

IMPALA PLATINUM HOLDINGS LIMITED
(Incorporated in the Republic of South Africa)
(Registration number 1957/001979/06)
JSE share code: IMP
ISIN: ZAE000083648
ADR code: IMPUY
("Implats", "the Company" or "the Group")

SUMMARISED CONSOLIDATED ANNUAL RESULTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 AND CASH DIVIDEND DECLARATION

Key features for FY2023:

- Regrettably, five fatalities at managed operations
- 7% improvement in LTIFR* to 3.92 and 5% improvement in TIFR* to 9.25
- No major or significant environmental incidents
- Maintained A-rating from MSCI for ESG performance
- Second consecutive inclusion in the S&P Global Sustainability Yearbook (2023)
- Group 6E production increased 2% to 3.25Moz
- Refined 6E production declined 4% to 2.96Moz
- 6E sales volumes declined 6% to 2.97Moz
- Group 6E unit costs rose 14% to R19 834/oz (stock-adjusted)
- Consolidated Group capital expenditure of R11.5 billion
- Dollar revenue per 6E ounce decreased 18% to US\$ 2 035/oz on lower rhodium and palladium pricing
- Rand revenue per 6E ounce declined 4% to R36 118/oz
- EBITDA of R36.0bn with headline earnings of R18.8bn or 2 211c per share
- Basic earnings of R4.9bn or 577c per share
- Free cash flow of R14.2bn and closing net cash (excluding leases) of R25.3bn
- Final dividend of 165c per share, bringing total FY2023 dividend to 585c per share
- Secured control of RBPlat, with integration now underway
- Tightening markets for PGMs, with pricing undercut by industrial destocking

**per million man-hours worked*

Commentary

Enhanced operational flexibility, resilience and disciplined execution enabled Implats to successfully navigate a series of domestic and regional challenges, which compounded the effects of softening dollar pricing, rand depreciation and persistent inflation in the year under review. This is testament to the skills and strength of our people, with standout performances at Impala Canada, Zimplats and Impala Rustenburg.

The year's highlight was securing ownership of Royal Bafokeng Platinum Limited (RBPlat) and the Group is implementing its plans to integrate and optimise the asset to ensure maximum value from this important acquisition. The combined asset base of Impala Rustenburg and RBPlat will result in a more

secure and sustainable Rustenburg operating complex in years to come, with a premier mine-to-market production base, well-capitalised infrastructure and long-term competitive positioning, enhanced by industry-leading integrated processing capability and realising material synergies. The Group launched the proposed acquisition of RBPlat in November 2021, with an offer of R90.00 in cash and 0.3 Implats shares per RBPlat share. The Competition Tribunal approved the transaction on 16 November 2022, and the mandatory offer closed on 21 July 2023, with Implats securing 98.91% ownership post year end. The compulsory acquisition of the residual shareholding, in terms of Section 124(1) of the Companies Act (71 of 2008) as amended, will be effected by 14 September 2023.

Safety

Safe production remains the Group's foremost priority, with the goal of achieving zero harm to the health and safety of our employees and contractors. All safety metrics improved in the period, benefiting from a focus on fatal risk control protocols, risk mitigation using leading indicators, visible leadership and mine-safety discipline. However, the Group regrettably reported five employee fatalities at managed operations during the period (FY2022: seven), and one at joint venture (JV) operation, Two Rivers.

During the 12 months to end-June 2023, the Group's fatal-injury frequency rate improved by 29% to 0.040 per million man-hours worked (FY2022: 0.056). The lost-time injury frequency rate improved by 7% to 3.92 (FY2022: 4.21) and the all-injury frequency rate by 5% to 9.25 per million man-hours worked (FY2022: 9.76). By year end, 13 of the Group's 18 operations had achieved millionaire or multimillionaire status in terms of fatality free shifts.

Operational summary

Tonnes milled from the Group's managed operations increased by 7% to 23.88 million tonnes (FY2022: 22.36 million tonnes) with higher reported volumes at each of Impala Rustenburg, Zimplats and Impala Canada together with a consolidated contribution of 403 000 tonnes at RBPlat offsetting lower throughput at Marula. 6E production at managed operations increased by 6% to 2.42 million ounces (FY2022: 2.29 million ounces), and a maiden contribution of 43 000 6E ounces in concentrate from RBPlat was recorded for the 30 days to 30 June 2023.

6E concentrate production of 541 000 ounces from JV operations declined by 1% (FY2022: 548 000 ounces). Safety stoppages, and intermittent localised community disruptions at Two Rivers exacerbated the ongoing impact of split-reef and development tonnage on milled grade. At Mimosa, processing and plant stability was impacted by commissioning and optimising the concentrator project, power interruptions, changes in reagent supply and poor water quality. Third-party 6E concentrate receipts declined by 18% to 287 000 6E ounces, with several operational challenges reported at peer-group producers and the termination of two contracts in Q3 FY2023. In total, Group 6E production increased by 2% to 3.25 million ounces (FY2022: 3.19 million ounces).

In addition to load curtailment at South African managed and JV operations during the period, severe load shedding was experienced across the Zimbabwean national grid in March 2023. In total, Implats estimates 36 000 6E ounces of production were foregone across southern African managed and JV operations during the period. Circa 101 000 6E ounces were deferred due to power constraints at the Group's smelting operations and the consequent delay to restart the refurbished Number 4 furnace in Q4 FY2023. A further 10 000 6E ounces were deferred due to cable theft at Impala Rustenburg, particularly the instance which resulted in power supply interruptions to the metallurgical complex.

Group refined 6E production of 2.96 million ounces, including saleable production from Impala Canada and RBPlat, declined by 4% (FY2022: 3.09 million ounces), impacted by constrained smelting capacity from the scheduled rebuild of Number 4 furnace in Rustenburg and the increased severity and duration of load curtailment experienced. Implats ended the period with circa 245 000 6E ounces of excess inventory (FY2022: 40 000 ounces).

Notable rand depreciation compounded the impact of high consumable and utilities inflation on the translated cost and capital expenditure at Zimbabwean and Canadian operations. Total cash operating costs increased by 19%, while unit costs benefitted from higher throughput at managed operations and, despite lower refined output, increased by 14% to R19 834 per 6E ounces (FY2022: R17 364 per 6E ounce).

Capital expenditure at managed operations rose by 27% to R11.5 billion (FY2022: R9.1 billion) as spending on replacement and growth projects accelerated and the rand weakened against the dollar. Stay-in-business spend of R7.3 billion, replacement capital of R2.3 billion and expansion capital of R1.9 billion increased by 16%, 61% and 41%, respectively.

Financial summary

The Group's financial performance was negatively impacted by the retracement in rand PGM pricing, lower refined production and sales, continued higher levels of inflation, the accounting impact of end-of-period inventory valuations and impairments related to Impala Canada and RBPlat, the latter as required by its consolidation.

Revenue of R106.6 billion decreased by 10%, cost of sales of R84.3 billion increased by 9% and Implats delivered gross profit of R22.3 billion. EBITDA of R36.0 billion was achieved at an EBITDA margin of 34%.

Implats accounted for three significant once-off items in FY2023:

- A R10.9 billion impairment of the carrying value of Impala Canada, due to the combined impact of a material decrease in the US dollar palladium price profile and higher prevailing inflation
- A loss of R1.8 billion on the remeasurement of the previously held equity investment in RBPlat at the date it became a subsidiary of the Group
- A R4.2 billion impairment of goodwill arising on the acquisition of RBPlat.

Basic earnings declined to R4.9 billion or 577 cents per share, from R32.0 billion or 3 856 cents per share in FY2022. Headline earnings of R18.8 billion or 2 211 cents per share were 41% and 43% lower, respectively. The weighted average number of shares in issue increased to 850.28 million from 831.25 million, with total issued capital on 30 June 2023 increasing to 866.40 million shares. During FY2023, Implats issued 16.18 million shares with a fair value of R2.6 billion, in part consideration for the additional 18.6% stake acquired in RBPlat.

The Group generated R14.2 billion in free cash flow, after capital investment of R11.4 billion at its managed operations and ended the period with net cash after debt of R25.3 billion and liquidity headroom of R37 billion. The board of directors of Implats (board) declared a final dividend of 165 cents per share, bringing the total dividend for the year to 585 cents per share.

Prospects and outlook

There have been several revisions to forecast PGM supply and demand in 2023. Primary supplies continue to be challenged by the South African operating environment, while processing maintenance will result in lower refined Russian supplies. Forecasts for secondary flows continue to be downgraded as scrap collections fall short of expectations in the face of rising interest rates, increased regulatory scrutiny and still-weak new vehicle sales.

While expectations for auto production and sales have enjoyed modest upgrades, forecasts for net metal demanded by industrial users have been adjusted down to account for the destocking of inventory. Negative revisions to the outlook for Chinese jewellery demand have largely been countered by a stronger-than-expected performance in India, the US and Europe.

Our forecasts indicate fundamental deficits for each of the PGMs in 2023. However, the potential impact and pattern of industrial and auto OEM destocking, particularly in rhodium, and the flow of discounted metal flows from Russia will likely heavily influence physical market tightness, and hence pricing, during the year.

The uncertain macroeconomic environment and the recent material decline in dollar PGM pricing heralded a period of rapid margin compression across the sector, which requires decisive action and focus to preserve business sustainability. Implats remains focused on delivering consistent and safe production, constructively collaborating with key stakeholders and entrenching operational agility and flexibility.

It is imperative that each operation generates positive margins through the cycle. The Group is advancing targeted capital and cost interventions in response to the current market conditions. Implats will sustain investment across projects key to ensuring regulatory compliance and strategic value creation. The commitment is to prioritise shareholder returns, with a dividend policy founded on a minimum allocation of free cash flow generated before growth capital.

The near-term focus at RBPlat is to optimise costs, improve metallurgical performance, complete the Styldrift ramp-up, and plan and implement the medium- and longer-term initiatives to realise the synergies provided by the acquisition.

The downturn in palladium pricing compounded margin compression from structural changes in the operating and cost context faced by Impala Canada, largely due to the aftermath of Covid-19 and the subsequent supply-chain constraints, labour market tightness and hyper-inflationary pressures from rising global utility and consumables pricing. Teams are working to secure a sustainable value proposition for the asset, underpinned by the volume gains and operating momentum established in FY2023 — specifically targeting mining from higher-grade areas.

Group production in FY2024 will be supported by volume gains from increased milling capacity at Zimplats and Two Rivers, while the improved operational stability established at Impala Rustenburg and Impala Canada bodes well for further efficiency gains. Concentrate volumes from RBPlat will materially alter the production profile for the Group, while third-party receipts reflect expected volumes from pre-existing contracts at IRS. Refined volumes will be impacted by the planned rebuild of Number 5 furnace, with Group sales in line with refined and saleable production.

Group 6E refined production is expected to be between 3.30 and 3.45 million ounces. Group unit costs are forecast to rise by between 6% and 10% to between R21 000 per ounce and R22 000 per ounce on a stock-adjusted basis. Group capital expenditure is forecast to be between R12.5 billion and R13.5 billion, inclusive of growth capital of between R3.0 billion and R3.5 billion. This guidance assumes exchange rates of R18.25/US\$ and C\$1.34/US\$, respectively.

The financial information on which the above-mentioned prospects and outlook is based has not been audited nor reported on by Implats' external auditors.

Key financial metrics

		Year ended 30 June 2023	Year ended 30 June 2022	Variance %
Revenue	(Rm)	106 594	118 332	(9.9)
Gross profit	(Rm)	22 338	41 285	(45.9)
EBITDA*	(Rm)	36 002	53 375	(32.5)
Profit for the year	(Rm)	6 178	33 139	(81.4)
Basic earnings	(Rm)	4 905	32 049	(84.7)
Headline earnings	(Rm)	18 801	32 028	(41.3)
Free cash flow*	(Rm)	14 171	28 840	(50.9)
Net cash (excluding leases)	(Rm)	25 347	26 505	(4.4)
Basic earnings per share	(cps)	577	3 856	(85.0)
Headline earnings per share	(cps)	2 211	3 853	(42.6)
Dividends per share	(cps)	585	1 575	(62.9)

*Non-International Financial Reporting Standards metrics

Operating statistics

		Year ended 30 June 2023	Year ended 30 June 2022	Variance %
Gross refined production				
6E	(000oz)	2 958.7	3 086.6	(4.1)
Platinum	(000oz)	1 359.5	1 426.1	(4.7)
Palladium	(000oz)	1 050.5	1 071.4	(2.0)
Rhodium	(000oz)	169.3	180.7	(6.3)
Nickel	(tonnes)	14 970	16 520	(9.4)
Sales volumes				
6E	(000oz)	2 973.0	3 146.8	(5.5)
Platinum	(000oz)	1 408.1	1 492.6	(5.7)
Palladium	(000oz)	1 047.4	1 087.6	(3.7)
Rhodium	(000oz)	167.8	177.3	(5.4)
Nickel	(tonnes)	10 902	13 094	(16.7)
Prices achieved				
Platinum	(US\$/oz)	962	1 008	(4.6)
Palladium	(US\$/oz)	1 763	2 211	(20.3)
Rhodium	(US\$/oz)	11 696	16 544	(29.3)
Nickel	(US\$/t)	23 864	21 150	12.8
Consolidated statistics				
Average rate achieved	(R/US\$)	17.68	15.22	16.2
Closing rate for the period	(R/US\$)	18.85	16.27	15.9
Revenue per 6E ounce sold	(US\$/oz)	2 035	2 481	(18.0)
Revenue per 6E ounce sold	(R/oz)	36 118	37 703	(4.2)
Tonnes milled ex-mine*	(000t)	23 883	22 363	6.8
Group 6E production	(000oz)	3 245.6	3 188.7	1.8
Capital expenditure*	(Rm)	11 510	9 081	(26.7)
Group unit cost per 6E ounce (stock adjusted)*	(R/oz)	19 834	17 364	(14.2)
Group unit cost per 6E ounce (stock adjusted)*	(US\$/oz)	1 116	1 141	2.2

*Managed operations

DECLARATION OF DIVIDEND

Shareholders are advised that the board has resolved to declare a final gross cash dividend of 165.0 cents per ordinary share amounting to R1.49 billion at the date of declaration, for the financial year ended 30 June 2023. In terms of the approved dividend policy, a minimum dividend of 30% of free cash flow pre-growth capital should be declared. The board has the discretion to vary this percentage depending on the current and forecast financial performance, as well as market and other factors, including sufficiently capitalising the business to allow the Group to take advantage of future value-accretive growth opportunities. The dividend has been declared from retained earnings.

Implats has 903 416 075 ordinary shares in issue and the Company's tax reference number is 9700178719. The cash dividend will be subject to a 20% dividend withholding tax for shareholders who are not exempt from, or do not qualify for, a reduced rate of withholding tax. Therefore, the net dividend amount is 132.0 cents per ordinary share for shareholders liable to pay the dividend withholding tax and 165.0 cents per ordinary share for shareholders exempt from dividend withholding tax. Shareholders are advised to complete the requisite declaration form to make the Company aware of their tax status.

The salient dates are as follows:

Declaration date	Thursday, 31 August 2023
Last day for trading to be eligible for cash dividend	Tuesday, 19 September 2023
Trading ex-dividend commences	Wednesday, 20 September 2023
Record date	Friday, 22 September 2023
Dividend payment date	Tuesday, 26 September 2023

Share certificates may not be dematerialised or rematerialised between Wednesday, 20 September 2023 and Friday, 22 September 2023, both days inclusive.

Short form announcement

This announcement is a summary of the Group's audited summarised consolidated annual results for the year ended 30 June 2023 ("Results Announcement") and, as such, does not contain full or complete details. Any investment decisions should be based on consideration of the Results Announcement.

Deloitte & Touche, the external auditors, have issued an unmodified audit opinion, which includes key audit matters on the consolidated annual financial statements. The audit opinion, which contains key audit matters, together with the annual consolidated financial statements, are available on Implats' website at <https://www.implats.co.za/corporate-reports-results-and-presentations.php> and copies are available on request from the company secretary at investor@implats.co.za.

This announcement is not audited but is extracted from the audited Results Announcement.

The full announcement is available on Implats' website at www.implats.co.za and on the JSE's website at <https://senspdf.jse.co.za/documents/2023/jse/isse/IMPE/ye2023.pdf>.

This short form announcement is the responsibility of the board.

Queries :

Johan Theron
E-mail : johan.theron@implats.co.za
T : +27 (0) 11 731 9013
M : +27 (0) 82 809 0166

Emma Townshend
E-mail : emma.townshend@implats.co.za
T : +27 (0) 21 794 8345
M : +27 (0) 82 415 3770

Alice Lourens
E-mail : alice.lourens@implats.co.za
T: +27 (0) 11 731 9033
M: +27 (0) 82 498 3608

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Johannesburg

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