Interim results for the six months ended 30 June 2025, ordinary cash dividend declaration and a share repurchase

THUNGELA RESOURCES LIMITED
(Incorporated in the Republic of South Africa)
Registration number: 2021/303811/06
JSE Share Code: TGA
LSE Share Code: TGA
ISIN: ZAE000296554
Tax number: 9111917259
('Thungela' or the 'Company' and, together with its affiliates, the 'Group')

Interim results for the six months ended 30 June 2025, ordinary cash dividend declaration and a share repurchase

Thungela's strong balance sheet enables shareholder returns for the six months ended 30 June 2025 while navigating challenging operating conditions

- Operating a fatality-free business for two and a half years
- Export saleable production in South Africa increased year-on-year to 6.4Mt and Ensham achieved production of 1.6Mt (on a 100% basis)
- Adjusted operating free cash flow* of R484 million for the period and net cash* of R6.3 billion at 30 June 2025, after capital expenditure of R1.2 billion
- Declaration of an ordinary interim cash dividend of R2 per share and a share buyback of up to R140 million
- Shareholder returns of 87% of adjusted operating free cash flow* underscores our commitment to shareholder returns through the cycle
- The Group remains on track to achieve full year guidance

Key performance metrics(1)

(Rand million unless otherwise stated)	30 June 2025	30 June 2024	% change
Export saleable production - South Africa (kt)	6,438	6,167	4
Export saleable production - Ensham (on a 100% basis) (kt)	1,574	1,884	(16)
Revenue	14,813	16,752	(12)
Profit for the reporting period	248	1,186	(79)
Earnings per share (cents/share)	193	952	(80)
Headline earnings per share (cents/share)	192	952	(80)

Dividend per share (cents/share) 200 200 —
Alternative performance measures*
Adjusted EBITDA 691 2,146 (68)
Adjusted EBITDA margin (%) 5 13 (8pp)
Adjusted operating free cash flow 484 936 (48)
Net cash 6,250 6,683 (6)
Capital expenditure (1,214) (1,541) (21)
FOB cost per export tonne excluding
royalties - South Africa (Rand/tonne) 1,258 1,189 (6)
FOB cost per export tonne excluding
royalties - Ensham (Rand/tonne) 1,694 1,360 (25)

(1) The Group financial results include the results of the Ensham Business at 85% until 28 February 2025,
and 100% from that date.

MESSAGE FROM JULY NDLOVU, CHIEF EXECUTIVE OFFICER

We are proud to report that we have operated for two and a half years without a loss of life. This bears testament to our unwavering commitment to safety as our first value. We remain unconditional about protecting the lives of our people.

The global operating environment was characterised by increasing geopolitical uncertainties and tariff escalations disrupting global supply chains. These uncertainties resulted in weak demand in key coal demand regions resulting in softer prices, last seen during the Covid-19 pandemic. The financial results for the six months ended 30 June 2025 however, demonstrate the strength of our balance sheet, which has enabled the business to navigate the challenging market and operating environments while maintaining a disciplined capital allocation approach.
We maintained our focus on controlling the controllables through increased production in South Africa, notwithstanding the impact of abnormally high rainfall at some of our opencast operations. In addition, our proactive approach in shielding the business from currency volatility has contributed R1.4 billion to our earnings.

Our performance

Our financial results reflect the continued pressure on coal prices, with the average realised export prices in South Africa and Australia declining by 11% and 10% respectively. The softer coal prices, combined with a weaker US dollar to South African rand exchange rate, have led to a decrease in Group revenue in the first half of the year. Group revenue decreased by 12% year-on-year to R14.8 billion, realising an adjusted EBITDA* of R691 million and net profit of R248 million. The Group generated adjusted operating free cash flow* of R484 million for the first half of the year, which was positively impacted by a working capital unwind of R690 million and cash inflows of R453 million generated from our continued focus on managing foreign currency risk, resulting in net cash* of R6.3 billion at 30 June 2025.

The Group recorded export saleable production of 8.0Mt (on a 100% basis) for the first half of the year. In South Africa, export saleable production increased by approximately 300kt to 6.4Mt, mainly due to productivity gains at Zibulo and Mafube, while production at Khwezela was impacted by abnormally high rainfall in the period. Free on board (FOB) cost per export tonne excluding royalties* of R1,258 was in line with the guidance range. Our full year guidance for export saleable production of 12.8Mt to 13.6Mt remains appropriate as production is seasonally weighted towards the second half of the year. Consequently, guidance for FOB cost per export tonne excluding royalties* of R1,210 to R1,290 also remains appropriate.

The South African coal industry continues to benefit from the improved rail performance. In the first half of the year, Transnet Freight Rail achieved an annualised run rate of 54.3Mt, compared to 51.9Mt for 2024. The improved rail performance stems from the ongoing industry collaborative initiatives as well as further optimisation projects, such as the signalling project, which are expected to improve rail performance going forward.

Ensham achieved export saleable production of 1.6Mt (on a 100% basis), compared to 1.9Mt (on a 100% basis) in the first six months of 2024. Production and export saleable product qualities were impacted by challenging geology in the first half of the year.

FOB cost per export tonne excluding royalties* of R1,694 was above the upper end of the guidance range, as the mine incurred costs to produce run of mine tonnes which have not yet been reported as saleable production due to quality variations. It is expected that these tonnes will be reported as saleable production in the second half of the year.

We expect production at Ensham to improve in the second half of the year, however, given the geological conditions experienced, production is likely to be closer to the lower end of the guidance range of 3.7Mt to 4.1Mt. Consequently, FOB cost per export tonne excluding royalties* will be at the upper end of the full-year guidance range of R1,470 to R1,580.

The Group's strategic projects remain imperative to the business, with Elders beginning to produce export saleable production as we continue to ramp up. The Zibulo North Shaft project is making good progress and is scheduled to be completed in 2026, within budget. These two life extension projects are key to the long-term sustainability of the business in South Africa, as the Goedehoop mine approaches its end of life in 2025. At Isibonelo, the coal supply agreement is reaching its end of contract term and the mine will thus come to the end of its life in 2025. We are evaluating opportunities to close these operations in a sustainable and responsible manner. We continue to invest in the Lephalale Coal Bed Methane project as we seek to demonstrate the value in use of the gas.

Navigating thermal coal markets

Geopolitical tensions and rising tariffs are significantly disrupting global supply chains and constraining economic growth. Consequently, energy security has become central to national economic strategies, driving an increase in domestic production in key demand countries such as China and India. The impact of slowing growth on coal demand, coupled with increased domestic production, has resulted in high stockpile levels at major import hubs, leading to depressed prices.

Despite the lower demand for coal in the first half of 2025, coal production is likely to remain at levels similar to 2024, driven mainly by higher in-country production in China and India. On the other hand, production from Indonesia has slowed down as a result of the lower coal prices and the impact of adverse weather conditions. Production in Australia is also lower as a result of mine accidents and adverse weather conditions in the first half of the year. Columbia's main coal producers have recently announced a reduction in annual thermal coal production due to the low coal price environment.

Looking ahead, the long-term coal fundamentals remain supportive, although demand for the balance of the year remains contingent on the normal restocking activities in the Northern Hemisphere. The slowdown in global economic growth may result in coal prices remaining under pressure in the short term. In this scenario, further production curtailment is likely to aid rebalancing of supply and demand in the seaborne market.

Disciplined capital allocation

In the first half of 2025, we completed the share buyback announced in March 2025 for a total consideration of R328 million and also paid R1.4 billion in cash dividends to shareholders. In February 2025, we acquired a further 15% interest in the Ensham Mine for a total consideration of AUD48 million and we expect to own 100% of the Ensham Business upon completion of the transaction with Audley Capital and Mayfair.

The Group generated cash flows from operating activities of R1.2 billion for the first half of 2025 and after investing R703 million in sustaining capital expenditure*, this resulted in an adjusted operating free cash flow* of R484 million for the period. We continue to cash collateralise our environmental liabilities over time, and have contributed a further R188 million to the green fund in South Africa. At 30 June 2025, the Group's net cash* position was R6.3 billion.

Our robust balance sheet position enables us to execute on our core strategic priorities. We continue to reserve R500 million to complete the Zibulo North Shaft project and a further R300 million to complete the Lephalale Coal Bed Methane project.

The board remains committed to the dividend policy, which is to distribute a minimum of 30% of adjusted operating free cash flow* to shareholders. The board has resolved to return R421 million to shareholders, which comprises of an interim ordinary cash dividend of R2 per share and a share buyback of up to R140 million, subject to favourable market conditions. This represents a total return of 87% of adjusted operating free cash flow* for the first half of 2025. The Sisonke Employee Empowerment Scheme and the Nkulo Community Partnership Trust will also receive a further R31 million collectively.

Given the weak coal prices, US dollar weakness and supply chain risks following the ongoing trade and tariff uncertainty, the board considers it appropriate to maintain a cash buffer of R5 billion. The Group holds undrawn credit facilities of R3.2 billion.

In conclusion

Thungela is currently in a period of portfolio change. The ability to successfully execute on our strategic priorities will ensure that we reshape our business and entrench resilience through the cycle. As we navigate ongoing complexities in the operating environment and uncertainties in the macroeconomic landscape, we have conviction in the outlook that high-quality thermal coal will continue to play a fundamental role in the global energy demand.

Today represents a significant milestone in my journey as Thungela's chief executive officer, as this is the last set of financial results that I will deliver. I am deeply grateful to the Thungela board, Group executive committee, employees, shareholders and stakeholders for your steadfast support. Together, we have built a sustainable business with long-life assets across multiple geographies.

As we welcome Moses Madondo as the chief executive officer designate, I am confident that Thungela is well positioned to continue to deliver on our purpose – to responsibly create value together for a shared future.

DIVIDEND DECLARATION AND SHARE REPURCHASE

The board has declared an ordinary interim cash dividend of R2 per share, payable to shareholders on the Johannesburg Stock Exchange and London Stock Exchange in September 2025 and October 2025, respectively.

In addition, the board has authorised a share repurchase of up to R140 million, subject to market conditions. This will be executed in the period commencing 19 August 2025 and, unless revised or terminated earlier, ending the last day prior to the Group's next annual general meeting, and will be subject to the applicable legal and regulatory requirements.

Further details regarding the dividend payable to shareholders of Thungela as well as the share repurchase can be found in a separate announcement dated 18 August 2025 on the Johannesburg Stock Exchange News Services (SENS) and the London Regulatory News Services (RNS).

FORWARD-LOOKING STATEMENTS

This document includes forward-looking statements. All statements included in this document (other than statements of historical facts) are, or may be deemed to be, forward-looking statements, including, without limitation, those regarding Thungela's financial position, business, acquisition and divestment strategy, dividend policy, plans and objectives of management for future operations (including development plans and objectives relating to Thungela's products, production forecasts and resource and reserve positions). By their nature, such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Thungela, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Thungela therefore cautions that forward-looking statements are not guarantees of future performance.

Any forward-looking statement made in this document or elsewhere is applicable only at the date on which such forward-looking statement is made. New factors that could cause Thungela's business not to develop as expected may emerge from time to time and it is not possible to predict all of them. Further, the extent to which any factor or combination of factors may cause actual results to differ materially from those contained in any forward-looking statement are not known. Thungela has no duty to, and does not intend to, update or revise the forward-looking statements contained in this document after the date of this document, except as may be required by law. Any forward-looking statements included in this document have not been reviewed or reported on by the Group's independent external auditor.

Investors are cautioned not to rely on these forward-looking statements and are encouraged to read the Interim Financial Statements for the six months ended 30 June 2025 (Interim Financial Statements 2025), which are available from the Thungela website via the following web link:
https://www.thungela.com/investors/financial-results.

ALTERNATIVE PERFORMANCE MEASURES

Throughout this Results Announcement a range of financial and non-financial measures are used to assess our performance, including a number of financial measures that are not defined or specified under International Financial Reporting Standards (IFRS Accounting Standards), which are termed 'alternative performance measures' (APMs). Management uses these measures to monitor the Group's financial performance alongside IFRS Accounting Standards measures, to improve the comparability of information between reporting periods. These APMs should be considered in addition to, and not as a substitute for, or as superior to, measures of financial performance, financial position or cash flows reported in accordance with IFRS Accounting Standards. APMs are not uniformly defined by all companies, including those in the Group's industry. Accordingly, these measures may not be comparable with similarly titled measures and disclosures by other companies. In this results announcement, APMs are denoted with an asterisk (*).

RESULTS ANNOUNCEMENT

This Results Announcement, including the forward-looking statements, is the responsibility of the directors of Thungela.

Shareholders are advised that this Results Announcement is only a select extract of the information contained in the Interim Financial Statements 2025 and does not

contain full or complete details. Any investment decisions by investors and/or shareholders should be based on a consideration of the Interim Financial Statements as a whole and investors and/or shareholders are encouraged to review the Interim Financial Statements 2025, which are available on the Thungela website via the following web link: https://www.thungela.com/investors/financial-results, and available on the JSE's cloudlink, at
https://senspdf.jse.co.za/documents/2025/JSE/ISSE/TGAE/TGAInt2025.pdf

A conference call and webcast relating to the details of this Results Announcement will be held at 12:00 SAST (10:00 GMT) on Monday, 18 August 2025. Details to register for the conference call and webcast are available below:

Conference call:
https://services.choruscall.eu/DiamondPassRegistration/register?confirmationNumber=2631362&linkSecurityString=63eaf3262

Webcast: https://78449.themediaframe.com/links/thungela250818_1200.html

The condensed consolidated interim financial statements for the six months ended 30 June 2025 were reviewed by PricewaterhouseCoopers Inc. who have issued an unqualified review report. The full independent auditor's review report and Interim Financial Statements 2025 are available for viewing on the Thungela website via the following web link: https://www.thungela.com/investors/finacial-results.

This Results Announcement has not been audited or reviewed by the Group's independent external auditor. Any reference to future financial performance included in this announcement has not been separately reported on by the Group's independent external auditor.

The Company's registered office is located at: 25 Bath Avenue, Rosebank, Johannesburg, 2196, South Africa.

The information contained within this announcement is deemed by the Company to constitute inside information as stipulated under the market abuse regulation (EU) no. 596/2014 as amended by the market abuse (amendment) (UK mar) regulations 2019. Upon the publication of this announcement via the regulatory information service, this inside information is now considered to be in the public domain.

On behalf of the board of directors

Sango Ntsaluba, Chairperson
July Ndlovu, Chief executive officer

Johannesburg (South Africa)

Date of SENS release: 18 August 2025

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