

**PROVISIONAL REVIEWED CONDENSED CONSOLIDATED RESULTS
FOR THE YEAR ENDED 28 FEBRUARY 2023 AND FINAL DIVIDEND DECLARATION**

PROFILE

Insimbi is a group of companies that sustainably source, process, beneficiate and recycle metals. The core business expertise is the ability to source and provide local, regional, and global industrial consumers with the required commodity over its four distinct business segments. The group herewith announces its provisional reviewed condensed consolidated financial results for the twelve months ended 28 February 2023.

FINANCIAL INDICATORS

	2023	2022	% Change
Revenue (R'000)	5 731 423	6 058 535	(5)
Net profit (R'000)	107 343	104 246	2
Operating profit (R'000)	199 791	206 504	(3)
Net cash from operating activities (R'000)	129 835	186 389	(30)
Earnings before interest, tax, depreciation, and amortisation (R'000)	240 447	254 805	(5)
Earnings per share (cents)	27,94	25,91	7
Headline earnings per share (cents)	27,56	24,58	12
Dividend per share (cents)	8	–	100

OVERVIEW

The past year reintroduced a level of global uncertainty not seen since the global financial crisis of 2008. In a world just returning to a measure of normal after the pandemic, few anticipated the scale of the knock-on effect of Russia's invasion of Ukraine. The resulting geopolitical tension has affected economies around the world, with concerns about a recession in the face of hyperinflation, soaring interest rates, security of energy supply and volatile commodity markets.

At the same time, South Africa is facing its own infrastructural challenges. Record loadshedding by a crippled national power utility, Eskom, impacted every sector of the economy, exacerbated by the logistical constraints on Transnet's rail networks and ports.

Despite these significant issues, Insimbi's commendable results for the year ended 28 February 2023 are testimony to a resilient, diversified group. This performance reflects decisive management action to adapt the business in recent years to ongoing changes in the operating environment as well as global trends that align with our purpose.

Group revenue decreased by 5% from R6,1 billion to R5,7 billion. This decrease is a result of the general uncertainty and volatility in the local and global market including:

- uncertainty regarding the much-debated ban on export of recycled material, which was eventually imposed on 30 November 2022;
- significant local port and logistical challenges experienced due to poor weather, civil unrest in various provinces and poor performance at the state-owned transport utility, Transnet;
- the Chinese lockdown COVID policy which was only lifted in early 2023; and
- the uncertainty in Europe as a result of the Russian invasion of Ukraine.

Operating expenses have reduced by 10% from R386 million to R349 million due to (amongst others) consolidation of operations and the subleasing of vacant portions of the premises. The consolidation has unfortunately also led to retrenchments, that, along with natural attrition, reduced employee costs by 12%, or R26 million in the current financial year. Operating profit (R200 million) is therefore only 3% down on the previous year (R207 million)

Finance costs decreased from R62 million to R59 million (despite the increase in the prime lending rate, which moved from 7,5% at the end of February 2022, to 10,75% at the end of February 2023), mainly as a result of the servicing of interest-bearing debt. Movements in financial liabilities indicates a net repayment of R18 million, however if the increase in working capital facilities are considered, long term debt has reduced by R67 million in the current financial year.

The property portfolio has been revalued in the current financial year (in line with group accounting policy), and despite the fact that the commercial property market remains constrained, the group has recognised a small gain on the revaluation of properties.

Trade and other receivables remained well controlled, and at year end amounted to R609 million, compared to R622 million at the previous financial year-end. The group has not experienced any major defaults on trade receivables. Inventories at year-end amounted to R305 million (2022: R328 million). Net working capital (Trade and other receivables + stock – trade and other payables) increased to R634 million, compared to R586 million at the previous financial year-end, due to increased exchange rates and commodity prices in the last quarter of the year, seeing the Rand value increase, rather than the volume.

Cash generated from operations decreased from R236 million in 2022 to R158 million, due to the increased working capital cycle. The net debt to equity ratio at year end improved to 61% from 80% in 2022 financial year.

DIVIDEND

An interim gross dividend of 3 cents per share has been declared by the board on 18 October 2022, and was paid on 7 November 2022. The board of directors (**board**) has declared a final gross dividend of 5 cents per share, bringing the total dividend declared for the period to 8 cents per share.

The board has confirmed by resolution that the solvency and liquidity test as contemplated by the Companies Act of South Africa, No. 71 of 2008, as amended, has been duly considered, applied, and satisfied. This is a dividend as defined in the Income Tax Act, 1962, and is payable from income reserves. The South African dividend tax rate is 20,0%. The dividend payable to shareholders who are subject to dividend tax and shareholders who are exempt from dividend tax is a net dividend of 4 cents and 5 cents per share, respectively. The income tax number of the company is 9078488153.

As at the date of this announcement, the company has 380 872 783 ordinary shares in issue.

Shareholders are hereby advised of the following salient dates applicable to the payment of the final dividend:

Declaration of dividend	Wednesday, 31 May 2023
Last day to trade <i>cum</i> dividend	Tuesday, 4 July 2023
First day to trade <i>ex-dividend</i>	Wednesday, 5 July 2023
Record date	Friday, 7 July 2023
Payment date	Monday, 10 July 2023

Share certificates may not be dematerialised and rematerialised between Wednesday, 5 July 2023, and Friday, 7 July 2023, both days inclusive.

OUTLOOK

Going forward, our focus remains on recycling and beneficiating ferrous and non-ferrous metals for supply to local and export clients. The global focus on decarbonisation and vehicle electrification is supporting a recovery in copper and aluminium prices, in turn boosting our revenue and margins. In addition, working capital and cash flow throughout our operations have been very well managed, and we are steadily degearing our balance sheet. The risk of external disruptions obviously remains high, but we believe we have demonstrated the group's ability to withstand these in recent years.

The local economy remains fragile, with gross domestic product growth of just 1,9% in 2022 in the wake of higher interest rates and inflation as well as a depreciating rand.

We are confident about the year ahead for our group. With recent acquisitions now integrated, our focus for the short to medium term is on growing organically by capitalising on available capacity without increasing fixed costs. A return to meaningful economic growth in South Africa and any progress on infrastructural development will generate additional tailwinds.

This has been a very different review period to the 2022 financial year – just as challenging, but for different reasons. Our clarity of purpose is reinforced by excellent teams across the group working to deliver more with less, and we deeply appreciate their commitment. With your support, we are well equipped to face future challenges.

I also thank and recognise all our stakeholders including shareholders, customers, and suppliers. Your support is the cornerstone of our continued growth.

Any forward-looking statements contained in this announcement have not been reviewed nor reported on by the company's external auditors.

SHORT-FORM ANNOUNCEMENT

This short form announcement is the responsibility of the board and is only a summary of the information contained in the full announcement and does not contain full or complete details. The full announcement published on SENS is available at <https://senspdf.jse.co.za/documents/2023/jse/isse/ISBE/FY2023.pdf>.

Copies of the full announcement are available on the Group's website at www.insimbi-group.co.za or may be requested at the company's registered office (359 Crocker Road, Wadeville, Germiston) or at the Sponsor's office, at no charge, during office hours. Any investment decisions in relation to the company's shares should be based on the full announcement.

The provisional results have been reviewed by the group's auditors, Moore Cape Town Inc, who expressed an unmodified review opinion thereon.

This short form announcement has not been audited or reviewed by the group's auditors.

COMPANY INFORMATION

Directors: F Botha (Chief Executive Officer) CA (SA)
N Winde (Chief Financial Officer) CA (SA)
RI Dickerson* (Chairperson)
N Mwale*
CS Ntshingila*
(*non-executive)

Company Secretary: M Madhlophe
Registered office: Stand 359 Crocker Road, Wadeville, Germiston, 1422
Website: www.insimbi-group.co.za
Sponsor: PSG Capital Proprietary Limited
Transfer Secretaries: Computershare Investor Services Proprietary Limited
Auditors: Moore Cape Town Inc.

Johannesburg
31 May 2023

Sponsor
PSG Capital



PSG CAPITAL