

NORTHAM

PLATINUM HOLDINGS LIMITED

NORTHAM PLATINUM HOLDINGS LIMITED

Incorporated in the Republic of South Africa

Registration number: 2020/905346/06

JSE share code: NPH

ISIN: ZAE000298253

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

NORTHAM

PLATINUM LIMITED

NORTHAM PLATINUM LIMITED

Incorporated in the Republic of South Africa

Registration number: 1977/003282/06

JSE debt issuer code: NHMI

Bond code: NHM015 Bond ISIN: ZAG000164922

Bond code: NHM016 Bond ISIN: ZAG000167750

Bond code: NHM021 Bond ISIN: ZAG000181496

Bond code: NHM022 Bond ISIN: ZAG000190133

Bond code: NHM023 Bond ISIN: ZAG000190968

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 2024

Key metrics for the year ended 30 June 2024

- **10.3%** increase in equivalent refined metal from own operations to 892 876 oz 4E (F2023: 809 775 oz 4E), following a strong performance from all mines, including:
 - a **12.9%** increase in 4E metal in concentrate produced from own operations at Booyssendal to 511 340 oz 4E (F2023: 452 903 oz 4E); and
 - a **41.4%** increase in 4E metal in concentrate produced from own operations and surface sources at Eland to 69 020 oz 4E (F2023: 48 800 oz 4E).
- **7.3%** increase in 4E sales volumes.
- Both equivalent refined metal production from own operations and equivalent refined metal purchased from third parties exceeded guidance.
- **4.3%** increase in group unit cash costs per equivalent refined 4E ounce, notwithstanding the high inflationary environment. This was achieved as a result of disciplined cost control, increased production volumes and improved efficiencies.
- **22.2%** decrease in sales revenue to **R30.8 billion**, on the back of a **35.5%** decrease in the 4E ZAR basket price to R24 178/oz 4E (F2023: R37 488/oz 4E) and despite the 7.3% increase in 4E sales volumes.
- **68.8%** decrease in gross profit to **R4.8 billion** (F2023: R15.4 billion).
- **24.6% - 34.6%** expected decrease in basic earnings per share.
- **76.6% - 86.6%** expected decrease in headline earnings per share.
- Net debt as at 30 June 2024 improved to R3.1 billion (F2023: R9.4 billion) with a net debt to EBITDA ratio of 0.50, well below Northam's self-imposed target ratio of 1 to 1 in pursuance of the group's growth strategy.
- Our capital growth programme remains on track, despite temporary pauses to project modules that have not had a detrimental impact on the overall programme.

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 2024 ("F2024") are underpinned by a solid performance from all operations within the group, particularly from a cost containment and increased production perspective. Notwithstanding these contributors, Northam Holdings expects to report a decrease in earnings per share for F2024 compared to the previous financial year ended 30 June 2023 ("F2023"), mainly as a result of a 35.5% decrease in the 4E ZAR basket price.

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

	F2024	F2023	Variance
Basic earnings per share (cents)	428.3 – 493.7	654.5	(34.6% – 24.6%)
Headline earnings per share (cents)	324.3 – 565.7	2 414.9	(86.6% – 76.6%)
Number of shares in issue including treasury shares	396 238 229	396 615 878	(0.1%)
Weighted average number of shares in issue*	389 975 640	390 237 523	(0.1%)

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

Safety

The group's overall safety performance improved year on year, with the total injury incidence rate (TIIR expressed per every 200 000 hours worked) recorded at 1.23 (F2023: 1.38).

Zondereinde recorded a TIIR of 1.25 (F2023: 1.16) and surpassed 4 million fatality free shifts shortly after year-end. Despite Zondereinde's increase in the injury incidence rate in F2024, the mine has shown a positive trend in the reduction of injuries incurred over the past two decades. We remain acutely aware of the potential severity of injuries which may result from incidents and are proactively working to minimise both potential incidents and consequential injuries.

At Booyensdal mine, the strong safety performance continues with the mine surpassing 10 million fatality free shifts shortly after year-end and more importantly, the mine remains fatality free since mine inception over 14 years ago. Booyensdal's TIIR also improved to 1.24 (F2023: 1.77).

Eland's TIIR was 1.14 (F2023: 1.58), with the mine surpassing 2 million fatality free shifts during April 2024. Sadly, subsequent to year-end, on 5 August 2024 Mr Aubrey Katlego Sithole, a shotcrete assistant at Maroelabult, was fatally injured during a fall of ground incident in a development end. The board extends their heartfelt sympathies to Mr Sithole's family, friends and colleagues.

The safety of all of our employees remains of utmost importance and takes precedence over any production, operational or financial objectives. Improving safety performance, as well as the health and wellness of our workforce, remain critical focus areas for the business.

Production

F2024 has seen further progress towards the group's strategic goals of growing safe and sustainable production down the sector cost curve. Challenges remain, particularly in respect of metal prices, mining inflation and the potential for Eskom load curtailment events. Our capital growth programmes remain on track, despite temporary pauses to specific project modules that were delayed without these having a detrimental impact on the overall programme. The impact of our ongoing production growth on operational resilience continues to demonstrate the long-term contribution of our counter-cyclical investments made over the past decade in pursuit of establishing a very competitive and sustainable production base, which is able to withstand potential medium to long-term cyclical downturns.

Key features of the year have been the consistently strong production and safety performances delivered by all operations. Zondereinde benefitted from focussed 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. Booyssendal has reached its steady state production profile and Eland continues to ramp-up on schedule.

The group's equivalent refined metal from own operations increased by 10.3% to 892 876 oz 4E (F2023: 809 775 oz 4E). Strong production growth was recorded at Booyssendal and Eland, whilst production at Zondereinde showed marginal improvement ahead of the commissioning of 3 shaft.

Group production of chrome concentrate increased by 23.9% to 1 320 963 tonnes (F2023: 1 065 757 tonnes), on the back of improvements at all operations. This was particularly pleasing, given the strength of chrome prices during the year, contributing R3.8 billion to revenue.

Mining tonnages and grades across the group are expected to improve further over the coming two years as our growth and innovation projects reach completion and achieve their planned objectives, which, along with an expected increase in mineable reserves, will provide important additional operational flexibility.

Key production metrics for F2024, compared to F2023, are as follows:

	F2024	F2023	
	oz 4E	oz 4E	Variance
Equivalent refined production from own operations at Zondereinde (within guidance)	328 513	321 901	2.1%
Concentrate production from own operations at Booyssendal (exceeded guidance)	511 340	452 903	12.9%
Concentrate production from own operations at Eland (within guidance)	69 020	48 800	41.4%
Total equivalent refined metal production from own operations (exceeded guidance)	892 876	809 775	10.3%
Equivalent refined metal purchased from third parties (exceeded guidance)	135 409	119 820	13.0%
Total equivalent refined metal production from own operations including refined metal purchased from third parties	1 028 285	929 595	10.6%

Unit cash costs

The increase in group unit cash costs was limited to 4.3% to R23 811/oz 4E (F2023: R22 824/oz 4E), despite the ongoing trend of generally higher mining inflation. This achievement was primarily the result of increased mining production, improved concentrator feed grades and disciplined cost control. Unit cash costs increased at Zondereinde by 5.1% to R24 830/oz 4E and at Booyssendal by 4.4% to R17 520/oz 4E whilst at Eland unit cash costs decreased by 4.7% to R34 607/oz 4E as a result of the increased production volume absorbing high fixed costs during the ramp-up phase.

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

	F2024	F2023	Variance
Zondereinde cash cost per equivalent refined 4E ounce (better than guidance)	24 830	23 620	(5.1%)
Booyssendal cash cost per 4E ounce in concentrate produced (within guidance)	17 520	16 789	(4.4%)
Eland cash cost per 4E ounce in concentrate produced (within guidance)	34 607	36 319	4.7%
Group cash cost per equivalent refined 4E ounce (better than guidance)	23 811	22 824	(4.3%)

Sales revenue

Sales revenue for F2024 amounted to R30.8 billion, a decrease of 22.2% (F2023: R39.5 billion).

The decrease in sales revenue is attributable to a 35.5% decrease in the 4E ZAR basket price to R24 178/oz 4E (F2023: R37 488/oz 4E), despite a 7.3% increase in 4E sales volumes to 950 251 oz 4E (F2023: 885 347 oz 4E) and increased revenue from chrome sales. The lower ZAR basket price is the combined result of a 38.7% lower 4E US dollar ("USD") basket price of USD1 295/oz 4E (F2023: USD2 112/oz 4E) tempered by a 5.2% increase in the average ZAR/USD exchange rate achieved, i.e. a weaker Rand, being R18.67/USD (F2023: R17.75/USD).

Total revenue per equivalent refined 4E ounce sold decreased by 27.5% to R32 377/oz 4E (F2023: R44 670/oz 4E). This, combined with unit cash costs increasing by 4.3% from R22 824/oz 4E to R23 811/oz 4E, led to a decrease in the cash profit margin per 4E ounce to 26.5% (F2023: 48.9%).

The table below summarises metal volumes dispatched to the group's precious metal refiners, compared to metal volumes refined and sold, together with the average USD sales prices achieved per metal during F2024.

	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	535 111	537 738	572 657	930
Palladium	259 922	261 980	279 655	1 070
Rhodium	81 446	82 475	87 726	4 300
Gold	9 372	9 528	10 213	2 072
Total 4E	885 851	891 721	950 251	1 295

Included in total equivalent refined metal sold is concentrate sold to a third party to honour legacy offtake agreements relating to the Everest and Maroelabult operations, which contained 52 317 oz 4E in concentrate (F2023: 54 220 oz 4E). Refined metal sold to the group's customers totalled 899 377 oz 4E (F2023: 832 602 oz 4E).

Financial results

Sales revenue decreased by 22.2% compared to an increase in cost of sales of 7.6%. This resulted in a gross profit of R4.8 billion (F2023: R15.4 billion), and a gross profit margin of 15.7% (F2023: 39.1%).

We operate a largely fixed cost business and consider increasing our production, and doing so efficiently and sustainably, to be our best defence against current global inflationary pressures and fluctuating metal prices. 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 on a sustainable basis.

Earnings before interest, taxation, depreciation and amortisation, and excluding the loss on the sale of Impala Platinum Holdings Limited shares ("**Implats Shares**"), ("**EBITDA**") amounted to R6.3 billion (F2023: R16.5 billion).

As at 30 June 2024, inventory on hand amounted to 475 420 oz 4E, valued at R14.5 billion when applying the 4E basket price and exchange rate at 30 June 2024.

Our operations generated cash to the value of R3.5 billion (before cash capital expenditure of R4.7 billion), impacted by negative working capital movements amounting to R2.4 billion relating to a build-up of inventory to the value of R1.2 billion and the settlement of trade and other payables of R1.0 billion, which included the payout of profit share schemes across the group.

In addition, the group paid R2.7 billion in dividends, and settled Domestic Medium-Term Notes to the value of R4.3 billion.

At year-end, the cash balance amounted to R7.5 billion.

The sale of our non-core investment in Implats Shares contributed to a reduction in Net Debt to R3.1 billion (F2023: R9.4 billion), whilst we continue to invest in organic growth.

Capital expenditure

Capital expenditure of R4.6 billion related to significant activity on the Western extension project at Zondereinde, together with the ongoing ramp-up at Eland. Further development activity at both sites is planned 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 the 3 shaft for personnel and material transport, as well as the provision of services, is in progress, as is reaming of the 3a ventilation shaft. Pilot drilling of the 3b rock hoisting shaft continues and shaft commissioning is scheduled for the 2028 calendar year.

At the group's metallurgical facilities, upgrades to the base metal removal plant are progressing well and the commissioning of the expanded and upgraded furnace slag concentrator is improving overall metal recovery, as well as the cash conversion of excess inventory. The planned re-build of smelter furnace 2 commenced during May 2024 and was completed, on schedule, shortly after year-end.

At Booysendal, the full complement of stoping crews is in place at the Central UG2 modules and production has reached steady state levels. Decline development is continuing in order to increase mineable reserves and operational flexibility.

At Eland mine, processing of ore from surface sources continues, whilst underground feed is being batch treated. Development of the decline systems was temporarily paused in order to limit capital expenditure whilst focussing on strike and raise development to increase mineable reserves. Underground stoping ramp-up continues. This is yielding meaningful increases in own 4E metal production. In addition, the successful on-schedule completion of a new 4.5 metre diameter raise-bored ventilation shaft during December 2023 has significantly improved environmental conditions, particularly in the deeper sections of the mine that are critical to the medium-term ramp-up of the mine.

A raft of global geopolitical and macro-economic issues has the potential to cause further disruption to the Platinum Group Metal ("PGM") markets and metal prices, whilst the possibility of further Eskom load curtailment events could lead to additional operational disruption and challenges. We continue to monitor the market and have recently commissioned additional on-demand self-generation capacity at all our operations.

The group capital programme has and will be amended when and where prudent, taking into account the changing landscape and new market insights.

The development of an 80 MW solar power facility at Zondereinde is in progress. Development is in collaboration with an Independent Power Producer through a Power Purchase Agreement. Power will be supplied behind the Eskom meter, and will thus not be subject to load curtailment events. Construction is scheduled to commence during the second quarter of the new year and commissioning is scheduled midway through F2026. This, together with the additional self-generation capacity, will enable unimpeded production under level 4 Eskom load curtailment conditions, which is equivalent to stage 6 loadshedding.

Conclusion

The group has delivered a strong operational performance for F2024, whilst achieving significant strategic advancements, including:

- Continuing to improve the safety performance and health and wellness of our employees – The group strives to improve the safety performance and health and wellness of all employees, by continuously seeking to avoid and reduce injuries, applying appropriate technologies, communication and training, and reinforcing operational standards and responsibilities.
- Effective cost control – Cost containment is essential to the group’s sustainability. Northam strives to maintain its relative position in the lower half of the industry cost curve.
- Management of production and performance targets to ensure the successful execution of Northam’s business strategy – Management sets realistic but stretched performance targets for the business. The successful execution of Northam’s strategy will positively affect shareholders and stakeholders alike.
- Effective project execution – The group has a focussed capital expansion programme in place to secure its future through the creation of long-life, low-cost, sustainable operations. Successful project execution is key to creating a sustainable business for the long-term benefit of all of Northam’s stakeholders.

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 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.

The current price environment may last for some time and this, combined with higher general inflation, is placing pressure on the entire PGM sector. Relative positioning on the industry cost curve, and the ability to retain operational flexibility and balance sheet strength, are becoming increasingly important.

In light of the prevailing PGM market uncertainty, Northam remains internally focussed and places full emphasis on operational excellence, particularly surrounding safe, sustainable production, and efficient mining at the right cost. Cash generation and preservation will remain particular focus areas for the group in the coming year.

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 F2024 are expected to be published on or about 30 August 2024.

Johannesburg

14 August 2024

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

ONE CAPITAL
Capitalising Expertise®

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

ONE CAPITAL
Capitalising Expertise®
