

UNREVIEWED CONDENSED CONSOLIDATED RESULTS AND DIVIDEND DECLARATION FOR THE SIX MONTHS ENDED 31 AUGUST 2023

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 unreviewed condensed consolidated financial results for the six months ended 31 August 2023.

FINANCIAL INDICATORS

	2023	2022	% Change
Revenue (R'000)	3 028 875	3 154 723	(4)
Net Profit (R'000)	56 732	67 359	(16)
Operating profit (R'000)	103 163	113 330	(9)
Cash generated from operations (R'000)	4 662	100 978	(95)
Earnings per share (cents)	15.38	17.06	(10)
Headline earnings per share (cents)	15.46	16.41	(6)
Dividend per share (cents)	2.5	3.0	(17)

OVERVIEW

Operating conditions in the first half of our new financial year remained challenging, although price fluctuations in our key commodities (copper, aluminium, nickel and steel) largely balanced each other out.

While the global economy shows signs of improvement, the upturn remains weak, with significant downside risks. Lower energy prices are taming headline inflation and China's reopening has boosted global activity. But core inflation is proving persistent, and the impact of higher interest rates is evident across the global economy. In South Africa, higher inflation has seen the Reserve Bank raise interest rates over 4% in the past year. The concomitant impact on businesses has been exacerbated by the ongoing and significant issues at key parastatals for logistics and power, respectively Transnet and Eskom.

Against this background, Insimbi produced solid results for the six months to August 2023, underscoring the benefit of our diversified portfolio. In addition to timely management action, this diverse asset base has shielded the Group from the impact of the government ban on exporting recycled metals, which is currently in place until December 2023. Reflecting the consistent performance of our operations, in the interim period we have:

- Largely maintained revenue at over R3 billion (-4% vs interim period in 2022) although operating profit declined 9%.
- Continued to manage increases in operating expenditure, despite record hikes in fuel and transport logistics as well as the ongoing instability of power supplies. The significant cost reductions effected to date are sustainable as we operate a leaner and resilient business.
- Reduced our debt-to-equity ratio from over 99% in the 2021 financial year to 61% in the 2023 financial year and maintained this level despite the noted interest rate increases.
- Met all our financial covenants at reporting date.

Overall, our target industries and markets continue to develop, our core operations have performed well and demand for our products remains strong, both locally and for export.

DIVIDEND

An interim gross dividend of 2.5 cents per share has been declared by the board (“**Board**”) on 16 October 2023. There are 377 198 097 ordinary shares in issue at announcement date.

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 2.0 cents and 2.5 cents per share, respectively. The income tax number of the Company is 9078488153.

The salient dates applicable to the interim dividend are as follows:

	2023
Declaration of dividend	Monday, 16 October
Last day to trade <i>cum</i> dividend	Tuesday, 14 November
First day to trade <i>ex-dividend</i>	Wednesday, 15 November
Record date	Friday, 17 November
Payment date	Monday, 20 November

Share certificates may not be dematerialised and rematerialised between Wednesday, 15 November 2023, and Friday, 17 November 2023, both days inclusive.

Shares repurchased by a subsidiary between year-end and announcement date amounted to 4 938 953 (2022: 2 500 000). 5 985 591 (2022: nil) shares held in treasury were cancelled during the period, which brings the total number of treasury shares to 11 396 139 (2022: 29 101 012).

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 (“**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/HY2024.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 Companies’ 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 information in this announcement has not been audited or reviewed by the Group’s auditors.

Directors: F Botha (Chief Executive Officer)
N Winde (Chief Financial Officer)
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
16 October 2023

Sponsor
PSG Capital



PSG CAPITAL