

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" or "the Group")

INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2021 AND CASH DIVIDEND DECLARATION

Key features for the six months:

- Regrettably, six fatal injuries occurred in the period
- 21% improvement in LTIFR to 3.88 from FY2021
- 6% deterioration in TIFR to 10.45 from FY2021
- 88% of employees, including contractors, are fully vaccinated
- 4% decline in gross 6E concentrate volumes to 1.62Moz
- 5% decrease in refined and saleable 6E production to 1.62Moz
- Group unit costs per 6E rose 17% to R16 756/oz on a stock-adjusted basis
- Consolidated Group capital expenditure of R3.6bn
- 6E dollar basket pricing up 10% to US\$2 417/oz as rhodium gained 29%
- Rand revenue per 6E ounce sold increased by 2% to R36 230/oz
- Robust earnings and free cash flow generation, restrained by operational challenges and inflation
- Gross profit of R17.9bn and EBITDA of R24.0bn
- Headline earnings of R13.8bn (-4%) and headline earnings per share of 1 690c (-9%)
- Free cash flow of R15.1bn and closing net cash (excluding leases) of R18.5bn
- Interim dividend of 525c per share declared
- Acquired 35.3% shareholding in RBPlat

Commentary

It was a challenging period for Implats. The financial consequences of a series of operational challenges were compounded by softening rand PGM pricing, which came off record highs reached in late FY2021. The ongoing impact of the Covid-19 pandemic continues to be felt in constrained labour and skills availability, elevated absenteeism and heightened community dissatisfaction and lawlessness. This required increased focus and innovation from management teams and added to the challenges that have persisted across the sector for several years. Inflationary pressures were compounded by the strategic decision to increase labour to facilitate mining development rates and the payment of a discretionary employee bonus in recognition of the Groups' strong financial performance in FY2021.

Profitability and cash generation remained strong, indicative of the enduring robustness of the current PGM cycle. The Group delivered meaningful progress against several key strategic imperatives, including advancing a suite of processing projects aimed at capitalising on inherent

mining efficiencies, ore resource optionality and flexibility at managed and joint venture (JV) operations. An integrated plan to increase capacity across the Group's smelting and refining assets, advance the reduction of Implats' carbon footprint and deliver sustainable improvements in environmental performance is now underway.

Safe production is the cornerstone of Implats' objective to achieve zero harm for all employees and contractors. It is with deep regret the Group reports a deterioration in its safety record in the period under review, with six fatal injuries at our managed and joint venture operations. The fatal injury frequency rate and the total injury-frequency rate deteriorated to 0.080 and 10.45 per million man-hours worked, respectively. In contrast, the lost-time injury frequency rate improved by 21% to 3.88 per million man-hours worked and, by period end, 13 of the Group's 17 operations had achieved millionaire or multi-millionaire status in terms of fatality-free shifts.

Lower reported volumes at Impala Rustenburg and Impala Canada offset improved throughput at Marula and concentrate production at managed operations decreased by 4% to 1.62 million 6E ounces. 6E concentrate production from JV operations at Two Rivers and Mimosa declined by 4% to 271 000 ounces. Third-party 6E receipts of 188 000 ounces were 4% lower and in aggregate, gross 6E concentrate volumes produced declined by 4% to 1.62 million ounces.

Group refined production of 1.62 million 6E ounces, including saleable production from Impala Canada, declined by 5%. Refined volumes in the previous comparable period benefitted from increased availability of processing capacity due to the timing of annual maintenance. Processing assets performed well, with all previously identified excess 6E concentrate stocks treated during the period.

Inflationary pressures were compounded by additional working cost labour and the payment of the previously signalled discretionary employee bonus in recognition of the Groups' strong financial performance in FY2021 but benefitted somewhat from the impact of rand strength on translation of the cost base at Zimplats and Impala Canada. Total cash operating costs increased by 12%, while unit cost inflation was compounded by lower production volumes and, on a stock-adjusted basis, increased by 17% to R16 756 per 6E ounce (H1 FY2021: R14 292 per ounce).

Capital expenditure at managed operations rose by 34% to R3.6 billion (H1 FY2021: R2.7 billion) as investment accelerated across the mining and processing operations at Impala Rustenburg following Covid-19-related delays in the prior comparable period, and several Group replacement and growth projects were initiated during the period.

The proposed acquisition of all outstanding Royal Bafokeng Platinum (RBPlat) shares will provide compelling strategic, operational, and financial benefits for Implats and RBPlat stakeholders and local communities. It will secure a Western Limb production base to enhance and entrench the region's position as the most significant source of global primary PGM production, and will deliver tangible socio-economic benefits for the region, its communities, and South Africa as a whole, including employment security and sustained indirect benefits for the greater-Rustenburg region.

The offer consideration for every RBPlat share consists of R90 cash and 0.30 Implats shares. Implats' 35.3% in RBPlat ownership at 31 December 2021 and the RBPlat board's recommendation indicate the broad support received for the offer and affirms the strategic rationale and value proposition provided by this acquisition. During the period, the Group accounted for a R9.2 billion cash outflow and R6 billion issue of equity in relation to the RBPlats offer.

While rand PGM pricing retraced from recent highs, and sales volumes declined as the Group faced a series of operational challenges, Implats continued to deliver robust earnings and free cash flow generation. The Group maintained a strong and flexible balance sheet while pursuing value-accretive organic and acquisitive growth, and sustaining its commitment to shareholder returns.

Revenue of R55.6 billion decreased by 4%, cost of sales of R37.7 billion increased by 5% and Implats delivered gross profit of R17.9 billion. EBITDA of R24.0 billion was achieved at an EBITDA margin of 43%.

Implats accounted for two significant once-off, non-cash items in the prior comparable period: an impairment reversal of R14.7 billion; and a R1.5 billion IFRS 2 BEE charge relating to the restructuring of the Marula BEE debt, which was included in other expenses. In the period under review, income benefitted from foreign exchange gains and increased finance income.

Basic earnings declined to R13.8 billion or 1 693 cents per share while headline earnings of R13.8 billion or 1 690 cents per share were 4% and 9% lower, respectively.

The Group generated R15.1 billion in free cash flow, after capital investment of R3.5 billion at its managed operations and ended the period with net cash after debt of R18.5 billion and liquidity headroom of R26.5 billion. The board of directors declared an interim dividend of 525 cents per share.

Prospects and outlook

All three major PGM markets — platinum, palladium, and rhodium — recorded fundamental surpluses in 2021. The combination of accelerated destocking of producer inventories, coupled with the shortfall in expected auto demand due to the worsening chip shortage, resulted in a year characterised by extreme volatility, with tight physical markets and price support in the first half of the calendar year countered by increased primary and secondary refined supplies and erratic auto purchases in the latter months.

PGM pricing improved in early 2022. Auto production supply chain constraints eased, supporting increased physical demand as rising geopolitical tensions and well-signalled processing maintenance across the sector reaffirmed persistent supply-side constraints. The confluence of these factors is likely to result in a tightening of both palladium and rhodium markets relative to the over-supply experienced in H1 FY2022. Platinum remains vulnerable to changes in broader precious metal investor sentiment in the short to medium term.

The Group remains confident in its assertion of enduring, elevated strength in PGMs, and the strategic rationale of accelerated investment to secure the long-term sustainability and competitiveness of its diverse asset suite, including industry-leading integrated processing assets.

The operational focus in the remainder of FY2022 will be on restoring operational momentum at Impala Rustenburg and Impala Canada, progressing delivery across the project suite currently underway, and advancing those projects approaching approval at the broader Group level.

Implats is committed to maintaining and enhancing its relentless focus on stakeholder engagement as it navigates the changeable socio-economic environment in South Africa, Zimbabwe, and Canada, and pursues the proposed acquisition of a majority stake in RBPlat.

The impact of production shortfalls relative to expectations at Impala Rustenburg and Impala Canada, together with the extension of processing maintenance, has necessitated revisions to previously provided key guidance parameters.

Production volumes will be negatively impacted by the accumulation of inventory and Group 6E refined production in FY2022 is estimated to be between 3.10 and 3.20 million ounces. Group operating costs are forecast to be between R16 800 and R17 400 per 6E ounce on a stock-adjusted basis. Group capital expenditure is forecast to be between R8.5 and R9.5 billion as project approvals at Zimplats result in upward revisions to previous guidance. This revised guidance assumes exchange rates of R15.20/US\$ and C\$1.26/US\$, respectively.

Key financial metrics

		Six months ended 31 December 2021	Six months ended 31 December 2020
Revenue	Rm	55 620	58 121
Gross profit	Rm	17 945	22 366
EBITDA*	Rm	23 992	25 064
Profit for the year	Rm	14 383	25 417
Basic earnings	Rm	13 838	25 078
Headline earnings	Rm	13 814	14 441
Free cash flow*	Rm	15 149	20 145
Net cash (excluding leases)	Rm	18 537	20 282
Basic earnings per share	cents	1 693	3 222
Headline earning per share	cents	1 690	1 855
Dividend declared	cps	525	1 000

*Non-International Financial Reporting Standards metrics

Operating statistics

		Six months ended 31 December 2021	Six months ended 31 December 2020
Gross refined production			
6E	(000oz)	1 616.6	1 694.2
Platinum	(000oz)	759.6	787.0
Palladium	(000oz)	551.2	576.4
Rhodium	(000oz)	92.6	102.5
Nickel	(tonnes)	8 223	7 989
Sales volumes			
6E	(000oz)	1 545.7	1 621.4
Platinum	(000oz)	741.0	691.8
Palladium	(000oz)	529.5	580.4
Rhodium	(000oz)	84.3	103.8
Nickel	(tonnes)	6 111	5 811
Prices achieved			
Platinum	(US\$/oz)	1 022	915
Palladium	(US\$/oz)	2 200	2 265
Rhodium	(US\$/oz)	16 036	12 454
Nickel	(US\$/t)	18 476	14 351
Consolidated statistics			
Average rate achieved	(R/US\$)	15.00	16.22
Closing rate for the period	(R/US\$)	15.94	14.67
Revenue per 6E ounce sold	(R/oz)	36 230	35 635
Revenue per 6E ounce sold	(US\$/oz)	2 417	2 197
Tonnes milled ex-mine*	(000t)	11 301	11 789
Gross 6E concentrate receipts	(000oz)	1 616	1 684
Capital expenditure*	(Rm)	3 568	2 667
Group unit cost per 6E ounce stock adjusted*	(R/oz)	16 756	14 292
Group unit cost per 6E ounce stock adjusted*	(US\$/oz)	1 114	879

*Managed operations

DECLARATION OF DIVIDEND

Shareholders are advised that the board has resolved to declare an interim cash dividend of 525 cents per ordinary share, amounting to R4.5 billion at the date of declaration, for the six months ended 31 December 2021. 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 847 914 611 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 420 cents per ordinary share for shareholders liable to pay the dividend withholding tax and 525 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:

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| • Declaration date: | Tuesday, 1 March 2022 |
| • Last day for trading to be eligible for cash dividend: | Tuesday, 15 March 2022 |
| • Trading ex-dividend commences: | Wednesday, 16 March 2022 |
| • Record date: | Friday, 18 March 2022 |
| • Dividend payment date: | Tuesday, 22 March 2022 |

Share certificates may not be dematerialised or rematerialised between Wednesday, 16 March 2022 and Friday, 18 March 2022, both days inclusive.

Short form announcement

This announcement is a summarised version of the Group's full announcement and, as such, it does not contain full or complete details pertaining to the Group's results. Investment decisions should be made after taking into consideration the full announcement. Deloitte & Touche, the auditors, have issued an unmodified review conclusion relating to the reviewed results. This announcement is not reviewed but extracted from the reviewed results.

The financial information on which the above-mentioned prospects and outlook is based has not been reviewed and reported on by Implats' external auditors.

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/2022/jse/isse/IMPE/ie2022.pdf>.

The full announcement is also available for inspection, at no charge, at our registered office (2 Fricker Road, Illovo) and the office of our sponsor (Nedbank Corporate and Investment Banking, 135 Rivonia Road, Sandton) from 09:00 to 16:00 weekdays. A copy of the full announcement may also be requested from the company secretary at investor@implats.co.za.

This short form announcement is the responsibility of the board of directors.

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1 March 2022

Johannesburg

Sponsor to Implats

Nedbank Corporate and Investment Banking, a division of Nedbank Limited