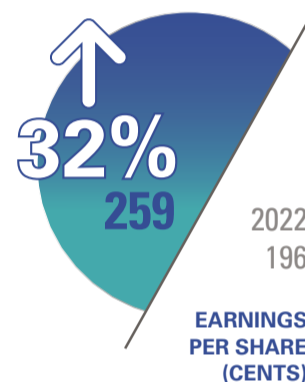
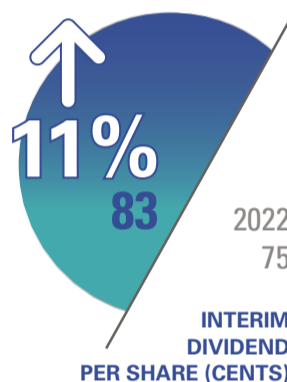
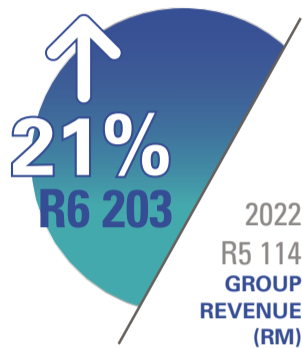


The contents of this short-form announcement are the responsibility of the board of directors of the Company (the Board). Shareholders are advised that this short-form announcement does not contain full or complete details and represents a summary of the information contained in the full announcement, which is accessible via the JSE link at https://senspdf.jse.co.za/documents/2023/JSE/ISSE/RLO/Interim_23.pdf and on Reunert's website (https://reunert.co.za/downloads/results/2023/Reunert_Interim_Results_2023.pdf) from 24 May 2023. Shareholders and investors are advised to review the full announcement in making any investment decisions.

The full announcement is also available for inspection at no charge at the registered offices of the Company and its sponsor during normal business hours.

SALIENT FEATURES



Overview

Reunert is pleased to present its results for the six-month period ended 31 March 2023 (H1 FY: 2023), which reflect continued growth in the Group's financial performance compared to the prior comparative period. This growth resulted from the Electrical Engineering and Applied Electronics Segments delivering excellent operational performances on the back of improved demand for their products and services.

Group results

The Group's revenue increased by 21% to R6,2 billion from R5,1 billion achieved in the six-month period ended 31 March 2022 (H1 FY: 2022), primarily due to improved cable volumes in the Electrical Engineering Segment, and the growth in sales in the Applied Electronics Segment as demand for renewable energy products continued to increase and the delivery of the defence export order book accelerated.

The Group generated positive operating leverage from the improved throughput and operational efficiencies in the Applied Electronics and Electrical Engineering Segments. The ICT Segment delivered results in line with expectations and the guidance provided in the 2022 year end results. The Group's operating profit includes the benefit of a R44 million preliminary insurance pay-out for the business interruption caused by the COVID-19 pandemic. Accordingly, the Group's operating profit increased by 33% to R620 million (H1 FY: 2022: R465 million). The Group's profit for the period increased by 32% to R422 million (H1 FY: 2022: R319 million) with earnings per share and headline earnings per share increasing by 32% and 37% respectively.

At 31 March 2023, all segments continued to have healthy order books and, while both international and local macro-economic conditions pose increased risk, the Group remains well positioned for the 2023 financial year.

Cash resources and liquidity

Higher sales in the last quarter of H1 FY: 2023 resulted in higher trade receivable balances. This, together with further investment into inventory as the Group prepares for the execution of the large export and other orders that will be delivered from the second half of the 2023 financial year (H2 FY: 2023) and into the 2024 financial year, led to the Group increasing its investment in working capital by a further R324 million (H1 FY: 2022: R312 million).

The ongoing cash generation capability of the Group, together with the headroom in its bank funding capacity, provides the financial resources for the Group's operational and strategic initiatives and dividend payments.

Segment review

Electrical Engineering

The Electrical Engineering Segment continued its recent growth trajectory with a strong performance in H1 FY: 2023 as segment revenue increased by 11% to R3,2 billion (H1 FY: 2022: R2,9 billion), while segment operating profit increased by 44% to R218 million (H1 FY: 2022: R151 million).

ICT

The ICT Segment delivered results in line with expectations as segment revenue increased by 11% to R1,4 billion (H1 FY: 2022: R1,3 billion) while segment operating profit increased by 4% to R318 million (H1 FY: 2022: R305 million). The increase in segment operating profit was adversely impacted by the sale of R250 million of Quince's lease and loan receivables book and reduced minute volume at the Business Communications cluster, due to loadshedding, which offset an otherwise pleasing performance from the remainder of the ICT Segment companies.

The ICT Segment announced the acquisition of IQbusiness, an independent management and technology consulting firm. This acquisition is subject to the fulfilment of normal suspensive conditions for a transaction of this nature and approval by the competition

authorities. IQbusiness has revenues in excess of R1 billion and has key competencies in the financial services, retail and telecommunications industries. The acquisition of IQbusiness, when concluded, will create an expanded service offering and improved technical capabilities for the ICT Segment in the Solutions and Systems Integration cluster.

Applied Electronics

The Applied Electronics Segment had a strong financial performance in H1 FY: 2023 resulting in segment revenue increasing by 49% to R1,6 billion (H1 FY: 2022: R1,1 billion) and segment operating profit increasing by 196% to R163 million (H1 FY: 2022: R55 million).

Prospects

Reunert is well positioned to deliver an improved full year financial performance for 2023. The financial performance for H2 FY: 2023 is, however, not expected to replicate the rate of growth experienced in H1 FY: 2023 due to the strong financial performance delivered in H2 FY: 2022.

The full year prospect is supported by the level of orders received in both the Electrical Engineering Segment, specifically the Power Cable businesses, and in the Applied Electronics Segment. These order books support the revenue and margin expectations and position the two segments to continue to perform strongly in H2 FY: 2023.

The ICT Segment is expected to deliver an improved year-on-year performance on the back of the accelerated growth of +OneX and stable growth from the Total Workspace Provider and Business Communications cluster.

The Group's cash flow remains a key focus area and is expected to support the execution of both the Group's operational and strategic initiatives and enable an increased return to shareholders.

Cash dividend

Despite the Group's increased investment into working capital in H1 FY: 2023 and the economic uncertainty, the Group's free cash flow generating capacity remains intact. Notice is hereby given that a gross interim cash dividend No. 194 of 83,0 cents per ordinary share (March 2022: 75,0 cents per ordinary share) has been declared by the Board for the six months ended 31 March 2023.

The dividend has been declared from retained earnings.

A dividend withholding tax of 20% will be applicable to all shareholders who are not exempt from, or who do not qualify for, a reduced rate of withholding tax.

Accordingly, for those shareholders subject to withholding tax, the net dividend amounts to 66,4 cents per ordinary share (March 2022: 60,0 cents per ordinary share).

The issued share capital at the declaration date is 184 969 196 ordinary shares.

The income tax reference number is 9100/101/71/7P.

In compliance with the requirements of Strate Proprietary Limited and the Listings Requirements of the JSE Limited, the following dates are applicable:

Last date to trade (cum dividend)	Tuesday, 20 June 2023
First date of trading (ex dividend)	Wednesday, 21 June 2023
Record date	Friday, 23 June 2023
Payment date	Monday, 26 June 2023

Shareholders may not dematerialise or rematerialise their shares between Wednesday, 21 June 2023 and Friday, 23 June 2023, both days inclusive.

On behalf of the Board

Mohamed Husain
Chair
Sandton, 23 May 2023

Alan Dickson
Chief Executive Officer

Nick Thomson
Chief Financial Officer

¹ Extracted financial information from the Unaudited Condensed Consolidated Interim Financial Statements for the six months ended 31 March 2023.

Directors

MJ Husain (Chair)*, T Abdool-Samad*,
AE Dickson (Chief Executive Officer),
LP Fourie (Chair of the Audit Committee)*,
JP Hulley*, TNM Eboka*, RJ Boettger*, S Martin*,
Dr MT Matshoba-Ramuedzisi*, M Moodley
NA Thomson (Chief Financial Officer)

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24 May 2023 (publication date)