

NORTHAM

PLATINUM HOLDINGS LIMITED

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Incorporated in the Republic of South Africa

Registration number: 2020/905346/06

Share code: NPH

ISIN: ZAE000298253

("Northam Holdings" or, together with its subsidiaries,
"Northam" or the "group")

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PLATINUM LIMITED

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Incorporated in the Republic of South Africa

Registration number: 1977/003282/06

Debt issuer code: NHMI

Bond code: NHM015 Bond ISIN: ZAG000164922

Bond code: NHM016 Bond ISIN: ZAG000167750

Bond code: NHM018 Bond ISIN: ZAG000168097

Bond code: NHM019 Bond ISIN: ZAG000168105

Bond code: NHM020 Bond ISIN: ZAG000172594

Bond code: NHM021 Bond ISIN: ZAG000181496

Bond code: NHM022 Bond ISIN: ZAG000190133

Bond code: NHM023 Bond ISIN: ZAG000190968

("Northam Platinum")

TRADING STATEMENT AND TRADING UPDATE FOR THE SIX MONTHS ENDED 31 DECEMBER 2022

Highlights for the period under review, 31 December 2022:

- **44.9%** increase in sales revenue to **R20.1 billion**
- **55.0%** increase in operating profit to **R9.1 billion**
- **11.9%** increase in equivalent refined 4E metal from own operations, following a strong performance from all mines in the group and a **21.9%** increase in 4E concentrate produced by Booyssendal
- Operating margin increased to **45.1%**, demonstrating production cost discipline and efficiencies amidst a high inflationary environment
- **54.5%** increase in EBITDA to **R10.0 billion**
- **60.4% - 70.4%** increase in basic earnings per share
- **62.3% - 72.3%** increase in headline earnings per share
- Significant de-gearing resulting in a net debt to EBITDA ratio of 0.62, well within Northam's self-imposed target ratio of 1 to 1 in pursuance of the group's growth strategy
- Increase in group cash cost per equivalent refined platinum ounce limited to 14.0%, despite exposure to a higher inflationary environment and ongoing Eskom load curtailment events
- All organic growth projects on track
- The R17.0 billion cash consideration under Northam's offer in respect of Royal Bafokeng Platinum Limited ("**RBPlat**") has been fully funded in the form of a cash confirmation and a bank guarantee in favour of the Takeover Regulation Panel
- All amounts owing to the Royal Bafokeng Holdings Proprietary Limited group ("**RBH**") arising from the 2021 RBPlat share acquisition settled in full
- R245.5 million of dividends received from RBPlat during the period under review, with a further attributable dividend of R536.2 million declared by RBPlat to be received by Northam on 3 April 2023. Accordingly, as at 3 April 2023, total dividends received from Northam's investment in RBPlat will amount to R1.3 billion, representing a 13.7% return on cash invested

Introduction

In terms of paragraph 3.4(b) of the JSE Limited Listings Requirements (“**JSE Listings Requirements**”), companies are required to publish a trading statement as soon as they are satisfied, with a reasonable degree of certainty, that the financial results for the current reporting period will differ by at least 20% from the financial results of the previous corresponding period.

Northam Holdings expects to report an increase in earnings per share for the six months ended 31 December 2022 (“**H1 F2023**”) compared to the corresponding six-month period ended 31 December 2021 (“**H1 F2022**”), underpinned by a solid performance from all operations.

The table below provides key financial features for H1 F2023 (“**key financial features**”), compared to those for H1 F2022:

Metrics	H1 F2023	H1 F2022	Variance	30 June 2022
Basic earnings per share (cents)	1 548.0 – 1 644.5	965.0	60.4% - 70.4%	2 614.9
Headline earnings per share (cents)	1 560.4 – 1 656.6	961.5	62.3% - 72.3%	2 611.1
Number of shares in issue including treasury shares	396 615 878	396 615 878	0.0%	396 615 878
Weighted average number of shares in issue*	390 237 523	363 052 144	7.5%	376 533 113

**The weighted average number of shares in issue have been used to determine the basic and headline earnings per share.*

Production

The period under review has seen continued production growth as the group strategy unfolds. Challenges remain, particularly in respect of mining inflation, and the potential for further and more severe Eskom load curtailment events, however our capital growth programs remain on-track and demonstrate the power of our counter cyclical investments.

A key feature during H1 F2023 has been the strong production performance from both the Zondereinde and Booyensdal mines. Despite Zondereinde tragically suffering three fatalities, the benefits of focussed Merensky stoping in the Western extension, together with logistic decongestion resulting from the ongoing shift of UG2 stoping from the western to the eastern portions of the mine, are starting to show in mining productivity. Booyensdal is delivering strong growth on the back of solid production from North mine, as well as the ongoing ramp-up of South mine. All operations have been subject to numerous Eskom load curtailment events, however, the combination of our comprehensive load curtailment management protocols, as well as on-demand self-generation capacity, have limited consequential production losses.

Development of the Western extension at Zondereinde has progressed well. Booyensdal continues to make good progress on South mine whilst recording 8 million fatality free shifts and remaining fatality free since inception. Eland surpassed a maiden 1 million fatality free shifts on 17 November 2022, and continues to ramp-up mineable reserves.

The group’s equivalent refined metal from own operations increased by 11.9% to 393 309 oz 4E (H1 F2022: 351 359 oz 4E).

Group production of chrome concentrate increased by 17.4% to 505 841 tonnes (H1 F2022: 430 697 tonnes), on the back of improvements at all operations.

Key production metrics for the period under review compared to the previous comparable period were as follows (in oz 4E):

	H1 F2023	H1 F2022	Variance	30 June 2022
Equivalent refined production from Zondereinde	160 806	156 688	2.6%	321 962
Concentrate produced from Booyensdal	217 630	178 527	21.9%	372 623
Concentrate produced from Eland	21 463	21 662	(0.9%)	33 086
Total equivalent refined production from own operations	393 309	351 359	11.9%	716 488
Attributable concentrate production from RBPlat	77 149	*	N/A	*
Equivalent refined production for the group including RBPlat	468 331	*	N/A	*
Equivalent refined metal purchased from third parties	38 739	25 188	53.8%	61 961

* During the previous periods, Northam's share in the production of RBPlat could not be accurately determined.

Unit cash costs

Unit cost increases were negatively impacted by generally higher mining inflation, as well as slightly depressed concentrator feed grades at Zondereinde, due to the Western extension expansion, and at Booyensdal, due to an area of lower grade reef at the North UG2 mine. Grades at Zondereinde and Booyensdal will improve over the coming two years as these growth projects reach maturity. They will further benefit from the operational flexibility accruing from an increase in mineable reserves.

Unit cash costs per platinum ounce for the group and per operation for H1 F2023 compared to H1 F2022 were as follows (in R/Pt oz):

	H1 F2023	H1 F2022	Variance	30 June 2022
Zondereinde cash cost per equivalent refined platinum ounce	39 800	34 544	(15.2%)	34 828
Booyensdal cash cost per platinum ounce in concentrate produced	27 730	24 158	(14.8%)	25 321
Eland cash cost per platinum ounce in concentrate produced	45 758	42 583	(7.5%)	55 594
Group cash cost per equivalent refined platinum ounce	37 400	32 814	(14.0%)	34 069

The total cost of purchased concentrates and recycling material increased by 64.1% to R1.6 billion (H1 F2022: R975.6 million), with 4E volumes purchased increasing by 53.8%. The cost of purchased material is based on ruling commodity prices as well as the prill split of the purchased material.

Sales revenue

Sales revenue for the period amounted to R20.1 billion, an increase of 44.9% (H1 F2022: R13.9 billion).

The increase in sales revenue was the combined result of an increase in 4E sales volumes of 33.9% to 414 170 oz 4E (H1 F2022: 309 255 oz 4E) and a higher 4E ZAR basket price of R42 046/oz 4E (H1 F2022: R39 811/oz 4E). The higher ZAR basket price is the combined result of lower 4E US dollar (“USD”) basket prices of USD2 422/oz 4E (H1 F2022: USD2 647/oz 4E) and an increase in the average ZAR/USD exchange rate achieved (i.e. a weaker Rand) being R17.36/USD (H1 F2022: R15.04/USD).

Total revenue per equivalent refined platinum ounce sold increased by 14.7% to R80 422/Pt oz from R70 140/Pt oz in H1 F2022. This led to a cash profit margin per platinum ounce of 53.5%, similar to the corresponding period (H1 F2022: 53.2%).

The table below summarises dispatched metal volumes to the group’s precious metal refiners, compared to metal volumes refined and sold, together with the average USD sales prices achieved per metal. The table does not include attributable ounces relating to Northam’s investment in RBPlat.

	Dispatched	Refined	Total metal sold (including the sale of concentrate)	Average sales prices achieved
	oz	oz	oz	USD/oz
Platinum	243 839	240 721	250 169	929
Palladium	117 492	118 025	120 911	2 000
Rhodium	36 077	39 227	38 403	13 561
Gold	4 764	4 666	4 687	1 717
Total 4E	402 172	402 639	414 170	2 422

Concentrate sold to a third party to honour legacy offtake agreements relating to the Everest and Maroelabult operations contained 22 034 oz 4E (H1 F2022: 20 318 oz 4E). Refined metal sold to the group’s customers totalled 392 744 oz 4E (H1 F2022: 289 497 oz 4E).

Financial results

Sales revenue increased by 44.9% compared to cost of sales which increased by 37.6%. This resulted in operating profit increasing by 55.0%, from R5.9 billion to R9.1 billion, and an operating profit margin of 45.1% (H1 F2022: 42.2%).

We operate a largely fixed cost business and consider increasing production, and doing so efficiently, to be our best defence against current global inflationary pressures. Our capital allocation and treasury decisions have been guided by our growth strategy and our financial results have benefited from our consistent approach to growing our production base down the industry cost curve.

Earnings before interest, taxation, depreciation and amortisation (“EBITDA”) increased by 54.5% to R10.0 billion (H1 F2022: R6.4 billion). The rolling 12-month EBITDA amounted to a record R20.0 billion (H1 F2022: R17.7 billion).

As at 31 December 2022, inventory on hand amounted to approximately 371 000 oz 4E, which was valued at c. R19.6 billion when applying the 4E basket price and exchange rate at 31 December 2022.

For the H1 F2023 period our operations generated cash to the value of R7.0 billion (before capital expenditure) and free cash flow of R4.5 billion (after capital expenditure). During H1 F2023, Northam also settled the last instalment of the Deferred Acquisition Consideration (as defined in the SENS announcement dated 9 November 2021) to RBH, of R1.8 billion (including escalation at the Escalation Rate (as defined in the SENS announcement dated 9 November 2021)). This resulted in net debt improving to R12.3 billion.

During H1 F2023, Northam completed the private placement of 5-year domestic medium-term notes to the value of R3.5 billion with the Industrial Development Corporation of South Africa Limited ("**IDC**"), the proceeds of which are to be applied towards partially funding the increase in Northam's production capacity.

The group is pleased to continue its long-term partnership with the IDC, which partnership continues to positively contribute towards the South African economy with a strong focus on directly improving the wellbeing of Northam's communities by creating sustainable employment opportunities.

Net debt is significantly less than the value of our investment in RBPlat, which is represented by 100 219 552 RBPlat shares listed on the JSE with a market value of R16.5 billion at the period end. Additionally, the sales value of our 4E inventory on hand amounting to approximately R19.6 billion also significantly exceeds net debt and sufficient capital is available, through available cash and debt facilities, to fund our ongoing operations and growth strategy.

Northam is comfortable with a self-imposed long-term net debt to EBITDA ratio of 1 to 1 in the pursuance of the group's growth strategy. Northam's net debt to EBITDA ratio at 31 December 2022, based on the rolling 12-month EBITDA, was 0.62, well within the group's self-imposed target.

Our investment in RBPlat

Operational risk is an under-appreciated consideration in mining. A key element of our growth strategy has been to diversify our operations in order to reduce overall operational risk, which in itself safeguards and creates value.

Our focus over the past decade has been to grow production down the industry cost curve, whilst benefiting from a commensurate reduction in operational risk.

The combination of our investment in, and continued pursuit of a business combination with, RBPlat is driven by our fundamental belief in the long-term importance of platinum group metals ("**PGMs**") and is aligned to, and informed by, our long-term strategy.

Northam currently holds 34.52% in RBPlat and has been granted call options and a right of first refusal by RBH which collectively could increase Northam's shareholding in RBPlat to 37.80%.

Since the acquisition of our initial shareholding in RBPlat in 2021, our balance sheet, liquidity position and credit outlook have strengthened significantly, enabling Northam to pursue a possible business combination with RBPlat. On 9 November 2022, Northam announced its firm intention to make an offer to RBPlat shareholders to acquire the remaining ordinary shares in RBPlat which Northam does not already own, excluding RBPlat treasury shares ("**FIA**"), ("**Offer**"). As set out in the FIA, the offer consideration represents an amount of R172.70 per RBPlat share (as at 8 November 2022) ("**Offer Consideration**") and is reflective of the R180.50 purchase price paid per RBPlat share to RBH in November 2021, adjusted for the dividends subsequently declared by RBPlat up to the date of the FIA (RBPlat declared a dividend of R5.35 per RBPlat share in March 2022 and R2.45 per RBPlat share in August 2022).

The Offer Consideration will be settled fully in cash or a combination of cash and Northam Holdings shares, depending on the level of acceptance of the Offer and the quantum of the Maximum Cash Consideration (as defined in the FIA). The Offer Consideration settlement mechanism limits the number of Northam Holdings shares to be issued in settlement of the share consideration component.

For purposes of determining the number of Northam Holdings shares to be issued to settle the share component of the Offer Consideration, Northam Holdings shares will be priced at R187.89 per share, representing the 3 trading day volume weighted average price of a Northam Holdings share as at 8 November 2022, being the last business day prior to the publication of the FIA.

Northam has committed R17.0 billion for purposes of settling the cash component of the Offer Consideration ("**Cash Underpin**"). The Cash Underpin is fully funded through an appropriate bank guarantee and cash confirmation in favour of the Takeover Regulation Panel.

For the period under review, the group's share of earnings from RBPlat amounted to R332.2 million. During H1 F2023, a dividend of R245.5 million was received by Northam Holdings in respect of its shareholding in RBPlat. In addition, subsequent to the period end a further dividend of R536.2 million was declared in respect of Northam Holdings' shareholding in RBPlat. Accordingly, by 3 April 2023,

R1.3 billion will have been received from our investment in RBPlat, which represents a 13.7% return on cash invested to date for our shareholding in RBPlat (excluding escalation at the Escalation Rate as well as transaction costs). Furthermore, as at 31 December 2022, RBPlat reported net cash on hand (after taking into account the RBPlat dividend declared on 8 March 2023) of R2.8 billion, representing c. R9.64 of cash per RBPlat share currently in issue.

Capital expenditure

Capital expenditure amounted to R2.6 billion (H1 F2022: R2.3 billion). This is in line with our capital schedule and the combined result of increased expansionary capital of R1.8 billion (H1 F2022: R1.5 billion), together with a marginal increase in sustaining capital expenditure to R813.3 million (H1 F2022: R776.9 million).

Expansionary capital expenditure increased as a result of significant activity relating to the Western extension project at Zondereinde, together with the ongoing ramp-up at Eland. Sustaining capital expenditure at Booyssendal increased due to a number of extensions to strike belts and the first significant fleet replacements, whilst sustaining capital requirements at our metallurgical operations decreased following the commissioning of the rebuilt smelter furnace 1 at Zondereinde.

We plan to carry out significant development at the Western extension of Zondereinde, as well as at Eland, over the coming two financial years. Consequently, group capital expenditure for the current financial year is forecast to amount to R5.4 billion (of which R2.6 billion has already been incurred in H1 F2023). A raft of global geopolitical issues hold the potential for further disruption to the PGM markets, whilst the potential for further and more severe Eskom load curtailment events could lead to operational disruption. We continue to monitor the market and are rolling out additional on-demand self-generation capacity at all of our operations, which will result in additional capital expenditure for the year amounting to approximately R300.0 million. We will amend our capital program when and where prudent, taking into account the changing landscape.

At Zondereinde mine, stoping is ramping-up within the Western extension section and further progress has been made on the deepening project. Equipping of number 3 shaft is in progress. Pilot drilling of 3a ventilation shaft was completed and reaming has just commenced. Both shafts are scheduled to be commissioned during the 2024 calendar year. We have also commenced pilot drilling of the 3b rock hoisting shaft, which has a scheduled commissioning date in the 2028 calendar year.

At the group's metallurgical facilities, upgrades to the base metal removal plant are progressing well, and we have commenced the expansion and upgrade of our furnace slag concentrator, which will be commissioned during the 2024 financial year.

The construction of a 11 MW solar power farm to provide electricity to the metallurgical complex commenced. The design and permitting phases for this installation have been concluded and earthworks were progressed. In addition, preliminary work on a larger solar facility has commenced.

The development of Booyssendal South mine is on track. The full complement of stoping crews is in place at the Central UG2 modules and production will reach steady-state during the course of the coming financial year. Decline development is continuing in order to increase mineable reserves and operational flexibility. Progress of the South Merensky module is on target, with focus remaining on development of the decline system, with limited stoping in the upper mining levels. Stoping is continuing at the BS4 UG2 module and will ramp-up during the remainder of the current financial year. Commissioning of the North aerial rope conveyor during the 2022 financial year has enabled the ramp-up of the North Merensky module to its phase two steady-state production rate.

At Eland mine, processing of ore from surface sources continues, whilst underground and open pit feed are being batch treated. Development of the Kukama and Maroelabult decline systems is progressing well, as has strike and raise development. This is increasing mineable reserves. Strike development has connected the two mining sections and this is enhancing the provision of underground services. Underground stoping ramp-up is in progress. In addition, open-pit mining of UG2 continues in the eastern portion of the mining right.

We continue our measured approach with our US recycling operations. The commissioning of a dedicated smelter circuit for treating recycling material at the Zondereinde metallurgical facility during May 2022 enhances our ability to treat recycling products from various sources.

Conclusion

The group has delivered a strong set of results whilst achieving significant strategic advancements, including:

- continued progress in respect of the group's organic growth projects, which remain on track;
- strengthening our balance sheet; and
- positioning Northam to pursue a possible business combination with RBPlat, by way of the Offer.

The H1 F2023 financial information, comprising the **key financial features**, contained in this announcement (the "**profit estimate**") constitutes forecast financial information in terms of regulations 111(9) and 111(10) of the Companies Regulations, 2011 ("**Regulations**") and represents a profit estimate in terms of the JSE Listings Requirements and is the responsibility of the board of directors of Northam Holdings.

The profit estimate is based on draft financial results for Northam Holdings for the six months ended 31 December 2022 (the "**draft financial results**"), which has been prepared using accounting policies in accordance with the International Financial Reporting Standards (IFRS) that are consistent with those applied to the financial results of Northam Holdings for the year ended 30 June 2022.

Northam's auditors, PricewaterhouseCoopers Incorporated, have issued a limited assurance report on the profit estimate in accordance with Regulation 111(9) and paragraph 3.4(b)(vii)(1)(bb), read with paragraph 8.40(a)(ii) of the JSE Listings Requirements, which is available for inspection at the registered offices of Northam Holdings. For the avoidance of doubt, the draft financial results have not been audited, reviewed or reported on by Northam's auditors.

The reviewed results for Northam Holdings for the six months ended 31 December 2022 are expected to be published on or about 24 March 2023.

Johannesburg

9 March 2023

Corporate Advisor and Sponsor to Northam Holdings

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