

NEWS RELEASE

IMPLATS POSTS RECORD FINANCIAL RESULTS

Johannesburg, 02 September 2021 – Boosted by a record rand PGM basket price, improved operational momentum and higher sales, Impala Platinum Holdings Limited (Implats) has posted a 125% increase in headline earnings to R36.4bn or R46.35 per share. A final dividend of R12.00 per share was declared, bringing the total dividend for the full year ended 30 June 2021 to R22.00 per share. The Group has allocated 70% of the free cash flow generated to shareholder returns, through convertible bond repurchases and cash dividends.

Implats CEO, Nico Muller, said: *“Implats harnessed the benefit of improved operational momentum and record rand pricing for our primary products to deliver stellar results for the year ended 30 June 2021. This was achieved despite the challenges presented by Covid-19 and the erratic provision of essential services required to operate the Group’s globally diverse suite of mining and processing assets.*

This performance is testament to the progress made in the strategic repositioning of Implats over the past several years, which has enabled us to leverage the windfall on pricing to strengthen the business, care for employees, reward investors and secure the future growth and sustainability of the business.

Implats’ balance sheet is strong, with a substantial closing net cash balance and increased funding flexibility through upsized and refinanced facilities. In line with our capital allocation priorities, this will allow the Group to increase shareholder returns and fund the sustainable and efficient growth potential of our asset base.

The operational focus in the near-term will be on the further strengthening of our operating assets, leveraging the enhanced mining flexibility established at Impala Rustenburg to deliver further growth, and advancing projects across mine-to-market operations where we have sought to capitalise on inherent mining efficiencies and flexibilities at our low-cost assets to capture quick-to-market production growth to harness the benefit of a robust PGM pricing cycle.

The Group’s processing assets are a key competitive differentiator. The changing ore mix of our growing production profile and the aspiration to improve the energy efficiency and environmental impact of our value chain will result in a series of studies aimed at proposing the optimal route for expansion.

Internal planning to secure operational resilience during the pandemic has been ongoing since its emergence in early 2020 and vigilance in protecting the safety and health of our employees will be maintained in FY2022 as we complete our planned vaccination programme for employees.”

KEY FEATURES FOR THE 12 MONTHS

Safety

- Regrettably, three fatal injuries recorded at managed operations
- 48% improvement in FIFR to 0.026*
- 13% improvement in TIFR to 9.84*

Operational

- Successfully navigated Covid-related operational challenges
- 18% increase in managed 6E concentrate production to 2.37Moz
- 10% increase in joint venture operations 6E concentrate production to 561koz
- 9% increase in third-party 6E receipts to 358koz
- 16% increase in refined 6E production to 3.27Moz
- 17% increase in 6E sales volumes of 3.27Moz
- Group unit costs per 6E rose 11% to R14 840 per ounce on a stock-adjusted basis
- Consolidated Group capital expenditure of R6.4bn

Financial

- Gross profit of R53.5bn (+130%) and EBITDA of R61.4bn (+109%)
- Headline earnings of R36.4bn (+125%) or 4 635c per share
- Free cash flow of R38.3bn (+166%)
- R23.5bn cash net of debt
- Debt-free and improved liquidity headroom of R30.9bn
- 70% of free cash flow allocated to shareholder returns through repurchase of ZAR convertible bonds and payment of cash dividends
- Final dividend of 1 200c per share, bringing total FY2021 dividend to 2 200c per share

Market

- 6E dollar basket pricing up 59% to US\$2 587/oz driven by record rhodium and palladium prices
- Rand revenue per 6E ounce sold increased by 59% to R39 478/6E oz sold
- Fundamental deficits in Pt, Pd and Rh markets in 2020
- Continued tightening in markets for Pd and Rh to support higher pricing in the medium term
- Pt prospects remain muted in the near term, but growing momentum for development of hydrogen economy
- Global focus on critical role South Africa plays in PGM supply

**per million man-hours worked*

SAFETY

Safe production is non-negotiable. Ensuring the safety of employees and contract workers is essential to delivering on Implats' commitment to zero harm. Implats delivered an improved safety performance. Despite this, regrettably, three employee fatalities were recorded at managed operations in the period under review.

The fatal injury frequency rate improved to 0.026 per million man hours worked (FY2020: 0.050). The total injury frequency rate improved 13% to 9.84 per million man hours worked (FY2020: 11.30). Of note, Impala Rustenburg achieved a fatality free 12 month period and more than 10 million fatality free shifts during the period, a record for the mining complex.

SUSTAINABILITY

Implats is committed to demonstrating socially and environmentally responsible business practices and aspires to create a better future through the metals it produces and the way it conducts business, underpinned by its core values to respect, care and deliver. The Group prioritises safe, responsible, competitive and consistent operational delivery, while applying industry leading ESG practices.

Health and wellbeing: During the period the Group strengthened its Covid-19 approach through operational risk management tools. This ensured sustained control, with infection and mortality rates remaining significantly below the average rates in the jurisdictions in which the Group operates. R711 million was spent on Covid-19 initiatives across the Group, of which R563 million was spent at managed operations.

Impala Rustenburg was the first accredited mine vaccination site in South Africa, Zimplats was awarded a national award for the support it has provided during the Covid-19 pandemic and in Canada, our Lac des Iles mine was the first in Ontario to host a vaccination clinic for healthcare staff.

By 27 August 2021, 61% of our workforce had received their first dose of the approved vaccine, while 26% had completed their vaccinations. In Zimbabwe and Canada 98% and 85% respectively of our employees were vaccinated in full.

Environment: For the eighth consecutive year, Implats recorded no major (level 5) or significant (level 4) environmental incidents. It achieved a 56% reduction in limited-impact (level 3) environmental incidents to seven (FY2020: 16).

Social: Constructive and beneficial relationships in mine-host communities and sustainable socio-economic development remain priorities. In South Africa, the Group spent R126 million on community development initiatives, a further R212 million on the Group's industry leading housing development and R719 million on skills development. R3.5 billion was spent with local-tiered suppliers with >25% black ownership and US\$239 million (or 56% of discretionary spend) was spent with local suppliers in Zimbabwe. In Canada, supplies to the value of C\$39 million were procured from Indigenous communities in the areas of the mine's operations.

Direct state taxes paid in FY2021 increased to R14.3 billion from R1.7 billion in the prior year, while royalty payments increased to R4.74 billion from R1.37 billion.

GROUP OPERATIONAL REVIEW

Tonnes milled from the Group's managed operations at Impala Rustenburg, Zimplats, Marula and Impala Canada increased by 19% to 23.21 million tonnes (FY2020: 19.58 million tonnes). Each operation delivered volume gains and the Group benefitted from a full annual contribution from Impala Canada, which was acquired in December 2019.

6E concentrate production from mine-to-market operations, including the JVs at Two Rivers and Mimosa, increased by 16% to 2.93 million ounces (FY2020: 2.52 million ounces), as production from managed operations improved 18% to 2.37 million ounces (FY2020: 2.01 million ounces). Third-party 6E concentrate receipts increased by 9% to 358 000 ounces (FY2020: 327 000 ounces). In aggregate, total 6E concentrate production of 3.29 million ounces increased by 16% (FY2020: 2.85 million ounces).

Group refined 6E production of 3.27 million ounces increased by 16% (including saleable production from Impala Canada) from 2.81 million ounces in the prior comparable period. On a stock-adjusted basis, unit costs increased by 11% to R14 840 per 6E ounce, with Covid-related expenditure amounting to R563 million or R240 per 6E ounce.

Capital expenditure increased by 43% to R6.4 billion (FY2020: R4.5 billion). While capital expenditure in the prior comparable period was impacted by reduced capital development and limited project progression during the various national Covid-19 lockdowns, FY2021 reflected the impact of the inclusion of Impala Canada for the full reporting period, and accelerated spend at Zimplats following the early approval of the expansion projects at Mupani and Bimha and the ongoing spend on the Mupani and third concentrator projects.

Please visit www.implats.co.za for the breakdown per operation.

FINANCIAL REVIEW

Implats achieved record financial results for the period, driven by higher sales volumes delivered into a robust rand PGM pricing environment. The increased profitability and strong free cash flow generation has enabled further proactive debt reduction while providing strong shareholder returns in line with our capital allocation framework.

- **Revenue** of R129.6 billion increased by 86%, or R59.7 billion, due to higher dollar metal prices realised. Higher rhodium (41% of revenue), palladium (31% of revenue) and platinum (17% of revenue) prices increased revenue by R32.0 billion, R8.9 billion and R3.4 billion, respectively
- Improved dollar prices, together with changes in the sales mix, which includes the benefit of higher sales of ruthenium, resulted in a 59% improvement in **total dollar revenue per ounce** sold to US\$2 587 per ounce (FY2020: US\$1 624)
- **Sales volumes** increased by 17% to 3.27 million ounces due to improved operating momentum and the inclusion of Impala Canada's results for the full reporting period
- The **average exchange rate achieved** of R15.26/US\$ (FY2020: R15.31/US\$) remained at similar levels to the prior comparable period. Together with higher dollar metal prices, the **rand revenue per 6E ounce sold** rose by 59% to R39 478 (FY2020: R24 863)
- **Cost of sales** of R76.1 billion increased by 63%, or R29.5 billion
- Stock-adjusted **unit costs** increased by 11% to R14 840 per 6E ounce, with mining inflation of 5.1% exacerbated by Covid-related costs, once-off safety and production bonuses, increased investment on asset integrity, improved maintenance and targeted spend on development to improve mining flexibility

- Record revenue resulted in the Group generating a **gross profit** of R53.5 billion, up 130% or R30.2 billion.
- The Group recorded **EBITDA** of R61.4 billion (FY2020: R29.4 billion) at an EBITDA margin of 47% (FY2020: 42%)
- **Basic earnings** increased to R47.0 billion or 5 996 cents per share from R16.1 billion and 2 066 cents per share in the prior comparable period
- After adjusting for the after-tax profit on the reversal of the impairment, **headline earnings** more than doubled to R36.4 billion or 4 635 cents per share (FY2020: R16.1 billion and 2 075 cents per share)
- The Implats board has approved the declaration of a **final dividend** of R12.00 per ordinary share, in line with the approved dividend policy, bringing the total dividend for FY2021 to R22.00 per share (FY2020: R5.25 per share)
- **Cash flow** generated from operations increased by R37.1 billion to R56.9 billion
- **Capital spend** of R6.3 billion increased by 47% due primarily to the inclusion of a full year of spend at Impala Canada, increased operating momentum as well as the acceleration of projects at Zimplats
- **Free cash flow** increased to R38.3 billion from R14.4 billion.
- **Accelerated debt reduction** resulted in the repayment of almost all outstanding debt (excluding lease liabilities) at year end
- Implats closed the period with **gross cash** balances of R23.5 billion
- **Liquidity headroom** — comprising gross cash of R23.5 billion, net of restricted cash of R362 million, and undrawn committed facilities — increased to R30.9 billion (FY2020: R16.1 billion)

Cash generation during the financial year, together with the debt reduction initiatives, resulted in Implats ending the period debt free with a substantial increase in the cash balance and balance sheet headroom strengthened through increased facilities.

MARKET

All three major PGM markets — platinum, palladium and rhodium — recorded fundamental market deficits during calendar 2020. Covid-related market shocks were considerable with PGMs facing unprecedented demand destruction due to interrupted economic activity, which was largely balanced by simultaneous and unforeseen supply reductions. While both palladium and rhodium were in fundamental industrial deficits, physical investment demand for platinum absorbed the industrial and jewellery surplus, tightened the market and supported pricing.

In calendar 2021, a moderation in investment demand is likely to result in the platinum market returning to surplus. The supply impact of the release of in-process inventory by South African producers will be compounded by the demand impact of the global semi-conductor chip shortage on automotive production. In the case of palladium, reduced Russian supply should result in a persistent, but moderated deficit, while in rhodium a more balanced market in 2021 is expected before demand growth in 2022 results in continued market tightness and a fundamental deficit.

Conversations with Implats customers recognise the supply constraints that characterise the markets, and while requests for palladium and rhodium have long exceeded the Group's offered volumes, tightening markets for iridium and ruthenium have intensified the focus on the critical role South Africa plays in supplying the PGMs required for the evolving end-uses in industrial applications over the next decade.

OUTLOOK

Production volumes will be supported through the planned release of accumulated inventory and Group 6E refined production is estimated to be between 3.30 and 3.56 million ounces for FY2022.

The board approved a R1.1 billion once-off, discretionary employee award, which will be paid in FY2022 and will add R450 per 6E ounce to unit costs in FY2022. Group capital expenditure is forecast to be between R8.0 and R9.0 billion.

Ends

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