636	2 768
External revenue²	51 365	—	—	8 971

¹ Total reconciliation loss of R2 068 million is explained on page 27.

² External revenue excludes inter-group sales.

Notes to the consolidated financial statements

for the year ended 30 June 2021

Total mining segments Rm	Impala Refining Services Rm	All other segments Rm	Reconciliation Rm	Total Rm
14 762	12 036	—	(4 601)	22 197
29 817	20 531	—	(9 723)	40 625
35 089	27 739	—	(9 390)	53 438
1 834	2 209	—	(923)	3 120
4 949	6 054	344	(1 651)	9 696
3 280	—	—	(3 107)	173
(4)	—	(28)	32	—
—	326	—	—	326
89 727	68 895	316	(29 363)	129 575
(24 709)	—	—	—	(24 709)
(7 061)	(678)	—	—	(7 739)
(996)	(931)	—	—	(1 927)
(5 471)	—	(4)	—	(5 475)
—	(63 266)	—	29 363	(33 903)
(1 131)	(237)	—	—	(1 368)
(4 724)	—	(16)	—	(4 740)
2 467	5 688	5	(2 872)	5 288
—	—	(241)	—	(241)
(1 306)	—	—	—	(1 306)
(42 931)	(59 424)	(256)	26 491	(76 120)
46 796	9 471	60	(2 872)	53 455
14 728	—	—	—	14 728
(1 635)	(2)	(324)	—	(1 961)
74	4	851	(161)	768
(686)	—	(421)	161	(946)
(1 195)	330	(471)	—	(1 336)
—	—	3 212	—	3 212
58 082	9 803	2 907	(2 872)	67 920
(18 139)	(2 740)	10	804	(20 065)
39 943	7 063	2 917	(2 068)	47 855
60 336	68 895	344	—	129 575

Notes to the consolidated financial statements

for the year ended 30 June 2021

1. SEGMENT INFORMATION *continued* Operating segments – June 2021 *continued*

	Mining segments			
	Impala Rm	Zimplats Rm	Marula Rm	Impala Canada Rm
Segment assets and liabilities				
Non-current segment assets	30 192	17 552	2 554	11 356
Property, plant and equipment	26 275	17 552	2 463	11 356
Investment in equity-accounted entities	—	—	—	—
Prepayments	3 747	—	—	—
Other	170	—	91	—
Current segment assets	20 555	13 565	5 181	2 987
Inventories	7 213	1 898	58	428
Trade and other receivables	4 992	314	35	1 799
Intercompany balances	30	5 361	4 967	—
Intercompany treasury balances	7 035	—	—	—
Prepayments	389	719	1	—
Cash and cash equivalents	511	4 937	1	760
Other	385	336	119	—
Total assets	50 747	31 117	7 735	14 343
Non-current segment liabilities	5 966	4 357	1 318	3 157
Deferred tax	3 353	4 013	1 083	2 771
Borrowings	932	9	54	92
Provisions	1 460	290	181	285
Other	221	45	—	9
Current segment liabilities	22 070	1 821	1 918	5 570
Trade and other payables	3 906	1 384	955	710
Intercompany balances	17 777	15	948	4 122
Intercompany treasury balances	—	—	—	—
Borrowings	124	31	6	79
Provisions	61	—	—	—
Other	202	391	9	659
Total liabilities	28 036	6 178	3 236	8 727
Segmental cash flow				
Net increase/(decrease) in cash and cash equivalents	6 201	3 333	1	(277)
Net cash from/(used in) operating activities	19 060	7 156	3 218	4 096
Net cash (used in)/from investing activities	(2 293)	(2 393)	(324)	(976)
Net cash used in financing activities	(10 566)	(1 430)	(2 893)	(3 397)
Capital expenditure including right-of-use assets	2 484	2 450	342	1 124

[†] Reconciliation of assets of R58 222 million and liabilities of R49 729 million is explained on page 27.

Notes to the consolidated financial statements

for the year ended 30 June 2021

Total mining segments Rm	Impala Refining Services Rm	All other segments Rm	Reconciliation ¹ Rm	Total Rm
61 654	—	8 149	—	69 803
57 646	—	63	—	57 709
—	—	7 748	—	7 748
3 747	—	—	—	3 747
261	—	338	—	599
42 288	36 315	36 291	(58 222)	56 672
9 597	21 895	29	(8 810)	22 711
7 140	20	148	—	7 308
10 358	5 351	17 679	(33 388)	—
7 035	8 869	120	(16 024)	—
1 109	—	—	—	1 109
6 209	1	17 264	—	23 474
840	179	1 051	—	2 070
103 942	36 315	44 440	(58 222)	126 475
14 798	2 457	193	558	18 006
11 220	2 457	170	558	14 405
1 087	—	—	—	1 087
2 216	—	23	—	2 239
275	—	—	—	275
31 379	17 426	19 275	(50 287)	17 793
6 955	9 017	218	—	16 190
22 862	8 409	2 992	(34 263)	—
—	—	16 024	(16 024)	—
240	—	1	—	241
61	—	39	—	100
1 261	—	1	—	1 262
46 177	19 883	19 468	(49 729)	35 799
9 258	4 384	(2 631)	—	11 011
33 530	8 992	(731)	43	41 834
(5 986)	4	1 272	(43)	(4 753)
(18 286)	(4 612)	(3 172)	—	(26 070)
6 400	—	37	—	6 437

Notes to the consolidated financial statements

for the year ended 30 June 2021

1. SEGMENT INFORMATION *continued* Operating segments – June 2020

	Mining segments			
	Impala Rm	Zimplats Rm	Marula Rm	Impala Canada Rm
Segment profit				
Revenue from:				
Platinum	8 855	3 282	937	75
Palladium	9 099	6 138	2 053	2 815
Rhodium	8 858	2 190	1 565	—
Nickel	1 036	872	43	—
Other metals	2 372	1 153	101	213
Commodity price adjustments	—	791	573	151
Treatment income	—	—	—	—
Revenue	30 220	14 426	5 272	3 254
Production costs				
On-mine operations	(12 414)	(3 290)	(2 004)	(873)
Processing operations	(3 099)	(1 831)	(251)	(288)
Refining and selling	(957)	—	—	—
Depreciation of operating assets	(2 232)	(1 427)	(246)	(611)
Other costs				
Metals purchased	—	—	—	—
Corporate costs	(283)	(579)	—	(105)
Royalty expense	(531)	(485)	(207)	(143)
Change in metal inventories	(508)	365	—	(191)
Covid-19 abnormal production costs (note 17 and 3 ^(E))	(998)	—	(150)	(128)
Chrome operation – cost of sales	—	—	—	—
Treatment charge	—	1	(4)	(34)
Other	(280)	(152)	(3)	(2)
Cost of sales	(21 302)	(7 398)	(2 865)	(2 375)
Gross profit/(loss)	8 918	7 028	2 407	879
Other (expense)/income	(172)	(2)	(27)	(73)
Finance income	54	1	5	8
Finance cost	(575)	(49)	(22)	(300)
Net foreign exchange transaction gains/(losses)	669	(76)	—	(185)
Share of profit of equity-accounted entities	—	—	—	—
Profit/(loss) before tax	8 894	6 902	2 363	329
Income tax (expense)/credit	(2 366)	(1 998)	(690)	(144)
Profit/(loss) for the year	6 528	4 904	1 673	185
External revenue²	30 214	—	—	3 254

¹ Total reconciliation loss of R1 432 million is explained on page 27.

² External revenue excludes inter-group sales.

Notes to the consolidated financial statements

for the year ended 30 June 2021

Total mining segments Rm	Impala Refining Services Rm	All other segments Rm	Reconciliation ¹ Rm	Total Rm
13 149	9 729	—	(4 219)	18 659
20 105	13 716	—	(8 191)	25 630
12 613	8 947	—	(3 755)	17 805
1 951	1 285	—	(915)	2 321
3 839	2 436	79	(1 260)	5 094
1 515	—	—	(1 364)	151
—	191	—	—	191
53 172	36 304	79	(19 704)	69 851
(18 581)	—	—	—	(18 581)
(5 469)	(593)	—	—	(6 062)
(957)	(763)	—	—	(1 720)
(4 516)	—	(5)	—	(4 521)
—	(38 160)	—	19 695	(18 465)
(967)	(172)	—	—	(1 139)
(1 366)	—	(1)	—	(1 367)
(334)	9 409	21	(1 988)	7 108
(1 276)	—	(2)	—	(1 278)
—	—	(84)	—	(84)
(37)	—	(6)	9	(34)
(437)	—	—	—	(437)
(33 940)	(30 279)	(77)	17 716	(46 580)
19 232	6 025	2	(1 988)	23 271
(274)	25	(1 243)	—	(1 492)
68	30	752	(312)	538
(946)	—	(521)	312	(1 155)
408	(76)	454	—	786
—	—	1 082	—	1 082
18 488	6 004	526	(1 988)	23 030
(5 198)	(1 688)	(216)	556	(6 546)
13 290	4 316	310	(1 432)	16 484
33 468	36 304	79	—	69 851

Notes to the consolidated financial statements

for the year ended 30 June 2021

1. SEGMENT INFORMATION *continued* Operating segments – June 2020 *continued*

	Mining segments			
	Impala Rm	Zimplats Rm	Marula Rm	Impala Canada Rm
Segment assets and liabilities				
Non-current segment assets	17 148	20 181	2 506	12 782
Property, plant and equipment	15 477	20 181	2 415	12 782
Investment in equity-accounted entities	—	—	—	—
Deferred tax	1 501	—	—	—
Other	170	—	91	—
Current segment assets	12 421	9 541	1 373	2 134
Inventories ²	5 169	1 597	63	384
Trade and other receivables	4 189	135	30	469
Intercompany balances	464	4 875	1 272	—
Intercompany treasury balances	1 903	—	—	—
Prepayments	100	573	7	—
Cash and cash equivalents	444	2 361	1	1 281
Other	152	—	—	—
Total assets	29 569	29 722	3 879	14 916
Non-current segment liabilities	2 231	5 628	899	5 271
Deferred tax	—	5 232	691	2 547
Borrowings	1 012	42	60	2 412
Provisions	959	353	148	312
Other	260	1	—	—
Current segment liabilities	32 326	1 836	1 967	6 382
Trade and other payables	2 797	1 299	717	430
Intercompany balances	29 131	171	1 241	4 560
Intercompany treasury balances	—	—	—	—
Borrowings	103	40	4	1 386
Provisions	170	—	—	—
Bank overdraft	—	126	—	—
Other	125	200	5	6
Total liabilities	34 557	7 464	2 866	11 653
Segmental cash flow				
Net increase/(decrease) in cash and cash equivalents	9 055	830	1	1 155
Net cash from/(used in) operating activities	9 795	4 171	2 479	1 605
Net cash (used in)/from investing activities	(1 349)	(1 635)	(327)	(7 604)
Net cash from/(used in) financing activities	609	(1 706)	(2 151)	7 154
Capital expenditure including right-of-use assets	1 757	1 735	340	657

¹ Reconciliation of assets of R52 589 million and liabilities of R48 852 million is explained on page 27.

² During the prior period, the estimated allocation of in-process metal inventories between the Impala and Impala Refining Services (IRS) segments was changed on a prospective basis. This has resulted in a more appropriate allocation of in-process inventory to each segment and has better reflected the estimation of an inventory attributable to each segment. The in-process metal inventory allocation for the 2020 financial year was based on the percentage of actual throughput for each segment, as opposed to the contractual basis in IRS, with the remaining balance allocated to Impala. At the time of the reallocation, the overall inventory balance increased by R325 million at the time of the allocation, but decreased by R443 million overall, due to the unearned profit in stock adjustment. The value of IRS in-process purchased metal increased by approximately R3.4 billion, while the Impala in-process mined inventories reduced by approximately R3.1 billion. The unearned profit in stock on consolidation increased by R768 million.

Notes to the consolidated financial statements

for the year ended 30 June 2021

Total mining segments Rm	Impala Refining Services Rm	All other segments Rm	Reconciliation ¹ Rm	Total Rm
52 617	—	5 798	(1 501)	56 914
50 855	—	30	—	50 885
—	—	5 462	—	5 462
1 501	—	—	(1 501)	—
261	—	306	—	567
25 469	30 384	34 176	(51 088)	38 941
7 213	16 204	24	(3 990)	19 451
4 823	272	33	—	5 128
6 611	10 295	24 821	(41 727)	—
1 903	3 457	11	(5 371)	—
680	—	—	—	680
4 087	1	9 243	—	13 331
152	155	44	—	351
78 086	30 384	39 974	(52 589)	95 855
14 029	2 458	3 202	(880)	18 809
8 470	2 458	455	(880)	10 503
3 526	—	2 707	—	6 233
1 772	—	40	—	1 812
261	—	—	—	261
42 511	10 029	7 932	(47 972)	12 500
5 243	3 883	94	—	9 220
35 103	6 146	1 352	(42 601)	—
—	—	5 371	(5 371)	—
1 533	—	1 092	—	2 625
170	—	22	—	192
126	—	—	—	126
336	—	1	—	337
56 540	12 487	11 134	(48 852)	31 309
11 041	(1 722)	(4 936)	—	4 383
18 050	(147)	(1 008)	227	17 122
(10 915)	30	(1 051)	(227)	(12 163)
3 906	(1 605)	(2 877)	—	(576)
4 489	—	—	—	4 489

Notes to the consolidated financial statements

for the year ended 30 June 2021

2. REVENUE

	2021 Rm	2020 Rm
2.1 Disaggregation of revenue by category		
Sale of goods		
<i>Precious metals</i>		
Platinum	22 197	18 659
Palladium	40 625	25 630
Rhodium	53 438	17 805
Ruthenium	2 141	886
Iridium	3 424	1 445
Gold	2 571	1 963
Silver	41	33
	124 437	66 421
<i>Base metals</i>		
Nickel	3 120	2 321
Copper	967	559
Cobalt	80	26
Chrome	472	182
	4 639	3 088
Commodity price adjustments	173	151
<i>Revenue from services</i>		
Toll refining income	326	191
	499	342
	129 575	69 851
2.2 Analysis of revenue by destination		
Main products (Pt, Pd, Rh and Ni)		
Asia	44 786	26 976
North America	33 424	14 953
Europe	25 342	12 259
South Africa	15 997	10 363
	119 549	64 551
By-products		
South Africa	2 465	2 004
Asia	3 036	1 166
Europe	2 495	921
North America	1 571	907
Australia	133	111
	9 700	5 109
Toll refining		
South Africa	4	4
Africa	317	186
North America	5	1
	326	191
	129 575	69 851

Note 1 contains additional disclosure of revenue per reportable segment.

Notes to the consolidated financial statements

for the year ended 30 June 2021

2. REVENUE continued

EJ

Toll refining income

IRS's refining fee revenue meets the criteria for recognition of revenue over time, as IRS provides a service which creates or enhances an asset under customer control. The declaration period stipulated in the toll refining contracts is indicative of the time it takes to complete the refining service and is considered to be the most appropriate estimate of the progress towards satisfying the performance obligation. Refining revenue is recognised on a straight-line basis over the contractual declaration time frame.

AP

The Group generates revenue from the mining, concentrating, refining and the sale of platinum group metals (PGMs) and associated base metals. Revenue is measured based on the consideration specified in the customer contract.

Sales revenue

The Group recognises revenue on inventory sold to a customer on delivery to the contractually agreed upon delivery point. This is the point at which the performance obligation is satisfied and a receivable is recognised as the consideration is unconditional and only the passage of time is required before payment is due. No element of financing is present due to the short-term nature of Group contracts and credit terms are consistent with market practice. The total consideration in the sales contract is allocated to each product based on the contractually agreed-upon metal prices. Metal sales prices are determined based on observable spot prices when revenue is recognised.

Commodity price adjustments

At Impala Canada, the sale price is determined on a provisional basis at the date of the sale, with adjustments made to the sale price based on movements in quoted market prices up to the date of final pricing. These adjustments are separately disclosed within revenue.

Toll refining income

The Group derives toll income revenue from processing and refining of metal concentrate which is subsequently returned to the customer. Revenue is recognised over time.

Notes to the consolidated financial statements

for the year ended 30 June 2021

3. COST OF SALES

	2021 Rm	2020 Rm
Production costs		
On-mine operations	24 709	18 581
Wages and salaries	13 758	10 397
Materials and consumables	8 944	6 670
Utilities	2 007	1 514
Processing operations	7 739	6 096
Wages and salaries	1 518	1 256
Materials and consumables	3 852	2 955
Utilities	2 369	1 885
Refining and selling	1 927	1 720
Wages and salaries	688	612
Materials and consumables	1 024	925
Utilities	215	183
Depreciation of operating assets (notes 11 and 30)	5 475	4 521
Other costs		
Metals purchased	33 903	18 465
Corporate costs	1 368	1 139
Wages and salaries	790	601
Insurance	352	292
Donations	51	59
Other costs	175	187
Royalty expense	4 740	1 367
Increase in metal inventories	(5 288)	(7 108)
Covid-19 abnormal production costs (note 17 ^{EJ})	—	1 278
Chrome operation – cost of sales	241	84
Other	1 306	437
	76 120	46 580
The following disclosure items are included in cost of sales:		
Repairs and maintenance expenditure on property, plant and equipment	3 223	2 473
Cost of inventories sold	73 446	43 726
Employment benefit expense comprises:		
Wages and salaries	15 787	12 011
Pension costs – defined contribution plans	967	892
Share-based compensation [†]	1 264	511
Cash-settled	856	149
Equity-settled (note 22.1)	408	362
	18 018	13 414

[†] The share-based compensation is included in "Other" in cost of sales.

Key management compensation is disclosed in note 33.

Cost of sales

Direct Covid-19 costs, which include heightened risk mitigation through early Covid-19 detection, pandemic awareness initiatives, workplace hygiene, medical surveillance, additional personal protective equipment and medical supplies, and isolation and treatment of suspected and confirmed cases, are included in cost of sales as part of the cost of production.

Due to the three-week national lockdown starting on 26 March 2020, R1 278 million of abnormal production-related costs, which would otherwise have formed part of the calculation of average cost of production for valuing inventory (note 17 ^{EJ}) were incurred in the prior period. These costs were excluded from normal production-related costs and presented separately in cost of sales in the prior period. The amount of abnormal production costs separately disclosed was calculated by taking into account the actual shifts worked in relation to target production shifts scheduled for normal budgeted production.

Notes to the consolidated financial statements

for the year ended 30 June 2021

3. COST OF SALES continued

Employee benefits

Short-term employee benefits

Remuneration to employees is charged to profit or loss on an ongoing basis. Provision is made for accumulated leave, incentive bonuses and other short-term employee benefits.

The Group recognises a liability and an expense for bonuses based on a formula that takes into consideration production and safety performance. The Group recognises a provision when contractually obliged or where there is a past practice that has created a constructive obligation.

Post-employment benefits

Additional information on these benefits is provided in note 28.1, and includes defined contribution plans, and defined benefit plans.

Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after reporting date are discounted to present value.

Share-based payments

For share-based payments' accounting policy refer notes 22 and 28.

AP

4. REVERSAL OF IMPAIRMENT

	2021 Rm	2020 Rm
Property, plant and equipment (note 11)	10 437	—
Prepaid royalty (note 16.1)	4 291	—
	14 728	—

The significant increase in rand PGM prices, as well as a lower increase in operating costs relative to the increase in PGM prices, have resulted in improved expected future operating results for the Group. Consequently, an impairment of R14 728 million was reversed during the current period, R10 437 million of which relates to prior impairments of shafts, mining development and infrastructure and R4 291 million relates to the prepaid royalty to the Royal Bafokeng Nation (RBN) at the Impala operating segment.

The reversal of impairment was limited to what the carrying amounts of the assets would have been at 31 December 2020 had the assets not been impaired. Refer notes 11 and 16 for detailed disclosure relating to the reversal of the impairment.

The key financial assumptions for the cash-generating units used at December 2020 in the impairment reversal calculations are:

- Overall long-term real basket price per 6E ounce sold of R21 200 adjusted for the individual asset or cash-generating unit's prill split
- Long-term post-tax real discount rate – a range of 6% to 13% and long-term pre-tax real discount rate – a range of 16% to 24% for the various cash-generating units in the Group
- *In situ* resource valuation of between US\$2 and US\$11 per 6E ounce depending on whether the resource is inferred, indicated and measured
- If the long-term metal prices were to increase by 5%, the recoverable amount would increase by approximately R8.8 billion. Conversely, a decrease of 5% would negatively affect the recoverable amount by approximately R9.2 billion. A 10% increase or decrease in the *in situ* 6E value would affect the recoverable amount by approximately R160 million
- If the real discount rate were to increase or decrease by 50 basis points, the recoverable amount will decrease or increase respectively by approximately R600 million.

EJ

Notes to the consolidated financial statements

for the year ended 30 June 2021

5. OTHER INCOME

	2021 Rm	2020 Rm
Insurance proceeds – business interruption (Number 5 furnace fire)	–	353
Emergency wage subsidy – Impala Canada	54	–
Profit on disposal of property, plant and equipment	49	43
Profit on sale and leaseback of houses	30	30
Dividend received – Rand Mutual Assurance (RMA)	30	8
Bargain purchase on acquisition of North American Palladium	–	11
Other	51	26
	214	471



Deferred profit on sale and leaseback of houses

The excess of the proceeds over the carrying amount of the asset sold is amortised over the lease term.

6. OTHER EXPENSES

	2021 Rm	2020 Rm
Marula IFRS 2 BEE charge	1 514	–
Invitation premium paid on US\$ bond conversion	–	509
Restructuring costs	–	105
Derivative financial instruments – fair value movements		
– Conversion option – US\$ convertible bond	–	203
– Cross-currency interest rate swap	–	74
– Foreign exchange rate collars	–	441
Acquisition related costs – North American Palladium	–	147
Non-production-related corporate costs	150	192
Repurchase of ZAR bond costs	169	–
Loss on reclassification of Waterberg investment	–	113
Auditor remuneration	26	20
Exploration expenditure	142	92
Other	174	67
	2 175	1 963
Auditor remuneration comprises:	26	20
Other services	–	–
Audit services including interim review	26	20

Marula IFRS 2 BEE charge

The Group concluded the refinancing of the Standard Bank loan with its Marula empowerment partners (note 26), which included the establishment of an Employee Share Ownership Trust (ESOT). The transaction reduced the BEE partners shareholding in Marula from 27% to 22.7% but also introduced a 4% shareholding by the ESOT, resulting in an effective BEE ownership of 26.7% post the refinancing. The ESOT is controlled by Implats and therefore consolidated. The 22.7% BEE shareholding will only be accounted for as non-controlling interest when the loan is substantially repaid, at which point the BEE partners' rights to the shares in Marula become unconditional. The IFRS 2 BEE charge of R1 514 million represents the difference between fair value of the interest in Marula disposed of and the fair value of the consideration received from the BEE shareholders.



The key financial assumptions in the Marula IFRS 2 BEE charge calculations are:

- Overall long-term real basket price per 6E ounce sold of R21 000
- Long-term real post-tax discount rate – a range of 19% to 22% and long-term real pre-tax discount rate – a range of 32% to 35%.

Notes to the consolidated financial statements

for the year ended 30 June 2021

7. FINANCE INCOME

	2021 Rm	2020 Rm
Interest received – cash and cash equivalents	717	442
Interest received – trade and other receivables	38	63
Other	13	33
	768	538

Interest income recognised at amortised cost is R750 million (2020: R534 million).



Interest income

Interest income at amortised cost is recognised on a time-proportion basis using the effective interest method.

8. FINANCE COST

	2021 Rm	2020 Rm
Interest paid – borrowings (note 26)	426	615
Interest paid – leases (note 26)	129	135
Unwinding of discount – provision for environmental rehabilitation (note 24)	146	147
Commitment and facility fees	99	65
Interest paid – trade and other payables	–	122
Change in carrying value of Impala Canada term loan	70	–
Other	76	98
Finance costs	946	1 182
Less: Borrowing cost capitalised (note 11) ¹	–	(27)
	946	1 155

¹ The average rate calculated for the capitalisation was nil (2020: 4.08%). This interest has been capitalised insofar as qualifying capital expenditure has been incurred.

Notes to the consolidated financial statements

for the year ended 30 June 2021

9. INCOME TAX EXPENSE

	2021 Rm	2020 Rm
Current tax		
South African current tax	9 633	99
Current tax on profits for the year	9 557	82
Prior year adjustment	76	17
Other countries' current tax	4 699	1 604
Current tax on profits for the year	3 813	1 346
Withholding tax	843	221
Prior year adjustment	43	37
Total current tax (note 19)	14 332	1 703
Deferred tax		
South African deferred tax	4 256	4 295
Temporary differences	4 318	4 290
Prior year adjustment	(62)	5
Other countries' deferred tax	1 477	548
Temporary differences	1 699	598
Prior year adjustment	(37)	(50)
Change in tax rate	(185)	—
Total deferred tax (note 25)	5 733	4 843
Total income tax expense	20 065	6 546
The tax of the Group's profit/(loss) differs as follows from the theoretical charge that would arise using the basic tax rate of 28% for South African companies:		
Normal tax for companies on profit before tax	19 018	6 448
Adjusted for:		
Disallowable expenditure:		
Marula IFRS 2 BEE charge	424	—
Repairs and maintenance	68	—
Income tax interest and penalties	—	6
Head office costs	29	65
Royalty	59	45
Fair value adjustments	—	90
Early settlement of bonds	19	202
Taxable capital gain	3	82
Canadian mining costs allowances	—	16
Withholding taxes on undistributed profits	1 301	236
Other	98	70
Exempt income:		
Profit on sale of assets	(2)	(4)
Canadian mining costs allowances	(169)	—
Finance income	—	(93)
Fair value adjustments	(23)	—
Other	(23)	(217)
Equity-settled share-based compensation expense	(428)	(232)
Prior year adjustment	12	9
Canadian mining taxes	407	—
Change in tax rate (Zimbabwe)	(185)	—
Deferred tax not recognised (impairment and other)	33	51
Effect of after-tax share of profit from associates	(899)	(303)
Effect of different taxes of foreign subsidiaries	323	75
Income tax expense	20 065	6 546
Effective tax rate (%)	30	28

Notes to the consolidated financial statements

for the year ended 30 June 2021

9. INCOME TAX EXPENSE continued

Income tax

Income tax includes current tax, deferred tax and withholding taxes. Current tax is calculated by applying enacted or substantively enacted tax rates to taxable income, including adjustments to tax payable in respect of prior years.

EJ

The Group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the provision for income taxes. 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 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.

10. EARNINGS PER SHARE

The weighted average number of ordinary shares in issue outside the Group for the purposes of basic and headline earnings per share are calculated as follows:

	2021 Million	2020 Million
Basic earnings – number of shares		
Number of ordinary shares issued outside the Group (note 21)	813.98	778.20
Adjusted for weighted average number of ordinary shares issued during the year	(38.48)	(8.44)
Adjusted for weighted average number of ordinary shares acquired during the year	8.93	7.44
Weighted average number of ordinary shares in issue for basic earnings and headline earnings per share	784.43	777.20
Adjusted for:		
Dilutive potential ordinary shares relating to Long-term Incentive Plan	5.12	11.55
Dilutive potential ordinary shares relating to ZAR convertible bonds	0.01	64.99
Weighted average number of ordinary shares for diluted earnings per share	789.56	853.74

	2021 Rm	2020 Rm
Basic earnings – attributable profit		
Profit attributable to the owners of the Company	47 032	16 055
Adjusted for:		
Interest on dilutive ZAR convertible bonds (after tax at 28%)	–	257
Profit used in the calculation of diluted earnings per share	47 032	16 312

	2021 Cents	2021 Cents
Basic earnings per share	5 996	2 066
Diluted earnings per share	5 957	1 911

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of the Company for the year by the weighted average number of ordinary shares in issue for basic earnings per share.

Diluted earnings per share

Diluted earnings per share is calculated by dividing the profit attributable to the owners of the Company for the year by the weighted average number of ordinary shares for diluted earnings per share. Potential ordinary shares are only treated as dilutive when their conversion would decrease earnings per share.

Notes to the consolidated financial statements

for the year ended 30 June 2021

10. EARNINGS PER SHARE continued

	2021 Million	2020 Million
Headline earnings – number of shares		
Headline earnings		
Weighted average number of ordinary shares in issue for headline earnings per share	784.43	777.20
Adjusted for:		
Dilutive potential ordinary shares relating to Long-term Incentive Plan	5.12	11.55
Dilutive potential ordinary shares relating to ZAR convertible bonds	0.01	64.99
Weighted average number of ordinary shares for diluted headline earnings per share	789.56	853.74

Profit attributable to owners of the Company is adjusted as follows:

	2021 Rm	2020 Rm
Headline earnings – attributable profit		
Profit attributable to owners of the Company	47 032	16 055
Remeasurement adjustments:		
Reversal of impairment (note 4)	(10 604)	—
Earnings remeasurement	(14 728)	—
Tax effects	4 124	—
Profit on disposal of property, plant and equipment (note 5) ¹	(69)	(31)
Earnings remeasurement	(99)	(43)
Tax effects	30	12
Bargain purchase on acquisition of North American Palladium	—	(11)
Earnings remeasurement	—	(11)
Tax effects	—	—
Loss on reclassification of Waterberg investment	—	113
Earnings remeasurement	—	113
Tax effects	—	—
Headline earnings	36 359	16 126
Adjusted for:		
Interest on dilutive ZAR convertible bonds (after tax at 28%)	—	257
Headline earnings used in the calculation of diluted headline earnings per share	36 359	16 383

Headline earnings

Headline earnings per share is calculated by dividing the headline earnings attributable to the owners of the Company for the year by the weighted average number of ordinary shares in issue for headline earnings per share.

	2021 Cents	2020 Cents
Headline earnings per share	4 635	2 075
Diluted headline earnings per share	4 605	1 919

Headline earnings per share

Headline earnings per share is calculated by dividing the headline earnings attributable to the owners of the Company for the year by the weighted average number of ordinary shares in issue for headline earnings per share.

Diluted headline earnings per share

Diluted headline earnings per share is calculated by dividing the adjusted headline earnings attributable to the owners of the Company for the year by the weighted average number of ordinary shares for diluted headline earnings per share. Potential ordinary shares are only treated as dilutive when their conversion would decrease headline earnings per share.

¹ Including profit on disposal of property, plant and equipment from equity-accounted entities.

Notes to the consolidated financial statements

for the year ended 30 June 2021

11. PROPERTY, PLANT AND EQUIPMENT

	Shafts, mining develop- ment and infra- structure Rm	Metal- lurgical and refining plants Rm	Land and buildings Rm	Assets under construc- tion Rm	Other assets Rm	Total Rm
Cost						
30 June 2019	49 142	16 985	5 436	8 775	4 929	85 267
Capital expenditure ¹	1 759	542	12	1 344	622	4 279
PPE acquired through the acquisition of North American Palladium (NAP)	8 170	1 185	320	—	1 392	11 067
Right-of-use assets capitalised	—	—	29	—	181	210
Interest capitalised	—	—	—	27	—	27
Transfer from assets under construction	969	520	18	(1 566)	59	—
Disposals and scrappings	(704)	(497)	(18)	(3)	(927)	(2 149)
Rehabilitation adjustment (note 24.1)	(133)	—	—	—	—	(133)
Exchange adjustment on translation	3 328	1 926	691	465	957	7 367
30 June 2020	62 531	20 661	6 488	9 042	7 213	105 935
Capital expenditure ¹	1 869	838	14	2 283	1 311	6 315
Right-of-use assets capitalised	—	—	38	—	134	172
Transfer from assets under construction	1 081	504	160	(1 817)	72	—
Disposals and scrappings	(2 364)	(936)	(65)	(2)	(1 835)	(5 202)
Rehabilitation adjustment (note 24.1)	369	—	—	—	—	369
Exchange adjustment on translation	(3 004)	(1 831)	(642)	(415)	(914)	(6 806)
30 June 2021	60 482	19 236	5 993	9 091	5 981	100 783

¹ Includes depreciation of R50 million (2020: R31 million) which was capitalised to the cost of property, plant and equipment.

Notes to the consolidated financial statements

for the year ended 30 June 2021

11. PROPERTY, PLANT AND EQUIPMENT continued

	Shafts, mining develop- ment and infra- structure Rm	Metal- lurgical and refining plants Rm	Land and buildings Rm	Assets under construc- tion Rm	Other assets Rm	Total Rm
Accumulated depreciation and impairment						
30 June 2019	31 420	7 366	1 579	6 637	3 766	50 768
Depreciation (notes 3 and 30) ¹	2 487	1 041	226	—	798	4 552
Disposals and scrappings	(698)	(496)	—	(3)	(915)	(2 112)
Exchange adjustment on translation	635	529	177	—	501	1 842
30 June 2020	33 844	8 440	1 982	6 634	4 150	55 050
Depreciation (notes 3 and 30) ¹	3 275	1 026	250	—	974	5 525
Disposals and scrappings	(2 354)	(919)	—	(2)	(1 828)	(5 103)
Reversal of impairment	(10 437)	—	—	—	—	(10 437)
Exchange adjustment on translation	(712)	(555)	(179)	—	(515)	(1 961)
30 June 2021	23 616	7 992	2 053	6 632	2 781	43 074
Carrying value at 30 June 2020	28 687	12 221	4 506	2 408	3 063	50 885
Carrying value at 30 June 2021	36 866	11 244	3 940	2 459	3 200	57 709

¹ Includes depreciation of R50 million (2020: R31 million) which was capitalised to the cost of property, plant and equipment.

	Shafts, mining develop- ment and infra- structure Rm	Metal- lurgical and refining plants Rm	Land and buildings Rm	Other assets Rm	Total Rm
Right-of-use assets included in property, plant and equipment					
Finance leases capitalised at 30 June 2019	—	48	598	1	647
Recognised on adoption of IFRS 16	—	—	29	88	117
Right-of-use assets capitalised ¹	—	—	6	95	101
Right-of-use assets acquired through the acquisition of North American Palladium (NAP)	2	—	—	74	76
Depreciation	(1)	(11)	(89)	(41)	(142)
Exchange adjustment on translation	—	—	1	29	30
June 2020	1	37	545	246	829
Right-of-use assets capitalised ¹	—	—	38	149	187
Disposals	—	—	—	(1)	(1)
Transfers	—	—	—	(28)	(28)
Depreciation	(1)	(11)	(93)	(71)	(176)
Exchange adjustment on translation	—	—	(1)	(30)	(31)
June 2021	—	26	489	265	780

¹ Includes cash improvements capitalised to Impala Canada's right-of-use assets of R15 million (2020: R8 million).

Notes to the consolidated financial statements

for the year ended 30 June 2021

11. PROPERTY, PLANT AND EQUIPMENT continued

	2021 Rm	2020 Rm
Assets under construction included in property, plant and equipment		
Assets under construction consist mainly of (carrying amount):		
Impala	284	34
Zimplats (Mupani Mine and Bimha Mine re-development)	1 824	2 265
Other	351	109
	2 459	2 408
Other assets		
Other assets consist mainly of (carrying amount):		
Mobile equipment	1 933	1 672
Information technology	351	373
Other	916	1 018
	3 200	3 063
Commitments in respect of property, plant and equipment		
Commitments contracted for	3 297	1 384
Approved expenditure not yet contracted	10 592	4 798
	13 889	6 182
Less than one year	8 176	3 668
Between one and five years	5 713	2 514

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

Reversal of impairment

During the 2018 financial year, the property, plant and equipment of the Impala operating segment was impaired to its recoverable amount. In the current period, R10 437 million of this impairment, relating to shaft, mining development and infrastructure, was reversed as a result of significant increases in the rand PGM prices as well as an expected overall improvement in future operating results. The recoverable amount of the Impala's mining cash-generating unit was approximately R31 billion, determined on the basis of fair value less costs to sell and was calculated using future discounted cash flows, including *in situ* 6E ounce value for mineral resources outside the approved mine plan. This is a level 3 valuation in terms of the fair value hierarchy. Refer note 4.

Notes to the consolidated financial statements

for the year ended 30 June 2021

11. PROPERTY, PLANT AND EQUIPMENT continued

11.1 Areas of judgement

Shafts, mining development and infrastructure

Individual mining assets are depreciated using the units-of-production (UOP) method for the units associated with the assets (note 11.1.1). The UOP method better reflects the pattern of consumption of future economic benefits from these assets when compared to the straight-line method.

Metallurgical and refining plants

Metallurgical and refining assets are depreciated by either using the straight-line method over the useful life of the asset limited to the life of the mine or using the UOP method depending on which method best reflects the future economic benefits consumed from the asset (note 11.1.1).

EJ

Land, buildings and general infrastructure

Assets in this category are depreciated by either using the straight-line method over the useful life of the asset limited to the life of the mine or using the UOP method depending on which method best reflects the future economic benefits consumed from the asset. Depreciation ceases when the residual value exceeds the carrying amount. The useful life of land and buildings subject to a finance lease is limited to the lease term. Land is not depreciated.

Other assets

Other assets are depreciated using the straight-line method over the useful life of the asset limited to the life-of-mine. The useful lives of these assets are monitored on an ongoing basis and are as follows:

<i>Asset type</i>	<i>Estimated useful life</i>
• Information technology	3 years
• Mobile equipment	5 to 10 years

11.1.1 Units-of-production

EJ

Management has elected to use the centares mined in relation to centares proved and probable mineral reserves as an appropriate units-of-production depreciation methodology. Changes in proved and probable mineral reserves will impact the useful lives of the assets depreciated on the UOP method and the useful lives of assets depreciated on a straight-line basis, where those lives are limited to the life of the mine.

For purposes of calculating depreciation and taking into account board-approved projects and reserve centares for the depreciation calculation, the following life-of-mine (LoM) applies: Impala 16 years (2020: 15 years), Zimplats 39 years (2020: 30 years), Marula 13 years (2020: 11 years) and Impala Canada 10 years (2020: 10 years).

11.1.2 Mineral reserves estimations

EJ

The estimation of reserves impacts the depreciation and recoverable amount of property, plant and equipment. Resources related to a future project are transferred to the reserve category on approval of the project by the board. The resources would be taken into account in the calculation of the UOP and form part of the LoM for that mine. Factors impacting the determination of proved and probable reserves are:

- Variance in the grade of mineral reserves (ie differences between actual grades mined and grades modelled)
- Differences between actual commodity prices and commodity price assumptions
- Unforeseen operational issues at mine sites
- Changes in capital, operating, mining, processing and reclamation costs, discount rates and foreign exchange rates.

Expectations regarding future profitability would impact the decision to continue mining and consequently, the continued classification as proved and probable mineral reserves. During the year, the factors impacting the proved and probable mineral reserves were reassessed and the life-of-mines were adjusted for accordingly. (Refer Mineral Resource and Mineral Reserve Statement at www.implats.co.za).

Notes to the consolidated financial statements

for the year ended 30 June 2021

11 PROPERTY, PLANT AND EQUIPMENT continued

11.1 Areas of judgement continued

11.1.3 Production start date

The Group assesses the stage of each mine construction project to determine when a mine moves into the commercial production stage. The criteria used to assess the start date are determined based on the unique nature of each mine construction project, such as the complexity of a plant and its location.

EJ

When a mine construction project is ready for use and moves into commercial production, the capitalisation of mine construction costs ceases and further costs are either regarded as inventory or expensed. During the production stage only costs qualifying for capitalisation as mining assets additions or improvements, underground mine development or mineable reserve development are capitalised.

11.1.4 Impairment

Long-term mining assets forming part of board-approved projects are valued based on estimates of future discounted cash flows (DCF) of the latest board-approved business forecasts regarding production volumes, costs of production, capital expenditure, metal prices and market forecasts for foreign exchange rates. The discount rate is a risk adjusted discount rate, taking into account specific risks relating to the cash-generating unit (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* 6E 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.

EJ

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 PPE, including Covid-19 as well as climate-related impacts where applicable, during the financial year by updating their DCFs to take into consideration the revised production volumes, metal prices, cost forecasts and other factors. No impairment was required.

The key financial assumptions for the cash-generating units used in the impairment calculations are:

- Overall long-term real basket price per 6E ounce sold of R23 500 (2020: R20 300 in equivalent 2020 terms) adjusted for the individual asset or cash-generating unit's prill split
- Long-term post-tax real discount rate – a range of 5% to 12% (2020: 7% to 15%) and long-term pre-tax real discount rate – a range of 18% to 29% (2020: 10% to 28%) for the various cash-generating units in the Group
- *In situ* resource valuation of between US\$1.70 and US\$9.00 (2020: US\$1.60 and US\$ 8.00) per 6E ounce depending on whether the resource is inferred, indicated and measured.

For the key financial assumptions for the cash-generating units used at December 2020 in the impairment reversal calculations refer note 4.

Notes to the consolidated financial statements

for the year ended 30 June 2021

11. PROPERTY, PLANT AND EQUIPMENT *continued*

Property, plant and equipment

Carrying amount

Property, plant and equipment are recognised at cost less accumulated depreciation and less any accumulated impairment losses.

Components

Property, plant and equipment comprising major components with different useful lives are accounted for separately. Significant expenditure to replace or modify a major component is capitalised after derecognition and a write off to the income statement of the existing carrying amount, prior to capitalisation. All maintenance costs are expensed.

Cost

Pre-production expenditure is capitalised, subsequent to the directors approving the project and thus concluding that future economic benefits are probable. Mining development and infrastructure, including evaluation costs and professional fees, incurred to establish or expand productive capacity, to support and maintain that productive capacity incurred on mines are capitalised to property, plant and equipment. The recognition of costs in the carrying amount of an asset ceases when the item is in the location and condition necessary to operate as intended by management. Any net mining income earned, while the item is not yet capable of operating as intended, is recognised in profit or loss.

Interest on general or specific borrowings to finance the establishment or expansion of mining assets is capitalised during the construction phase. When general and/or specific borrowings are utilised to fund qualifying capital expenditure, such borrowing costs attributable to the capital expenditure are capitalised from the point at which the capital expenditure and related borrowing cost are incurred until completion of construction. Actual interest, net of any temporary income, on specific borrowings is capitalised. Interest on general borrowings is capitalised at the weighted average cost of the debt on qualifying expenditure, limited to actual interest incurred.

The present value of decommissioning cost, which is the dismantling and removal of the asset included in the environmental rehabilitation obligation, is included in the cost of the related pre-production assets and changes in the liability resulting from changes in the estimates are accounted for as follows:

- Any decrease in the liability reduces the cost of the related asset. The decrease in the asset is limited to its carrying amount and any excess is accounted for in profit or loss
- Any increase in the liability increases the carrying amount of the related asset.

Information technology software purchased and any direct expenditure incurred in customisation and installation thereof are capitalised. Internally developed software is capitalised only if it meets the criteria for capitalising development expenditure. All other software development expenditure is charged to the income statement.

For right-of-use assets accounting policy, refer note 26 .

Subsequent expenditure

Subsequent costs are included in the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be reliably measured. All repairs and maintenance costs are expensed during the financial period in which they are incurred.

Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal, retirement or scrapping of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Depreciation

Assets are depreciated over their useful lives taking into account historical and expected performance for straight-line depreciation and actual usage, in the case of units-of-production (UOP) method. Depreciation is calculated on the carrying amount less residual value of the assets or components of the assets, where applicable, and ceases when the residual value equals or exceeds the carrying amount of the asset. Depreciation on operating assets is charged to profit or loss and depreciation incurred in constructing an asset is capitalised to the cost of the asset.

The UOP method of depreciation is based on the actual production of economically recoverable proved and probable mineral reserves over expected estimated economically recoverable proved and probable mineral reserves to be produced or concentrated or refined by that asset. Residual value of assets is determined by estimating the amount the entity would currently realise from disposal after disposal costs, if the asset was already in the condition expected at the end of its life.

Depreciation methods and depreciation rates are applied consistently within each asset class except where significant individual assets or major components of assets have been identified which have different depreciation patterns.

Depreciation methods, residual values and useful lives are reviewed annually. The depreciation calculation is adjusted prospectively for changes in the residual value and useful lives.

AP

Notes to the consolidated financial statements

for the year ended 30 June 2021

11. PROPERTY, PLANT AND EQUIPMENT *continued*

Impairment

These assets are assessed for indicators of impairment at each reporting date. Irrespective of whether there is any indication of impairment, Implats test these assets for impairment annually. An impairment loss is recognised in profit or loss, equal to the amount by which the carrying amount of an asset or a cash-generating unit exceeds the higher of its fair value less cost to sell and its value in use. When impairments reverse due to change in circumstances, reversals are limited to the initial impairment, what the carrying amount would have been net of depreciation if the impairment was not recognised and the newly calculated recoverable amount.

AP

Property, plant and equipment is grouped at subsidiary level, which is the lowest level for which separately identifiable cash flows are available (cash-generating units). The assets within a cash-generating unit can include a combination of board-approved projects and mineral resources outside the approved mine plans.

12. INVESTMENT PROPERTY

	2021 Rm	2020 Rm
Cost	220	220
Accumulated depreciation and impairment	130	130
Carrying amount	90	90

Rental income of R6 million, after costs (2020: R6 million), was received during the year. The R90 million (2020: R90 million) carrying amount of investment property, comprising undeveloped land and residential houses, has a fair value of R87 million (2020: R103 million). This fair value is categorised within level 3 of the fair value hierarchy (note 32.1). Fair value was calculated using a discounted cash flow valuation technique and a 10.1% (2020: 7.2%) discount rate applied to the expected future rental income. The fair value was not determined by a qualified independent valuer.

Investment property is depreciated over the expected useful life of the asset limited to the residual value of residential houses. No depreciation is provided on land.

Investment property

Investment property comprises land and houses held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment property is recognised initially at cost, including transaction costs. Subsequent recognition of investment property is at cost, less accumulated depreciation and less any accumulated impairment losses.

AP

Refer note 11  for the cost model and impairment accounting policies.

Notes to the consolidated financial statements

for the year ended 30 June 2021

13. INVESTMENT IN EQUITY-ACCOUNTED ENTITIES

Details of the Group's material joint venture and associate at the end of the reporting period are as follows:

Company	Principal activity	Place of incorporation	Place of business	Proportion of ownership and voting rights held by the Group		Investment	
				2021 %	2020 %	2021 Rm	2020 Rm
Joint venture							
Mimosa	Mining and producing PGM concentrate	Mauritius	Zimbabwe	50	50	4 251	3 428
Associate							
Two Rivers	Mining and producing PGM concentrate	South Africa	South Africa	46	46	3 225	1 910
Individually immaterial associates and joint ventures						272	124
Total investment in equity-accounted entities						7 748	5 462

	Note	2021 Rm	2020 Rm
Movement in investment in equity-accounted entities			
Beginning of the year		5 462	4 437
Share of profit		4 616	1 461
Acquisition of interest in AP Ventures	13.1	232	—
Disposal of interest in AP Ventures	13.1	(31)	—
Shareholder funding – Waterberg		—	5
Reclassification – Waterberg investment		—	(295)
Loss on reclassification of Waterberg investment (note 6)		—	(113)
Exchange differences on translating foreign equity-accounted entities		(739)	587
Dividends received		(1 792)	(620)
End of the year		7 748	5 462
Share of profit of equity-accounted entities is made up as follows:			
Share of profit		4 616	1 461
Movement in unrealised profit in inventory		(1 404)	(379)
Total share of profit of equity-accounted entities		3 212	1 082

Notes to the consolidated financial statements


for the year ended 30 June 2021

13. INVESTMENT IN EQUITY-ACCOUNTED ENTITIES continued

13.1 AP Ventures

During the year Implats acquired a 25% shareholding in AP Ventures, a limited liability partnership established under the laws of England and Wales. The investment comprise a total commitment to contribute US\$61 million over a period of nine years. The contribution of R232 million represents draw-downs for the year of US\$15.6 million. Equalisation refunds of R31 million (US\$2.2 million) were received during the period which reduced Implats' shareholding to 19.3%. Implats effectively holds 25.11% of the advisory committee vote resulting from its relative contribution which represents contractually agreed upon joint control over the relevant activities of the fund.

Impairment

Equity-accounted investments are treated as cash-generating units and are tested for impairment on an individual basis. The Covid-19 pandemic impacted production, sales, costs and capital spend in the Group, as well as the global environment in which the Group operates. These impacts are possible indicators of impairment and were therefore, if applicable, taken into account in the impairment tests for equity-accounted investments during the financial year, by updating their DCFs for the revised metal prices, cost forecasts and other factors which affect future dividends from these investments. No impairment was required. For more estimates and judgements on impairments refer  note 11.1.4.

Summarised financial information of the Group's material joint venture and associates is set out below (100%):

	Mimosa		Two Rivers	
	2021 Rm	2020 Rm	2021 Rm	2020 Rm
Capital and reserves	8 502	6 856	7 012	4 154
Non-current liabilities	2 027	1 923	2 152	1 822
Current liabilities	1 135	725	923	522
	11 664	9 504	10 087	6 498
Non-current assets	5 104	5 805	5 062	4 321
Current assets	6 560	3 699	5 025	2 177
	11 664	9 504	10 087	6 498
The above amounts of assets and liabilities include the following:				
Cash and cash equivalents	406	273	329	24
Current financial liabilities (excluding trade and other payables and provisions)	60	65	—	150
Non-current financial liabilities (excluding trade and other payables and provisions)	23	39	158	303
Revenue	10 811	5 107	11 992	6 173
Profit for the year	4 249	1 062	5 514	1 979
Total comprehensive income	4 249	1 062	5 514	1 979
The above profit for the year includes the following:				
Depreciation and amortisation	557	560	503	371
Interest income	10	7	31	24
Interest expense	12	39	20	35
Income tax expense	2 024	659	2 147	762
Reconciliation of the summarised financial information to the carrying amount of the investment recognised in the consolidated financial statements:				
Net assets of the entity	8 502	6 856	7 012	4 154
Proportion of the Group's ownership interest in the investment	4 251	3 428	3 225	1 910
Dividends received by the Group	561	44	1 219	566

Notes to the consolidated financial statements

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13. INVESTMENT IN EQUITY-ACCOUNTED ENTITIES *continued*

13.2 Aggregate information of associates that are not individually material

	2021 Rm	2020 Rm
The Group's share of (loss)/profit	(42)	22
The Group's share of total comprehensive (loss)/income	(42)	22
Aggregate carrying amount of the Group's interest in these associates and joint ventures	272	124

There are no unrecognised losses or significant restrictions on the ability of joint ventures or associates to transfer funds to the Group.

Equity-accounted investments

Associates

Associates are undertakings in which the Group has a long-term interest and over which it exercises significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights.

Joint ventures

A joint venture is a joint arrangement where the parties (joint venturers) that have joint control of the arrangement have rights to the net assets through an equity holding of the arrangement.

Both investments in associated undertakings and joint ventures are accounted for using the equity method of accounting.

Equity method of accounting

The equity method of accounting is used to account for the acquisition of associates and joint ventures 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, plus costs directly attributable to the acquisition.

Equity-accounting involves recognising in profit or loss and in other comprehensive income respectively, the Group's share of the associate's or joint venture's post-acquisition profit or loss for the year, and its share of post-acquisition movements in other comprehensive income. Under the equity method, the investment in the associate or joint venture is initially recognised at cost and the carrying amount is increased or decreased to recognise the investor's share of profit or loss and movement in other comprehensive income of the investee, after the date of acquisition. Dividends and other equity receipts received reduce the carrying amount of the investment.

When the Group's share of losses in an associate or joint venture equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate or joint venture.

Unrealised gains or losses on transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's interest in the associates or joint ventures.

No goodwill relating to an associate or a joint venture is recognised. It is included in the carrying amount of the investment and is not amortised.

Discontinuing use of equity-accounting method

Use of the equity-accounting method is discontinued from the date when the investment ceases to be an associate or a joint venture. If the retained interest of a former associate or joint venture is a financial asset, the retained interest is initially recognised at fair value and is accounted for as an equity investment subsequently measured at fair value through other comprehensive income. The difference between the fair value of the retained interest plus any proceeds from the part disposal of the associate or joint venture, and the carrying amount of the equity-accounted investment, at the date at which the equity method was discontinued, is recognised in profit or loss.

If the investment becomes a subsidiary, the change in control is accounted for as a business combination and the investment is subsequently consolidated into the Group.

Impairment

Equity-accounted investments are assessed for indicators of impairment at each reporting date. The carrying amount of each equity-accounted investment is tested for impairment separately. An impairment loss is provided for, in profit or loss, equal to the amount by which the carrying amount exceeds the higher of fair value less cost to sell and value in use (Group's share of expected cash flows) and reduces the carrying amount of the investment.

When impairments are reversed, due to a change in circumstances, the reversals are limited to the lower of initial impairment and the newly equity-accounted investment value.

AP

Notes to the consolidated financial statements

for the year ended 30 June 2021

14. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (FVOCI)

	Note	2021 Rm	2020 Rm
Waterberg	14.1	330	295
Other		95	99
		425	394

14.1 Waterberg

In the prior period, the equity-accounted investment in the Waterberg Development Project (Waterberg) was reclassified to financial assets at fair value through other comprehensive income following the Group's loss of significant influence. The fair value adjustment through other comprehensive income was R35 million (2020: nil).

EJ

Measurement of FVOCI financial assets

Fair value measurements reflect the view of market participants under current market conditions taking into account the impact of Covid-19. Both the Waterberg investment and the other investment were valued using unobservable level 3 measurement inputs which are further described in note 32.

AP

Investments in equity instruments

Implats subsequently measures all investments in equity instruments at fair value. The Group elected to present the changes in the fair value in other comprehensive income (OCI), due to the Group's business model to hold these assets for value appreciation over the long term and to earn periodic returns.

Upon derecognition, the accumulated fair value gains and losses on these instruments are not subsequently reclassified to profit or loss. Dividends received are recognised in profit or loss when the Group's right to receive payments is established.

15. OTHER FINANCIAL ASSETS

	Notes	2021 Rm	2020 Rm
Subsequently carried at fair value through profit or loss			
Short-term investments	15.1	1 002	—
Subsequently carried at amortised cost			
Loans carried at amortised cost	15.2	88	86
		1 090	86
Current		1 006	3
Non-current		84	83

Refer note 32 for fair value and financial risk disclosure.

Notes to the consolidated financial statements

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15. OTHER FINANCIAL ASSETS continued

15.1 Short-term investments

These investments represent monies earmarked for future investment in longer term assets to finance the long-term rehabilitation liabilities of the Group's South African mining operations (note 24.1).

15.2 Loans carried at amortised cost

The interest-free loans of R88 million (2020: R86 million) relate to the employee home-ownership scheme. Non-interest-bearing loans are provided to qualifying employees of Implats and Marula. These loans are repayable over 20 years from grant date.

The average remaining repayment period is between 10 and 20 years. The market-related effective weighted average interest rate is 9.3% (2020: 9.9%). These loans are secured by a second bond over residential properties.

Impairment – Loans at amortised cost

Housing loans consist of housing loans advanced to Implats employees in terms of the Implats housing scheme. After the bank's screening and approval process for their part of the loan, Implats issues the employee with a housing loan for the outstanding amount. An impairment rate of 0.5% was applied to housing loans. This impairment assumption is based on expected default rates on the overdue loans, by employees showing signs of financial distress and adverse expected changes in macro-economic circumstances that could affect employees. This rate has not increased and will be reassessed for reasonableness going forward.

EJ

Financial assets measured at fair value through profit or loss

Financial assets that are not measured at amortised cost or at fair value through other comprehensive income are classified as measured at fair value through profit or loss.

Financial assets measured at amortised cost

The classification of these instruments is in line with the Group's business model to hold the assets to maturity and to collect contractual cash flows that consist solely of payments of principal and interest on the outstanding amount. Any gain or loss arising on derecognition is presented in other income and expense and foreign exchange gains and losses presented in foreign exchange transaction losses, directly in profit or loss. These assets with maturities greater than 12 months after the reporting date are classified as non-current assets.

Effective interest method

The effective interest exactly discounts estimated future cash receipts or payments (including all fees paid or received which forms an integral part of the effective interest rate, transaction costs and other premiums or discounts) throughout the expected life of the financial asset or financial liability.

AP

Impairment of financial assets at amortised cost

The general expected credit loss (ECL) model is applied to other receivables (note 18) and other financial assets at amortised cost. It requires a three-stage assessment of financial assets:

Stage 1: No significant deterioration in credit quality. This identifies financial assets as having a low credit risk, and the asset is considered to be performing as anticipated. At this stage, a 12-month expected credit loss assessment is required.

Stage 2: Significant deterioration in credit quality of the financial asset but no indication of a credit loss event. This stage identifies assets as underperforming. Lifetime expected credit losses are required to be assessed.

Stage 3: Clear and objective evidence of impairment is present. This stage identifies assets as non-performing financial instruments. Lifetime expected credit losses are required to be assessed.

Once a default has occurred, it is considered a deterioration of credit risk and therefore identifies the asset as underperforming in stage 2.

Financial assets are considered to be low credit risk when they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term. Indicators of an increase in credit risk requires judgement and may include historical information about the debtor, adverse actual and expected data about existing market conditions such as interest rates and the sovereign and financial institutions' credit ratings, which influence our forward looking estimates, at the end of each reporting period.

Notes to the consolidated financial statements

for the year ended 30 June 2021

16. PREPAYMENTS

	Note	2021 Rm	2020 Rm
Royal Bafokeng Nation (RBN) prepaid royalty	16.1	4 112	—
Deposits on property, plant and equipment ¹		472	364
Business-related prepaid expenditure		256	230
Insurance premiums		4	73
Surface lease royalties		12	13
		4 856	680
Current		1 109	680
Non-current		3 747	—

¹ Property, plant and equipment prepayments mainly relate to amounts prepaid on capital equipment for Bimha Mine redevelopment, Mupani Mine development, the third concentrator module at Ngezi Concentrator and advance payments for trackless mining machinery.

16.1 RBN prepaid royalty

In March 2007, the Group finalised a deal with the Royal Bafokeng Nation (RBN). In terms of this transaction, Impala 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.

Reversal of impairment

In the 2017 financial year, the prepaid royalty to the RBN was impaired in full. During the current year, R4 291 million of this impairment, which related to the Impala operating segment, was reversed due to a significant increase in rand PGM prices, as well as an expected improvement in future operating results, resulting from a lower increase in operating costs relative to the increase in PGM prices. The recoverable amount of the Impala's mining cash-generating unit was approximately R31 billion, determined on the basis of fair value less costs to sell and was calculated using future discounted cash flows, including *in situ* 6E ounce value for mineral resources outside the approved mine plan. This is a level 3 valuation in terms of the fair value hierarchy. Refer note 4 for management estimates and judgements, as well as detailed disclosure relating to the reversal of the impairment.

Prepayments

Prepayments are not financial assets and comprise deposits on property, plant and equipment, consumables, and other prepaid operating expenditure.

Any expenditure paid in cash prior to the service being rendered or for which a benefit is receivable in the future will be recorded as prepayments, and classified as current assets unless a portion of the prepayment covers a period longer than 12 months. The prepayment is subsequently expensed in profit or loss or capitalised to property, plant and equipment as and when the expense is incurred or assets are received.

Prepaid royalty

There is no IFRS which specifically applies to the prepaid royalty transaction. Management has developed an accounting policy in respect of this transaction as noted below and has applied this policy consistently over the life of the contract. This policy was formulated after assessing requirements in IFRSs dealing with similar and related issues and also the definitions, recognition criteria and measurement in the Conceptual Framework. The policy is considered to be relevant to the users of the financial statements and results in financial statements which are reliable.

Prepaid royalty is reported, initially at cost and subsequently at cost less accumulated amortisation, using the units-of-production method based on economically recoverable proved and probable mineral reserves of the area to which the royalty relates. The amount amortised for the period is recognised within royalty expense in profit and loss.

AP

Notes to the consolidated financial statements

for the year ended 30 June 2021

17. INVENTORIES

	2021 Rm	2020 Rm
Mining metal		
Refined metal	2 910	1 421
Main products – at cost	2 419	1 228
By-products – at net realisable value	491	193
In-process metal	5 095	4 348
At cost	5 095	4 348
	8 005	5 769
Purchased metal¹		
Refined metal	4 551	6 133
Main products – at cost	2 108	660
Main products – at net realisable value	1 723	4 566
By-products – at net realisable value	720	907
In-process metal	8 519	5 995
At cost	3 536	3 273
At net realisable value	4 983	2 722
	13 070	12 128
Total metal inventories	21 075	17 897
Stores and materials inventories	1 636	1 554
Total carrying amount	22 711	19 451

¹ The fair value exposure on purchased metal and resultant inventory has been 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\$ exchange rates from the date of delivery until the final pricing date as per the relevant contract.

Notes to the consolidated financial statements

for the year ended 30 June 2021

17. INVENTORIES continued

The net realisable value (NRV) adjustment impacted by prevailing metal prices at the reporting date included in inventory comprised R140 million (2020: R230 million) for refined metal and R428 million (2020: R211 million) for in-process metal.

Purchased metal consists mainly of Impala Refining Services inventory.

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 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 African operations' production process and its inventory is valued independently. Impala Canada treats 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 (further conversion through smelter, base metal refinery (BMR) and precious metal refinery (PMR)) per unit 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 the prior period, normalised 12-month rolling mining production was calculated assuming that normal production ceased at the end of March 2020 and recommenced in June 2020, due to Covid-19, resulting in work stoppages.

Change in in-process metal estimate

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 R851 million (2020: R1 329 million). Tolerances of up to 2% of annual throughput of the joint products are regarded as normal levels of estimation uncertainty in the measurement of work in progress quantities.

EJ

Notes to the consolidated financial statements

for the year ended 30 June 2021

17. INVENTORIES continued

Inventory

Metal inventories

Costs incurred in the production process are appropriately accumulated as stockpiles, metal in-process and product inventories.

In-process and final inventories are carried at the lowest of its average cost of normal production and net realisable value. Costs relating to inefficiencies in the production process are charged to the income statement as incurred.

Net realisable value tests are performed, at least, on each reporting date and represent the expected sales price of the product based on prevailing metal prices, less estimated costs to complete production and bring the product to sale.

The average cost of normal production includes total costs incurred on mining, smelting and refining, including depreciation, less net revenue from the sale of by-products at the point where by-products become separately identifiable, allocated to main products based on the relative sales value of main products sold. Stock values are adjusted for upstream intra-group transactions with subsidiaries and equity-accounted entities within the Group, eliminating intra-group profits in profit or loss and share of profit from equity-accounted entities, where applicable.

Refined by-products are valued at net realisable value and quantities of in-process metals are based on latest available assays. Recoverable metal quantities are continually tested for reasonableness by comparing the grade and quantity of ore input with the metal actually recovered. Engineering estimates are used to determine recoverable metal quantities and these estimates and the methodologies applied are improved on an ongoing basis. Metal quantity adjustments relating to prior years are adjusted without affecting production or impacting the calculation of unit cost per ounce produced during the current year.

Operating metal lease receipts are accounted for in profit or loss and the metal is carried as inventory.

Stores and materials

Stores and materials are valued at the lower of cost or net realisable value, on a weighted average basis. Obsolete, redundant and slow-moving stores are identified and written down to net realisable value which is the estimated selling price in the ordinary course of business, less selling expenses.

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18. TRADE AND OTHER RECEIVABLES

	2021 Rm	2020 Rm
Trade receivables	3 631	2 774
Trade receivables at fair value through profit or loss	1 704	408
Other receivables	544	538
Employee receivables	131	143
Value added taxation	1 298	1 265
	7 308	5 128
The foreign currency denominated balances, included above, were as follows:		
Trade receivables (US\$ million)	366	172
The credit exposures of trade receivables by country are as follows:		
North America	2 961	1 721
Europe	1 800	762
Asia	443	488
South Africa	128	211
Australia	3	—
	5 335	3 182

Notes to the consolidated financial statements

for the year ended 30 June 2021

18. TRADE AND OTHER RECEIVABLES continued

EJ

Trade receivables

The impact of macro-economic environment amid the Covid-19 pandemic on trade receivables has been assessed by gathering information about and interacting with trade customers individually. Past default experiences for all customers was evaluated and adjusted (note 32.2.3) for general economic conditions of the industry as well as the global environment the debtor operates in. The Group has not recognised a loss allowance.

Employee receivables

Employee receivables consist of short-term advances. These receivables are generally recovered from the employees' salaries within 30 days, and due to their short-term nature, are considered to have a low credit risk. Indicators of increased credit risk include failure to recover the advances within 30 days.

Trade receivables at fair value

Receivables subject to provisional pricing are measured at fair value through profit or loss. These financial assets relate to revenue from contracts with customers and the Group has an unconditional right to the consideration due as the performance conditions have been met. The value of the receivable fluctuates in line with PGM prices and foreign currency movements, resulting in this class of financial asset being measured at fair value through profit or loss.

Impairment of trade receivables

The Group applies the simplified impairment approach to trade receivables carried at amortised cost as permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The Group considers its historical credit loss experience, adjusted for forward looking factors, that could indicate impairments taking into account the specific debtors and the economic environment. Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery, among others, include the failure of a debtor to engage in a repayment agreement with the Group.

Impairment of other receivables

Refer to note 15 ^{AP} for the impairment policy for other receivables.

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19. CURRENT TAX

	2021 Rm	2020 Rm
Current tax payable	653	188
Current tax receivable	(1 064)	(348)
Net current tax receivable	(411)	(160)
Reconciliation		
Beginning of the year	(160)	(150)
Income tax expense (note 9)	14 332	1 703
Payments made during the year	(14 513)	(1 706)
Current tax payable acquired through the acquisition of North American Palladium	—	47
Interest and penalties refund	(10)	2
Exchange adjustment ¹	(60)	(56)
End of the year	(411)	(160)

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

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

AP

A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on judgement and in certain cases based on specialist independent tax advice (note 31).

Notes to the consolidated financial statements

for the year ended 30 June 2021

20. CASH AND CASH EQUIVALENTS

	2021 Rm	2020 Rm
Short-term bank deposits	17 179	9 193
Cash at bank	6 295	3 849
Money market investments	—	289
	23 474	13 331
Bank overdraft	—	(126)
	23 474	13 205
The weighted average effective interest rate on short-term bank deposits was 4.01% (2020: 6.76%) and these deposits have a maximum maturity of 32 days (2020: 32 days). Exposure to foreign currency denominated balances as at 30 June was as follows:		
Bank balances (US\$ million)	403	212
Bank balances (C\$ million)	10	9
Bank balances (ZWS\$ million)	36	(463)
The exposures by country are as follows:		
South Africa	17 768	9 680
Europe	3 420	1 146
Zimbabwe – US\$	1 511	1 214
Zimbabwe – ZWS\$	6	(126)
Canada	760	1 281
Asia	9	10
	23 474	13 205
The following cash and cash equivalents, included above, are restricted for use by the Group by virtue of their nature and not timing:		
Impala Pollution Control, Rehabilitation and Closure Trust Fund ¹ (note 24.1)	305	289
Morokotso Trust	14	11
Collateral for independent electricity system operator	41	21
Unclaimed dividends	2	3
Collateral for Marula BEE loan (note 26.1)	—	899
	362	1 223

¹ This cash has been invested by the Trust.

Collateral for Marula BEE loan

In the prior year, Implats has entered into a pledge and cession in security arrangement to deliver on the guarantee of the Marula BEE partners loan (note 26.1). This arrangement aimed to facilitate the timeous settlement of Implats' obligations to Standard Bank.

Fair value and financial risk disclosure, and credit limit facilities are disclosed in note 32.

Impairment

With the exception of money market fund investments, the Group's cash and cash equivalents are also subject to the impairment requirements of IFRS 9. The Group's cash is held at investment grade financial institutions, which are considered to have a low credit risk. Cash and cash equivalents was not impacted by climate change, the Covid-19 pandemic or the downgrade of South Africa's sovereign credit rating to sub-investment grade. There was no significant increase identified in the credit risk of these financial institutions. The expected credit losses were therefore immaterial.

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Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and on demand deposits, together with short-term, highly liquid investments that are readily convertible to a known amount of cash, with original maturities of three months or less and that are subject to an insignificant risk of changes in value. Bank overdrafts are offset against cash and cash equivalents in the cash flow statement but included in current liabilities in the statement of financial position.

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Cash and cash equivalents are measured at amortised cost except for money market fund investments which are held at fair value as they are redeemed through the sale of units in the funds and not solely through the recovery of principal and interest.

Notes to the consolidated financial statements

for the year ended 30 June 2021

21. SHARE CAPITAL

21.1 Restatement due to change in classification of equity components

The comparative numbers of the statement of financial position have been restated to present the share capital and share-based payment reserve, previously presented as a single line item, as separate line items.

The share capital and share premium columns in the statement of changes in equity have been combined into a single item, share capital. The subtotal comprising share capital and share-based payment reserve has been removed.

This was done to improve comparability in the industry and improve capital disclosure. No financial ratios, including basic earnings per share and headline earnings per share was impacted by this restatement.

	2021 Rm	Previous classification Rm	30 June 2020 Re- classification Rm	New classification Rm
Statement of financial position				
Share capital and share-based payment reserve	—	24 481	(24 481)	—
Share capital	21 189	—	22 387	22 387
Share-based payment reserve (note 22)	1 799	—	2 094	2 094
	22 988	24 481	—	24 481
Statement of changes in equity				
Ordinary share capital	—	18	(18)	—
Share premium	—	22 369	(22 369)	—
Share capital	21 189	—	22 387	22 387
Share-based payment reserve (note 22)	1 799	2 094	—	2 094
	22 988	24 481	—	24 481

21.2 Share capital

	2021 Million	2020 Million
The number of ordinary shares in issue outside the Group are net of treasury shares held as follows:		
Number of ordinary shares issued	817.26	799.04
Treasury shares	(3.28)	(20.84)
Number of ordinary shares issued outside the Group	813.98	778.20
The movement of ordinary shares during the year was as follows:		
Beginning of the year	778.20	718.55
Shares issued – Long-term Incentive Plan	10.83	6.03
Shares purchased – Long-term Incentive Plan	(9.50)	(10.64)
Shares purchased – Odd-lot offer	(1.03)	—
Conversion of ZAR bonds	35.48	—
Conversion of US\$ bonds	—	64.26
End of the year	813.98	778.20

The authorised share capital of the Company consist of 944.01 million (2020: 944.01 million) ordinary no par value shares. The authorised but unissued share capital is 126.75 million ordinary no par value shares (2020: 144.97 million) and remains under the control of the directors.

During the current year, 167 036 of the ZAR bonds were converted, resulting in 35.48 million ordinary shares issued to bondholders. Implats had 16.23 million treasury shares which were held by its subsidiary, Gazelle Platinum Limited. During the current year, these shares were repurchased from Gazelle and following the repurchase, the shares were delisted and cancelled. An additional 1.03 million shares were also repurchased, delisted and cancelled in terms of the odd-lot offer.

An additional 9.50 million (2020: 10.64 million) shares were bought at an average price of R180.84 (2020: R121.75) during the year in terms of the Long-term Incentive Plans (note 22) which are held in escrow for employees in terms of the rules of the scheme until vesting date. During the year 10.83 million shares (2020: 6.03 million) were issued to employees on vesting. These shares were bought by subsidiaries of the Group. The number of ordinary shares in issue outside the Group, post these transactions, was 813.98 million (2020: 778.20 million).

Notes to the consolidated financial statements

for the year ended 30 June 2021

21. SHARE CAPITAL continued

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Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

22. SHARE-BASED PAYMENT RESERVE

	2021 Rm	2020 Rm
Share-based payment reserve (note 21.1)	1 799	2 094

22.1 Equity-settled share-based compensation

The Group issues equity-settled and cash-settled (note 28) share-based payments to employees. Equity-settled schemes include the Long-term Incentive Plan 2012 (LTIP 2012), comprising Share Appreciation Rights (SAR) and Conditional Share Plan (CSP) which consist of shares with a nil exercise price. This scheme was discontinued and replaced with a new scheme. The new scheme, referred to as the Long-term Incentive Plan 2018 (LTIP 2018), comprises a Bonus Share Plan (BSP) and a Performance Share Plan (PSP), which both consist of shares with a nil exercise price. Implats modified its employee share scheme with effect 1 November 2020, to be cash settled instead of equity settled for employees at its Zimbabwean operation. This resulted in a cash-settled liability of R462 million at date of modification (note 28.2).

During the year, R408 million (2020: R357 million) was expensed in terms of the LTIP 2018 and LTIP 2012 schemes (note 3).

Implats Long-term Incentive Plan 2018 (LTIP 2018)

The fair value of the equity-settled share-based payments were valued using the share price on valuation date, as well as performance conditions for the PSP. The weighted average option value as well as the weighted average share price on valuation date was R123.23 (2020: R71.37) and R85.12 (2020: R50.97) for the BSP and PSP respectively.

	2021		2020	
	BSP 000	PSP 000	BSP 000	PSP 000
Movement in the number of share options outstanding was as follows:				
Beginning of the year	4 609	3 764	4 137	2 835
Granted	1 483	554	2 859	979
Forfeited	(504)	(128)	(405)	(50)
Modification	(1 018)	(1 024)	—	—
Exercised	(2 227)	(31)	(1 982)	—
End of the year	2 343	3 135	4 609	3 764
Exercisable	—	—	—	—
Not yet exercisable	2 343	3 135	4 609	3 764

Share options (BSP) outstanding at the end of the year have the following vesting terms:

	Vesting year 2021 000	Vesting year 2022 000	Vesting year 2023 000	Total number 000
Total 2021	—	1 681	662	2 343
Total 2020	3 232	1 377	—	4 609

Notes to the consolidated financial statements

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22. SHARE-BASED PAYMENT RESERVE continued

22.1 Equity-settled share-based compensation continued

Implats Long-term Incentive Plan 2018 (LTIP 2018) continued

Share options (PSP) outstanding at the end of the year have the following vesting terms:

	Vesting year 2022 000	Vesting year 2023 000	Vesting year 2024 000	Total number 000
Total 2021	1 899	712	524	3 135
Total 2020	2 798	966	—	3 764

The share options are full value shares. The contractual life ends on the vesting date.

Refer to note 33 for the details on share-based payment rights held by key management personnel (directors and senior executive management).

Performance Share Plan (PSP)

The performance shares are Implats shares purchased by the Group, awarded free of charge to designated participants, at a vesting period determined at the discretion of the remuneration committee. On the date of award, participants are only granted conditional rights to acquire these shares at a future date, and are not entitled to any shareholder rights prior to vesting date. For the shares to vest, participants must remain employed by a company in the Implats Group and are subject to the satisfaction of the performance conditions measured over the performance period.

Bonus Share Plan (BSP)

The bonus share award also comprises fully paid shares awarded free of charge to participants at the end of a two-year vesting period. Fifty percent of the awarded shares vest one year after date of the award, and the remaining 50% at the end of two years after the award date. At the date of award, participants are only granted conditional rights to receive these shares at a future date, and are entitled to shareholder rights prior to vesting date. For the shares to vest, participants are primarily required to remain employed by a company in the Implats Group.

Implats Long-term Incentive Plan 2012 (LTIP 2012)

The fair value of the equity-settled share-based payments were calculated using the binomial option model for non-vested shares, except for full value shares which are valued using the share price on valuation date, adjusted for the present value of expected dividends during the vesting period, as well as performance conditions.

The average inputs for determining the fair value are as follows:

	Long-term Incentive Plan (SAR)		Long-term Incentive Plan (CSP)	
	2021	2020	2021	2020
Weighted average option value (Rand) ¹	13.51	15.44	10.98	22.19
Weighted average share price on valuation date (Rand) ²	32.78	38.52	19.05	37.78
Weighted average exercise price (Rand) ^{3 and 5}	31.60	37.12	—	—
Volatility (%) ⁴	37.05	36.43	N/A	N/A
Dividend yield (%)	—	—	—	—
Risk-free interest rate (%)	6.70	7.45	8.08	7.42

¹ The weighted average option value of equity-settled shares is calculated on grant date.

² Weighted average share price for valuation of equity-settled shares is calculated taking into account the market price on all grant dates.

³ The weighted average exercise price is calculated by taking into account the exercise price on each grant date.

⁴ Volatility for equity-settled shares is the 400-day moving average historical volatility on Implats' shares on each valuation date.

⁵ The weighted average market price of the share on date of issue approximates the weighted average exercise price. Options are granted based on the market price at the date of issue.

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22. SHARE-BASED PAYMENT RESERVE continued

22.1 Equity-settled share-based compensation continued

Implats Long-term Incentive Plan 2012 (LTIP 2012) continued

SAR	2021		2020	
	Number 000	Weighted average exercise price R	Number 000	Weighted average exercise price R
Movement in the number of share options outstanding was as follows:				
Beginning of the year	4 006	37.12	5 727	44.67
Forfeited	(1 352)	37.65	(521)	92.98
Exercised	(827)	38.58	(1 200)	48.87
Modification	(1 275)	—	—	—
End of the year	552	31.60	4 006	37.12
Exercisable	487		539	
Not yet exercisable	65		3 467	

Share options outstanding at the end of the year have the following vesting terms:

Price per share	Vesting year 2021 000	Vesting year 2022 000	Total number 000
< R50	—	65	65
Total 2021	—	65	65
Total 2020	3 395	72	3 467

The share options have a contractual life of three years after vesting date.

CSP	2021 Number 000	2020 Number 000
Movement in the number of share options outstanding was as follows:		
Beginning of the year	7 357	12 794
Forfeited	(204)	(2 014)
Exercised/shares issued	(5 582)	(3 423)
Modification	(1 508)	—
End of the year (not yet exercisable)	63	7 357

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22. SHARE-BASED PAYMENT RESERVE continued

22.1 Equity-settled share-based compensation continued

Implats Long-term Incentive Plan 2012 (LTIP 2012) continued

Share options outstanding at the end of the year have the following vesting terms:

	Vesting year 2021 000	Vesting year 2022 000	Total number 000
Total 2021	—	63	63
Total 2020	7 269	88	7 357

The share options are full value shares. The contractual life ends on the vesting date.

Refer to note 33 for the details on share-based payment rights held by key management personnel (directors and senior executive management).

Long-term Incentive Plan (LTIP 2012) rules

Conditional Share Plan (CSP)

Fully paid shares are awarded free of charge to the participants at the end of a three-year vesting period. On the date of award, participants are only granted conditional rights to acquire these shares at a future date, and only become shareholders with dividend and voting rights from vesting onwards. There are two CSPs in effect. For the shares to vest in both instances, participants must remain employed by a company in the Implats Group but, for certain of these shares, vesting of the shares are subject to the achievement of defined performance vesting conditions over the performance period.

Share Appreciation Rights (SAR)

Conditional rights are awarded to participants to receive shares in Implats. The number of shares awarded are calculated with reference to the increase in the share price from the award date until the date on which the SAR is exercised by the participants. A three-year vesting period applies, during which time the participants have no rights in respect of the underlying shares. Vesting is conditional on continued employment and a prescribed level of corporate performance. The participants are only entitled to exercise the SARs subsequent to and to the extent that vesting has taken place. Participants become shareholders following the exercise of the SARs. All unexercised SARs lapse after six years from date of allocation.

Share-based payments

Equity-settled share-based payments are measured at fair value (excluding the effect of non-market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis, with a corresponding increase in equity, as services are rendered over the vesting period, based on the Group's estimate of the shares that will eventually vest and adjusted for the effect of non-market-based vesting conditions.

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23. NON-CONTROLLING INTERESTS

The table below shows details of non-wholly owned subsidiaries of the Group that have material non-controlling interests:

Company	Place of incorporation	Place of business	Proportion of ownership and voting rights held by non-controlling interests		Profit/(loss) allocated to non-controlling interests		Accumulated non-controlling interests	
			2021 %	2020 %	2021 Rm	2020 Rm	2021 Rm	2020 Rm
Zimplats Holdings Limited	Guernsey	Zimbabwe	13	13	827	435	2 837	2 655
Afplats Proprietary Limited	South Africa	South Africa	26	26	(17)	(5)	(17)	—
Individually immaterial subsidiaries					13	(1)	27	14
Total					823	429	2 847	2 669

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23. NON-CONTROLLING INTERESTS continued

Summarised financial information (100%) in respect of each of the Group's subsidiaries that has material non-controlling interests

The summarised financial information below presents amounts before intra-group eliminations. Zimplats' financial information disclosed below was translated using the closing and annual average US dollar exchange rates as on page 18.

	Zimplats Holdings Limited		Afplats Proprietary Limited	
	2021 Rm	2020 Rm	2021 Rm	2020 Rm
Non-current assets	17 552	20 340	—	—
Current assets	13 564	9 539	6	25
Total assets	31 116	29 879	6	25
Equity	24 938	22 419	(63)	(45)
Non-current liabilities	4 356	5 625	23	40
Current liabilities	1 822	1 834	46	29
Total equity and liabilities	31 116	29 878	6	24

	Zimplats Holdings Limited		Afplats Proprietary Limited	
	2021 Rm	2020 Rm	2021 Rm	2020 Rm
Revenue	20 054	14 426	—	—
Gross profit/(loss)	12 462	7 401	(16)	(67)
Profit/(loss) before tax	11 606	6 100	(19)	(64)
Income tax expense	(3 656)	(1 762)	—	(1)
Profit/(loss) for the year	7 950	4 338	(19)	(65)
Net cash from/(used in) operating activities	7 156	4 170	(20)	(27)
Net cash (used in)/from investing activities	(2 393)	(1 635)	2	3
Net cash (used in)/from financing activities	(1 430)	(1 706)	24	18
Net increase/(decrease) in cash and cash equivalents	3 333	829	6	(6)
Dividends paid to non-controlling interests	177	91	—	—

There are no significant restrictions on the ability of the Group to access and use assets, or settle liabilities.

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24. PROVISIONS

	Notes	2021 Rm	2020 Rm
Provisions for environmental rehabilitation	24.1	2 272	1 819
Provision for restructuring	24.2	—	52
Other		67	133
		2 339	2 004
Current		100	192
Non-current		2 239	1 812

24.1 Provisions for environmental rehabilitation

Reconciliation

Beginning of the year		1 819	1 492
Change in estimate – rehabilitation asset (note 11)		369	(133)
Change in estimate – cost of sales		43	(75)
Acquisition of North American Palladium (NAP)		—	289
Unwinding of discount (note 8)		146	147
Utilised – rehabilitation done ¹		(14)	(12)
Exchange adjustment		(91)	111
End of the year		2 272	1 819

¹ Rehabilitation done mainly consists of concurrent rehabilitation of shaft infrastructure at Impala and Zimplats open cast rehabilitation.

The current rehabilitation cost estimates and financial provisions are made up as follows:

	Current cost estimates		Financial provisions	
	2021 Rm	2020 Rm	2021 Rm	2020 Rm
Impala Rustenburg	1 553	1 342	960	759
Impala Springs	564	275	533	228
Marula	397	334	181	148
Afplats	23	20	23	20
Zimplats	552	668	290	352
Impala Canada	278	297	285	312
	3 367	2 936	2 272	1 819

Guarantees, an insurance policy and the funds in the Impala Pollution Control, Rehabilitation and Closure Trust Fund are available to the Department of Mineral Resources to satisfy the requirements of the National Environmental Management Act with respect to environmental rehabilitation (note 31).

	2021 Rm	2020 Rm
Pollution Control, Rehabilitation and Closure Trust Fund		
The investment in the Impala Pollution Control, Rehabilitation and Closure Trust Fund comprises the following:		
Cash and cash equivalents (note 20)	305	289
	305	289

The income earned on monies contributed to a trust fund created in accordance with statutory requirements, to provide for the estimated cost of rehabilitation during and at the end of the life of the Group's mines, is accounted for as investment income. The trust investments which were formerly included in fair value through other comprehensive income (FVOCI) financial assets and other financial assets, were liquidated and invested in cash and cash equivalents. The trust funds will be transferred from cash and cash equivalents to a more cost effective structure which will reduce the overall annual cost of providing guarantees and optimise the investment strategy over the life of the expected future rehabilitation liability.

The trust is a special purpose entity controlled by the Group and is consolidated accordingly.

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for the year ended 30 June 2021

24. PROVISIONS continued

24.2 Provision for restructuring

	2021 Rm	2020 Rm
Reconciliation		
Beginning of the year	52	—
Restructuring plan entered into during the year	—	105
Change in estimate	(30)	—
Costs incurred	(22)	(53)
End of the year	—	52

During the prior period, a Section 189 process was initiated as 9 Shaft is close to its end of life.

Environmental rehabilitation

The Group's mining and exploration activities are subject to various laws and regulations governing the protection of the environment. The Group recognises management's best estimate for asset retirement obligations in the period in which they are incurred. Actual costs incurred in future periods can differ materially from the estimates. Additionally, future changes to environmental laws and regulations, life-of-mine estimates and discount rates can affect the carrying amount of this provision. The life-of-mine estimates are impacted by mineral reserve estimations (note 11.1.2).

In particular, from 20 November 2015, regulations governing financial provisions for asset retirement obligations was transitioned from the Mineral and Petroleum Resources Development Act (MPRDA) to the National Environmental Management Act (NEMA). The current closure cost is closely aligned with the new regulations.

Estimated long-term environmental provisions, comprising pollution control, rehabilitation and mine closure, are based on the Group's environmental policy taking into account current technological, environmental and regulatory requirements.

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Provisions for future rehabilitation costs have been determined, based on calculations which require the use of estimates. The current rehabilitation cost estimate is R3 367 million (2020: R2 936 million). Cash flows relating to rehabilitation costs will occur at the end of the life of the individual items to be rehabilitated.

South African operations

The discount rate is the long-term risk-free rate as indicated by the government bonds which ranged between 3.9% and 9.8% (2020: between 9.5% and 11.4%) at the time of calculation. The net present value of current rehabilitation estimates is based on the assumption of a long-term real discount rate of up to 3.8% (2020: 4.2%).

Zimbabwean operations

The discount rate used was 7.3% (2020: 7.3%) at the time of calculation. The net present value of current rehabilitation estimates is based on the assumption of a long-term real discount rate of 2.0% (2020: 2.0%).

Canadian operations

The inflation as well as discount rate used was 1.9% (2020: 2.0%) and 2.1% (2020: 2.0%) respectively at the time of the calculation.

Notes to the consolidated financial statements

for the year ended 30 June 2021

24. PROVISIONS continued

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Provisions are not recognised for future operating losses.

Provisions are recognised as the best estimate of the expenditure required to settle the present obligation at reporting date taking into account the time value of money where relevant.

Provision for environmental rehabilitation

These long-term obligations result from environmental disturbances associated with the Group's mining operations. Estimates are determined by independent environmental specialists in accordance with environmental regulations.

Decommissioning costs

The costs arise from rectifying the damage caused before production commences. The net present value of future decommissioning cost estimates at year-end is recognised and fully provided for in the financial statements. The estimates are reviewed annually to take into account the effects of changes in the estimates. Estimated cash flows have been adjusted to reflect risks and timing specific to the rehabilitation liability. Discount rates that reflect the time value of money are used to calculate the present value.

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Changes in the measurement of the liability, apart from unwinding of the discount, which is recognised in profit or loss as a finance cost, are capitalised to the environmental rehabilitation asset (note 11).

Restoration costs

These costs arise from rectifying the damage caused after production commences. The net present value of future restoration cost estimates at year-end is recognised and fully provided for in the financial statements. The estimates are reviewed annually to take into account the effects of changes in the estimates. Estimated cash flows have been adjusted to reflect risks and timing specific to the rehabilitation liability. Discount rates that reflect the time value of money are used to calculate the present value.

Changes in the measurement of the liability, apart from unwinding of the discount, which is recognised in profit or loss as a finance cost, are expensed to profit or loss.

Ongoing rehabilitation cost

The cost of the ongoing current programmes to prevent and control pollution is charged against income when they are incurred.

Notes to the consolidated financial statements

for the year ended 30 June 2021

25. DEFERRED TAX

Deferred tax movements are attributable to the following temporary differences ((assets)/liabilities) and unused tax losses:

2021	Opening balance Rm	Recognised in profit or loss Rm	Foreign currency translation adjustment Rm	Change in tax rate Rm	Closing balance Rm
Property, plant and equipment	11 616	3 569	(1 105)	(176)	13 904
Royalty prepayment	(1 915)	1 264	—	—	(651)
Convertible bonds	(87)	(62)	—	—	(149)
Fair value of assets and liabilities	848	1 658	—	—	2 506
Rehabilitation and post-retirement medical provisions	(369)	(18)	18	3	(366)
Lease liabilities	(232)	(12)	5	—	(239)
Share-based compensation	(355)	(110)	18	3	(444)
Leave pay	(296)	(55)	(1)	2	(350)
Metal inventory adjustments	(891)	(805)	—	—	(1 696)
Assessed losses	(164)	156	10	—	2
Other	1 119	333	(114)	(17)	1 321
Subtotal	9 274	5 918¹	(1 169)	(185)¹	13 838

¹ R5 733 comprising R5 918 million less R185 million. Note 9.

	Opening balance Rm	Recognised in share of profit of equity-accounted entities Rm	Foreign currency translation adjustment Rm	Change in tax rate Rm	Closing balance Rm
Unrealised profit in metal inventories purchased from equity-accounted entities	(226)	(546)	—	—	(772)
Subtotal	9 048	5 372	(1 169)	(185)	13 066

	Opening balance Rm	Recognised in other comprehensive income Rm	Foreign currency translation adjustment Rm	Change in tax rate Rm	Closing balance Rm
Translation differences of foreign subsidiaries	1 090	(15)	—	—	1 075
Translation differences of equity-accounted entities	182	(74)	—	—	108
Other	8	(1)	—	—	7
Subtotal	10 328	5 282	(1 169)	(185)	14 256

	Opening balance Rm	Recognised in equity Rm	Foreign currency translation adjustment Rm	Change in tax rate Rm	Closing balance Rm
Equity portion of convertible bonds	175	(26)	—	—	149
Total	10 503	5 256	(1 169)	(185)	14 405

Notes to the consolidated financial statements

for the year ended 30 June 2021

25. DEFERRED TAX continued

2020	Opening balance Rm	Recognised in profit or loss Rm	Foreign currency translation adjustment Rm	Acquisition of North American Palladium Rm	Closing balance Rm
Property, plant and equipment	5 048	3 611	1 222	1 735	11 616
Royalty prepayment	(2 028)	113	—	—	(1 915)
Convertible bonds	(49)	(38)	—	—	(87)
Fair value of assets and liabilities	217	631	—	—	848
Rehabilitation and post-retirement medical provisions	(310)	(12)	(21)	(26)	(369)
Lease liabilities	(184)	(18)	(5)	(25)	(232)
Share-based compensation	(162)	(180)	(13)	—	(355)
Leave pay	(231)	(65)	—	—	(296)
Metal inventory adjustments	(334)	(557)	—	—	(891)
Assessed losses	(1 260)	1 101	(5)	—	(164)
Other	327	257	127	408	1 119
Subtotal	1 034	4 843¹	1 305	2 092	9 274

¹ Note 9.

	Opening balance Rm	Recognised in share of profit of equity- accounted entities Rm	Foreign currency translation adjustment Rm	Acquisition of North American Palladium Rm	Closing balance Rm
Unrealised profit in metal inventories purchased from equity-accounted entities	(79)	(147)	—	—	(226)
Subtotal	955	4 696	1 305	2 092	9 048

	Opening balance Rm	Recognised in other comprehensive income Rm	Foreign currency translation adjustment Rm	Acquisition of North American Palladium Rm	Closing balance Rm
Translation differences of foreign subsidiaries	1 147	(57)	—	—	1 090
Translation differences of equity-accounted entities	123	59	—	—	182
Other	7	1	—	—	8
Subtotal	2 232	4 699	1 305	2 092	10 328

	Opening balance Rm	Recognised in equity Rm	Foreign currency translation adjustment Rm	Acquisition of North American Palladium Rm	Closing balance Rm
Equity portion of convertible bonds	175	—	—	—	175
Total	2 407	4 699	1 305	2 092	10 503

Notes to the consolidated financial statements

for the year ended 30 June 2021

25. DEFERRED TAX continued

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Unrecognised temporary differences

There are unrecognised temporary differences of R3 837 million (2020: R3 956 million) in the Group, relating to certain subsidiaries. These comprise unredeemed capex of R2 175 million (2020: R2 169 million), capital losses of R1 544 million (2020: R1 680 million) and assessed losses of R118 million (2020: R107 million). Currently, the reversal of these temporary differences is uncertain, therefore deferred tax has not been provided.

Deferred tax

Deferred tax is provided on the balance sheet method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax is not provided for, if the deferred income tax arises from the initial recognition of an asset or liability, as a result of a transaction other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss, and if at the time of the transaction, the temporary difference does not give rise to equal taxable and deductible temporary differences.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

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Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference, such as the decision to declare a dividend, is within the control of the Group, and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is provided on upstream transactions with subsidiaries and equity-accounted entities, when eliminating unrealised profit in stock.

Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are calculated at the prevailing tax rates of the different fiscal authorities where the asset or liability originates. The normal company tax rate of the relevant fiscal authority is applied if the asset or liability is expected to be realised through use or settled in the normal course of business. If management, however, expects the asset or liability to be realised or settled in any other manner the applicable tax rate would then be applied.

Deferred tax assets and deferred tax liabilities of the same taxable entity are offset only when they relate to taxes levied by the same taxation authority and the entity has a legally enforceable right to set off current tax assets against current tax liabilities.

Notes to the consolidated financial statements

for the year ended 30 June 2021

26. BORROWINGS

	Notes	2021			2020		
		Non-current Rm	Current Rm	Total Rm	Non-current Rm	Current Rm	Total Rm
Standard Bank Limited – BEE Partners Marula	26.1	–	–	–	–	885	885
Convertible bonds – ZAR	26.2	–	1	1	2 707	207	2 914
Impala Canada term loan	26.3	–	–	–	2 347	1 310	3 657
Lease liabilities	26.4	1 087	240	1 327	1 179	223	1 402
Total borrowings		1 087	241	1 328	6 233	2 625	8 858

	2021 Rm	2020 Rm
Reconciliation		
Beginning of the year	8 858	8 562
Conversion of bonds to equity	(1 578)	(2 996)
Repurchase of ZAR bonds	(1 502)	–
Proceeds from borrowings	873	9 026
Capital repayments	(5 293)	(6 875)
Interest repayments	(342)	(561)
Lease liabilities acquired through the acquisition of North American Palladium	–	76
Leases capitalised	185	210
Interest accrued (note 8)	555	750
Change in carrying value of Impala Canada term loan	70	(100)
Exchange adjustments	(498)	766
End of the year	1 328	8 858

	%	%
The effective interest rates for all borrowings for the year were as follows:		
ZAR – borrowings	8	10
US\$ – borrowings	5	6

Refer note 32.2.4 for fair value and financial risk disclosure as well as the undrawn committed revolving credit facilities.

26.1 Standard Bank Limited – BEE partners Marula

The debt due to Standard Bank in respect of the original Marula BEE transaction was repaid in September 2020 when the new Marula BEE transaction was concluded with the empowerment partners (note 6). The BEE partners obtained term loans of R753 million, which carried interest at the six-month Johannesburg Interbank Acceptance Rate (JIBAR) plus 130 basis points (2020: 130 basis points) and revolving credit facilities of R105 million which carried interest at JIBAR plus 145 basis points (2020: 145 basis points) to purchase a 27% share in Marula. The BEE partners' shareholding in Marula and their loans were consolidated as the loans were guaranteed by Implats.

26.2 Convertible bonds – ZAR

During the current period 167 036 of the ZAR-denominated convertible bonds (the convertible bonds) were converted into ordinary shares, resulting in an increase of 35 480 632 to the number of ordinary shares in issue. The Group also repurchased 157 905 of the convertible bonds through a combination of a tender offer to bondholders (26 146 bonds) and on market purchases (131 759 bonds). The accounting for the total R8.8 billion purchase consideration resulted in a reduction in the carrying value of the bond liability of R1.5 billion, a reduction in equity of R7.1 billion and a charge of R0.2 billion to earnings for the year. The remaining convertible bonds representing less than 1% of the original bonds issued have a par value of R0.59 million and carry a coupon of 6.375% per annum. In July 2021, the remaining 59 bonds were converted into 12 678 ordinary shares. The value of this conversion option derivative was R676 million at the time of issue. The effective interest rate of the bonds was 12.8%.

Notes to the consolidated financial statements

for the year ended 30 June 2021

26. BORROWINGS continued

26.3 Impala Canada term loan

Impala Canada entered into a US\$250 million term loan facility on 29 January 2020. The proceeds from the term loan were used to partially repay the bridge facility, which was used to fund the acquisition of North American Palladium (NAP) on 13 December 2019.

The term loan facility bore interest at the aggregate of the London Interbank Offered Rate (LIBOR) and a margin of between 2.5% and 3.0%, which was dependent on the level of debt to EBITDA at an Impala Canada level. This facility had a final repayment date of 31 December 2023 and the principal amount was repayable in equal instalments of US\$15 million at the end of each quarter, commencing with the quarter ended 31 March 2020. The term loan also provided for additional repayments in terms of an excess cash flow sweep, which was calculated on an annual basis. This facility was guaranteed by Implats, Impala Holdings Limited and Impala Platinum Limited. The term loan was repaid in full and cancelled on 31 March 2021.

Impala Canada also entered into a US\$25 million revolving credit facility on 29 January 2020 to fund the working capital requirements of its operation. On 3 March 2021, the credit facility agreement was cancelled.

26.4 Lease liabilities

26.4.1 Amounts recognised in the statement of comprehensive income

The statement of comprehensive income shows the following amount relating to leases:

	2021 Rm	2020 Rm
Interest expense (included in finance costs (note 8))	129	135
Expense relating to short-term and low-value leases (included in cost of sales – note 3)	7	10
Deferred profit on sale and leaseback of houses (note 5)	(30)	(30)

The total cash outflow for leases in 2021 was R362 million (2020: R293 million). The Group also had non-cash additions to right-of-use assets and lease liabilities of R172 million in 2021 (2020: R210 million).

26.4.2 The Group's leasing activities

Lease	Nature of leasing activity	Remaining life	Effective interest rate (%)
Friedshelf (Land and buildings)	The leases comprise houses leased from Friedshelf (an associate of the Group), the houses were previously sold to Friedshelf as part of a sale	7 years	10.2
Sasol (Refining assets)	Lease arrangement for a Sasol hydrogen pipeline	3 years	11.5
Forklifts	Lease arrangements for various forklifts at Impala Platinum Limited – Refineries.	Between 2 and 5 years	6.9
Land and buildings (various)	This includes Marula lease of office buildings, Impala lease of Illovo and Pretoria office buildings and the Rustenburg laboratory, Zimplats lease of the Borrowdale Office Park and Impala Canada lease of its office buildings	Between 1 and 8 years	10.5
DHL (Mobile equipment)	Zimplats road train lease	2 years	9.6
Other	Impala Canada leases various vehicles, machinery and equipment	Between 3 and 5 years	5

The Group also has certain leases of buildings and vehicles with lease terms of 12 months or less and leases of various vehicles and equipment with low value. The Group applies the "short-term lease" and "lease of low-value assets" recognition exemptions for these leases.

Notes to the consolidated financial statements

for the year ended 30 June 2021

26. BORROWINGS continued

26.4 Lease liabilities continued

26.4.2 The Group's leasing activities continued

	2021			2020		
	Minimum lease payments Rm	Interest Rm	Principal Rm	Minimum lease payments Rm	Interest Rm	Principal Rm
Maturity analysis for lease liabilities						
Less than one year	351	114	237	344	128	216
Between one and five years	1 174	260	914	1 102	332	770
More than five years	183	7	176	454	38	416
	1 708	381	1 327	1 900	498	1 402

26.5 US\$125 million revolving credit facility

On 31 March 2021, Impala Canada made an initial draw-down of US\$58 million to settle the outstanding principal on its term loan at an interest rate of 2.2%. The loan was subsequently repaid.

The facility was undrawn at year-end.

26.6 Capital management

The Group defines total capital as equity plus debt in the consolidated statement of financial position. The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, in order to provide returns for shareholders and benefits to other stakeholders, and to maintain an optimal capital structure to reduce required cost of capital.

In order to maintain or improve the capital structure, the Group may vary the dividends paid to shareholders, return capital or issue shares to shareholders.

The Group monitors the debt-to-equity ratio. This ratio is calculated as net debt to equity. The Group excludes leases in its determination of net debt. Gearing ratio as at 30 June 2021 was nil% (2020: nil%).

Notes to the consolidated financial statements

for the year ended 30 June 2021

26. BORROWINGS continued

Borrowings

All borrowings are subsequently measured at amortised cost.

When general and/or specific borrowings are utilised to fund qualifying capital expenditure, such borrowing costs that are attributable to the capital expenditure are capitalised from the point at which the capital expenditure and related-borrowing costs are incurred until completion of construction.

Effective interest method

The effective interest rate discounts estimated future cash receipts or payments (including all fees paid or received forming an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability.

Leases

The Group assesses whether a contract is, or contains, a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low-value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

Lease liabilities are initially measured at the present value of the contractual lease payments due over the lease term, discounted using the rate implicit in the lease. If this rate is not readily determinable, the Group's incremental borrowing rate is used. Variable lease payments are included in the measurement of the lease liability if they are linked to an index or rate at the date of commencement. The initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying value of the lease liability includes:

- Amounts expected to be payable under any residual value guarantee
- Exercise price of any purchase option if the lessee is reasonably certain to exercise the option
- Penalties payable for terminating the lease, if the term of the lease reflects the termination option.

Right-of-use assets are initially measured at the value of the corresponding lease liability, reduced for any lease incentives received, and increased for:

- Lease payments made at or before commencement of the lease
- Initial direct costs
- The amount of any provision recognised where the lessor is contractually required to dismantle, remove or restore the leased asset.

Lease payments are subsequently allocated between the lease liability and finance cost. The finance cost is charged to profit or loss over the lease period at a constant periodic rate of interest on the remaining balance of the liability. The right-of-use asset is subsequently depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

When the lessee revises its estimate of the term of any lease due to changes in the probability of a lease extension or termination option being exercised, it adjusts the carrying amount of the lease liability to reflect the payments to be made over the revised term, which are discounted at the revised discount rate at remeasurement. The carrying value of lease liabilities are similarly adjusted when the variable element of future lease payments dependent on a rate or index is revised, using the revised discount rate on commencement of lease. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being depreciated over the new remaining lease term.

Compound financial instruments

The component parts of compound instruments (such as the convertible ZAR bonds) issued by the Company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of financial liabilities or equity instruments. Conversion options to be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is accounted for in equity.

At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is reported as a liability at amortised cost using the effective interest method until extinguished upon conversion or at the instrument's maturity date. When the liability is extinguished and converted to equity, the carrying amount of the liability is reclassified to equity as share premium. The equity component is recognised initially at the difference between the fair value of the compound instrument as a whole and the fair value of the liability component.

Transaction costs relating to the issue of the convertible notes are allocated to the liability and the equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognised directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortised over the lives of the convertible notes using the effective interest method.

The consideration paid for the redemption of compound instruments prior to maturity, as well as the related transaction costs, is allocated in a manner consistent with the allocation at the date of issue between the liability component and equity.

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Notes to the consolidated financial statements

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27. OTHER FINANCIAL LIABILITIES

	2021 Rm	2020 Rm
Commitment – Royal Bafokeng	52	51
Current	28	16
Non-current	24	35

Commitment – Royal Bafokeng

Amendments to the Impala Converted Mining Rights relating to the empowering provision was approved during the 2019 financial year, allowing the trustees to dissolve the Impala Bafokeng Trust (IBT). Impala Platinum Limited committed to contribute the remaining balance (R64 million) of the original R170 million commitment to the IBT by spending R10 million a year for community projects through its CSI programmes.

28. OTHER LIABILITIES

	Notes	2021 Rm	2020 Rm
Summary			
Post-employment medical benefits	28.1	71	69
Cash-settled share-based compensation	28.2	604	103
Deferred profit on sale and leaseback of houses ¹		157	187
		832	359
Current		581	133
Non-current		251	226

¹ Relates to houses leased from Friedshel (an associate of the Group) which were previously sold as part of a sale and leaseback transaction (note 26.4).

28.1 Post-employment medical benefits

Beginning of the year		69	68
Finance cost		6	7
Actuarial loss		3	1
Benefits paid		(7)	(7)
End of the year – actuarial valuation		71	69
Current		–	–
Non-current		71	69

The Company historically provided post-employment medical benefits to qualifying employees. Post-employment medical benefits for remaining employees and retirees are an unfunded liability. A 1% increase in the medical inflation rate results in a R6 million (2020: R6 million) increase in the provision and a decrease of 1% results in a decrease in the provision of R6 million (2020: R5 million). Subsidies of R7 million (2020: R6 million) are expected to be paid in the next financial year.

Qualifying active employees have an average age of 55 (2020: 54) years and an average service period of 27 (2020: 26) years. Retirees have an average age of 78 (2020: 77) years.

Post-employment medical benefits valuation

The determination of Implats' obligation for post-retirement healthcare liabilities depends on the selection of certain assumptions used by actuaries to calculate amounts. These assumptions include, among others, the discount rate, healthcare inflation costs, rates of increase in compensation costs and the number of employees who reach retirement age before the mine reaches the end of its life. While Implats believes that these assumptions are appropriate, significant changes in the assumptions may materially affect post-retirement obligations as well as future expenses, which may result in an impact on earnings in the periods that the changes in the assumptions occur.

As at 30 June 2021, actuarial parameters used by independent valuers assumed 8.1% (2020: 6.4%) as the long-term medical inflation rate and 9.8% (2020: 8.5%) risk-free interest rate corresponding to the yields on long-dated high-quality bonds.

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Notes to the consolidated financial statements

for the year ended 30 June 2021

28. OTHER LIABILITIES continued

28.2 Cash-settled share-based compensation

The Group issues cash-settled share-based payments to employees of the Zimbabwean and Canadian operations. Implats modified its employee scheme from equity settled to cash settled for its Zimbabwean operation as of 1 November 2020, resulting in a transfer of R462 million, being the fair value of the liability at modification date, from equity to liabilities.

Cash-settled share-based payments are valued on reporting date and recognised over the vesting period.

The Long-term Incentive Plan 2012 (LTIP 2012), comprising of Share Appreciation Rights (SAR) and Condition Share Plan (CSP) was discontinued and replaced with a new scheme. The new scheme, referred to as the Long-term Incentive Plan 2018 (LTIP 2018), comprises a Bonus Share Plan (BSP) and a Performance Share Plan (PSP). Both the Bonus Share Plan and the Performance Share Plan consist of shares with a nil exercise price.

The cash-settled share-based compensation is made up as follows:

	Notes	2021 Rm	2020 Rm
Summary			
Long-term Incentive Plan 2018 – BSP	28.2.1	118	—
Long-term Incentive Plan 2018 – PSP	28.2.1	142	—
Long-term Incentive Plan 2012 – SAR	28.2.2	144	—
Long-term Incentive Plan 2012 – CSP	28.2.2	2	—
Share Appreciation Rights Scheme (SARS)	28.2.3	196	100
Other		2	3
		604	103
Current		551	103
Non-current		53	—

28.2.1 Long-term Incentive Plan 2018 (LTIP 2018)

The fair value of the cash-settled share-based payments were valued using the share price on valuation date as well as performance conditions for the PSP. The weighted average option value as well as the weighted average share price on valuation date was R235.49 and R227.76 for the BSP and PSP respectively.

	2021 BSP 000	PSP 000
Movement in the number of share options outstanding:		
Beginning of the year	—	—
Modification	1 018	1 024
Granted	63	69
Exercised	(31)	(6)
Forfeited	(286)	(173)
End of the year	764	914
Exercisable	—	—
Not yet exercisable	764	914

Share options (BSP) outstanding at the end of the year have the following vesting terms:

	Vesting year 2022 000	Vesting year 2023 000	Total Number 000
Total 2021	526	238	764

Share options (PSP) outstanding at the end of the year have the following vesting terms:

	Vesting year 2022 000	Vesting year 2023 000	Vesting year 2024 000	Total Number 000
Total 2021	472	221	221	914

Notes to the consolidated financial statements

for the year ended 30 June 2021

28. OTHER LIABILITIES continued

28.2 Cash-settled share-based compensation continued

28.2.1 Long-term Incentive Plan 2018 (LTIP 2018) continued

The share options are full value shares. The contractual life ends on the vesting date.

Refer note 33 for the details on share-based payment rights held by key management personnel (directors and senior executive management).

Bonus Share Plan (BSP)

The Bonus Share Plan represents derivative financial instruments that are referenced to shares of Implants, the cash equivalent of which is awarded free of charge to participants at the end of a two-year vesting period. Fifty percent of the awarded instruments vest one year after the award and the remaining 50% at the end of two years after the award date. At the date of award, participants are only granted conditional rights to receive these instruments at a future date and are not entitled to any shareholder rights prior to vesting date. For the instruments to vest, participants are required to remain employed by a company in the Implants Group.

Performance Share Plan (PSP)

The Performance Share Plan represents derivative financial instruments that are referenced to shares of Implants, the cash equivalent of which is awarded free of charge to designated participants, at a vesting period determined at the discretion of the remuneration committee. On the date of award, participants are only granted conditional rights to receive these instruments at a future date and are not entitled to any shareholder rights prior to vesting date. For the instruments to vest, participants must remain employed by a company in the Implants Group, subject to the satisfaction of the performance condition measured over the performance period.

28.2.2 Long-term Incentive Plan 2012 (LTIP 2012)

The fair value of the share-based payments was calculated using the intrinsic value for vested shares, except for full value shares which are valued using the share price on valuation date, adjusted for the present value of expected dividends during the vesting period as well as market performance conditions.

The average inputs for determining the fair value are as follows:

	2021	
	Long-term Incentive Plan (SAR)	Long-term Incentive Plan (CSP)
Weighted average option value (Rand) ¹	203.75	225.57
Share price on valuation date (Rand) ²	235.49	235.49
Weighted average exercise price (Rand) ^{3 and 5}	36.08	Nil
Volatility (%) ⁴	48.9	N/A
Dividend yield (%)	—	N/A
Risk-free interest rate (%)	4.7	4.7

¹ The weighted average option value for cash-settled shares is calculated on reporting date.

² The value of cash-settled share appreciation rights are calculated at year-end based on the year-end closing price.

³ The weighted average exercise price for cash-settled shares is calculated taking into account the exercise price on each grant date.

⁴ Volatility for cash-settled shares is the 400-day moving average historical volatility on Implants shares on each valuation date.

⁵ The weighted average market price of the share on date of issue approximates the weighted average exercise price. Options are granted based on the market price at the date of issue.

	2021	
	Number 000	Weighted average exercise price R
SAR		
Movement in the number of share options outstanding was as follows:		
Beginning of the year	—	—
Modification	1 275	39.54
Forfeited	(168)	36.75
Exercised	(376)	36.75
End of the year	731	38.81
Exercisable	731	38.81
Not yet exercisable	—	—

Notes to the consolidated financial statements

for the year ended 30 June 2021

28. OTHER LIABILITIES continued

28.2 Cash-settled share-based compensation continued

28.2.2 Long-term Incentive Plan 2012 (LTIP 2012) continued

	2021 Number 000
CSP	
Movement in the number of share options outstanding was as follows:	
Beginning of the year	–
Modification	1 508
Exercised	(1 490)
End of year	18
Exercisable	–
Not yet exercisable	18

Share options outstanding at the end of the year have the following terms:

	Vesting year 2022 000	Total number 000
Total 2021	18	18

28.2.3 Share Appreciation Rights Scheme (SARS)

The fair value of share-based payments is calculated using the intrinsic value. Allocations under this cash-settled share-based scheme ceased in November 2012 and lapse in 2022. There were 2.4 million (2020: 6 million) options at the end of the period, with an average option value of R89.05 (2020: R13.40), all exercisable at year-end.

Employee benefits

Defined contribution retirement plans

Employee retirement schemes are funded through payments to insurance companies or trustee-administered funds, determined by periodic actuarial calculations.

A defined contribution plan is a pension scheme under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The Group operates or participates in several defined contribution retirement plans for its employees. The pension plans are funded by payments from the employees and by the relevant Group companies to insurance companies or trustee-administered funds, determined by periodic actuarial calculations, and contributions to these funds are expensed as incurred. The assets of the different plans are held by independently managed trust funds. These funds are governed by either the South African Pension Funds Act of 1956, Zimbabwean law or Canadian law.

Post-employment medical benefit plan

The expected costs of these benefits are accrued over the period of employment. A valuation of this obligation is carried out annually by independent qualified actuaries. Actuarial gains or losses as a result of these valuations are recognised in other comprehensive income as incurred. Interest on the defined benefit liability is recognised in profit or loss as finance cost.

Cash-settled share-based compensation

Cash-settled share-based payments are valued on the reporting date and recognised over the vesting period. A liability equal to the services received to date is determined and recognised at each reporting date with a corresponding expense. The fair value of share-based payments are calculated using the binomial option model for non-vested shares and intrinsic value for vested shares.

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Notes to the consolidated financial statements

for the year ended 30 June 2021

29. TRADE AND OTHER PAYABLES

	2021 Rm	2020 Rm
Trade payables	4 822	3 264
Trade payables – metal purchases ¹	9 025	3 871
Trade payables at fair value through profit or loss	10 772	4 716
Advances	(1 747)	(845)
Leave liability ²	1 266	1 216
Royalties payable	755	613
Value added taxation	96	156
Other payables	226	100
	16 190	9 220
The foreign currency denominated balances as at 30 June were as follows:		
Trade and other payables (US\$ million)	431	148
Trade and other payables (Zw\$ million)	137	31
Trade and other payables (C\$ million)	63	34

Refer to note 32 for fair value and financial risk disclosure.

¹ The fair value exposure on purchased metal and resultant stock has been designated as a hedged item and is included in the calculation of the cost of inventories (note 17). The fair value exposure relates to adjustments made to commodity prices and US\$ exchange rates from the date of delivery until the final pricing date as per the relevant contract. Refer to note 32 for hedge accounting disclosures.

² Employee entitlements to annual leave are recognised on an ongoing basis. The liability for annual leave as a result of services rendered by employees is accrued up to the reporting date.

Advances

Certain customers are granted advances based on a contractually agreed percentage of the fair value of their in-process metal being purchased. The weighted average effective interest rate on advances was 0.25% (2020:1.5%). The associated purchase liability serves as collateral for the advance.

The contractually agreed percentage generally provides a sufficient safety margin for normal price fluctuations not to expose the Group to undue credit risk. However, in times of significant price decreases, there is a risk that the fair value of the in-process metal creditor that serves as collateral, could decrease below the carrying amount of the advance. In the current year, the value of this metal creditor is higher than the advances.

In cases where the carrying amount of advances is not fully supported by the fair value of in-process metal creditors that serves as collateral, management uses judgement to determine the recoverability of the advances.

Management has the legal right to offset the advance against the metal-purchase creditor and the intention to settle the creditor on a net basis. Consequently, the advance has been offset against the creditor.

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Trade and other payables

The Group has made an irrevocable election to measure trade payables relating to metal purchases at fair value through profit or loss. Trade payables contracts host two embedded derivatives, namely fluctuations in PGM prices, and foreign currency exchange rates. This financial liability is used as a hedging instrument in the fair value hedge of a recognised asset, being purchased inventory.

All other trade payables are subsequently carried at amortised cost.

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Notes to the consolidated financial statements

for the year ended 30 June 2021

30. CASH GENERATED FROM OPERATIONS

	2021 Rm	2020 Rm
Profit before tax	67 920	23 030
Adjusted for:		
Reversal of impairment (note 4)	(14 728)	—
Depreciation (notes 3 and 11)	5 475	4 521
Amortisation of prepaid royalty	180	—
Finance income (note 7)	(768)	(538)
Finance cost (note 8)	946	1 155
Share of profit of equity-accounted entities (note 13)	(3 212)	(1 082)
Marula IFRS 2 BEE charge	1 514	—
Dividend received – Rand Mutual Assurance (note 5)	(30)	(8)
Employee benefit provisions	(7)	(7)
Share-based compensation	505	445
Provisions	(116)	191
Rehabilitation provisions	20	(86)
Bargain purchase on acquisition of North American Palladium	—	(11)
Foreign currency adjustment	1 035	(1 225)
Profit on disposal of property, plant and equipment (note 5)	(49)	(43)
Deferred profit on sale and leaseback of houses (note 5)	(30)	(30)
Loss on reclassification of Waterberg investment	—	113
Fair value adjustments on derivative financial instruments	—	508
Invitation premium paid on US\$ bond conversion	—	509
Tax penalties and interest (received)/paid	(10)	2
	58 645	27 444
Changes in working capital:		
Increase in trade and other receivables	(3 551)	(261)
Increase in inventories	(5 575)	(7 375)
Increase/(decrease) in trade and other payables	7 333	(48)
Cash generated from operations	56 852	19 760

Notes to the consolidated financial statements

for the year ended 30 June 2021

31. CONTINGENT LIABILITIES, GUARANTEES AND UNCERTAIN TAX MATTERS

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.

Guarantees

The Group has issued guarantees to the below parties, in respect of liabilities held by companies in the Group. These liabilities are included in the consolidated financial statements (note 26).

	2021 Rm	2020 Rm
Guarantees		
Friedshelf ¹	80	91
Standard Bank ²	—	885
Various institutions ³	—	3 657
Total guarantees	80	4 633

¹ Guarantees to Friedshelf are in respect of rental of houses sold to and leased back from Friedshelf by Marula.

² The guarantee to Standard Bank was in respect of the Marula BEE loan amounting to R885 million. Refer to note 20 for the collateral on the Marula BEE loan.

³ The guarantees to various institutions related to the Impala Canada term loan and revolving credit facility, which were respectively settled and cancelled in the current period (note 26.3).

The following guarantees have been issued by third parties and financial institutions on behalf of the Group to the following holders:

	2021 Rm	2020 Rm
Guarantees		
South African operations		
Department of Mineral Resources and Energy (DMRE)	2 042	1 754
Eskom	111	111
South African Revenue Service (SARS)	6	6
Registrar of Medical Aids	5	5
	2 164	1 876
Impala Canada		
Closure Plan Surety Bond (Minister of Energy, Northern Development and Mines)	272	301
Total guarantees	2 436	2 177

Guarantees to regulators (DMRE and the Minister of Energy, Northern Development and Mines) are in respect of future environmental rehabilitation liabilities for which a provision of R1 449 million (2020: R1 239 million) has been raised (note 24.1).

Notes to the consolidated financial statements

for the year ended 30 June 2021

31. CONTINGENT LIABILITIES, GUARANTEES AND UNCERTAIN TAX MATTERS *continued*

Uncertain income 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 below.

South Africa

At 30 June 2021, the Group has certain unresolved historical tax matters relating mainly to bad debt deductions/provisions at its South African operations. In certain instances, the South African Revenue Service has issued additional assessments or queries relating to these matters and the Group has lodged objections to these assessments. The Group has tax practitioner and legal counsel opinions to support its objections. Should the Group be successful in its objections, it could result in tax credits of up to R634 million (including interest).

Zimbabwe

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. Judgement is required in determining the provision for income taxes resulting from differences in the interpretation of fiscal legislation which may require determination through the courts. The matter of the currency in which income taxes and royalties should be paid was settled amicably during the year.

Legal matters

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. The Company 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.

Notes to the consolidated financial statements

for the year ended 30 June 2021

32. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

32.1 Financial instruments

Background and basis of preparation

The impact of Covid-19 should already be priced into the inputs, 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 internally by amending the cash flows associated with the discounted cash flow valuations. These considerations and the resulting adjustments are disclosed in the individual notes dealing with the financial assets and financial liabilities measured at fair value.

Credit risk and the impact of Covid-19 on cash and cash equivalents and trade and other receivables have been further discussed in note 20 and note 18 respectively and to date, there was no material increase in liquidity risk or own credit risk.

General accounting policies that are not related to specific financial assets and financial liabilities (which have otherwise been included in the individual notes) are disclosed in note 32.2.1.

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

	2021 Rm	2020 Rm
Financial assets – carrying amount		
Financial assets at amortised cost	27 868	16 583
Other financial assets (note 15.2)	88	86
Trade receivables (note 18)	3 631	2 774
Other receivables (note 18)	544	538
Employee receivables (note 18)	131	143
Cash and cash equivalents (note 20)	23 474	13 042
Financial assets at fair value through profit or loss (FVPL)	2 706	697
Other financial assets (note 15.1)	1 002	–
Trade receivables (note 18)	1 704	408
Cash and cash equivalents (note 20)	–	289
Financial assets at fair value through other comprehensive income (FVOCI) (note 14)	425	394
Total financial assets	30 999	17 674
Financial liabilities – carrying amount		
Financial liabilities at amortised cost	6 428	12 399
Borrowings (note 26)	1 328	8 858
Other financial liability (note 27)	52	51
Trade payables (note 29)	4 822	3 264
Other payables (note 29)	226	100
Bank overdraft (note 20)	–	126
Financial liabilities at fair value through profit or loss		
Trade payables – metal purchases (note 29)	9 025	3 871
Trade payables at fair value through profit or loss	10 772	4 716
Advances	(1 747)	(845)
Total financial liabilities	15 453	16 270

Fair value

IFRS establishes a fair value hierarchy that categorises the inputs to valuation techniques used to measure fair value into three levels:

- Level 1 – Quoted prices in active markets for the same instrument
- Level 2 – Valuation techniques for which significant inputs are based on observable market data
- Level 3 – Valuation techniques for which any significant input is not based on observable market data.

Notes to the consolidated financial statements

for the year ended 30 June 2021

32. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT continued

32.1 Financial instruments continued

Fair value continued

The following financial instruments are carried at fair value:

	Fair value			
	2021 Rm	2020 Rm	Fair value hierarchy	Valuation technique and key inputs
Financial instrument				
Financial assets at FVOCI (note 14)				
Waterberg	330	295	Level 3	Discounted cash flow Risk-free ZAR interest rate
Other	95	99	Level 3	Discounted cash flow Risk-free ZAR interest rate
Financial instruments at FVPL assets (note 15)				
Other financial assets (note 15.1)	1 002	—	Level 1	Quoted market price for the same instrument
Trade receivables (note 18)	1 704	408	Level 2	Quoted market metal price and exchange rate
Cash and cash equivalents (note 20)	—	289	Level 1	Quoted market price for the same instrument
Financial instruments at FVPL liabilities				
Trade payables at fair value through profit or loss	10 772	4 716	Level 2	Quoted market metal price and exchange rate

There have been 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.

Reconciliation of level 3 fair value measurements

	Fair value through other comprehensive income		Total Rm
	Waterberg Rm	Other Rm	
Balance at 30 June 2019	—	75	75
Gains recognised in other comprehensive income	—	24	24
Reclassification of Waterberg	295	—	295
Balance at 30 June 2020	295	99	394
Gains/(losses) recognised in other comprehensive income	35	(4)	31
Balance at 30 June 2021	330	95	425

Notes to the consolidated financial statements

for the year ended 30 June 2021

32. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT continued

32.1 Financial instruments continued

Financial instrument income/(expenses)

	2021 Rm	2020 Rm
Financial instruments at FVPL – net fair value movement:		
Derivative financial instruments	–	(644)
Short-term investments	2	–
Trade receivables at FVPL	173	151
Cash and cash equivalents	16	4
Financial instruments at amortised cost		
Finance income for financial assets using effective-interest method	750	512
Finance expense for financial liabilities using effective-interest method	(794)	(1 026)

32.2 Financial risk management

Introduction

The Group's activities expose it to a variety of financial risks, market risk (including currency risk, fair value and cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group, from time to time, uses derivative financial instruments to hedge certain risk exposures.

Financial risk management is carried out by a central treasury department. Policies are approved by the board of directors, which sets guidelines to identify, evaluate and hedge financial risks in close cooperation with the Group's operating units. The audit and risk committees approve written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investing excess liquidity.

Sovereign risk arises from foreign government credit risk, the risk that a foreign central bank or government will impose exchange regulations and the risk associated with negative events relating to taxation policy or other changes in the business climate of a country. These risks are monitored by management by actively engaging with both local and foreign government officials and by operating within the set frameworks.

32.2.1 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 17), the hedged item, is exposed. The financial instrument used to hedge this risk is trade payables, related to metal purchases (note 29), 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:

	2021 Rm	2020 Rm
Hedging instrument: Trade payables at fair value through profit or loss – metal purchases		
Carrying amount (note 29)	10 772	4 716
Fair value loss used to determine hedge effectiveness	2 069	1 362
Hedged item: Metal purchases inventory (note 17)		
Metal purchases exposed to fair value movement	10 772	4 716
Change in fair value of hedging instrument used to determine hedge effectiveness	(2 069)	(1 362)
Accumulated fair value hedge loss included in metal purchases in respect of closing inventory ¹	2 014	372

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

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

Notes to the consolidated financial statements

for the year ended 30 June 2021

32. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT continued

32.2 Financial risk management continued

32.2.2 Market risk

Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar. Foreign exchange risk arises from future commercial transactions and recognised financial assets and liabilities.

To manage foreign exchange risk arising from future commercial transactions and recognised financial assets and liabilities, the Group, from time to time, uses forward exchange contracts within board-approved limits.

Sensitivity analysis

Foreign exchange risk sensitivity analysis presents the effect of a 10% change in the year-end exchange rate on financial instruments denominated in US dollar or ZW dollar in profit or loss. The US dollar exposure below excludes companies whose functional currency is the US dollar.

	Year-end US\$ exposure		Profit/loss effect ³	
	2021 US\$m	2020 US\$m	2021 Rm	2020 Rm
Financial assets				
Trade receivables	366	221	523	384
Advances ¹	122	49	174	84
Cash and cash equivalents	59	76	84	132
Financial liabilities				
Borrowings	—	(210)	—	365
Trade and other payables ²	(362)	(121)	—	—
	185	15	781	235

¹ Advances have been offset against the related metal-purchase trade creditor (note 29).

² Includes the foreign exchange exposure on metal-purchase trade payables, which has been designated as a hedging instrument in a fair value hedge (refer to note 32.2.1). This creditor has a Rnil effect on the statement of profit or loss after hedge accounting.

³ Represents an inflow or outflow of economic resources. Figures are calculated before tax and non-controlling interest.

	Year-end ZW\$ exposure		Profit/loss effect ¹	
	2021 ZW\$m	2020 ZW\$m	2021 Rm	2020 Rm
Financial assets				
Trade and other receivables	34	18	1	—
Cash and cash equivalents	36	—	1	—
Financial liabilities				
Trade and other payables	(137)	(31)	(2)	1
Bank overdraft	—	(450)	—	11
	(67)	(463)	—	12

¹ Represents an inflow or outflow of economic resources. Figures are calculated before tax and non-controlling interest.

Notes to the consolidated financial statements

for the year ended 30 June 2021

32. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT continued

32.2 Financial risk management continued

32.2.2 Market risk continued

Securities price risk

The Group is exposed to insignificant equity securities price risk.

Commodity price risk

Commodity price risk refers to the risk of changes in fair value or cash flow of financial instruments as a result of commodity prices where the Group holds forward sales contracts and metal purchase commitments included in trade and other payables, which are determined with reference to commodity prices.

From time to time, the Group enters into forward metal sales contracts, options or lease contracts to manage the fluctuations in metal prices, thereby preserving and enhancing its cash flow streams.

Sensitivity analysis

Commodity price risk sensitivity analysis presents the effect of a 10% change in the commodity prices on commodity-based financial instruments in profit or loss.

	Year-end commodity exposure		Profit/loss effect ¹	
	2021 Rm	2020 Rm	2021 Rm	2020 Rm
Financial assets				
Trade receivables at FVPL	1 704	408	170	41
Financial liabilities				
Trade payables at FVPL ²	(10 772)	(4 716)	—	—
	(9 068)	(4 308)	170	41

¹ Represents an inflow or outflow of economic resources. Figures are calculated before tax and non-controlling interest thereon.

² The commodity price exposure has a Rnil effect on the statement of profit or loss after hedge accounting (note 32.2.1).

Interest rate risk

The Group is exposed to fair value interest rate risk in respect of fixed rate financial assets and liabilities. Movement in interest rates will have an impact on the fair value of these instruments but will not affect profit or loss as these financial assets and liabilities are carried at amortised cost using the effective interest method.

Fixed interest rate exposure:

	2021 Rm	2020 Rm
Financial assets		
Loans carried at amortised cost (note 15.2)	88	86
Financial liabilities		
Borrowings – convertible bonds (note 26)	(1)	(2 914)
	87	(2 828)

The Group is exposed to cash flow interest rate risk in respect of its variable rate financial assets and liabilities.

The Group monitors its exposure to fluctuating interest rates. Cash and cash equivalents and rehabilitation trust investments are primarily invested with short-term maturity dates, which expose the Group to cash flow interest rate risk.

Notes to the consolidated financial statements

for the year ended 30 June 2021

32. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT continued

32.2 Financial risk management continued

32.2.2 Market risk continued

Interest rate risk continued

Sensitivity analysis

Cash flow interest rate risk sensitivity analysis presents the effect of a 100 basis points up and down fluctuation in the interest rate in profit or loss.

	Variable interest rate exposure		Profit/loss effect ²	
	2021 Rm	2020 Rm	2021 Rm	2020 Rm
Financial assets				
Advances (note 29) ¹	1 747	845	17	9
Cash and cash equivalents (note 20)	23 474	13 042	235	130
Financial liabilities				
Borrowings – Standard Bank	–	(885)	–	9
Borrowings – Impala Canada term loan (note 26.3)	–	(3 657)	–	37
Bank overdraft	–	(126)	–	1
	25 221	9 219	252	92

¹ Advances which have been offset against the related metal-purchase trade creditor.

² Represents an inflow or outflow of economic resources. Figures are calculated before tax and non-controlling interest thereon.

Interest rate benchmark reform

Existing financial assets and financial liabilities are subject to interbank offered rate (IBOR) reform, such as London Interbank Offered Rate (LIBOR) and Johannesburg Interbank Average Rate (JIBAR). Implats will be impacted by upcoming reforms in these benchmark rates, particularly in respect of Implats' borrowing facilities.

Current guidance proposes specific accounting treatment for financial assets and financial liabilities that are modified as a result of the reform and further proposes that an entity applies changes to the contractual cash flows prospectively by revising the effective interest rate.

32.2.3 Credit risk

Credit risk is the risk that the financial asset counterparty may default or not meet its obligations timeously. The Group minimises credit risk by ensuring that the exposure is spread over a number of counterparties.

The maximum exposure to the credit risk is represented by the carrying amount of all the financial assets and the maximum amount the Group could have to pay if the guarantees are called on (note 31).

There is no material concentration of credit risk in cash and cash equivalents, trade and other receivables and loans.

Cash and cash equivalents

The Group has policies that limit the amount of credit exposure related to cash and cash equivalents to any single financial institution by only dealing with well-established financial institutions of high credit quality standing. The credit exposure to any one of the counterparties is managed by setting exposure limits which are approved by the board.

Notes to the consolidated financial statements

for the year ended 30 June 2021

32. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT continued

32.2 Financial risk management continued

32.2.3 Credit risk continued

	Exposure	
	2021 Rm	2020 Rm
<i>Banks' credit ratings</i>		
South African operations		
AA+ (zaf)	17 769	2 400
AA (zaf)	—	7 280
Overseas operations		
AA+ (zaf)	4 936	—
AA (zaf)	—	2 016
AA-	760	1 281
A+	—	344
No rating	9	10
	23 474	13 331
Overdraft facilities' credit rating		
Overseas operation		
AA (zaf)	—	(126)
	23 474	13 205

Foreign currency exposure and exposure by country for cash and cash equivalents is analysed further in note 20.

Trade and other receivables

The Group has policies in place to ensure that the sales of products are made to customers with an appropriate credit history. Trade debtors comprise a limited number of customers, dispersed across different geographical areas. Credit evaluations are performed on the financial condition of these and other receivables from time to time. Trade receivables are presented in the statement of financial position net of any provision for impairment. No trade receivables are past due.

Advances are made to customers based on "in-process metal purchases". Credit risk on advances where sufficient in-process metal creditors serve as collateral is low (note 29).

The table below provides an analysis of the Group's customer mix:

	New customers	2 years and less	From 2 to 5 years	Longer than 5 years	Total
Financial year 2021					
Number of customers	—	2	—	30	32
Value at year-end (R million)	—	1 770	—	3 565	5 335
Financial year 2020					
Number of customers	3	2	3	39	47
Value at year-end (R million)	482	—	68	2 632	3 182

No customers are in default at year-end (2020: nil).

Credit risk exposure in respect of trade receivables and advances is analysed further in note 18.

Credit risk exposure in respect of employee receivables is limited by taking into account the employee's annual earnings, which serve as security.

Only an insignificant amount of these employee receivables are past due, as a result of employees having left the employment of the Group.

Notes to the consolidated financial statements

for the year ended 30 June 2021

32. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT continued

32.2 Financial risk management continued

32.2.3 Credit risk continued

Financial assets at fair value and financial assets at amortised cost

The Group manages credit exposure related to these investments (aside from those included in cash and cash equivalents) by limiting the amounts invested at any single financial institution and by only dealing with well-established financial institutions of high credit quality standing.

	Exposure	
	2021 Rm	2020 Rm
<i>Financial institutions' credit ratings</i>		
Financial assets at FVPL (note 15)		
AA	500	—
AA+	502	—
	1 002	—
No rating (note 14)	95	99
	1 097	99

Loans

Credit risk exposure is mainly attributed to the Group's employee housing loans. These loans are secured by a second bond over residential properties.

No loans are past due.

32.2.4 Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Implats entered into a new committed revolving credit facility with various financial institutions consisting of a R6 billion ZAR tranche and a US\$125 million US\$ tranche. Impala Canada is also a borrower under the US\$ tranche. Management regularly monitors rolling forecasts of the Group's liquidity reserve comprising undrawn borrowing facilities and cash and cash equivalents (note 20) on the basis of expected cash flows. All covenants on the facility have been met.

Committed revolving credit facility – Impala Platinum Holdings Limited

	Credit limit facilities	
	2021 Rm	2020 Rm
<i>Banks' credit ratings</i>		
AA+ (zaf)	6 000	—
AA (zaf)	—	4 000

The committed revolving credit facility of R6 billion bears interest at the three-month Johannesburg Interbank Acceptance Rate (JIBAR) 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 EBITDA levels of the Group. The facility has an accordion option to increase the facility by an additional R2 billion. The facility matures on 24 February 2024 with an option to extend for another two years. The facility was undrawn at year-end.

Notes to the consolidated financial statements

for the year ended 30 June 2021

32. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT continued

32.2 Financial risk management continued

32.2.4 Liquidity risk continued

Committed revolving credit facility (US\$125 million) – Impala Platinum Holdings Limited (2020: US\$25 million – Impala Canada Limited)

	Credit limit facilities	
	2021 Rm	2020 Rm
<i>Banks' credit ratings</i>		
AA+ (zaf)	447	—
AA	447	261
A+	447	87
A-	447	87
	1 788	435

The committed revolving credit facility of US\$125 million bears interest at the three-month London Interbank Offered Rate (LIBOR) plus a margin and utilisation fee of between 185 and 225 basis points, subject to the level of utilisation and the total net debt to EBITDA levels of the Group. The facility has an accordion option to increase the facility by an additional US\$50 million. The facility matures on 24 February 2024 with an option to extend for another two years. The facility was undrawn at year-end.

The table below analyses the Group's financial liabilities into the relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date.

Financial assets relevant to the understanding of future cash flow related to financial liabilities have also been disclosed:

	Total carrying amount Rm	Contractual interest Rm	Total undiscounted contractual cash flow Rm	Less than 1 year Rm	Between 1 and 2 years Rm	Between 2 and 5 years Rm	Over 5 years Rm
At June 2020							
Financial assets							
Trade and other receivables (note 18)	3 863	—	3 863	3 863	—	—	—
Cash and cash equivalents (note 20)	13 331	—	13 331	13 331	—	—	—
Financial liabilities							
Borrowings (note 26)	7 456	1 104	8 560	2 525	4 604	1 431	—
Other financial liabilities (note 27)	51	9	60	20	10	30	—
Trade and other payables (note 29)	7 235	—	7 235	7 235	—	—	—
Bank overdraft	126	—	126	126	—	—	—
At June 2021							
Financial assets							
Trade and other receivables (note 18)	6 010	—	6 010	6 010	—	—	—
Cash and cash equivalents (note 20)	23 474	—	23 474	23 474	—	—	—
Financial liabilities							
Borrowings (note 26) ¹	1	—	1	1	—	—	—
Other financial liabilities (note 27)	52	8	60	31	10	19	—
Trade and other payables (note 29)	14 073	—	14 703	14 073	—	—	—

¹ Excludes leases. The maturity analysis for leases is disclosed in note 26.

Current financial assets are sufficient to cover financial liabilities for the next two years. Thereafter, retained cash and cash generated from operations are envisaged to be sufficient to settle the liabilities. Should the cash generated from operations not be sufficient, the Group can access its facilities or curtail its capital expenditure.

Notes to the consolidated financial statements

for the year ended 30 June 2021

32. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT *continued*

Financial instruments – General accounting policy

Financial assets and financial liabilities are recognised when a Group entity becomes a party to the contract. Financial assets and financial liabilities are initially measured at fair value. Transaction costs directly attributable to the acquisition or issue of financial assets and financial liabilities other than financial assets and financial liabilities at fair value through profit or loss are added to, or deducted from, the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets and financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

Classification

The Group classifies its financial assets in the following categories on the basis of both the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets:

- Financial assets at fair value through profit or loss
- Financial assets at amortised cost
- Financial assets at fair value through other comprehensive income.

Purchases and sales of investments are recognised on the trade date, being the date on which the Group commits to purchase or sell the asset. A financial asset is derecognised when the contractual rights to the cash flows from the financial asset expire, or when the Group transfers the contractual rights to receive the cash flows of the financial asset, or retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Investments in debt instruments (notes 15, 18 and 20)

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There is currently only one measurement category to which the Group classifies its debt instruments.

Financial asset measured at amortised cost

Assets that are held for collecting contractual cash flows where those cash flows are comprised solely of payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income calculated on the effective interest rate method. Any gain or loss arising on derecognition is presented in other income and expense and foreign exchange gains and losses presented in foreign exchange transaction losses, directly in profit or loss. These assets with maturities greater than 12 months after the reporting date are classified as non-current assets.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost, except for financial liabilities at fair value through profit or loss. Financial liabilities at fair value through profit or loss, which include derivatives, are subsequently measured at fair value.

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Notes to the consolidated financial statements

for the year ended 30 June 2021

33. RELATED-PARTY TRANSACTIONS

(i) Associates

	2021 Rm	2020 Rm
Two Rivers		
Transactions with related parties:		
Purchases of metal concentrates	11 992	6 229
Year-end balances arising from transactions with related parties:		
Payables to associate	4 166	1 783
Makgomo Chrome		
Transactions with related parties:		
Tailings fee expense	44	11
Sale of metal concentrates	44	11
Friedshelf		
Transactions with related parties:		
Interest accrued	110	117
Repayments	188	173
Year-end balances arising from transactions with related parties:		
Borrowings – finance leases	1 019	1 097

The finance leases have an effective interest rate of 10.2%.

(ii) Joint venture

	2021 Rm	2020 Rm
Mimosa		
Transactions with related parties:		
Refining fees	287	187
Interest received	3	13
Purchases of metal concentrates	9 136	4 737
Year-end balances arising from transactions with related parties:		
Advances to joint venture ¹	1 744	845
Payables to joint venture	2 733	992

¹ Advances have been offset against the metal-purchase trade creditor.

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.

Notes to the consolidated financial statements

for the year ended 30 June 2021

33. RELATED-PARTY TRANSACTIONS continued

(iii) Directors' remuneration and key management compensation

The following tables summarises the fixed and variable remuneration of the executive directors, prescribed officers and other senior executives of the Company for the year ended 30 June 2021. An asset with a carrying value of US\$273 000 was disposed to Mr A Mhembere in accordance with the Group's management tendering policy for an amount of US\$330 000. The transaction was at arm's length.

Fixed remuneration

	Package R000	Retirement funds R000	Other benefits R000	Total 2021 R000	Total 2020 R000
Executive directors					
NJ Muller	11 102	1 603	20	12 725	12 176
M Kerber	5 966	751	8	6 725	5 741
LN Samuel	5 694	717	20	6 431	6 151
Prescribed officers					
J Andrews	4 774	548	13	5 335	5 120
M Munroe	6 807	857	19	7 683	7 165
V Nhlapo	4 034	239	67	4 340	4 642
K Pillay	3 480	438	8	3 936	3 591
GS Potgieter	9 088	239	18	9 345	9 169
S Sibiya	3 563	300	102	3 965	3 637
J Theron	5 405	238	276	5 919	5 674
T Hill ¹	559	17	13	589	—
A Mhembere ²	630	94	13	737	719
Company secretary					
TT Lale	2 507	243	59	2 809	2 617

¹ (C\$000).

² (US\$000).

Variable remuneration

	Bonus 2020 R000	Retention R000	Gains on LTIS and shares sold R000	Total 2021 R000	Total 2020 R000
Executive directors					
NJ Muller	9 151	—	65 437	74 588	26 157
M Kerber	3 424	—	—	3 424	3 033
LN Samuel	3 502	—	13 538	17 040	5 901
Prescribed officers					
J Andrews	2 394	—	12 854	15 248	2 714
M Munroe	4 290	—	37 040	41 330	7 972
V Nhlapo	1 799	—	14 245	16 044	2 858
K Pillay	1 645	—	3 122	4 767	1 880
GS Potgieter	4 994	—	32 612	37 606	10 409
S Sibiya	1 704	—	6 085	7 789	2 925
J Theron	2 463	—	20 337	22 800	7 497
T Hill ¹	234	562	133	929	—
A Mhembere ²	418	—	3 384	3 802	1 601
Company secretary					
TT Lale	1 145	—	6 530	7 675	2 880

¹ (C\$000).

² (US\$000).

Notes to the consolidated financial statements

for the year ended 30 June 2021

33. RELATED-PARTY TRANSACTIONS continued

(iii) Directors' remuneration and key management compensation continued

Non-executive directors' fees in aggregate for the year

	Board R000	Audit and risk committee R000	Health, safety and environ- ment committee R000	Nomina- tions, govern- ance and ethics committee R000	Social, trans- formation and remu- neration committee R000	Strategy and invest- ment committee R000	Ad hoc meetings R000	Total R000
MSV Gantsho	898	—	—	—	—	—	—	898
NDB Orleyn	2 039	—	—	—	—	—	—	2 039
PW Davey	945	218	90	180	—	180	100	1 713
D Earp	600	460	—	—	—	180	83	1 323
BT Koshane	600	—	90	—	90	—	21	801
AS Macfarlane	600	—	363	—	90	—	21	1 074
FS Mufamadi	600	—	—	180	—	—	59	839
B Ngonyama	1 800	—	—	—	—	—	—	1 800
MEK Nkeli	600	—	180	—	363	—	100	1 243
R Havenstein	300	109	90	—	—	—	21	520
PE Speckmann	600	218	—	—	180	—	81	1 079
ZB Swanepoel	945	—	180	—	—	360	62	1 547

Notes to the consolidated financial statements

for the year ended 30 June 2021

33. RELATED-PARTY TRANSACTIONS continued

(iii) Directors' remuneration and key management compensation continued

The following table reflects the status of shares and unexercised options held by executive directors, prescribed officers and other senior executives and the gains made by them as a result of past awards during the year ended 30 June 2021:

	Balance at 30 June 2020	Allocated during the year	Date of allocation	Forfeited during the year	Exercised during the year ¹	Date exercised	Balance at 30 June 2021	Allocation price R	First vesting date
Directors									
<i>N Muller</i>									
LTIP SAR	485 700	—	—	—	485 700	1 Mar 2021	—		
LTIP CSP	208 480	—	—	—	208 480	21 Nov 2020	—		
LTIP BSP	114 322	41 545	1 Oct 2020	—	78 432	23 Nov 2020	77 435		
							35 890	—	1 Oct 2021
							20 773	—	1 Oct 2021
							20 772	—	1 Oct 2022
LTIP PSP	319 389	56 878	1 Oct 2020	—	—	—	376 267		
							236 004	—	20 Nov 2021
							83 385	—	1 Oct 2022
							56 878	—	1 Oct 2023
Matching shares	14 181	3 138	3 Mar 2021	—	—	—	17 319		
							17 319	—	
<i>M Kerber</i>									
LTIP SAR	34 211	—	—	—	—	—	34 211		
							34 211	17.92	20 Sep 2021
LTIP CSP	20 095	—	—	—	—	—	20 095		
							20 095	—	20 Sep 2021
LTIP BSP	21 000	15 545	1 Oct 2020	—	10 500	1 Oct 2020	26 045		
							10 500	—	1 Oct 2021
							7 773	—	1 Oct 2021
							7 772	—	1 Oct 2022
LTIP PSP	104 814	23 153	1 Oct 2020	—	—	—	127 967		
							76 136	—	20 Nov 2021
							28 678	—	1 Oct 2022
							23 153	—	1 Oct 2023
Restricted share award	—	32 560	2 Jun 2021	—	—	—	32 560		
							16 280	—	31 Dec 2022
							16 280	—	31 Dec 2023
<i>LN Samuel</i>									
LTIP SAR	87 444	—	—	—	87 444	1 Mar 2021	—		
LTIP CSP	56 301	—	—	—	56 301	2 Dec 2020	—		
LTIP BSP	43 951	15 897	1 Oct 2020	—	29 529	23 Nov 2020	30 319		
							14 422	—	1 Oct 2021
							7 949	—	1 Oct 2021
							7 948	—	1 Oct 2022
LTIP PSP	127 167	22 131	1 Oct 2020	—	—	—	149 298		
							94 834	—	20 Nov 2021
							32 333	—	1 Oct 2022
							22 131	—	1 Oct 2023
Matching shares	2 441	1 939	3 Mar 2021	—	—	—	4 380		
							4 380	—	

¹ For associated gains refer to table on page 98.

Notes to the consolidated financial statements

for the year ended 30 June 2021

33. RELATED-PARTY TRANSACTIONS continued

(iii) Directors' remuneration and key management compensation continued

	Balance at 30 June 2020	Allocated during the year	Date of allocation	Forfeited during the year	Exercised during the year ¹	Date exercised	Balance at 30 June 2021	Allocation price R	First vesting date
Company secretary									
<i>TT Llale</i>									
<i>Share appreciation scheme</i>									
	7 556	—	—	1 224	6 332	26 Feb 2021	—		
LTIP SAR	16 004	—	—	—	16 004	23 Nov 2020	—		
LTIP CSP	19 272	—	—	—	19 272	21 Nov 2020	—		
LTIP BSP	12 379	5 197	1 Oct 2020	—	8 081	20 Nov 2020	9 495		
							4 298	—	1 Oct 2021
							2 599	—	1 Oct 2021
							2 598	—	1 Oct 2022
LTIP PSP	43 001	7 790	1 Oct 2020	—	—	—	50 791		
							31 990	—	20 Nov 2021
							11 011	—	1 Oct 2022
							7 790	—	1 Oct 2023
Prescribed officers									
<i>J Andrews</i>									
<i>Share appreciation scheme</i>									
	37 558	—	—	19 260	18 298	17 Mar 2021	—		
LTIP SAR	76 753	—	—	—	76 753	2 Mar 2021	—		
LTIP CSP	35 696	—	—	—	35 696	21 Nov 2020	—		
LTIP BSP	26 379	10 868	1 Oct 2020	—	16 981	20 Nov 2020	20 266		
							9 398	—	1 Oct 2021
							5 434	—	1 Oct 2021
							5 434	—	1 Oct 2022
LTIP PSP	84 678	14 709	1 Oct 2020	—	—	—	99 387		
							63 148	—	20 Nov 2021
							21 530	—	1 Oct 2022
							14 709	—	1 Oct 2023
Matching shares	6 753	—	—	—	—	—	6 753		
							6 753	—	

¹ For associated gains refer to table on page 98.

Notes to the consolidated financial statements

for the year ended 30 June 2021

33. RELATED-PARTY TRANSACTIONS continued

(iii) Directors' remuneration and key management compensation continued

	Balance at 30 June 2020	Allocated during the year	Date of allocation	Forfeited during the year	Exercised during the year ¹	Date exercised	Balance at 30 June 2021	Allocation price R	First vesting date
Prescribed officers continued									
M Munroe									
LTIP SAR	90 770	—	—	—	90 770	8 Mar 2021	—		
LTIP CSP	54 363	—	—	—	54 363	8 Mar 2021	—		
LTIP BSP	43 097	19 474	1 Oct 2020	—	25 802	20 Nov 2020	36 769		
							17 295	—	1 Oct 2021
							9 737	—	1 Oct 2021
							9 737	—	1 Oct 2022
LTIP PSP	175 830	26 558	1 Oct 2020	—	31 220	31 Dec 2020	171 168		
							106 526	—	20 Nov 2021
							38 084	—	1 Oct 2022
							26 558	—	1 Oct 2023
Matching shares	—	5 256	3 Mar 2021	—	—	—	5 256		
							5 256	—	
V Nhlapo									
LTIP SAR	62 129	—	—	—	62 129	23 Nov 2020	—		
LTIP CSP	40 002	—	—	—	40 002	21 Nov 2020	—		
LTIP BSP	20 906	8 168	1 Oct 2020	—	13 170	23 Nov 2020	15 904		
							7 736	—	1 Oct 2021
							4 084	—	1 Oct 2021
							4 084	—	1 Oct 2022
LTIP PSP	72 066	12 503	1 Oct 2020	—	—	—	84 569		
							53 743	—	20 Nov 2021
							18 323	—	1 Oct 2022
							12 503	—	1 Oct 2023
Matching shares	—	3 093	3 Mar 2021	—	—	—	3 093		
							3 093	—	
K Pillay									
LTIP SAR	42 934	—	—	—	—	—	42 934		
							42 934	80.97	5 June 2021
LTIP CSP	27 294	—	—	—	27 294	5 Jun 2021	—		
LTIP BSP	13 114	7 468	1 Oct 2020	—	6 790	20 Nov 2020	13 792		
							6 324	—	1 Oct 2021
							3 734	—	1 Oct 2021
							3 734	—	1 Oct 2022
LTIP PSP	56 981	10 895	1 Oct 2020	—	—	—	67 876		
							41 587	—	20 Nov 2021
							15 394	—	1 Oct 2022
							10 895	—	1 Oct 2023
Matching shares	—	2 263	3 Mar 2021	—	—	—	2 263		
							2 263	—	

¹ For associated gains refer to table on page 98.

Notes to the consolidated financial statements

for the year ended 30 June 2021

33. RELATED-PARTY TRANSACTIONS continued

(iii) Directors' remuneration and key management compensation continued

	Balance at 30 June 2020	Allocated during the year	Date of allocation	Forfeited during the year	Exercised during the year ¹	Date exercised	Balance at 30 June 2021	Allocation price R	First vesting date
Prescribed officers continued									
<i>GS Potgieter</i>									
Share appreciation scheme	98 878	—	—	93 783	—	—	5 095		
							5 095	171.76	10 Nov 2011
LTIP SAR	168 517	—	—	—	168 517	4 Mar 2021	—		
LTIP CSP	61 627	—	—	—	61 627	21 Nov 2020	—		
LTIP BSP	66 466	22 670	1 Oct 2020	—	45 845	20 Nov 2020	43 291		
							20 621	—	1 Oct 2021
							11 335	—	1 Oct 2021
							11 335	—	1 Oct 2022
LTIP PSP	183 790	31 869	1 Oct 2020	—	—	—	215 659		
							137 060	—	20 Nov 2021
							46 730	—	1 Oct 2022
							31 869	—	1 Oct 2023
Matching shares	4 204	2 104	3 Mar 2021	—	—	—	6 308		
							6 308	—	
<i>S Sibiya</i>									
Share appreciation scheme	10 349	—	—	1 383	8 966	5 Mar 2021	—		
LTIP SAR	14 888	—	—	—	14 888	23 Nov 2020	—		
LTIP CSP	19 171	—	—	—	19 171	21 Nov 2020	—		
LTIP BSP	15 573	7 737	1 Oct 2020	—	10 873	23 Nov 2020	12 437		
							4 700	—	1 Oct 2021
							3 869	—	1 Oct 2021
							3 868	—	1 Oct 2022
LTIP PSP	53 917	11 576	1 Oct 2020	—	—	—	65 493		
							38 388	—	20 Nov 2021
							15 529	—	1 Oct 2022
							11 576	—	1 Oct 2023
Matching shares	1 190	1 674	3 Mar 2021	—	—	—	2 864		
							2 864	—	

¹ For associated gains refer to table on page 98.

Notes to the consolidated financial statements

for the year ended 30 June 2021

33. RELATED-PARTY TRANSACTIONS continued

(iii) Directors' remuneration and key management compensation continued

	Balance at 30 June 2020	Allocated during the year	Date of allocation	Forfeited during the year	Exercised during the year ¹	Date exercised	Balance at 30 June 2021	Allocation price R	First vesting date
Prescribed officers continued									
<i>J Theron</i>									
<i>Share appreciation scheme</i>									
	40 087	—	—	19 236	20 851	26 Feb 2021	—		
LTIP SAR	59 798	—	—	—	59 798	2 Mar 2021	—		
LTIP CSP	38 501	—	—	—	38 501	21 Nov 2020	—		
LTIP BSP	28 542	11 180	1 Oct 2020	—	18 455	20 Nov 2020	21 267		
							10 087	—	1 Oct 2021
							5 590	—	1 Oct 2021
							5 590	—	1 Oct 2022
LTIP PSP	91 884	16 125	1 Oct 2020	—	—	—	108 009		
							68 522	—	20 Nov 2021
							23 362	—	1 Oct 2022
							16 125	—	1 Oct 2023
Matching shares	7 328	—	—	—	—	—	7 328		
							7 328	—	
<i>T Hill</i>									
LTIP BSP	10 690	12 781	1 Oct 2020	—	5 345	4 Mar 2021	18 126		
							6 391	—	1 Oct 2021
							5 345	—	4 Mar 2022
							6 390	—	1 Oct 2022
LTIP PSP	17 406	23 088	1 Oct 2020	—	—	—	40 494		
							17 406	—	4 Mar 2023
							23 088	—	1 Oct 2023
<i>A Mhembere</i>									
LTIP SAR	262 573	—	—	—	117 121	3 Mar 2021	145 452		
							145 452	36.75	21 Nov 2020
LTIP CSP	93 653	—	—	—	93 653	21 Nov 2020	—		
LTIP BSP	121 213	30 779	1 Oct 2020	—	98 934	20 Nov 2020	53 058		
							22 279	—	1 Oct 2021
							15 390	—	1 Oct 2021
							15 389	—	1 Oct 2022
LTIP PSP	309 128	39 012	1 Oct 2020	116 457	—	—	231 683		
							147 404	—	20 Nov 2021
							45 267	—	1 Oct 2022
							39 012	—	1 Oct 2023
Matching shares	—	6 894	3 Mar 2021	—	—	—	6 894		
							6 894	—	

¹ For associated gains refer to table on page 98.

Notes to the consolidated financial statements

for the year ended 30 June 2021

34. EVENTS OCCURRING AFTER THE REPORTING PERIOD

Dividends

The board declared a final cash dividend on 2 September 2021 in respect of the financial year ended 30 June 2021. The final dividend was declared in terms of the newly approved dividend policy to declare 30% of free cash flow pre-growth capital, subject to the board's discretion.

The dividend of 1 200 cents per ordinary share or R9 768 million in aggregate 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 Monday, 27 September 2021 to shareholders recorded in the register at the close of business, 23 September 2021.

	2021 Rm	2020 Rm
Dividends paid		
Final dividend No 93 for 2020 of 400 cents per ordinary share	3 113	—
Interim dividend No 94 for 2021 (No 92 for 2020) of 1 000 cents (2020: 125 cents) per ordinary share	7 928	973

Other events occurring after the reporting period

In July 2021, the remaining 59 bonds were converted into 12 678 ordinary shares, refer note 26.2. The directors are not aware of any other subsequent events which materially impact the annual financial statements.



Dividends

Dividends are recognised as a liability on the date on which such dividends are declared. Dividends tax is withheld by the Group on behalf of its shareholders and is applicable to all dividends paid. Amounts withheld are not recognised as part of the Group's tax charge but rather as part of the dividend paid. Cash flows from dividends paid are classified under financing activities in the statement of cash flows.

Company statement of profit or loss and other comprehensive income

for the year ended 30 June 2021

	Notes	2021 Rm	2020 Rm
Revenue	2	13 999	1 770
Finance cost		(428)	(456)
Other income	3	—	721
Other expenses	4	(807)	(1 227)
Impairment of intercompany loans		(136)	—
Profit before tax		12 628	808
Income tax credit/(expense)	5	28	(207)
Profit for the year		12 656	601
Other comprehensive income/(loss), comprising items that may not be subsequently reclassified to profit or loss:			
Financial assets at fair value through other comprehensive income		32	(4)
Total other comprehensive income/(loss)		32	(4)
Total comprehensive income		12 688	597

The notes on pages 110 to 123 are an integral part of these financial statements.

Company statement of financial position

as at 30 June 2021

	Notes	2021 Rm	2020 (Restated) ¹ Rm
ASSETS			
Non-current assets			
Investments in associates and joint ventures	6	840	639
Investments in subsidiaries	7	5 004	4 263
Loans to subsidiaries	7	5 202	5 640
Other financial assets	8	338	306
		11 384	10 848
Current assets			
Trade and other receivables		54	547
Loan to subsidiaries	7	12 323	19 178
Other financial assets	8	1 415	—
Current tax receivable		36	35
Cash and cash equivalents	9	17 238	9 217
		31 066	28 977
Total assets		42 450	39 825
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital ¹	10	21 811	25 473
Retained earnings		2 526	3 570
Share-based payment reserve ¹		—	1 894
Other components of equity		39	7
Total equity		24 376	30 944
LIABILITIES			
Non-current liabilities			
Deferred tax	11	51	265
Borrowings	12	—	2 981
		51	3 246
Current liabilities			
Trade and other payables		38	33
Borrowings	12	17 985	5 602
		18 023	5 635
Total liabilities		18 074	8 881
Total equity and liabilities		42 450	39 825

¹ The comparative numbers have been restated to present the share capital and share-based payment reserve, previously presented as a single line item, as separate line items. This was done to improve comparability in the industry and improve capital disclosure. Refer note 10.1.

The notes on pages 110 to 123 are an integral part of these financial statements.

Company statement of changes in equity

for the year ended 30 June 2021

	Share capital ¹ Rm	Retained earnings Rm	Share-based payment reserve Rm	Other components of equity Rm	Total equity Rm
Balance at 30 June 2019	20 663	3 968	1 894	11	26 536
Conversion of US\$ bonds (notes 10 and 12)	4 810	—	—	—	4 810
Total comprehensive income/(loss)	—	601	—	(4)	597
– Profit for the year	—	601	—	—	601
– Other comprehensive loss	—	—	—	(4)	(4)
Dividends paid	—	(999)	—	—	(999)
Balance at 30 June 2020	25 473	3 570	1 894	7	30 944
Conversion of ZAR bonds (net of tax) (notes 10 and 12)	1 605	—	—	—	1 605
Repurchase of ZAR bonds	(7 141)	—	—	—	(7 141)
Shares purchased – Treasury shares	(2 413)	—	—	—	(2 413)
Shares purchased – Odd-lot offer	(178)	—	—	—	(178)
Transfer of reserves ²	4 465	(2 571)	(1 894)	—	—
Total comprehensive income	—	12 656	—	32	12 688
– Profit for the year	—	12 656	—	—	12 656
– Other comprehensive income	—	—	—	32	32
Dividends paid	—	(11 129)	—	—	(11 129)
Balance at 30 June 2021	21 811	2 526	—	39	24 376

¹ The share capital and share premium columns have been combined into a single item, share capital, to improve comparability in the industry and improve the capital disclosure. The subtotal comprising share capital and share-based payment reserve has been removed. Refer to note 10.1.

² The transfer of reserves relates mainly to the associated repurchase of the ZAR bonds.

The notes on pages 110 to 123 are an integral part of these financial statements.

Company statement of cash flows

for the year ended 30 June 2021

	Notes	2021 Rm	2020 Rm
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash used in operations	14	(352)	(776)
Dividends received	2	13 123	1 008
Finance income		854	730
Finance cost		(237)	(304)
Income tax paid		(161)	(81)
Net cash inflow from operating activities		13 227	577
CASH FLOWS FROM INVESTING ACTIVITIES			
Waterberg shareholder funding		—	(5)
Investment in financial instruments at FVPL		(1 000)	—
Acquisition of additional interest in Marula		(655)	—
Acquisition of interest in joint venture		(232)	—
Disposal of interest in joint venture		9	—
Acquisition of North American Palladium		—	(2 634)
Loans to subsidiaries		(1 556)	(3 941)
Loan repayments from subsidiaries		8 275	4 361
Net cash inflow/(outflow) from investing activities		4 841	(2 219)
CASH FLOWS FROM FINANCING ACTIVITIES			
Purchase of treasury shares		(2 413)	—
Purchase of shares for the odd-lot offer		(178)	—
Proceeds from borrowings		12 607	5 435
Repayments of borrowings		(292)	(42)
Repurchase of ZAR bonds		(8 642)	—
Cash received from cross-currency interest rate swap		—	77
Dividends paid		(11 129)	(999)
Invitation premium paid on US\$ bond conversion		—	(509)
Net cash (outflow)/inflow from financing activities		(10 047)	3 962
Net increase in cash and cash equivalents		8 021	2 320
Cash and cash equivalents at the beginning of the year		9 217	6 897
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	9	17 238	9 217

The notes on pages 110 to 123 are an integral part of these financial statements.

Notes to the Company financial statements

for the year ended 30 June 2021

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The basis of preparation and principal accounting policies are disclosed on pages 18 to 21. The accounting policies are aligned with the consolidated financial statements and are disclosed within each relevant note within the consolidated financial statements. Where accounting policies are different or additional to that as disclosed in the consolidated financial statements, it was disclosed within the notes to the Company financial statements.



Subsidiaries, associated undertakings and joint ventures (notes 6 and 7)

Subsidiaries, associated undertakings and joint ventures are accounted for at cost less any impairment provision in the Company financial statements.

2. REVENUE

	2021 Rm	2020 Rm
Dividends received	13 123	1 008
Interest received – cash and cash equivalents	700	440
Interest received – loans to subsidiaries	159	306
Guarantee fees	–	10
Management fee	17	6
	13 999	1 770

The Company's main sources of revenue are further disaggregated as follows:

	2021 Rm	2020 Rm
Dividends received		
Impala Refining Services Limited	8 200	–
Gazelle Platinum Limited	1 683	–
Two Rivers Platinum Proprietary Limited	1 219	566
Impala Platinum B.V.	594	315
Mimosa Investments Limited	561	44
Impala Platinum Zimbabwe Proprietary Limited	552	60
Marula Platinum Proprietary Limited	307	–
Impala Chrome Proprietary Limited	–	17
Other	7	6
	13 123	1 008
Finance income		
Impala Canada Limited	118	83
Impala Platinum Limited	38	223
Impala Chrome Proprietary Limited	3	–
	159	306



Revenue

Revenue of the Company mainly comprises dividend income and finance income. Dividend income is recognised when the shareholders' right to receive payment is established. Interest income is recognised on a time-proportion basis using the effective interest method.

Notes to the Company financial statements

for the year ended 30 June 2021

3. OTHER INCOME

	2021 Rm	2020 Rm
Net foreign exchange transaction gains	–	449
Reversal of impairment of financial assets	–	268
Other	–	4
	–	721

4. OTHER EXPENSES

	2021 Rm	2020 Rm
Net foreign exchange transaction losses	465	–
Repurchase of ZAR bond costs	169	–
Corporate costs	126	111
Service fee	20	7
Impairment of investment	15	–
Invitation premium paid on US\$ bond conversion	–	509
Derivative financial instruments – fair value movements		
– Conversion option – US\$ convertible bond	–	203
– Cross-currency interest rate swap	–	74
Loss on reclassification of Waterberg Investment	–	154
Acquisition related costs – North American Palladium	–	147
Other	12	22
	807	1 227

Notes to the Company financial statements

for the year ended 30 June 2021

5. INCOME TAX CREDIT/(EXPENSE)

	2021 Rm	2020 Rm
Current tax		
South African current tax	(131)	(29)
Prior year adjustment	(17)	(2)
Deferred tax		
Temporary differences	185	(167)
Prior year adjustment	3	—
Withholding tax	(12)	(9)
Income tax credit/(expense)	28	(207)
The tax of the Company's profit differs as follows from the theoretical charge that would arise using the basic tax rate of 28% for South African companies:		
Normal tax for companies on profit before tax	(3 536)	(226)
Adjusted for:		
Disallowable expenditure	(118)	(206)
Exempt dividend income	3 674	282
Prior year adjustment	(14)	(2)
Deferred tax not recognised (impairment and other)	(4)	32
Taxable capital gain	(1)	(81)
Early settlement of bonds	27	(6)
Income tax credit/(expense)	28	(207)
Effective tax rate (%)	(0.2)	26.0

6. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

	2021 Rm	2020 Rm
Associates		
Two Rivers Platinum (note 13 of the Group annual financial statements)	202	202
Makgomo Chrome (note 13 of the Group annual financial statements)	61	61
Joint ventures		
Mimosa (note 13 of the Group annual financial statements)	376	376
AP Ventures (note 13 of the Group annual financial statements)	201	—
Total investments in associates and joint ventures	840	639

Notes to the Company financial statements

for the year ended 30 June 2021

7. INVESTMENTS IN SUBSIDIARIES

(All amounts in rand millions unless otherwise stated)	Issued share capital	Carrying amount					
		% interest		Investment		Loans ³	
		2021 %	2020 %	2021 Rm	2020 Rm	2021 Rm	2020 Rm
Company and description							
Impala Holdings Limited (Investment holding company)	¹	100	100	—	—	11 346	11 346
Impala Platinum Limited (Mines, refines and markets PGMs)	¹	100	100	—	—	—	6 410
Impala Platinum Investments Proprietary Limited	¹	100	100	—	—	—	—
Impala Platinum Properties (Rustenburg) Proprietary Limited	¹	100	100	—	—	—	—
Impala Platinum Properties (Johannesburg) Proprietary Limited (Owns properties)	¹	100	100	—	—	—	—
Employee Share Ownership Trust		—	—	—	—	1 080	1 080
Afplats Proprietary Limited (Owns mineral rights)	¹	74	74	—	15	—	—
Imbasa Platinum Proprietary Limited (Owns mineral rights)	¹	60	60	—	—	—	—
Inkosi Platinum Proprietary Limited (Owns mineral rights)	¹	49	49	—	—	—	—
Gazelle Platinum Limited (Investment holding company)	¹	100	100	—	—	—	200
Impala Platinum Japan Limited ⁴ (Marketing representative)	¥10m	100	100	2	2	—	—
Impala Platinum Zimbabwe Proprietary Limited (Investment holding company)	¹	100	100	73	73	—	—
Impala Platinum B.V. ⁵ (Investment holding company)	€0.02	100	100	900	900	—	—
Zimplats Holdings Limited ^{2, 6} (Investment holding company)	US\$10.8m	87	87	—	—	—	—
Zimbabwe Platinum Mines (Pvt) Limited ⁷ (Owns mineral rights and mines PGMs)	US\$30.1m	87	87	—	—	—	—
Marula Platinum Proprietary Limited (Owns mineral rights and mines PGMs)	¹	73	73	1 363	607	946	1 222
Impala Chrome Proprietary Limited (Processes tailings and chrome and produces chrome concentrate)	¹	65	65	32	32	31	—
Impala Canada Limited ⁸ (Owns mineral rights and mines PGMs)	C\$212m	100	100	2 634	2 634	4 122	4 560
Total				5 004	4 263	17 525	24 818
Total investments at cost						22 529	29 081

¹ Share capital less than R50 000.

² Listed on the Australian Securities Exchange.

³ Refer to note 7.1 for the terms of repayment.

⁴ Incorporated in Japan.

⁵ Incorporated in the Netherlands.

⁶ Incorporated in Guernsey.

⁷ Incorporated in Zimbabwe.

⁸ Incorporated in Canada.

Notes to the Company financial statements

for the year ended 30 June 2021

7. INVESTMENTS IN SUBSIDIARIES continued

	Notes	2021 Rm	2020 Rm
7.1 Loans to subsidiaries			
Impala Platinum Limited – ZAR convertible bonds	7.1.1	–	3 229
Impala Platinum Limited – US\$ convertible bonds	7.1.2	–	3 181
Impala Canada Limited – intra-group loan	7.1.3	4 122	4 560
Impala Chrome Proprietary Limited – intra-group loan	7.1.4	31	–
Other subsidiaries	7.1.5	13 372	13 848
		17 525	24 818
Current		12 323	19 178
Non-current		5 202	5 640

7.1.1 Impala Platinum Limited – ZAR convertible bonds

The loan to Impala Platinum Limited was in respect of the cash obtained from the ZAR convertible bonds issue. Interest on the loan was charged at 7% with bi-annual interest payments of R104 million. The loan was fully repaid during the current period.

7.1.2 Impala Platinum Limited – US\$ convertible bonds

The loan to Impala Platinum Limited was in respect of the cash obtained from the US\$ convertible bonds issue. The loan was non-interest bearing. The loan was fully repaid during the current period.

7.1.3 Impala Canada Limited – intra-group loan

The Company made a loan to Impala Canada to acquire all of the outstanding shares of North American Palladium. The loan carries interest at three month LIBOR plus 2.50%, with interest payable quarterly. The capital amount is repayable on demand.

7.1.4 Impala Chrome Proprietary Limited – intra-group loan

During the current period the Company made a loan to Impala Chrome Proprietary Limited. The loan bears interest at the prime interest rate plus 200 basis points and is repayable before February 2022.

7.1.5 Loans to other subsidiaries

Loans to other subsidiaries are non-interest bearing and have no fixed terms of repayment.

Impairment of financial assets

The impairment policy for financial assets on the new expected credit loss model (ECL), is consistent with that of the Group as disclosed in note 15 of the Group annual financial statements.

Loans to subsidiaries

Intra-group loans are measured at amortised cost. They generally do not bear interest, and have no repayment terms. The general ECL model is applied to these instruments. All intra-group loans are considered to be low credit risk as they have a low risk of default and the debtor has a strong capacity to meet its contractual cash flow obligations in the near term. The expected credit loss allowance recognised during the period is limited to the probability of default in the next 12 months, on the full carrying amount of the financial asset.

General factors of a significant increase in the credit risk in intra-group loans are a reduced or negative net asset value or a significant decrease on the debtor company's discounted cash flow valuation. When this is the case, the loan is considered to be credit impaired and is immediately evaluated on the lifetime ECL model, which is the result of all possible default events over the expected life of the financial instrument.

The write-off policy for intra-group loans is consistent with that of the Group.

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Notes to the Company financial statements

for the year ended 30 June 2021

8. OTHER FINANCIAL ASSETS

	Notes	2021 Rm	2020 Rm
Subsequently carried at fair value			
Guardrisk insurance cell captive	8.1	8	11
Investment in Waterberg	8.2	330	295
Short-term investments	8.3	1 002	—
Subsequently carried at amortised cost			
Loan to Marula BEE partners	8.4	413	—
		1 753	306
Current		1 415	—
Non-current		338	306

8.1 Guardrisk insurance cell captive

During the current year the Guardrisk insurance cell captive was revalued to R8 million, recognising a R3 million loss in other comprehensive income (2020: R3 million).

8.2 Investment in Waterberg

In the prior period, the equity-accounted investment in the Waterberg Development Project (Waterberg) was reclassified to financial assets at fair value through other comprehensive income following the Company's loss of significant influence. The fair value adjustment through other comprehensive income was R35 million (2020: Rnil).

8.3 Short-term investments

These investments represent monies earmarked for future investment in longer-term assets to finance the long-term rehabilitation liabilities of the Group's South African mining operations (refer note 24.1 of the Group annual financial statements). These investments are carried at fair value through profit or loss.

8.4 Loan to Marula BEE partners

During the current year the black economic empowerment (BEE) structure at Marula was refinanced. The R413 million represents the loan amount to the BEE partners, which are carried at amortised cost. The loan is repayable through 80% of the future dividends declared by Marula.

Investments in equity instruments

Implats subsequently measures all equity investments at fair value. The Company elected to present changes in the fair value in other comprehensive income (OCI), due to the Company's business model to hold these assets for value appreciation over the long term as well as collecting contractual cash flows.

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For these financial assets there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Financial assets measured at fair value through profit or loss

Financial assets that are not measured at amortised cost or at fair value through other comprehensive income are classified as measured at fair value through profit or loss.

Notes to the Company financial statements

for the year ended 30 June 2021

9. CASH AND CASH EQUIVALENTS

	2021 Rm	2020 Rm
Short-term bank deposits	17 161	9 176
Cash at bank	77	41
	17 238	9 217
Bank balances (US\$ million)	—	1

Refer note 20 of the Group annual financial statements for detailed disclosure relating to cash and cash equivalents.

10. SHARE CAPITAL

10.1 Restatement due to change in classification of equity components

The comparative numbers of the statement of financial position have been restated to present the share capital and share-based payment reserve, previously presented as a single line item, as separate line items.

The share capital and share premium columns in the statement of changes in equity have been combined into a single item, share capital. The subtotal comprising share capital and share-based payment reserve has been removed.

This was done to improve comparability in the industry and improve capital disclosure. No financial ratios was impacted by this restatement.

	2021 Rm	30 June 2020 Previous classification Rm	30 June 2020 Re- classification Rm	New classification Rm
Statement of financial position				
Share capital and share-based payment reserve	—	27 367	(27 367)	—
Share capital	21 811	—	25 473	25 473
Share-based payment reserve	—	—	1 894	1 894
	21 811	27 367	—	27 367
Statement of changes in equity				
Ordinary share capital	—	18	(18)	—
Share premium	—	25 455	(25 455)	—
Share capital	21 811	—	25 473	25 473
Share-based payment reserve	—	1 894	—	1 894
	21 811	27 367	—	27 367

Notes to the Company financial statements

for the year ended 30 June 2021

10. SHARE CAPITAL continued

10.2 Share capital

	2021 Rm	2020 Rm
Share capital	21 811	25 473

The authorised share capital of the Company consists of 944.01 million (2020: 944.01 million) ordinary no par value shares. The authorised but unissued share capital is 126.75 million (2020: 144.97 million) ordinary shares and remains under the control of the directors.

During the current year, 167 036 of the ZAR bonds were converted, resulting in 35.48 million ordinary shares issued to bondholders. Implats repurchased 16.23 million of its own shares from its subsidiary, Gazelle Platinum Limited. During the current year, these shares were delisted and cancelled. An additional 1.03 million shares were also repurchased, delisted and cancelled in terms of the odd-lot offer. The number of ordinary shares in issue, post these transactions was 813.98 million (2020: 778.20 million).

11. DEFERRED TAX

Deferred tax movements are attributable to the following temporary differences:

	Opening balance Rm	Recognised in profit or loss Rm	Recognised in equity Rm	Closing balance Rm
2021				
Equity portion of convertible bonds	175	—	(26)	149
Fair value of assets and liabilities	90	(188)	—	(98)
	265	(188)	(26)	51
	Opening balance Rm	Recognised in profit or loss Rm	Recognised in equity Rm	Closing balance Rm
2020				
Equity portion of convertible bonds	175	—	—	175
Fair value of assets and liabilities	(77)	167	—	90
	98	167	—	265

Notes to the Company financial statements

for the year ended 30 June 2021

12. BORROWINGS

	Notes	2021 Rm	2020 Rm
Convertible bonds – ZAR	12.1	1	2 914
Intra-group borrowing – Impala Platinum Limited	12.2	15 905	5 635
Intra-group borrowing – Other	12.3	2 079	34
		17 985	8 583
Current		17 985	5 602
Non-current		–	2 981
Reconciliation			
Beginning of the year		8 583	6 107
Conversion of bonds to equity		(1 578)	(2 996)
Repurchase of ZAR bonds		(1 502)	–
Proceeds		12 607	5 435
Interest accrued		305	378
Interest repayments		(138)	(226)
Capital repayments		(292)	(42)
Exchange adjustments		–	(73)
End of the year		17 985	8 583

12.1 Convertible bonds – ZAR

During the current period 167 036 of the ZAR-denominated convertible bonds (the convertible bonds) were converted into ordinary shares, resulting in an increase of 35 480 632 to the number of ordinary shares in issue. The Company also repurchased 157 905 of the convertible bonds through a combination of a tender offer to bondholders (26 146 bonds) and on market purchases (131 759 bonds). The accounting for the total R8.8 billion purchase consideration resulted in a reduction of the carrying value of the bond liability of R1.5 billion, a reduction in equity of R7.1 billion and a charge of R0.2 billion to earnings for the year. The remaining convertible bonds representing less than 1% of the original bonds issued have a par value of R0.59 million and carry a coupon of 6.375% per annum. In July 2021, the remaining 59 bonds were converted into 12 678 ordinary shares. The value of this conversion option derivative was R676 million at the time of issue. The effective interest rate was 12.8%

12.2 Intra-group borrowing – Impala Platinum Limited

The borrowing is interest free, unsecured and has no fixed term of repayment.

12.3 Intra-group borrowing – Other

The borrowings are from subsidiaries. Interest is charged from time to time at the Company's investment rate which varied between 3.45% and 3.70% (2020: 3.7% and 6.7%) per annum. The loans are unsecured and have no fixed term of repayment.

Refer note 16 for fair value and financial risk disclosure and note 32.2.4 of the Group annual financial statements for additional information of the undrawn committed revolving credit facilities.

Notes to the Company financial statements

for the year ended 30 June 2021

13. CONTINGENT LIABILITIES AND GUARANTEES

Contingent liabilities

At year-end, the Company 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.

Guarantees

The Company has issued guarantees to the below parties, in respect of liabilities held by companies in the Group. These liabilities are included in the consolidated financial statements (note 26).

	2021 Rm	2020 Rm
Standard Bank Limited – BEE partners Marula	–	885
Various institutions ¹	–	3 657
Total guarantees	–	4 542

¹ The guarantees to various institutions related to the Impala Canada term loan and revolving credit facility in the prior year. The Company, Impala Holdings Limited and Impala Platinum Limited stood guarantee for the term loan and revolving credit facility.

14. CASH USED IN OPERATIONS

	2021 Rm	2020 Rm
Profit before tax	12 628	808
Adjusted for:		
Foreign currency adjustment	437	(692)
Dividend received (note 2)	(13 123)	(1 008)
Impairment of intercompany loans	136	–
Impairment of investment in Afplats	15	–
Reversal of prior impairment on loan	–	(273)
Finance cost	418	456
Finance income	(848)	(746)
Loss on reclassification of Waterberg investment	–	154
Fair value adjustments on derivative financial instruments	–	278
Invitation premium paid on US\$ bond conversion	–	509
	(337)	(514)
Changes in working capital:		
Increase in trade and other receivables	(20)	(269)
Increase in trade and other payables	5	7
Cash used in operations	(352)	(776)

Notes to the Company financial statements

for the year ended 30 June 2021

15. RELATED-PARTY TRANSACTIONS

Associates and joint venture (note 6)

	2021 Rm	2020 Rm
Two Rivers Platinum Proprietary Limited		
Transactions with related parties:		
Dividend received	1 219	566
Makgomo Chrome Proprietary Limited		
Transactions with related parties:		
Dividend received	7	6
Mimosa Investments Limited		
Transactions with related parties:		
Dividend received	561	44

Subsidiaries (notes 7 and 12)

	2021 Rm	2020 Rm
Impala Platinum Limited		
Transactions with related parties:		
Loan repayment	(6 410)	(1 992)
Proceeds from borrowings	10 544	5 435
Repayment of borrowings	(274)	—
Interest income accrued	38	223
Interest paid	(38)	(207)
Management fee received	17	6
Service fee paid	(20)	(7)
Balances arising from transactions with related parties:		
Loan	—	6 410
Borrowings	15 905	5 635
Impala Employee Share Ownership Trust (Impala – ESOT)		
Balance arising from transactions with related parties:		
Loan	1 080	1 080
Impala Holdings Limited		
Balances arising from transactions with related parties:		
Loan	11 346	11 346
Marula Platinum Proprietary Limited		
Transactions with related parties:		
Dividend received	307	—
Loan repayment	(435)	(2 116)
Proceeds from borrowings	1 919	—
Balances arising from transactions with related parties:		
Loan	787	1 222
Borrowings	1 919	—
Marula Employee Share Ownership Trust (Marula – ESOT)		
Transactions with related parties:		
Loan granted	159	—
Balances arising from transactions with related parties:		
Loan	159	—

Notes to the Company financial statements

for the year ended 30 June 2021

15. RELATED-PARTY TRANSACTIONS continued

	2021 Rm	2020 Rm
Impala Refining Services Limited		
Transactions with related parties:		
Dividend received	8 200	—
Gazelle Platinum Limited		
Transactions with related parties:		
Dividend received	1 683	—
Loan repayment	65	—
Loan impairment	135	—
Balances arising from transactions with related parties:		
Loan	—	200
Impala Platinum Zimbabwe Proprietary Limited		
Transactions with related parties:		
Dividend received	552	60
Impala Platinum B.V.		
Transactions with related parties:		
Dividend received	594	315
Balances arising from transactions with related parties:		
Borrowings	35	—
Impala Chrome Proprietary Limited		
Transactions with related parties:		
Dividend received	—	17
Interest received	3	—
Interest paid	(3)	—
Loan granted	29	—
Proceeds from borrowings	109	—
Balances arising from transactions with related parties:		
Loan	31	—
Borrowings	120	11
Afplats Proprietary Limited		
Balance arising from transactions with related parties:		
Borrowings	5	23
Impala Canada Limited		
Transactions with related parties:		
Interest received	118	83
Balances arising from transactions with related parties:		
Loan	4 122	4 560

Directors' remuneration and key management compensation

The fixed and variable remuneration as well as the status of shares and unexercised options of the executive directors, prescribed officers, and other senior executives is disclosed in note 33 of the Group annual financial statements.

Notes to the Company financial statements

for the year ended 30 June 2021

16. FINANCIAL RISK MANAGEMENT

The Company manages its risk on a Group-wide basis. Refer to note 32 of the Group annual financial statements.

16.1 Market risk

Foreign exchange risk

There are no significant concentrations of foreign exchange risk.

Interest rate risk

The Company is exposed to fair value interest rate risk in respect of fixed rate financial assets and liabilities. Movement in interest rates will have an impact on the fair value of these instruments but will not affect profit or loss as these financial assets and liabilities are carried at amortised cost using the effective interest method.

Fixed interest rate exposure

	2021 Rm	2020 Rm
Financial assets		
At amortised cost		
Loans to subsidiaries (note 7.1)	13 372	20 258
Financial liabilities		
Borrowings (note 12)	(17 865)	(2 914)
	(4 493)	17 344

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

16.2 Credit risk

Credit risk arises from the risk that the financial asset counterparty may default or not meet its obligations timeously. The maximum exposure to the credit risk is represented by the carrying amount of all the financial assets and the maximum amount the Company could have to pay if the guarantees are called on (note 13).

The potential concentration of credit risk could arise in loans to associates, loans to subsidiaries, receivables and prepayments and trade receivables. No financial assets were past due for the current or the comparative period under review. No terms relating to financial assets have been renegotiated resulting in assets not being past due.

Loans to subsidiaries

These loans are unsecured and have no fixed terms of repayment.

Loans

Credit risk relating to these loans consist of loans to BEE companies.

Trade and trade receivables

Trade and other receivables consist mainly of guarantee fees receivable from financial institutions with high credit ratings.

16.3 Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Impala Platinum Holdings Limited's cash requirements are met by dividends received, loans from subsidiaries, as well as from its borrowing facilities. For more information on the Company's undrawn general banking facilities refer note 32.2.4 of the Group annual financial statements.

Trade and other payables are all due within a 12-month period. Guarantees are further analysed in note 13.

16.4 Cash flow interest rate risk

The Company is not exposed to significant interest-bearing liabilities resulting in cash flow interest rate risk.

Notes to the Company financial statements

for the year ended 30 June 2021

17. EVENTS OCCURRING AFTER THE REPORTING PERIOD

Dividends

The board declared a final cash dividend on 2 September 2021 in respect of the financial year ended 30 June 2021. The final dividend was declared in terms of the newly approved dividend policy to declare 30% of free cash flow pre-growth capital, subject to the board's discretion.

The dividend of 1 200 cents per ordinary share or R9 807 million in aggregate 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 Company, but will be subject to 20% withholding tax for shareholders who are not exempt from or do not qualify for a reduced rate of withholding tax.

The dividend is payable on Monday, 27 September 2021 to shareholders recorded in the register at the close of business, 23 September 2021.

	2021 Rm	2020 Rm
Dividends paid		
Final dividend No 93 for 2020 of 400 cents per ordinary share	3 113	—
Interim dividend No 94 for 2021 (2020: No 92 for 2020) of 1 000 cents (2020: 125 cents) per ordinary share	7 931	999

Other events occurring after the reporting period

Other events occurring after the reporting period are disclosed in note 34 of the Group annual financial statements.

Contact details and administration

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Share codes:
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ADRs: IMPUY
ISIN: ZAE000083648
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