NORTHAM PLATINUM HOLDINGS LIMITED	NORTHAM PLATINUM LIMITED
NORTHAM PLATINUM HOLDINGS LIMITED 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**”)	**NORTHAM PLATINUM LIMITED** 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: 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 Bond code: NHM024 Bond ISIN: ZAG000195926 Bond code: NHM025 Bond ISIN: ZAG000195934 Bond code: NHM026 Bond ISIN: ZAG000195942 (“**Northam Platinum**”)

TRADING STATEMENT AND TRADING UPDATE FOR THE YEAR ENDED 30 JUNE 2023

Key metrics for the year ended 30 June 2023 and disposal of the Royal Bafokeng Platinum Limited (“**RBPlat**”) **investment:**

- **13.0%** increase in equivalent refined 4E metal from own operations to 809 775 oz 4E (F2022: 716 488 oz 4E), following a strong performance from all mines in the group, including a **21.5%** increase in 4E concentrate produced by Booysendal and a **47.5%** increase in 4E concentrate produced from own operations and surface sources at Eland
- **16.1%** increase in sales revenue to **R39.5 billion**, notwithstanding a 6.9% decrease in the 4E ZAR basket price to R37 488/oz 4E (F2022: R40 286/oz 4E)
- **3.8%** increase in gross profit to **R15.4 billion**
- **39.1%** gross profit margin, reflective of increased production against a largely fixed cost base and maintaining cost discipline and efficiencies, notwithstanding a **12.6%** increase in group cash cost per equivalent refined 4E ounce, amidst a higher inflationary environment and ongoing Eskom load curtailment events
- **0.2%** increase in EBITDA to **R16.5 billion**
- **2.5% - 12.5%** expected decrease in headline earnings per share
- **70.0% - 80.0%** expected decrease in basic earnings per share, primarily as a result of a R4.1 billion non-cash impairment cost relating to Northam’s investment in RBPlat and a R2.7 billion non-cash impairment relating to the Eland operation as a result of a substantial deterioration in the pricing of Platinum Group Metals (“**PGM**”) which will be reversed should market conditions improve in the future
- Net debt as at 30 June 2023 (prior to the disposal of Northam’s investment in RBPlat) improved to R9.4 billion (F2022: R16.0 billion) with a net debt to EBITDA ratio of 0.57, well within Northam’s self-imposed target ratio of 1 to 1 in pursuance of the group’s growth strategy
- All organic growth projects are on track
- Post 30 June 2023, sale of Northam’s investment in RBPlat into the Impala Platinum Holdings Limited (“**Implats**”) mandatory offer for R9.0 billion in cash and 30 065 866 Implats shares

Introduction

In terms of paragraph 3.4(b) of the JSE Limited 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' financial results for the year ended 30 June 2023 ("**F2023**") are underpinned by a solid performance from all operations within the group. Notwithstanding this, Northam Holdings expects to report a decrease in earnings per share for F2023 compared to the previous financial year ended 30 June 2022 ("**F2022**"), largely as a result of the recognition of two non-cash impairments relating to:

- Northam's investment in RBPlat (R4.1 billion), based on the consideration received by Northam from the sale of its investment in RBPlat into the Implats mandatory offer; and
- the Eland operation (R2.7 billion), owing to a deterioration in the forecast commodity prices.

The table below provides key earnings per share information for F2023, compared to that of F2022:

	F2023	**F2022**	**Variance**
Basic earnings per share (cents)	523.0 – 784.4	2 614.9	(80.0%) – (70.0%)
Headline earnings per share (cents)	2 284.6 – 2 545.6	2 611.1	(12.5%) – (2.5%)
Number of shares in issue including treasury shares	396 615 878	396 615 878	0.0%
Weighted average number of shares in issue*	390 237 523	376 533 113	3.6%

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

Production

The group's equivalent refined metal from own operations increased by 13.0% to 809 775 oz 4E (F2022: 716 488 oz 4E) as a result of focused execution of the group's growth strategy, which continues to deliver against set targets. A key feature for F2023 has been the strong production performance from both the Zondereinde and Booysendal mines, and a significant step forward by Eland. Challenges remain, particularly in respect of high mining inflation and the potential for further and possibly more severe Eskom load curtailment events. However, our growth and operational diversification programmes remain on track and continue to demonstrate the value of our counter-cyclical investments and execution capacity across the group, as well as our flexibility in dealing with these challenges.

Development of the Western extension at Zondereinde has progressed well. Despite Zondereinde tragically suffering three fatalities, the benefits of focused Merensky stoping in the Western extension, together with logistical 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.

Booysendal is delivering strong growth on the back of solid production from North mine, as well as the ongoing ramp-up of South mine. Booysendal achieved a record 8 million fatality free shifts, remaining fatality free since inception.

Eland surpassed a maiden 1 million fatality free shifts during November 2022, and continues to ramp-up mineable reserves.

All operations have been subject to numerous Eskom load curtailment events. However, the combination of our comprehensive load management protocols, as well as on-demand self-generation capacity, have limited consequential production losses. A programme to increase self-generation capacity is well advanced and this will further mitigate potential production losses arising from load curtailment events.

Key production metrics for F2023, compared to F2022, are as follows (in oz 4E):

	F2023	F2022	Variance
Equivalent refined production from own operations at Zondereinde	321 901	321 962	(0.0%)
Concentrate produced from own operations at Booysendal	452 903	372 623	21.5%
Concentrate produced from own operations and surface sources at Eland	48 800	33 086	47.5%
Total equivalent refined metal production from own operations	**809 775**	**716 488**	**13.0%**
Equivalent refined metal purchased from third parties	119 820	61 961	93.4%
Total equivalent refined metal production from own operations including metal purchased from third parties	**929 595**	**778 449**	**19.4%**

Unit cash costs

Unit cash costs were negatively impacted by higher mining inflation, as well as slightly depressed concentrator feed grades at Zondereinde (due to the Western extension expansion) and at Booysendal (due to an area of lower grade reef at the North UG2 mine, together with elevated development in the newer modules of the South mine). Grades at Zondereinde and Booysendal will improve over the coming two years as these growth projects reach maturity.

Unit cash costs per 4E ounce for the group, and per operation, for F2023 compared to F2022, are as follows (in R/4E oz):

	F2023	F2022	Variance
Zondereinde cash cost per equivalent refined 4E ounce	23 620	20 766	(13.7%)
Booysendal cash cost per 4E ounce in concentrate produced	16 789	14 765	(13.7%)
Eland cash cost per 4E ounce in concentrate produced	36 319	36 962	1.7%
Group cash cost per equivalent refined 4E ounce	22 824	20 278	(12.6%)

The total cost of purchased concentrates and recycling material increased by 51.5% to R4.0 billion (F2022: R2.6 billion), with 4E ounce volumes purchased increasing by 93.4%. 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 F2023 amounted to R39.5 billion, an increase of 16.1% (F2022: R34.1 billion).

The increase in sales revenue was the combined result of a 20.0% increase in 4E sales volumes to 885 347 oz 4E (F2022: 737 923 oz 4E) and a 6.9% decrease in the 4E ZAR basket price to R37 488/oz 4E (F2022: R40 286/oz 4E). The lower ZAR basket price is the combined result of a lower 4E US dollar ("**USD**") basket price of USD 2 112/oz 4E (F2022: USD 2 640/oz 4E) and an increase in the average ZAR/USD exchange rate achieved (i.e. a weaker Rand) being R17.75/USD (F2022: R15.26/USD).

Total revenue per equivalent refined 4E ounce sold decreased by 3.2% to R44 670/4E oz (F2022: R46 162/4E oz). This, combined with the unit cash cost increasing by 12.6% from R20 278/4E oz to R22 824/4E oz in F2023, led to a decrease in the cash profit margin per 4E ounce to 48.9% (F2022: 56.1%).

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.

	Dispatched	**Total refined metal produced**	**Total equivalent refined metal sold (including the sale of concentrate)**	**Average sales prices achieved**
	oz	oz	oz	USD/oz
Platinum	507 008	515 379	537 341	973
Palladium	241 238	246 753	257 542	1 737
Rhodium	76 092	74 626	80 176	10 988
Gold	9 867	9 732	10 288	1 850
Total 4E	**834 205**	**846 490**	**885 347**	**2 112**

Included in the third figures column in the table above is concentrate sold to a third party to honour legacy offtake agreements relating to the Everest and Maroelabult operations, which contained 54 220 oz 4E in concentrate (F2022: 37 334 oz 4E). Refined metal sold to the group's customers totalled 832 602 oz 4E (F2022: 701 618 oz 4E).

Financial results

Sales revenue increased by 16.1% compared to an increase in cost of sales of 25.7%. This resulted in a gross profit of R15.4 billion (F2022: R14.9 billion), and a gross profit margin of 39.1% (F2022: 43.7%).

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, and also excluding impairments, ("**EBITDA**") amounted to R16.5 billion (F2022: R16.5 billion).

As at 30 June 2023, inventory on hand amounted to 397 387 oz 4E, valued at R13.7 billion when applying the 4E basket price and exchange rate at 30 June 2023.

For F2023, our operations generated cash to the value of R14.0 billion (before capital expenditure) and free cash flow of R8.5 billion (after capital expenditure). During F2023, Northam settled the last instalment of the Deferred Acquisition Consideration (as defined in the

SENS announcement published by Northam on 9 November 2021) to the Royal Bafokeng Holdings Proprietary Limited group, of R1.8 billion (including escalation at the Escalation Rate (as defined in the SENS announcement published by Northam on 9 November 2021)), relating to Northam's initial investment in RBPlat. Northam received R781.7 million in dividends from RBPlat during F2023.

During F2023, Northam successfully concluded and implemented an agreement to restructure the group's existing banking facilities, whereby (i) the R2.4 billion term loan facility ("**Term Loan**") has been fully settled and cancelled, and (ii) the existing R7.2 billion five-year revolving credit facility ("**RCF**") has been increased by R2.8 billion to R10.0 billion ("**Facility Restructure**"). As a result of the Facility Restructure, Northam's total available banking facilities now amount to R11.0 billion, comprising the increased RCF of R10.0 billion and existing general banking facilities of R1.0 billion.

At year end, and prior to the disposal of Northam's investment in RBPlat (the proceeds of which were received on 24 July 2023), net debt improved to R9.4 billion (F2022: R16.0 billion), with the net debt to EBITDA ratio at 0.57.

Subsequent to year end, Northam disposed of its investment in RBPlat into the Implats mandatory offer (details of which are contained in the offer circular issued by Implats dated 17 January 2022). The offer consideration receivable per RBPlat share tendered into the Implats mandatory offer amounted to R90.00 in cash and 0.3 new ordinary shares in Implats. Northam Holdings therefore received, in aggregate, R9.0 billion in cash and 30 065 866 Implats shares (JSE share code: IMP), (collectively, the "**Aggregate Offer Consideration**"). The Aggregate Offer Consideration was used to determine the recoverable amount relating to Northam's investment in RBPlat as at 30 June 2023 and resulted in a non-cash impairment being recognised amounting to R4.1 billion.

Recent adverse market developments have also resulted in a material contraction in profit margins and cash generation capacity across the PGM industry. As a consequence, the forecast commodity price assumptions have been adjusted downward from those used in F2022. Based on the impairment assessments performed by management, the recoverable values for all cash generating units within the group were higher than their respective carrying values, except for assets under construction relating to the Eland operation. Consequently, the assets included in Eland were impaired by R2.7 billion, which impairment is a non-cash adjustment and will be reversed should market conditions improve in the future.

Acceptance of the Implats mandatory offer

On 9 November 2021, Northam Holdings announced its initial acquisition of a 32.8% interest in RBPlat ("**Announcement Date**"). Subsequent to the Announcement Date, the PGM market strengthened significantly. The ZAR 4E basket price, based on the average prill split across RBPlat's operations ("**Basket Price**"), remained strong throughout 2022, with a net increase of approximately 10% from the Announcement Date to the date of Northam Holdings announcing its firm intention to make a voluntary, conditional offer to RBPlat shareholders to acquire the remaining RBPlat shares not already held by Northam Holdings ("**Northam Offer**") on 9 November 2022 ("**Northam FIA**").

However, subsequent to the Northam FIA, PGM prices declined substantially, signalling a possible protracted cyclical downturn in the PGM market. The Basket Price declined by approximately 35.0% from the Northam FIA date to 18 July 2023, resulting in a decrease of almost 30% between the Announcement Date and 18 July 2023. These adverse market developments resulted in a material contraction in profit margins and cash generation capacity across the entire PGM industry (including at RBPlat). As a consequence, equity valuations across the entire PGM sector have declined substantially.

Against this backdrop, Northam's wholly-owned operations continued to perform well, as reflected in the production performance detailed above.

Following the occurrence of the material adverse changes in PGM prices, Northam Holdings terminated the Northam Offer, further details of which are set out in the SENS announcement published by Northam Holdings on 5 April 2023 ("**Termination Announcement**"). From the date of the Termination Announcement to 18 July 2023, the Basket Price deteriorated further by almost 18%.

The Implats mandatory offer provided Northam with full investment and strategic optionality since December 2021. On 20 July 2023, Northam Holdings submitted its acceptance of the Implats mandatory offer in respect of all 100 219 552 RBPlat shares held by Northam Holdings (representing 34.5% of RBPlat shares in issue).

In light of the prevailing market conditions and negative medium-term outlook, the Implats mandatory offer presented a unique and attractive opportunity for Northam to lock in substantial value in relation to the RBPlat shares held by Northam, with a strong cash underpin that was not adversely affected by the steep decline in PGM equity valuations across the sector. This also presented Northam with an opportunity to significantly strengthen our balance sheet and liquidity position, which in turn provides additional flexibility and optionality for Northam Holdings to, subject to the relevant regulatory requirements and approvals necessary, *inter alia*, potentially (i) consider the declaration of a maiden dividend; (ii) introduce a formal dividend policy; (iii) implement share buy-backs; and/or (iv) reduce Northam's third party debt.

Capital expenditure

Capital expenditure for F2023 amounted to R5.6 billion (F2022: R4.6 billion), which includes an investment of R86.6 million to mitigate the effects of load curtailment events and to further our renewable energy strategy. 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. Capital expenditure at Booysendal related to a number of extensions to strike belts and the first significant fleet replacements.

A raft of global geopolitical issues holds the potential for further disruption to PGM markets, whilst the risk for further and more severe Eskom load curtailment events could lead to operational disruption. We continue to monitor the market and are investing in additional on-demand self-generation capacity at all of our operations, which will result in additional capital expenditure for the coming financial year. We will adjust our capital programme 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 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. The construction of the headgear and winder for Number 3 shaft was also completed with shaft equipping commencing.

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 first half of the 2024 financial year ("**F2024**").

The development of Booysendal 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 F2024. Commissioning of the North aerial rope conveyor during F2022 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, which is enhancing the provision of underground services. Underground stoping ramp-up is in progress.

Conclusion

The group has delivered a strong set of results for F2023, 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 liquidity position; and
- positioning Northam to withstand a possible protracted cyclical downturn in the PGM market.

The global economic outlook remains uncertain, resulting in volatile metal markets and exchange rates. Prevailing PGM market conditions and the material decline in the ZAR 4E basket price may signal a potentially protracted cyclical downturn. The group's financial performance is influenced by the exchange rate and commodity prices together with the stability of Northam's broader operating environment.

The Implats mandatory offer, with a substantial cash underpin, presented a well-timed opportunity in the prevailing PGM market for Northam to secure a very significant cash injection that materially strengthens Northam's balance sheet and liquidity position. The Facility Restructure further strengthened our liquidity position.

Relative positioning on the industry cost curve, and the ability to retain operational flexibility and balance sheet strength, will become increasingly important over time.

We will continue to assess the PGM market, as well as our operational and cash flow requirements, and will evaluate our options in relation to the application of the consideration received pursuant to the disposal of our investment in RBPlat, in due course.

Northam has always maintained inherent optionality and flexibility in executing its growth strategy and these considerations remain key drivers to all our decisions.

The financial information contained in this announcement is the responsibility of the board of directors of Northam Holdings and has not been reviewed or reported on by Northam Holdings' auditors, PricewaterhouseCoopers Incorporated. The audited results for Northam Holdings for F2023 are expected to be published on or about 25 August 2023.

Johannesburg

14 August 2023

Corporate Advisor and Sponsor to Northam Holdings One Capital	**Corporate Advisor and Debt Sponsor to Northam Platinum** One Capital
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