

INSIMBI INDUSTRIAL HOLDINGS LIMITED  
(Incorporated in the Republic of South Africa)  
(Registration No: 2002/029821/06)  
Share code: ISB  
ISIN code: ZAE000116828  
("Insimbi" or "the Group" or "the Company")

## UNREVIEWED CONDENSED CONSOLIDATED RESULTS FOR THE SIX MONTHS ENDED 31 AUGUST 2024

Insimbi is a Group of companies that sustainably source, process, 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 2024 ("Current Reporting Period").

### FINANCIAL INDICATORS

	2024	2023	% Change
Revenue (R'000)	<b>2 706 581</b>	<b>3 028 875</b>	(11)
Net profit (R'000)	<b>(9 434)</b>	<b>56 732</b>	(117)
Operating profit (R'000)	<b>15 223</b>	<b>103 163</b>	(85)
Cash generated from operations (R'000)	<b>36 607</b>	<b>4 662</b>	685
Earnings per share (cents)	<b>(2.61)</b>	<b>15.38</b>	(117)
Headline earnings per share (cents)	<b>(1.22)</b>	<b>15.46</b>	(108)
Dividend per share (cents)	<b>-</b>	<b>2.5</b>	(100)

CEO of Insimbi, Fred Botha, commented:

Operating conditions in the first half of Insimbi's financial year to 28 February 2025 were again challenging, partly due to volatile prices for our key commodities (copper, aluminium, nickel and steel). These commodities follow the platinum group metals (PGM) cycle, which is working through a significant downturn. On the positive side, the resumption of scrap metal exports (after the ban fell away in March 2024) mitigated the impact of commodity prices to some extent.

Globally, economies are strengthening as major central banks begin to lower interest rates. However, the pace of these upturns is mixed and highly dependent on external factors, such as geopolitical tensions. New fiscal stimulus packages in China have yet to make an impact on that crucial economy. In South Africa, the Reserve Bank lowered interest rates (by 0.25%) for the first time in four years as inflation receded into the bank's target range. While the advent of a rate-cutting cycle is welcome news, weak growth in the national economy still reflects the severity of systemic issues at key parastatals for logistics and power, respectively Transnet and Eskom. The absence of loadshedding in the second quarter did much to improve confidence, both consumer and corporate, as did early signs of an effective government of national unity post the May elections.

Against this background, Insimbi produced satisfactory results for the six months to August 2024, reinforcing the benefit of our diversified portfolio. In addition, we reduced fixed costs by streamlining our workforce while retaining the skills needed to operate our businesses sustainably and disposing of certain small loss-making operations. In combination, timely management action and the steady performance of our operations enabled the group to:

- Generate revenue of R2.7 billion (-11% vs interim period in 2023) with operating profit of 0.6%
- Maintain excellent control of operating expenditure. The significant cost reductions over recent years are sustainable as we operate a leaner and more resilient business
- Reduce our debt-to-equity ratio from 99% in FY21 to 76% in FY24 and maintain this level despite the high-interest rate environment

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.

### **Prospects**

The local economy remains fragile, with the South African Reserve Bank revising forecast GDP growth to 1.1% for 2024. In its September statement, the bank noted its upgraded forecast was premised on better-functioning network industries, especially electricity, alongside broader reform momentum.

For Insimbi, we believe trading conditions in the second half should improve, supported by the absence of once-off costs incurred in the first half and our intense focus on costs, working capital and margins. In addition, the global focus on decarbonisation and vehicle electrification continues to support copper and aluminium prices, key commodities in the group's operations. While the risk of external disruptions obviously remains high, we believe we continue to demonstrate the group's resilience.

Strategically, our focus is on recycling and beneficiating ferrous and non-ferrous metals to meet demand for our products from local and export clients. This clear purpose is reinforced by excellent teams across the group working to deliver more with less, and we deeply appreciate their commitment.

## **Financial Overview**

Group revenue for the Current Reporting Period has decreased by 11% when compared to the six months ended 31 August 2023 (“Comparative Period”). Volumes are down 20% when compared to the Comparative Period, due to low economic activity in South Africa, which were exacerbated by the uncertainty regarding the national elections in the first quarter of the financial year. Export sales have increased by 16% year-on-year with the expiration of the ban on the export of recycled metals in December 2023. Transport revenue has increased by 133% in the Current Reporting Period, with the introduction of additional services offered by some of the operations in the Group.

Gross margins have declined from 8.71% in the Comparative Period to 7.26%, as a result of the lower volumes available for trading. This, coupled with the lower revenue, has resulted in gross profit of R196 million, compared to R264 million for the same period last year, representing a decrease of R67 million.

Other operating losses include the loss on disposal of assets as explained in the circular released on SENS on 11 July 2024, amounting to R5.8 million. Also included in operating losses are negative foreign currency revaluations totalling R6.6 million, a direct result of the volatile exchange rates experienced in the first half of the year.

Operating expenses have increased 6.44%, from R160 million to R170 million on the Current Reporting Period, however the Group expensed around R13 million in non-recurring costs in the Current Reporting Period. If these costs are excluded, operating expenses would have reduced by 1.7%, a result of the focus on becoming a leaner and more resilient business. These costs include retrenchment, severance and other contractual employee costs, fees relating to the transaction mentioned above, and other non-recurring legal expenses. Group operating profit reduced by 85% from R103 million to R15 million.

Group finance costs for the Current Reporting Period have decreased by 21%, or R8 million, despite no interest rate cuts in the first 6 months of the financial year. The decrease was largely driven by better management of the working capital facilities throughout the Current Reporting Period, and the repayment of term debt. The debt-to-equity ratio increased from 71% on 31 August 2023, to 76% on 31 August 2024, driven by a “point-in-time” increase in working capital facilities. The period-end fell on a weekend which caused some customers to delay payment, and R55 million was collected in the first 2 working days after month-end.

The Group posted a loss per share (“EPS”) of 2.61 and headline loss per share (“HEPS”) of 1.22 cents per share respectively compared to 15.38 and 15.46 cents per share reported in the Comparative Period.

Cash generated from operations increased from R4.6 million to R36.6 million due to the improved working capital cycle throughout the period.

The Group has breached the externally imposed covenants for both the May 2024 and August 2024 measurement periods and have obtained waivers from the main lender for both these breaches. Management is also currently renegotiating the covenants for the remainder of the financial year as part of the annual facility review process.

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED**

R'000	Unreviewed 31 August 2024	Unreviewed 31 August 2023	Audited 29 February 2024
<b>Revenue (from contracts with customers)</b>	<b>2 706 581</b>	<b>3 028 875</b>	<b>5 590 294</b>
Sale of goods	2 678 088	3 014 375	5 531 752
<i>Sale of goods - Local</i>	2 303 957	2 654 959	4 953 526
<i>Sale of goods - Export</i>	374 131	359 416	578 226
Rendering of services	28 493	14 500	58 542
<i>Services revenue - Transport and insurance</i>	28 493	13 378	57 148
<i>Services revenue - Sample analysis</i>	-	1 122	1 394
Cost of sales	(2 510 201)	(2 765 161)	(5 139 331)
<b>Gross profit</b>	<b>196 380</b>	<b>263 714</b>	<b>450 963</b>
Other operating income	739	1 183	5 165
Other operating gains/(losses)	(11 617)	(1 752)	(5 744)
Operating expenses	(170 279)	(159 982)	(327 125)
<b>Operating profit</b>	<b>15 223</b>	<b>103 163</b>	<b>123 259</b>
Investment revenue	79	1 263	2 582
Finance cost	(29 879)	(37 850)	(73 255)
Income from equity accounted investments	2 074	3 779	6 005
<b>Profit before taxation</b>	<b>(12 503)</b>	<b>70 355</b>	<b>58 590</b>
Taxation	3 069	(13 622)	(15 714)
<b>Profit for the year</b>	<b>(9 434)</b>	<b>56 733</b>	<b>42 876</b>
<b>Total comprehensive income for the year</b>	<b>(9 434)</b>	<b>56 733</b>	<b>42 876</b>
Basic earnings per share from profit for the year	(2.61)	15.38	11.86
Diluted earnings per share from profit for the year	(2.58)	15.26	11.76

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT**

R'000	Unreviewed 31 August 2024	Unreviewed 31 August 2023	Audited 29 February 2024
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment*	315 099	363 820	339 812
Right-of-use-assets*	6 346	8 993	7 419
Goodwill	170 484	170 484	170 484
Intangible assets	12 985	6 446	13 627
Investments in joint ventures	2 555	4 967	6 338
Lease receivable	1 307	2 016	1 559
Deferred taxation asset	12 846	24 840	5 073
	<b>521 623</b>	<b>581 566</b>	<b>544 312</b>
<b>Current assets</b>			
Inventories	341 976	251 381	335 396
Lease receivable	526	302	526
Trade and other receivables	587 806	689 981	636 557
Derivatives	636	-	1 294
Current taxation receivable	105	-	827
Cash and cash equivalents	101 321	51 098	75 056
Assets in disposal groups classified as held for sale	3 491	8 249	9 748
	<b>1 035 862</b>	<b>1 001 011</b>	<b>1 059 405</b>
<b>Total assets</b>	<b>1 557 485</b>	<b>1 582 577</b>	<b>1 603 717</b>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT (continued)

R'000	Unreviewed 31 August 2024	Unreviewed 31 August 2023	Audited 29 February 2024
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital	145 516	192 003	187 168
Reserves	46 227	45 137	45 182
Retained earnings	465 606	498 799	476 085
	<b>657 349</b>	<b>735 939</b>	<b>708 435</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Financial liabilities at amortised cost	160 504	159 892	139 400
Lease liabilities	7 055	9 102	8 773
Deferred taxation	34 013	56 673	33 603
	<b>201 571</b>	<b>225 667</b>	<b>181 777</b>
<b>Current liabilities</b>			
Trade and other payables	253 477	186 004	299 615
Financial liabilities at amortised cost	441 820	416 071	403 631
Derivatives	-	259	-
Lease liabilities	3 267	3 969	2 670
Current taxation payable	-	14 668	7 589
	<b>698 564</b>	<b>620 971</b>	<b>713 505</b>
<b>Total liabilities</b>	<b>900 136</b>	<b>846 638</b>	<b>895 282</b>
<b>Total equity and liabilities</b>	<b>1 557 485</b>	<b>1 582 577</b>	<b>1 603 717</b>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED

R'000	Share capital and premium	Treasury shares	Total share capital
Balance at 31 August 2023 (unreviewed)	199 386	(7 383)	192 003
Total comprehensive income	-	-	-
Dividend paid	-	-	-
Treasury shares cancelled	(1 583)	1 583	-
Transfers between reserves	-	-	-
Shares repurchased	-	(4 835)	(4 835)
<b>Balance at 28 February 2024 (audited)</b>	<b>197 803</b>	<b>(10 635)</b>	<b>187 168</b>
Total comprehensive income	-	-	-
Transfers between reserves	-	-	-
Shares repurchased	(41 652)	-	(41 652)
<b>Balance at 31 August 2024 (unreviewed)</b>	<b>156 151</b>	<b>(10 635)</b>	<b>145 516</b>

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED** (continued)

R'000	Revaluation reserve	Share based payment reserve	Retained income	Total equity
Balance at 31 August 2023 (unreviewed)	41 518	3 619	498 799	735 939
Total comprehensive income	625	-	(14 481)	(13 856)
Dividend paid	-	-	(8 813)	(8 813)
Treasury shares cancelled	-	-	-	-
Transfers between reserves	-	(580)	580	-
Shares repurchased	-	-	-	(4 835)
<b>Balance at 28 February 2024 (audited)</b>	<b>42 143</b>	<b>3 039</b>	<b>476 085</b>	<b>708 435</b>
Total comprehensive income	-	-	(9 434)	(9 434)
Transfers between reserves	-	1 045	(1 045)	-
Shares repurchased	-	-	-	(41 652)
<b>Balance at 31 August 2024 (unreviewed)</b>	<b>42 143</b>	<b>4 084</b>	<b>465 606</b>	<b>657 349</b>

**CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED**

R'000	Unreviewed 31 August 2024	Unreviewed 31 August 2023	Audited 28 February 2024
<b>Cash flow from operating activities</b>			
Cash generated from operations	36 607	4 662	121 523
Interest income	79	1 263	2 345
Tax paid	(11 234)	(10 809)	(22 168)
<b>Net cash from / (used in) operating activities</b>	<b>25 453</b>	<b>(4 884)</b>	<b>101 700</b>
<b>Cash flow from investing activities</b>			
Additions to property, plant and equipment	(5 563)	(16 633)	(16 254)
Additions to intangible assets	-	(7 846)	(7 846)
Proceeds on disposal of property, plant and equipment	15 216	180	1 635
Proceeds on disposal of assets held for sale	2 369	-	1 317
Dividend from investment in joint ventures	5 857	1 668	66
<b>Net cash from / (used in) investing activities</b>	<b>17 879</b>	<b>(22 631)</b>	<b>(21 082)</b>
<b>Cash flow from financing activities</b>			
Proceeds from financial liabilities	71 048	66 508	49 495
Repayment of financial liabilities	(15 714)	(22 990)	(40 397)
Finance costs	(29 879)	(37 850)	(71 950)
Purchase of treasury shares	(41 652)	(4 233)	(9 068)
Dividend paid	-	(18 701)	(27 514)
Principal elements of lease repayments	(870)	(1 197)	(3 204)
<b>Net cash outflow from financing activities</b>	<b>(17 066)</b>	<b>(18 463)</b>	<b>(102 638)</b>
Net movement in cash for the period/year	26 266	(45 978)	(22 020)
Cash and cash equivalents at the beginning of the period/year	75 056	97 076	97 076
<b>Cash and cash equivalents at the end of the period/year</b>	<b>101 322</b>	<b>51 098</b>	<b>75 056</b>

## CONDENSED SEGMENT REPORT

R'000	Unreviewed 31 August 2024	Unreviewed 31 August 2023	Audited 28 February 2024
<b>Revenue by segment</b>			
<b>Sale of goods - local</b>			
Non-Ferrous	1 676 917	1 789 850	3 443 825
Ferrous	526 572	788 102	1 349 006
Refractory	54 929	77 007	160 695
	<b>2 258 418</b>	<b>2 654 959</b>	<b>4 953 526</b>
<b>Sale of goods - exports</b>			
Non-Ferrous	374 457	333 507	504 413
Ferrous	38 311	22 663	65 522
Refractory	4 275	3 246	8 291
	<b>417 043</b>	<b>359 416</b>	<b>578 226</b>
<b>Rendering of services - transport and insurance</b>			
Non-Ferrous	18 865	5 289	16 329
Ferrous	12 255	8 088	37 961
Refractory	-	1	2 858
	<b>31 120</b>	<b>13 378</b>	<b>57 148</b>
<b>Rendering of services - sample analysis</b>			
Non-Ferrous	-	1 122	1 394
	<b>-</b>	<b>1 122</b>	<b>1 394</b>
<b>Total revenue from contracts with customers</b>			
Non-Ferrous	2 070 239	2 129 768	3 965 961
Ferrous	577 138	818 853	1 452 489
Refractory	59 204	80 254	171 844
	<b>2 706 581</b>	<b>3 028 875</b>	<b>5 590 294</b>
<b>Gross profit by segment</b>			
Non-Ferrous	123 778	188 636	310 385
Ferrous	67 594	65 447	122 826
Refractory	5 008	9 631	17 752
	<b>196 380</b>	<b>263 714</b>	<b>450 963</b>
<b>Operating profit by segment</b>			
Non-Ferrous	(22 467)	71 161	64 672
Ferrous	36 467	27 605	45 591
Refractory	1 223	4 397	12 996
	<b>15 223</b>	<b>103 163</b>	<b>123 259</b>

Note: The basis of segmentation and basis of measurement are consistent with those applied in the annual financial statements for the previous year.

## OTHER GROUP SALIENT FEATURES

R'000	Unreviewed 31 August 2024	Unreviewed 31 August 2023	Audited 28 February 2024
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Basic attributable earnings per share is calculated by dividing the net profit attributable to ordinary equity shareholders by the weighted average number of ordinary shares outstanding during the year.

### Basic earnings per share

From continuing operations (cents per share)	(2.61)	15.38	11.86
Weighted number of shares in issue at the end of the period ('000)	374 691	380 495	378 894
Less: weighted number of treasury shares held in a subsidiary at the end of the period ('000)	(12 721)	(11 683)	(17 508)
	<b>361 970</b>	<b>368 811</b>	<b>361 386</b>

### Headline earnings per share

Headline earnings are determined by adjusting basic earnings by excluding separately identifiable remeasurement items. Headline earnings are presented after tax.

Basic earnings	(9 434)	56 733	42 876
<b>Adjusted for</b> (Profit)/loss on sale of property, plant and equipment, net of tax (R'000)	5 003	290	2 455
Headline earnings for the group (R'000)	<b>(4 431)</b>	<b>57 023</b>	<b>45 331</b>
Headline earnings per share (cents)	(1.22)	15.46	12.54

### Diluted earnings per share

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has potentially dilutive share options.

A calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to the outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the options.

### Reconciliation of number of shares for diluted earnings (loss)

Weighted average number of ordinary shares in issue ('000)	361 970	368 811	361 386
Adjusted for: Share options ('000)	3 424	2 939	3 075
Weighted average number of ordinary shares for diluted earnings per share ('000)	<b>365 394</b>	<b>371 750</b>	<b>364 461</b>
Diluted earnings per share (cents)	(2.58)	15.26	11.76
Diluted headline earnings per share (cents)	(1.21)	15.34	12.44
<b>Other salient features</b>			
Net asset value per share (cents)	204.91	200.48	223.10
Tangible net asset value per share (cents)	147.72	152.28	165.12
EBITDA	30 658	122 485	158 573
Depreciation and amortisation	13 361	15 543	29 309



## **Basis of preparation and accounting policies**

The unreviewed condensed consolidated financial statements for the interim period ended 31 August 2024 have been prepared in accordance with the framework concepts and the measurement and recognition requirements of IFRS® Accounting Standards, IAS 34 – Interim Reporting issued by the International Accounting Standards Board (IASB®) and comply with the IFRS interpretations issued by the IFRS Interpretations Committee (IFRS IC) and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, as well as the JSE Listings Requirements and the requirements of the Companies Act, No 71 of 2008. It also, as a minimum, contains the information required by IAS 34 Interim Financial Reporting. The unreviewed condensed consolidated financial statements have been prepared under the supervision of the Chief Financial Officer, Nadia Winde, CA (SA). The accounting policies are consistent with those applied in the annual financial statements for the previous year. The above information has not been audited or reported on by Insimbi's auditors.

### **Approval:**

RI Dickerson	F Botha
Chairman	Chief Executive Officer
16 October 2024	

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

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Registered office:	Stand 359 Crocker Road, Wadeville, Germiston, 1422
Website:	<a href="http://www.insimbi-group.co.za">www.insimbi-group.co.za</a>
Sponsor:	PSG Capital Proprietary Limited
Transfer Secretaries:	Computershare Investor Services Proprietary Limited
Auditors:	Moore Cape Town Inc.