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: 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 SIX-MONTHS ENDED 31 DECEMBER 2023

Key metrics:

- 10.6% increase in equivalent refined 4E ounce ("**oz**") metal from own operations to 434 977 oz 4E (H1 F2023: 393 309 oz 4E), following a solid performance from all mines across the group, including a 14.9% increase in 4E concentrate produced by Booysendal and a 51.8% increase in 4E concentrate produced from own operations and surface sources at Eland
- 25.5% decrease in sales revenue to R15.0 billion (H1 F2023: R20.1 billion), despite a 10.4% increase in sales volumes to 457 357 oz 4E (H1 F2023: 414 170 oz 4E), primarily attributable to a 42.3% decrease in the 4E ZAR basket price to R24 269/oz 4E (H1 F2023: R42 046/oz 4E)
- 6.7% increase in group unit cash cost per equivalent refined 4E oz
- 28.1% cash profit margin per equivalent refined 4E oz
- 73.3% decrease in gross profit to R2.4 billion
- 68.1% decrease in EBITDA to R3.2 billion
- 86.4% – 96.4% expected decrease in basic earnings per share
- 87.5% – 97.5% expected decrease in headline earnings per share
- Net debt as at 31 December 2023 improved to R2.4 billion with a rolling 12-month net debt to EBITDA ratio of 0.24, and cash and cash equivalents of R11.8 billion, with additional available undrawn facilities of R11.0 billion

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 six-months ended 31 December 2023 ("**H1 F2024**") are underpinned by a solid production performance and effective cost control at all operations within the group. Notwithstanding this, Northam Holdings expects to report a decrease in earnings per share for H1 F2024 compared to the previous six-months ended 31 December 2022 ("**H1 F2023**"), largely because of the significant decrease in commodity prices together with a loss of R799.7 million on the disposal of the Impala Platinum Holdings Limited ("**Implats**") ordinary shares ("**Implats Shares**") (JSE share code: IMP) received as part of the disposal consideration following acceptance of the mandatory offer made by Implats to shareholders of Royal Bafokeng Platinum Limited ("**RBPlat**"), ("**Implats Mandatory Offer**").

The table below provides key earnings per share information for H1 F2024, compared to that of H1 F2023:

	H1 F2024	**H1 F2023**	**Variance**
Basic earnings per share (cents)	56.7 – 216.3	1 596.2	(96.4% – 86.4%)
Headline earnings per share (cents)	41.0 – 201.8	1 608.5	(97.5% – 87.5%)
Number of shares in issue including treasury shares	396 238 229	396 615 878	(0.1%)
Weighted average number of shares in issue*	390 090 148	390 237 523	(0.0%)

**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 10.6% to 434 977 oz 4E (H1 F2023: 393 309 oz 4E). Zondereinde's metal production was flat, as expected ahead of the commissioning of 3 shaft, whilst growth from the Booysendal South mine and Eland was in line with our forecast.

Group production of chrome concentrate increased by 31.8% to 666 692 tonnes (H1 F2023: 505 841 tonnes), on the back of increased UG2 tonnages and recovery improvements at all operations. This was particularly pleasing, given the recent strengthening of the chrome price.

The group continued to progress its strategic goals of sustainably growing safe production down the sector cost curve. Challenges remain, particularly in respect of metal prices, mining inflation and the potential for higher frequency and longer duration Eskom load curtailment events. Our capital growth programme remains on-track and is improving our operational resilience during the current weak market conditions.

A key feature has been the solid production performance achieved by all operations. Zondereinde has benefitted from focussed Merensky stoping in the Western extension, together with logistics decongestion resulting from the ongoing shift in UG2 stoping from the western to the eastern portions of the mine. Booysendal delivered growth on the back of strong production from North mine, as well as the ongoing ramp-up of South mine. Eland production is ramping up on schedule with stoping production up by 170%, while mineable reserves have almost doubled. This has yielded a 51.8% increase in 4E metal production from own operations and surface sources and a 100.0% increase in chrome concentrate. The successful, on-schedule completion of a new 4.5 metre diameter raise-bored ventilation shaft during December 2023 has created environmental conditions in the deeper sections of the mine which are critical to the medium-term schedule.

All operations have been subject to numerous Eskom load curtailment events, however, the combination of our comprehensive load management protocols, as well as increased on-demand self-generation capacity, is limiting consequential production losses. The group's programme to further increase self-generation capacity is well advanced and will assist in mitigating potential losses resulting from Eskom load curtailment events. Furthermore, all safety metrics show improvement from the previous financial year, with both Booysendal and Eland remaining fatality free since inception.

Key production metrics for H1 F2024, compared to H1 F2023, are as follows (in oz 4E):

	H1 F2024	H1 F2023	Variance
Equivalent refined metal production from own operations at Zondereinde	160 188	160 806	(0.4%)
Concentrate production from own operations at Booysendal	250 004	217 630	14.9%
Concentrate production from own operations and surface sources at Eland	32 574	21 463	51.8%
Total equivalent refined metal production from own operations	434 977	393 309	10.6%
Equivalent refined metal purchased from third parties	83 107	38 739	114.5%
Total production including purchased material	518 084	432 048	19.9%

Unit cash costs

The increase in group unit cash costs has been limited to 6.7%, despite the ongoing trend of generally higher mining inflation. We have benefitted from growing mining production, improved concentrator feed grades and disciplined, focussed cost control.

Unit cash costs per 4E ounce for the group, and per operation, for H1 F2024 compared to H1 F2023, are as follows (in R/oz 4E):

	H1 F2024	H1 F2023	Variance
Zondereinde cash cost per equivalent refined 4E ounce	24 778	23 479	(5.5%)
Booysendal cash cost per 4E ounce in concentrate produced	17 173	16 169	(6.2%)
Eland cash cost per 4E ounce in concentrate produced*	33 652	30 292	(11.1%)
Group cash cost per equivalent refined 4E ounce	23 562	22 088	(6.7%)

**Eland is in ramp-up phase.*

The total cost of purchased concentrates and recycling material increased by 32.0% to R2.1 billion (H1 F2023: R1.6 billion), with 4E ounce volumes purchased increasing by 114.5%. The cost of purchased material is based on ruling commodity prices as well as the relevant prill split of the purchased material.

Sales revenue

Sales revenue for the period amounted to R15.0 billion, representing a decrease of 25.5% (H1 F2023: R20.1 billion).

The decrease in sales revenue, despite an increase in 4E sales volumes of 10.4% to 457 357 oz 4E (H1 F2023: 414 170 oz 4E), is attributable to a significantly lower 4E ZAR basket price of R24 269/oz 4E (H1 F2023: R42 046/oz 4E), representing a decrease of 42.3%. The lower ZAR basket price is the combined result of a lower 4E US dollar ("**USD**") basket price of USD 1 302/oz 4E (H1 F2023: USD 2 422/oz 4E) and an increase in the average ZAR/USD exchange rate achieved i.e. a weaker Rand, being R18.64/USD (H1 F2023: R17.36/USD).

Total revenue per equivalent refined 4E ounce sold decreased by 32.5% to R32 785/oz 4E (H1 F2023: R48 577/oz 4E). This, combined with unit cash costs increasing by 6.7% from R22 088/oz 4E in H1 F2023 to R23 562/oz 4E in H1 F2024, led to a decrease in the cash profit margin per 4E ounce to 28.1% (H1 F2023: 54.5%).

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	276 430	261 876	276 358	918
Palladium	133 327	126 970	133 583	1 180
Rhodium	42 628	42 551	42 512	4 110
Gold	4 910	4 781	4 904	1 937
Total 4E	457 295	436 178	457 357	1 302

Included in total equivalent refined metal sold 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 24 497 oz 4E in concentrate (H1 F2023: 22 034 oz 4E). Refined metal sold to the group's customers totalled 433 535 oz 4E (H1 F2023: 392 744 oz 4E), representing an increase of 10.4%.

Financial results

Sales revenue decreased by 25.5% compared to an increase in cost of sales of 13.8%. This resulted in a gross profit of R2.4 billion (H1 F2023: R9.1 billion), and a gross profit margin of 16.1% (H1 F2023: 45.1%).

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 results have benefitted from our consistent approach to growing our production base down the industry cost curve.

Earnings before interest, taxation, depreciation and amortisation, and excluding losses on the sale of the Implats Shares, ("**EBITDA**") amounted to R3.2 billion (H1 F2023: R10.0 billion).

As at 31 December 2023, inventory on hand amounted to 458 113 oz 4E, valued at R13.7 billion when applying the 4E price and exchange rate at 31 December 2023.

For the six-months ended 31 December 2023, our operations generated cash to the value of R698.5 million (before capital expenditure), impacted primarily by working capital movements relating to a build-up of inventory to the value of R909.7 million and the settlement of trade and other payables amounting to R1.4 billion, mainly relating to the payout of profit share schemes across the group. Capital expenditure amounting to R2.4 billion was paid in cash during the period.

In light of the prevailing market conditions and negative medium-term outlook, the Implats Mandatory Offer presented a unique and attractive opportunity during the period for Northam to lock-in substantial value in relation to the RBPlat ordinary shares ("**RBPlat Shares**") held by Northam, with a strong cash underpin that was not adversely affected by the steep decline in Platinum Group Metals ("**PGM**") equity valuations across the sector. This also presented an opportunity to significantly strengthen our balance sheet and liquidity position, which in turn provides additional flexibility and optionality.

In accordance with the terms of the Implats Mandatory Offer (details of which are contained in the offer circular issued by Implats dated 17 January 2022), Northam disposed of all of its RBPlat Shares during the period. The offer consideration receivable per RBPlat Share tendered into the Implats Mandatory Offer amounted to R90.00 in cash and 0.3 new Implats Shares. Northam Holdings received, in aggregate, R9.0 billion in cash and 30 065 866 Implats Shares.

The Implats Shares were subsequently disposed of on-market for a total consideration of R3.1 billion, representing a volume weighted average price of R103.95 per Implats Share.

Due to the decrease in the value of Implats Shares from the date of the acceptance of the Implats Mandatory Offer to the date of sale, a loss of R799.7 million was recognised on the sale of the Implats Shares.

During the period under review, the group paid R2.3 billion in dividends, in respect of the final dividend declared for the financial year ended 30 June 2023, and settled the NHM020 series in the Domestic Medium-Term Note Programme ("**DMTN Programme**") to the value of R682.0 million, which matured during H1 F2024.

Capital expenditure

Capital expenditure amounted to R2.4 billion (H1 F2023: R2.6 billion). This is in line with our trimmed capital schedule, and the combined result of lower expansionary capital of R1.6 billion (H1 F2023: R1.8 billion), slightly offset by a marginal increase in sustaining capital expenditure to R846.0 million (H1 F2023: R813.3 million).

The majority of expansionary capital expenditure related to significant activity on the Western extension project at Zondereinde, together with the ongoing ramp-up at Eland. Sustaining capital expenditure at Booysendal increased in line with production levels, whilst sustaining capital requirements at our metallurgical operations increased as a result of the upgrade to the furnace slag concentrator at Zondereinde.

We plan significant development activity at the Western extension of Zondereinde, as well as at Eland, over the coming 18 months.

At Zondereinde mine, stoping is ramping-up within the Western extension section and further progress has been made on the deepening project. Equipping of 3 shaft, for personnel and material transport, as well as the provision of services, is in progress and on track, as is reaming of 3a ventilation shaft. Both shafts are scheduled to be commissioned towards the end of the financial year ending 30 June 2025 ("**F2025**"). Pilot drilling of the 3b rock hoisting shaft continues, and shaft commissioning is scheduled for the 2028 calendar year. In the interest of capital preservation during the current PGM market conditions, certain workstreams have been deferred in instances where it would not have a detrimental impact on the overall project.

Upgrades to the base metal removal plant are progressing well at the group's metallurgical facilities, and the commissioning of the expanded and upgraded furnace slag concentrator will improve overall metal recoveries, as well as the cash conversion of excess inventory.

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 has reached steady state levels on a monthly basis. Decline development is continuing in order to increase mineable reserves and operational flexibility. Progress of the South Merensky module is on target, with current focus on stoping in the upper mining levels. Stoping is continuing at the BS4 UG2 module and will ramp-up during the coming 12 months. Development of declines at both the South Merensky and the BS4 modules has been temporarily curtailed and mining crews at South Merensky have been limited in the interest of capital preservation. Commissioning of the North aerial rope conveyor during the financial year ended 30 June 2022 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 feed is being batch treated. Development of the decline systems has been temporarily paused, in order to focus on strike and raise development and consequently increase mineable reserves, whilst limiting capital expenditure. We expect to resume decline development in F2025, subject to market conditions at that time. Underground stoping ramp-up continues on schedule.

A raft of global geopolitical issues has the potential to cause further disruption to PGM markets and metal prices, whilst the potential for further and more severe Eskom load curtailment events could lead to additional operational disruptions. We continue to monitor the market and are rolling out additional on-demand self-generation capacity at all of our operations. We will amend our capital programme when and where prudent, taking into account the changing landscape.

Conclusion

Our revenue is dependent upon external cyclical and variable markets, in terms of both price and demand patterns. However, the bulk of our costs are fixed and our ability to significantly suspend or reduce these costs is limited.

With the decrease in commodity prices, earnings across the PGM sector are under pressure. This will consequently constrain cash generation across the sector resulting in prudent management of liquidity becoming even more important.

The following factors have been considered as part of the liquidity management of the group:

- The group's growth strategy is focussed on growing production down the industry cost curve by developing shallow, mechanisable orebodies. Our programme of optimising existing operations is progressing and remains on track. We have utilised our balance sheet to grow the business and the project pipeline has been funded through cash generated by our operations, as well as the utilisation of our banking facilities and the R15.0 billion DMTN Programme.
- The staggered maturity profile of Northam's DMTN Programme provides an additional degree of certainty and flexibility to prudent cash flow management. Northam has proactively managed its DMTN Programme's maturity profile to appropriately match the production growth build-up, and therefore the cash generation capacity of the group. Furthermore, the maturity profile has been staggered over a number of years to enhance and protect our liquidity position.
- The group's available banking facilities amount to R11.0 billion, comprising a R10.0 billion revolving credit facility and a R1.0 billion general banking facility. These facilities remain undrawn.
- As at 31 December 2023, net debt improved to R2.4 billion, with cash and cash equivalents of R11.8 billion and the rolling 12-month net debt to EBITDA ratio at 0.24.
- Through the acceptance of the Implats Mandatory Offer, Northam received R9.0 billion in cash and 30 065 866 Implats Shares, which were sold on market for approximately R3.1 billion. The Implats Mandatory Offer presented a well-timed opportunity in the prevailing PGM market for Northam to secure a significant cash injection that materially strengthened Northam's balance sheet and liquidity position.

The global economic outlook remains uncertain, resulting in volatile metal prices and exchange rates. Prevailing PGM market conditions and the material decline in the 4E basket price have negatively impacted the profitability and rate of cash generation of the group. The group's financial performance is influenced by the exchange rate and commodity prices together with the stability of Northam's broader operating environment. Relative positioning on the industry cost curve, and the ability to retain operational flexibility and balance sheet strength, are becoming increasingly important sector differentiating factors. 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 reviewed results for Northam Holdings for H1 F2024 are expected to be published on or about Friday, 1 March 2024.

Johannesburg

19 February 2024

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