

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")

CONDENSED CONSOLIDATED INTERIM RESULTS (REVIEWED) FOR THE SIX MONTHS ENDED 31 DECEMBER 2023

Key features for H1 FY2024:

- Safety performance dominated by the Impala Rustenburg 11 Shaft tragedy
- 16 fatalities at managed operations
- 15% deterioration in LTIFR* to 4.65 and 1% improvement in TIFR* to 9.05
- Third consecutive inclusion in the S&P Global Sustainability Yearbook (2024)
- Maintained CDP ratings for environment and water management
- Maiden inclusion of Impala Bafokeng increases production volumes
- Group 6E production rose 18% to 1.9Moz
- Refined and saleable 6E production increased 19% to 1.75Moz
- 6E sales volumes was 12% higher at 1.70Moz
- Group 6E unit costs increased 5% to R20 334/oz (stock-adjusted)
- Consolidated Group capital expenditure of R6.8 billion
- Dollar revenue per 6E ounce down 37% to US\$ 1 376/oz on materially lower rhodium and palladium pricing
- Rand revenue per 6E ounce declined 32% to R25 795/oz
- EBITDA of R8.4bn with headline earnings of R3.3bn or 365c per share
- Basic earnings of R1.6bn or 180c per share
- Free cash outflow of R4.8bn and closing net cash (excluding leases) of R5.2bn
- Precious metal pricing heavily influenced by industrial destocking and weak investor sentiment
- Market deficits for each of platinum, palladium and rhodium expected in 2024
- FY2024 production and cost guidance maintained

*per million man-hours worked

Commentary

Implats delivered a strong operational performance despite several challenges during the period under review. This production performance is testament to prior investment in enhanced operational flexibility, and the resilience and disciplined execution demonstrated by our people. The 11 Shaft tragedy at Impala Rustenburg was a devastating and significant event for our Group and we continue to progress investigations into the accident while providing ongoing support to our many colleagues who have been impacted as a result.

Notable gains in production and sales volumes and commendable cost controls across several of our operations were offset by the material decline in platinum group metals (PGMs) prices over the course of

2023, resulting in a step-change in interim reported profitability at the Group. Implats recorded EBITDA of R8.4 billion, headline earnings of R3.3 billion or 365 cents per share, and recorded a free cash outflow of R4.8 billion, after funding capital expenditure of R6.8 billion in the half year ended 31 December 2023 (the period). The acquisition of Royal Bafokeng Platinum Limited (RBPlat) was concluded and Implats closed the period with net cash of R5.2 billion.

Safety

Implats' safety performance for the period under review was dominated by the tragic event at 11 Shaft on Monday, 27 November 2023, when an accident involving a personnel conveyance took place. 13 employees tragically lost their lives and an additional 73 employees were injured, several of whom are receiving ongoing rehabilitation, care and support from the Company. Our hearts remain heavy for the lives lost and the individuals affected by this devastating accident. With deep regret, we report that an additional three employees lost their lives in unrelated accidents at managed operations, bringing the Group's reported fatalities to 16 in the period.

Due to magnitude of the 11 Shaft tragedy, most Group reported safety metrics deteriorated significantly. The Group's fatal-injury frequency rate worsened to 0.209 per million man-hours worked (H1 FY2023: 0.032). The lost-time injury frequency rate (LTIFR) retraced 15% to 4.65 per million man-hours worked (H1 FY2023: 4.05). The Group recorded a 1% improvement in the total injury frequency rate to 9.05 (H1 FY2023: 9.16).

Safety remains our foremost priority. We aspire to eliminate harm to the health and safety of our employees and contractors, and we are devastated by the events in the period.

Mineral resources and mineral reserves

Following the acquisition of RBPlat, now Impala Bafokeng, the Group's attributable Mineral Resource estimate increased by 28% to 336.2 million 6E ounces from 262.7 million announced at the end of June 2023. The 75.0 million 6E ounces included from Impala Bafokeng were marginally offset by 1.5 million ounces in production depletion across Group operations during the period.

Group attributable Mineral Reserves increased by 21% to 63.4 million 6E ounces from 52.5 million ounces announced at Implats' year end, following the inclusion of 12.3 million 6E ounces from Impala Bafokeng, offset by 1.4 million ounces in production depletion.

Implats has published an Interim Mineral Resource and Mineral Reserve Statement, available on www.implats.co.za, which contains the Group's maiden declaration of Mineral Resources and Mineral Reserves for Impala Bafokeng.

Operational summary

Implats delivered strong production and commendable cost control, despite navigating several serious operational challenges and a low PGM price environment. Achieved volumes benefitted from the maiden interim consolidation of Impala Bafokeng. However, notable improvements were achieved on a like-for-like basis (excluding Impala Bafokeng's contribution) at the Groups' mining and processing operations. Input inflation eased, but rand depreciation persisted, which impacted the translated dollar cost and capital base of our Zimbabwean and Canadian assets.

Tonnes milled from the Group's managed operations increased by 21% to 14.31 million tonnes (H1 FY2023: 11.82 million), augmented by the inclusion of Impala Bafokeng, with 2% gains on a like-for-like basis — higher volumes at Impala Rustenburg and Zimplats offset lower throughput at Marula and Impala Canada. Grade improved by 6% to 3.77g/t (H1 FY2023: 3.56g/t), due to the improved ore mix at Impala Rustenburg, the prioritisation of higher-grade ore blocks at Impala Canada, and the inclusion of Impala Bafokeng volumes. 6E production at managed operations increased by 28% to 1.51 million ounces (H1 FY2023: 1.18 million) with a like-for-like improvement of 7% from the collective production base at Impala Rustenburg, Marula, Zimplats and Impala Canada.

6E production from joint ventures (JVs) increased by 2% to 276 000 ounces (H1 FY2023: 270 500 ounces). Improved grade at Two Rivers countered a constrained mining environment, while increased processing yields at Mimosa offset the deterioration in head grade due to bad ground conditions.

Concentrate receipts from third parties declined by 33% to 112 600 ounces (H1 FY2023: 169 100 ounces) as two contracts concluded in Q3 FY2023.

In total, Group production increased by 18% to 1.90 million 6E ounces (H1 FY2023: 1.62 million), with like-for-like gains of 2%.

Refined 6E production, which includes saleable ounces from Impala Bafokeng and Impala Canada, increased by 19% to 1.75 million ounces (H1 FY2023: 1.48 million ounces) and was 4% higher on a like-for-like basis. The frequency and intensity of load curtailment reduced in the period. As a result, Implats estimates production of circa 16 000 6E ounces was foregone across southern African managed and JV operations, and a further 8 000 6E ounces deferred (H1 FY2023: 9 000 ounces foregone and 38 000 ounces deferred). Implats ended H1 FY2024 with excess inventory of approximately 330 000 6E ounces (H1 FY2023: 140 000 6E ounces).

The benefit of volume gains and cost containment was offset by inflationary pressure related to rand depreciation on the translated dollar cost base of Zimplats and Impala Canada, and the inclusion of the Impala Bafokeng cost base. Group unit costs per 6E ounce increased by 5% to R20 334 on a stock-adjusted basis (H1 FY2023: R19 346 per ounce) and were 3% higher on a like-for-like basis.

Capital expenditure at managed operations rose by 38% to R6.8 billion (H1 FY2023: R4.9 billion) as spend at Impala Bafokeng was consolidated in the period, expenditure on growth projects at Zimplats accelerated and the rand weakened against the dollar. Stay-in-business spend of R3.2 billion, replacement capital of R1.4 billion and expansion capital of R2.2 billion increased by 3%, 29% and 211%, respectively.

Financial summary

The retracement in PGM pricing was the defining feature of the Group's financial performance in the period. The Group benefitted from strong operational delivery across its mining and processing operations and disciplined cost control. This was negated by the significantly weaker prevailing pricing, leading to a marked decline in reported financial metrics.

Revenue of R43.4 billion decreased by 25%, cost of sales of R40.0 billion were 2% lower and Implats delivered gross profit of R3.4 billion. EBITDA of R8.4 billion was achieved at an EBITDA margin of 19%.

Implats accounted for two once-off, non-cash items in H1 FY2024:

- A R701 million (no tax impact) impairment of property, plant and equipment at Impala Canada due to a further material decline in the US dollar palladium price and subsequent changes in planned operating parameters at the operation
- The R987 million post-tax attributable share of an impairment of property, plant and equipment at the Two Rivers JV (included in income from associates) due to the combined valuation impact of lower rand PGM pricing and elevated near-term capital expenditure from the Merensky project, currently under construction.

The tax charge for the period benefitted from a deferred tax credit relating to a reversal of withholding taxes on undistributed profits at Zimplats, which was partially offset by a deferred tax charge due to the increase in the Zimbabwean corporate tax rate.

Basic earnings declined to R1.6 billion or 180 cents per share, from R14.0 billion or 1 648 cents per share. Headline earnings of R3.3 billion or 365 cents per share were 77% and 78% lower, respectively. The weighted average number of shares in issue increased to 894.75 million from 847.62 million. The number of ordinary shares in issue increased to 904.37 million at period end from 866.40 million at 30 June 2023, after 37.97 million Implats shares were issued, with a fair value of R5.2 billion, in part consideration for the acquisition of the remaining 43.59% in RBPlat.

The Group reported a free cash outflow of R4.8 billion, after capital investment of R6.8 billion at its managed operations and ended the period with net cash after debt of R5.2 billion and liquidity headroom of R16.7 billion.

Prospects and outlook

PGM pricing has been negatively impacted by a confluence of factors that look set to persist in the medium term. We expect 2024 to be a difficult year characterised by anaemic precious metal consumer and investor sentiment as economic and geopolitical uncertainty linger. The Group has benefitted from some retracement in input pricing escalation, however, inflationary pressures on operating and capital cost have persisted.

Individual operational responses continue to evolve, and a comprehensive review of medium-term capital expenditure and planned production profiles has been initiated and implemented, with steps taken to preserve cash balances and secure positive free cash flow.

Impala Canada is being repositioned, with capital projects deferred and halted at Marula and Mimosa in the period. Significant effort is being placed on the strategic options to secure value at Impala Bafokeng and we continue to work closely with our JV partner at Two Rivers to ensure delivery of the Merensky growth project and the required step-change in mining performance at UG2 operations. Impala Rustenburg delivered exceptional results and generated free cash flow in the period, but medium-term production and capital investment plans are being carefully considered in response to the downturn in PGM pricing.

Guidance

Group production in FY2024 will be supported by strong delivery at Impala Rustenburg and Zimplats, countering the impact of headwinds faced at Marula, Impala Bafokeng and Two Rivers in H1 FY2024 and further supported by the changed operating parameters at Impala Canada. Implats' processing performance has benefitted from reduced load curtailment and, despite the scheduled smelter rebuild underway, Implats is pleased to reiterate previously provided production and cost guidance for FY2024, while trimming the outlook for capital expenditure despite a weaker assumed rand exchange rate.

Group 6E refined and saleable 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 R21 000 and R22 000 per ounce on a stock-adjusted basis. Group capital expenditure has been adjusted downwards and is forecast to be between R11.0 billion and R12.0 billion, inclusive of growth capital of between R3.0 billion and R3.5 billion. This guidance assumes exchange rates of R18.60/US\$ and C\$1.35/US\$, respectively.

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

Key financial metrics

		6 months ended 31 December 2023	6 months ended 31 December 2022	Variance %
Revenue	(Rm)	43 425	57 797	(24.9)
Gross profit	(Rm)	3 435	17 194	(80.0)
EBITDA*	(Rm)	8 435	24 506	(65.6)
Profit for the six months	(Rm)	1 697	14 827	(88.6)
Basic earnings	(Rm)	1 614	13 973	(88.4)
Headline earnings	(Rm)	3 264	14 020	(76.7)
Free cash (outflow)/inflow*	(Rm)	(4 760)	11 001	(143.3)
Net cash (excluding leases)	(Rm)	5 240	27 023	(80.6)
Basic earnings per share	(cps)	180	1 648	(89.1)
Headline earnings per share	(cps)	365	1 654	(77.9)
Dividends per share	(cps)	-	410	(100)

*Non-International Financial Reporting Standards metrics

Operating statistics

		6 months ended 31 December 2023	6 months ended 31 December 2022	Variance %
Gross refined production				
6E	(000oz)	1 751.1	1 476.0	18.6
Platinum	(000oz)	831.9	684.8	21.5
Palladium	(000oz)	593.3	519.7	14.2
Rhodium	(000oz)	97.7	85.8	13.9
Nickel	(tonnes)	8 309	7 944	4.6
Sales volumes				
6E	(000oz)	1 696.8	1 515.2	12.0
Platinum	(000oz)	809.5	729.1	11.0
Palladium	(000oz)	598.4	528.7	13.2
Rhodium	(000oz)	95.5	84.7	12.8
Nickel	(tonnes)	5 780	5 791	(0.2)
Prices achieved				
Platinum	(US\$/oz)	924	927	(0.3)
Palladium	(US\$/oz)	1 182	2 009	(41.2)
Rhodium	(US\$/oz)	4 152	13 805	(69.9)
Nickel	(US\$/t)	19 553	23 568	(17.0)
Consolidated statistics				
Average rate achieved	(R/US\$)	18.75	17.36	8.0
Closing rate for the period	(R/US\$)	18.36	17.04	7.7
Revenue per 6E ounce sold	(US\$/oz)	1 376	2 199	(37.4)
Revenue per 6E ounce sold	(R/oz)	25 795	38 117	(32.3)
Tonnes milled ex-mine*	(000t)	14 313	11 815	21.1
Group 6E production	(000oz)	1 901.6	1 618.3	17.5
Capital expenditure*	(Rm)	6 816	4 949	(37.7)
Group unit cost per 6E ounce (stock adjusted)*	(R/oz)	20 334	19 346	(5.1)
Group unit cost per 6E ounce (stock adjusted)*	(US\$/oz)	1 088	1 116	2.5

*Managed operations

Short form announcement

This announcement is extracted from the Group's condensed consolidated interim results (reviewed) for the six months ended 31 December 2023 ("Reviewed Results") and, as such, does not contain full or complete details. Any investment decisions should be based on consideration of the Reviewed Results.

This short-form announcement is the responsibility of the board of directors of Implats and is not itself reviewed but is extracted from the Reviewed Results.

Deloitte & Touche, the external auditors, have issued an unmodified review conclusion on the Reviewed Results. The review conclusion is available on Implats' website at <https://www.implats.co.za> and on the JSE's website at <https://senspdf.jse.co.za/documents/2024/jse/isse/IMPE/ie2024.pdf>. Copies of the Reviewed Results are also available on request from the company secretary at investor@implats.co.za.

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Johannesburg

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