



**Invicta**  
HOLDINGS LIMITED

**2022**

**SUMMARISED AUDITED  
CONSOLIDATED RESULTS**

FOR THE YEAR ENDED 31 MARCH 2022

Firmly **rooted** in South Africa and  
strategically **geared** for **growth**



## Letter to shareholders

### Dear shareholder

This summary of our results for the year to 31 March 2022 also includes an executive review of our performance.

The notice of the annual general meeting, form of proxy and other administrative information form part of this summarised report.

In line with global trends and as a responsible corporate citizen, we have taken the decision to publish our annual reports on our website since current financial reporting requirements and corporate governance disclosures make for bulky and costly posted annual reports.

The annual consolidated financial statements and the integrated annual report will be available on our website [www.invictaholdings.co.za](http://www.invictaholdings.co.za) on Monday, 27 June 2022 and Thursday, 30 June 2022 respectively. We believe that this approach to reporting confirms our commitment to protecting the environment where we can, while we grow our business in a sustainable manner.

Thank you for your support.

**Dr CH Wiese**

*Chairman*

## The year under review

Against the backdrop of a world facing both economic and geopolitical uncertainty, we are pleased to present on behalf of the Board, a strong set of results for the Group. These results reflect how the Group's businesses have recovered remarkably well from the effects of the Covid-19 pandemic and the associated lockdowns. Considering all the challenges of 2022, we are especially proud of how we were able to grow basic earnings per share from continuing operations by 92%, from 212 to 408 cents.

## Group performance

As a result of our corporate actions over the past two years, we have re-assessed our reporting segments. We now report six operating segments:

- **Replacement Parts Services and Solutions: Industrial (RSS: Industrial)** - RSS: Industrial consists of the core businesses previously reported under the Engineering Solutions Group. This segment focuses on the import and local manufacture of products, services and solutions for all industries in Southern Africa. RSS: Industrial offers world class solutions and products with the aim to improve the efficiency of our customers and ensure that they remain globally competitive.
- **Replacement Parts Services and Solutions: Auto Agri (RSS: Auto-agri)** - RSS: Auto-agri which operates in South Africa and certain European countries, consists of automotive and agricultural businesses, previously reported under the Engineering Solutions Group. This segment focuses on the importation and distribution of automotive aftermarket parts and Original Equipment Manufacturer ("OEM") kits, as well as driveshaft parts and other replacement parts for the agricultural industry.
- **Capital Equipment and related parts and services (CE)** - CE consists of the businesses previously reported under the CEG segment that sell capital equipment, spare parts and provide the related services to the earthmoving, construction, mining and logistics industries.
- **Replacement Parts Services and Solutions: Earthmoving equipment (RSS: Earthmoving)** - RSS: Earthmoving consists of businesses previously reported under the Capital Equipment Group ("CEG").
- **Kian Ann Group (KAG)** - KAG increased its shareholding in MIH from 50.01% and in KKB from 27.604%, respectively to 100%, in August 2021, the Group reduced its interest to 48.81% of KAG. Hence, KAG began to consolidate the financial results of both MIH and KKB as 100% subsidiaries from August 2021. The Group equity accounts KAG from this date as a joint venture.
- **Corporate Group** - Comprises MacNeil Plastics and Group support services including financing, investment, and property operating in South Africa.

## RSS: Industrial

Revenue increased by 8.4% from R4.1 billion to R4.4 billion. However, revenue still trails pre-Covid levels by 7%. Operating profit before interest on financing transactions and foreign exchange movements increased by 11.5% from R297.9 million to R332.2 million.

## RSS: Auto-agri

Revenue increased by 19.2% from R435.0 million to R518.4 million, this is an increase of 24.9% on the pre-Covid revenue levels. The war in Ukraine has affected our Ukrainian business negatively and, due to the uncertainty of the war, a decision was made to impair all Ukrainian assets totaling R14 million. Despite these impairments, operating profit before interest on financing transactions and foreign exchange movements increased by 21.6% from R77.5 million to R94.2 million.

## CE

Revenue of CE increased by 16.8%, from R909.4 million to R1.06 billion and operating profit before interest on financing transactions and foreign exchange movements decreased by 39.2% from R186.7 million to R113.4 million, as a result of the R76.8 million profit on the disposal of the CEG agricultural businesses recognised in the prior year.

## RSS: Earthmoving

Revenue increased by 39.5% to R547.4 million, well above previous revenue levels. This includes the newly acquired subsidiary KMP; which contributes 20.2% of the revenue of R547.4 million. The operating profit before interest on financing transactions and foreign exchange movements increased by 23.6% from R55.8 million to R68.9 million.

## KAG

KAG contributed R487.2 million to Group earnings for the current year of which R385.3 million was profit from discontinued operations and R101.9 million from equity accounted earnings from the joint venture. This included R374.9 million of one-off items such as the gains on remeasurement, a fair value loss on derivatives and amortisation of purchase price allocation intangibles. The prior year loss from KAG's discontinued operation of R12.4 million, included an IFRS 5 impairment of the KAG disposal group of R76.9 million.

## Strategic focus and prospects

We aim to grow a diversified sustainable replacement parts Group, providing above market returns to stakeholders. We constantly review and restructure our existing businesses to ensure they achieve the desired returns. We aim to have a geographical (50% of the Group income is outside of South Africa) and a sectorial diverse Group within four years.

The world is in a precarious position. The zero-Covid strategy in China and the associated lockdowns will have a detrimental impact on the world's supply chain. The war in the Ukraine and its associated impacts on commodity and food prices will be felt worldwide. Rising inflation worldwide will result in borrowing costs increasing, thus creating more pressure on the consumer. Lastly, the Covid-19 pandemic is not done, with South Africa entering its fifth wave.

With so much uncertainty in the world, we will continue to work hard on reducing our net debt position. When we think of net debt, we include the listed preference shares. Having a relatively debt free business, strategically positions us to respond to difficult situations and, at the same time, provide the capacity for us to implement our acquisition strategy should the opportunities arise.

## Dividend

We are pleased to increase our dividend declaration by 50% from 60 cents to 90 cents per share for the year.

## Appreciation

The Board is highly appreciative to the executive management, the respective management teams of our businesses and most importantly all the staff, for the excellent commitment and performance during unprecedented worldwide trading conditions.

The Board is confident that the Group having successfully faced the initial challenges of which include the COVID-19 pandemic, will grow from strength to strength.

## Approval

The Directors take full responsibility for the preparation of the Summarised Audited Consolidated Results, and confirm that the financial information has been correctly extracted from the underlying Audited Annual Consolidated Financial Statements.

## Auditors

Ernst & young Inc. are the Group's auditors and have issued an unmodified opinion on the Audited Annual Consolidated Financial Statements. A copy of the auditor's report including the key audit matters is available for inspection at the Company's registered office, together with the Audited Annual Consolidated Financial Statements identified in the auditor's report, as well as on the Company's website at [www.invictaholdings.co.za](http://www.invictaholdings.co.za). This summarised report is extracted from the audited information, but is not itself audited.

The auditor's report does not necessarily report on all of the information contained in this announcement. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditor's engagement they should obtain a copy of the auditor's report together with the accompanying financial information from the issuer's registered office.

On behalf of the Board

**Steven Joffe**  
Chief Executive Officer

**Nazlee Rajmohamed**  
Group Financial Director

# Summarised consolidated statement of profit or loss and other comprehensive income

|  | Notes | %   | 31 March         |                  |
|--|-------|-----|------------------|------------------|
|  |       |     | 2022<br>R'000    | 2021<br>R'000    |
| <b>Continuing operations</b>   |       |     |                  |                  |
| Revenue  | 4     | 15  | 7,188,991        | 6,251,484        |
| Cost of sales  |       |     | (4,981,775)      | (4,259,699)      |
| <b>Gross profit</b>  |       |     | <b>2,207,216</b> | <b>1,991,785</b> |
| Expected credit gains/(losses) recognised on trade receivables   |       |     | 4,800            | (1,904)          |
| Expected credit gains recognised on loans and receivables  |       |     | 5,178            | 8,643            |
| Selling, administration and distribution costs   |       |     | (1,546,546)      | (1,413,349)      |
| <b>Operating profit before net finance income on financing transactions and foreign exchange movements</b> |       | 15  | <b>670,648</b>   | <b>585,175</b>   |
| Finance income from financing transactions   |       |     | 11,809           | 19,160           |
| Finance costs on financing transactions  |       |     | (7,637)          | (7,999)          |
| Foreign exchange gains   |       |     | 118,769          | 241,549          |
| Foreign exchange losses and costs  |       |     | (134,609)        | (245,408)        |
| <b>Operating profit</b>  |       | 11  | <b>658,980</b>   | <b>592,477</b>   |
| Finance costs  |       |     | (106,029)        | (194,526)        |
| Dividends received   |       |     | –                | 2,230            |
| Equity accounted earning from investments in associates  |       |     | 6,378            | 3,862            |
| Equity accounted earning from investments in joint ventures  |       |     | 101,887          | –                |
| Finance income   |       |     | 26,436           | 53,482           |
| <b>Profit before taxation</b>  |       | 50  | <b>687,652</b>   | <b>457,525</b>   |
| Taxation expense   | 6     |     | (166,836)        | (160,686)        |
| <b>Profit for the year from continuing operations</b>  |       | 75  | <b>520,816</b>   | <b>296,839</b>   |
| <b>Discontinued operations</b>   |       |     |                  |                  |
| Profit for the year from discontinued operations   | 8     | –   | 385,330          | 79,233           |
| <b>Profit for the year</b>   |       | 141 | <b>906,146</b>   | <b>376,072</b>   |
| <b>Other comprehensive (loss)/profit</b>   |       |     |                  |                  |
| <i>Items that may be reclassified to profit or loss in subsequent periods (net of tax):</i>                |       |     |                  |                  |
| Exchange differences on translation of foreign operations  |       |     | (37,225)         | (251,103)        |
| Changes in the fair value of borrowings  |       |     | –                | 1,410            |
| <b>Total comprehensive income for the year</b>   |       |     | <b>868,921</b>   | <b>126,379</b>   |
| <b>Profit attributable to:</b>   |       |     |                  |                  |
| Owners of the parent - ordinary shares (continuing operations)   |       |     | 440,278          | 228,794          |
| Owners of the parent - ordinary shares (discontinued operations)   |       |     | 385,330          | 79,233           |
| Non-controlling interests  |       |     | 23,285           | 9,595            |
| Owners of the parent - preference shares   |       |     | 57,253           | 58,450           |
|  |       |     | <b>906,146</b>   | <b>376,072</b>   |
| <b>Total comprehensive income/(loss) attributable to:</b>  |       |     |                  |                  |
| Owners of the parent - ordinary shares (continuing operations)   |       |     | 402,630          | (11,644)         |
| Owners of the parent - ordinary shares (discontinued operations)   |       |     | 385,330          | 79,233           |
| Non-controlling interests  |       |     | 23,708           | 340              |
| Owners of the parent - preference shares   |       |     | 57,253           | 58,450           |
|  |       |     | <b>868,921</b>   | <b>126,379</b>   |
| <b>Basic earnings per share from continuing operations (cents)</b>   | 7     | 92  | <b>408</b>       | 212              |
| <b>Basic earnings per share (cents)</b>  | 7     | 168 | <b>764</b>       | 285              |
| <b>Diluted earnings per share from continuing operations (cents)</b>                                       | 7     | 92  | <b>395</b>       | 206              |
| <b>Diluted earnings per share (cents)</b>  | 7     | 168 | <b>741</b>       | 277              |

# Summarised consolidated statement of financial position

|  | Notes | 31 March         |                  |
|--|-------|------------------|------------------|
|  |       | 2022<br>R'000    | 2021<br>R'000    |
| <b>ASSETS</b>                                      |       |                  |                  |
| <b>Non-current assets</b>                          |       |                  |                  |
| Property, plant and equipment                      |       | 1,048,581        | 887,574          |
| Investment property                                |       | 116,198          | 116,198          |
| Right-of-use assets                                |       | 220,751          | 245,782          |
| Financial investments                              |       | –                | 972              |
| Goodwill   |       | 42,560           | 3,391            |
| Other intangible assets                            |       | 68,629           | 41,539           |
| Net investment in finance leases                   |       | 24,019           | 75,915           |
| Loans and other receivables                        |       | 157,037          | 112,431          |
| Derivatives - interest rate swaps                  |       | 11,008           | 6,205            |
| Investment in associates                           |       | 50,636           | 8,059            |
| Investment in joint ventures                       |       | 1,298,853        | –                |
| Deferred taxation                                  |       | 155,282          | 174,842          |
|  |       | <b>3,193,554</b> | <b>1,672,908</b> |
| <b>Current assets</b>                              |       |                  |                  |
| Inventories  |       | 2,569,733        | 2,149,182        |
| Trade and other receivables                        |       | 1,288,443        | 1,102,727        |
| Net investment in finance leases                   |       | 59,904           | 85,946           |
| Loans and other receivables                        |       | 128,327          | 110,939          |
| Current taxation                                   |       | 69,268           | 32,498           |
| Cash and cash equivalents                          |       | 582,354          | 896,900          |
|  |       | <b>4,698,029</b> | <b>4,378,192</b> |
| Assets classified as held for sale                 | 9     | 6,251            | 2,623,205        |
| <b>Total assets</b>                                |       | <b>7,897,834</b> | <b>8,674,305</b> |
| <b>EQUITY AND LIABILITIES</b>                      |       |                  |                  |
| <b>Capital and reserves</b>                        |       |                  |                  |
| Ordinary share capital                             |       | 5,236            | 5,574            |
| Ordinary share premium                             |       | 2,516,172        | 2,679,310        |
| Treasury shares                                    |       | –                | (49,406)         |
| Preference shares                                  |       | 750,000          | 750,000          |
| Other reserves                                     |       | (29,883)         | (98,147)         |
| Foreign currency translation reserve               |       | (205,540)        | 381,498          |
| Retained earnings                                  |       | 1,593,958        | 931,823          |
| <b>Equity attributable to owners of the parent</b> |       | <b>4,629,943</b> | <b>4,600,652</b> |
| Non-controlling interests                          |       | 62,742           | 125,436          |
| <b>Shareholders' equity</b>                        |       | <b>4,692,685</b> | <b>4,726,088</b> |



# Summarised consolidated statement of financial position

|   | Notes | 31 March         |                  |
|---|-------|------------------|------------------|
|   |       | 2022<br>R'000    | 2021<br>R'000    |
| <b>LIABILITIES</b>                      |       |                  |                  |
| <b>Non-current liabilities</b>          |       |                  |                  |
| Borrowings                              |       | 976,959          | 737,634          |
| Right-of-use lease liabilities          |       | 201,457          | 237,632          |
| Finance lease liabilities               |       | 22,201           | 46,286           |
| Deferred taxation                       |       | 26,045           | 24,716           |
|   |       | <b>1,226,662</b> | <b>1,046,268</b> |
| <b>Current liabilities</b>              |       |                  |                  |
| Trade and other payables                |       | 1,329,667        | 1,074,980        |
| Provisions                              |       | 208,910          | 139,421          |
| Current taxation                        |       | 25,946           | 16,807           |
| Dividends payable                       |       | 23,307           | 27,230           |
| Borrowings                              |       | 165,644          | 548,836          |
| Right-of-use lease liabilities          |       | 74,831           | 71,761           |
| Finance lease liabilities               |       | 33,911           | 69,917           |
| Profit share liability                  |       | 62,892           | 79,624           |
| Bank overdrafts                         |       | 53,379           | 253,926          |
|   |       | <b>1,978,487</b> | <b>2,282,502</b> |
| Liabilities classified as held for sale | 9     | –                | 619,447          |
| <b>Total liabilities</b>                |       | <b>3,205,149</b> | <b>3,948,217</b> |
| <b>Total equity and liabilities</b>     |       | <b>7,897,834</b> | <b>8,674,305</b> |

# Summarised consolidated statement of changes in equity

|   | 31 March         |                  |
|---|------------------|------------------|
|   | 2022<br>R'000    | 2021<br>R'000    |
| <b>Share capital</b>                          |                  |                  |
| Balance at the beginning of the year          | 5,574            | 5,424            |
| Ordinary shares issued                        | –                | 150              |
| Ordinary shares repurchased                   | (338)            | –                |
| <b>Balance at the end of the year</b>         | <b>5,236</b>     | <b>5,574</b>     |
| <b>Share premium</b>                          |                  |                  |
| Balance at the beginning of the year          | 2,679,310        | 2,653,151        |
| Ordinary shares issued                        | –                | 26,159           |
| Ordinary shares repurchased                   | (163,138)        | –                |
| <b>Balance at the end of the year</b>         | <b>2,516,172</b> | <b>2,679,310</b> |
| <b>Treasury shares</b>                        | <b>(49,406)</b>  | <b>(49,406)</b>  |
| Ordinary shares repurchased                   | 49,406           | –                |
| <b>Balance at the end of the year</b>         | <b>–</b>         | <b>(49,406)</b>  |
| <b>Preference shares</b>                      | <b>750,000</b>   | <b>750,000</b>   |
| <b>Retained earnings</b>                      |                  |                  |
| Balance at the beginning of the year          | 931,823          | 625,507          |
| Total comprehensive income                    | 882,861          | 367,887          |
| Transfer between reserves                     | 4,463            | (257)            |
| Equity-settled share-based payments cancelled | 8,370            | –                |
| Ordinary shares repurchased                   | (34,052)         | –                |
| Other reserve movements                       | (630)            | –                |
| Disposal of subsidiary                        | (71,967)         | (611)            |
| Ordinary dividends paid                       | (69,657)         | (2,253)          |
| Preference dividends paid                     | (57,253)         | (58,450)         |
| <b>Balance at the end of the year</b>         | <b>1,593,958</b> | <b>931,823</b>   |
| <b>Foreign currency translation reserve</b>   |                  |                  |
| Balance at the beginning of the year          | 381,498          | 623,346          |
| Total comprehensive income                    | (37,648)         | (241,848)        |
| Disposal of subsidiary                        | (549,390)        | –                |
| <b>Balance at the end of the year</b>         | <b>(205,540)</b> | <b>381,498</b>   |
| <b>Other reserves</b>                         |                  |                  |
| Balance at the beginning of the year          | (98,147)         | (102,542)        |
| Equity-settled share-based payments issued    | 10,775           | 3,566            |
| Equity-settled share-based payments cancelled | (8,370)          | –                |
| Disposal of subsidiary                        | 71,967           | 611              |
| Other reserve movements                       | (46)             | (38)             |
| Acquisition of non-controlling interests      | (6,062)          | –                |
| Transfer between reserves                     | –                | 256              |
| <b>Balance at the end of the year</b>         | <b>(29,883)</b>  | <b>(98,147)</b>  |
| <b>Attributable to equity shareholders</b>    | <b>4,629,943</b> | <b>4,600,652</b> |

# Summarised consolidated statement of changes in equity

|   | 31 March         |                  |
|---|------------------|------------------|
|   | 2022<br>R'000    | 2021<br>R'000    |
| <b>Non-controlling interest</b>   |                  |                  |
| Balance at the beginning of the year  | 125,436          | 129,037          |
| Total comprehensive income  | 23,708           | 340              |
| Transfers between reserves  | (4,463)          | –                |
| Non-controlling interest arising on the issue of additional share capital in a subsidiary | 209,427          | –                |
| Disposal of subsidiary  | (287,455)        | 2,842            |
| Acquisition of non-controlling interests  | (2,804)          | 203              |
| Ordinary dividend paid  | (1,107)          | (6,986)          |
| <b>Balance at the end of the year</b>   | <b>62,742</b>    | <b>125,436</b>   |
| <b>Total equity</b>   | <b>4,692,685</b> | <b>4,726,088</b> |

# Summarised consolidated statement of cash flows

|  | Notes | 31 March         |                  |
|--|-------|------------------|------------------|
|  |       | 2022<br>R'000    | 2021<br>R'000    |
| <b>Cash flows from operating activities</b>                                      |       |                  |                  |
| Cash generated from operations   | 10    | 978,121          | 1,856,936        |
| Finance costs  |       | (106,413)        | (207,204)        |
| Finance cost on financing transactions   |       | (7,739)          | (6,683)          |
| Dividends paid to Group shareholders   |       | (130,989)        | (68,375)         |
| Dividends paid to non-controlling interests                                      |       | (1,107)          | (6,986)          |
| Taxation paid  | 11    | (183,489)        | (425,521)        |
| Finance income   |       | 24,791           | 53,041           |
| Finance income from financing transactions                                       |       | 11,809           | 19,160           |
| Dividends received   |       | –                | 2,230            |
| <b>Net cash inflow from operating activities</b>                                 |       | <b>584,984</b>   | <b>1,216,598</b> |
| <b>Cash flows from investing activities</b>                                      |       |                  |                  |
| Proceeds on sale of property, plant and equipment and other intangible assets    |       | 126,225          | 43,943           |
| Additions to property, plant and equipment                                       |       | (122,544)        | (118,473)        |
| Additions to intangible assets   |       | (8,263)          | (7,175)          |
| Acquisition of subsidiaries and businesses                                       | 12    | (267,574)        | –                |
| Acquisition of associate   |       | (37,389)         | –                |
| Proceeds on disposal of subsidiaries (net of cash and cash equivalents disposed) | 13    | (296,585)        | 84,221           |
| Dividend received from associate   |       | 1,465            | –                |
| Dividend received from joint venture   |       | 24,821           | –                |
| Funds lent in relation to long-term receivables                                  |       | (75,230)         | (10,400)         |
| Payments received from long-term receivables                                     |       | 108,888          | 5,189            |
| <b>Net cash outflow from investing activities</b>                                |       | <b>(546,186)</b> | <b>(2,695)</b>   |
| <b>Cash flows from financing activities</b>                                      |       |                  |                  |
| Funding received in respect of borrowings  |       | 1,300,134        | 208,654          |
| Principle repayment of borrowings  |       | (1,501,824)      | (1,123,277)      |
| Funding received in respect of finance lease liabilities                         |       | 44,169           | 120,190          |
| Repayment of finance lease liabilities   |       | (104,190)        | (126,728)        |
| Payment of right of use lease liabilities  |       | (75,807)         | (83,135)         |
| Principle repayment of financial liabilities                                     |       | (6,350)          | –                |
| Ordinary shares issued   |       | –                | 26,309           |
| Ordinary shares repurchased  |       | (148,122)        | –                |
| Proceeds from issue of shares to non-controlling interests                       |       | 1,790            | –                |
| Acquisition of non-controlling interests   |       | (8,866)          | 203              |
| <b>Net cash outflow from financing activities</b>                                |       | <b>(499,066)</b> | <b>(977,784)</b> |
| <b>Net (decrease)/increase in cash and cash equivalents</b>                      |       | <b>(460,268)</b> | <b>236,119</b>   |
| Cash and cash equivalents at the beginning of the year                           |       | 998,966          | 822,633          |
| Effect of foreign exchange rate movement on cash balance                         |       | (9,723)          | (59,786)         |
| <b>Cash and cash equivalents at the end of the year</b>                          |       | <b>528,975</b>   | <b>998,966</b>   |
| <b>Cash and cash equivalents</b>   |       |                  |                  |
| Bank and Cash balances   |       | 582,354          | 896,900          |
| Bank overdrafts  |       | (53,379)         | (253,926)        |
| Cash and cash equivalents of continuing operations                               |       | 528,975          | 642,974          |
| Cash and cash equivalents classified as held for sale                            |       | –                | 355,992          |
| <b>Total</b>   |       | <b>528,975</b>   | <b>998,966</b>   |

# Other information

|   | 31 March       |                |
|---|----------------|----------------|
|   | 2022           | 2021           |
| <b>Net interest-bearing debt:equity ratio</b>   | <b>20%</b>     | <b>23%</b>     |
| The net interest-bearing debt:equity ratio represents the proportion of the Group's net asset value which is financed by net interest-bearing debt and is calculated as follows: (non-current portion of interest-bearing debt+current portion of interest-bearing debt-net cash on hand) / capital and reserves.   |                |                |
| <b>Net asset value per ordinary share (cents)</b>   | <b>3,765</b>   | <b>3,566</b>   |
| Net asset value per ordinary share represents the ordinary shareholders share in the net assets of the Group excluding those funded through preference share equity and is calculated as follows: (total assets less total liabilities less preference share equity) / number of issued ordinary shares.  |                |                |
| <b>Tangible net asset value per ordinary share (cents)</b>  | <b>3,659</b>   | <b>3,526</b>   |
| Tangible net asset value per ordinary share represents the ordinary shareholders share in the tangible net assets of the Group excluding those funded through preference share equity and is calculated as follows: (total assets less goodwill less other intangible assets less total liabilities less preference share equity) / number of issued ordinary shares. |                |                |
| <b>Additions to property plant and equipment (R'000)</b>  | <b>241,980</b> | <b>156,171</b> |

## Bank covenants

|                                 | 31 March 2022   |              |
|---------------------------------|-----------------|--------------|
|                                 | Limit           | Achieved     |
| <b>Net Debt to EBITDA ratio</b> | <b>3.0 &lt;</b> | <b>1.16</b>  |
| <b>Interest cover ratio</b>     | <b>3.5 &gt;</b> | <b>10.77</b> |

# Notes to the summarised audited consolidated results

## 1. Basis of preparation

The summary consolidated financial statements are prepared in accordance with the requirements of the JSE Limited Listings Requirements for abridged reports, and the requirements of the Companies Act of South Africa applicable to summary financial statements. The Listings Requirements require abridged reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS) and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and to also, as a minimum, contain the information required by IAS 34 *Interim Financial Reporting*. The accounting policies applied in the preparation of the consolidated financial statements, from which the summary consolidated financial statements were derived, are in terms of International Financial Reporting Standards and are consistent with the accounting policies applied in the preparation of the previous consolidated annual financial statements.

The report was compiled under the supervision of Ms. N Rajmohamed, the Chief Financial Officer.

## 2. Events after the reporting date

### COVID-19

China implemented widespread lockdown measures on 26 March 2022, in line with President Xi Jinping's stringent Covid Zero Policy. Shanghai being the closest city to the KAG roller manufacturing businesses reported its fewest Covid-19 cases in more than 6 weeks by the second week of May. This allowed the roller manufacturing operations to resume with a skeleton staff. Despite the Covid wave easing, authorities are stepping up efforts to quarantine close contacts of people who test positive.

### War in Ukraine

Euro Driveshaft Parts Ukraine, which operates in Chernihiv in northern Ukraine, was occupied by Russian forces who have subsequently withdrawn from the city on 4 April 2022. The buildings which house the inventory and other operating assets were not damaged. The company has moved the server from the premises and access to accounting records has been re-established. Security arrangements were put in place since 4 April 2022 to preserve the assets. The banking system is currently functioning albeit with restrictions. Peace talks between Russia and the Ukraine while slow are in progress.

### Par value shares changed to stated capital, increase of authorised capital

On 22 April 2022 the Group distributed a circular pertaining to the conversion of the par value ordinary shares of the Company into no par value ordinary shares, the increase of 151 million shares in the authorised ordinary share capital of the Company, and the related amendments of the Company's memorandum of incorporation. These changes were approved at a general meeting of ordinary shareholders held on the 24 May 2022.

### Keletso Imare Bindzue Procurement Services (Pty) Ltd

This entity was consolidated at 31 March 2022 as an entity controlled in terms of IFRS 10 *Consolidated Financial Statements*. Due to a change in the nature of the relationship with the Group ending the outsourcing of procurement services to KIB, control and consolidation ceased effective 1 April 2022.

# Notes to the summarised audited consolidated results

## 3. Operating segment

The Group determines and presents operating segments based on the information that is provided internally to the Group Executive Committee.

The comparative disclosures presented below have been represented for the change in operating segments.

The Group has the following reportable operational segments:

| Reportable segment  | Operations  |
|---|---|
| Replacement parts, Services, & Solutions: Industrial (RSS: Industrial)            | Wholesalers of engineering consumables, tools & equipment and belting and providers of a number of technical services operating in Africa and Asia. |
| Replacement parts, Services & Solutions: Auto-agri (RSS: Auto-agri)               | Supplier of imported and local automotive components operating in South Africa and Europe.  |
| Capital equipment (CE)  | Wholesale and retail distributor of construction equipment, forklifts and related OEM parts and components operating in South Africa.               |
| Replacement parts, Services & Solutions: Earthmoving equipment (RSS: Earthmoving) | Suppliers of earthmoving equipment, forklifts, and parts operating in South Africa.   |
| Kian Ann Group (Joint Venture)  | Manufacture and distributor of heavy machinery parts and diesel engine components operating in Asia, America and Canada.                            |
| Corporate Group   | Comprises MacNeil Plastics and Group support services including financing, investment, and property operating in South Africa.                      |

Monthly operating segment operating results are reviewed by the Group Executive Committee, this review forms the basis of the executive interventions and resource allocations.

### 3.1 Segment revenue

|                                    | 31 March<br>Segment revenue |                       |                |                  |
|------------------------------------|-----------------------------|-----------------------|----------------|------------------|
|                                    | Sale of goods               | Rendering of services | Rental income  | Total            |
|                                    | R'000                       | R'000                 | R'000          | R'000            |
| <b>2022</b>                        |                             |                       |                |                  |
| RSS: Industrial                    | 4,431,150                   | 5,470                 | –              | 4,436,620        |
| RSS: Auto-agri                     | 517,825                     | 528                   | –              | 518,353          |
| Capital equipment                  | 779,041                     | 68,608                | 214,445        | 1,062,094        |
| RSS: Earthmoving                   | 547,397                     | –                     | –              | 547,397          |
| Corporate                          | 600,906                     | –                     | 35,732         | 636,638          |
| Inter-segment elimination          | (12,111)                    | –                     | –              | (12,111)         |
| <b>Total continuing operations</b> | <b>6,864,208</b>            | <b>74,606</b>         | <b>250,177</b> | <b>7,188,991</b> |
| Discontinued operations            | 461,233                     | –                     | –              | 461,233          |
| <b>Total</b>                       | <b>7,325,441</b>            | <b>74,606</b>         | <b>250,177</b> | <b>7,650,224</b> |
| <b>2021*</b>                       |                             |                       |                |                  |
| RSS: Industrial                    | 4,089,436                   | 3,603                 | –              | 4,093,039        |
| RSS: Auto-agri                     | 434,964                     | –                     | –              | 434,964          |
| Capital equipment                  | 767,696                     | 68,110                | 73,567         | 909,373          |
| RSS: Earthmoving                   | 392,327                     | –                     | –              | 392,327          |
| Corporate                          | 433,303                     | (2)                   | 17,605         | 450,906          |
| Inter-segment elimination          | (9,767)                     | (19,358)              | –              | (29,125)         |
| <b>Total continuing operations</b> | <b>6,107,959</b>            | <b>52,353</b>         | <b>91,172</b>  | <b>6,251,484</b> |
| Discontinued operations            | 2,901,340                   | 35,963                | 52             | 2,937,355        |
| <b>Total</b>                       | <b>9,009,299</b>            | <b>88,316</b>         | <b>91,224</b>  | <b>9,188,839</b> |

\* Represented

# Notes to the summarised audited consolidated results

## 3. Operating segment (continued)

### Geographical information

South African operations comprise 83.4% (2021: 86.05%) of the Group revenue from continuing operations, with 11.3% (2021: 10.55%) being operations throughout the rest of Africa and 5.3% (2021: 3.4%) derived in Europe and US.

### 3.2 Segment operating profit before interest on financing transactions and foreign exchange movements and profit or loss before taxation

|                                    | 31 March   |                |                               |                |
|------------------------------------|--|----------------|-------------------------------|----------------|
|                                    | Segment operating profit/(loss) before interest on financing transactions and foreign exchange movements |                | Profit/(loss) before taxation |                |
|                                    | 2022   | 2021*          | 2022                          | 2021*          |
|                                    | R'000  | R'000          | R'000                         | R'000          |
| RSS: Industrial                    | 332,208  | 297,894        | 240,389                       | 174,211        |
| RSS: Auto-agri                     | 94,222   | 77,465         | 83,851                        | 70,243         |
| Capital equipment                  | 113,393  | 186,650        | 122,113                       | 193,565        |
| RSS: Earthmoving                   | 68,988   | 55,813         | 67,475                        | 63,339         |
| Kian Ann Group                     | –  | –              | 77,066                        | –              |
| Corporate                          | 61,837   | (32,645)       | 96,758                        | (43,833)       |
| <b>Total continuing operations</b> | <b>670,648</b>   | <b>585,177</b> | <b>687,652</b>                | <b>457,525</b> |
| Discontinued operations            | 411,768  | 70,060         | 390,892                       | 128,463        |
| <b>Total</b>                       | <b>1,082,416</b>   | <b>655,237</b> | <b>1,078,544</b>              | <b>585,988</b> |

\* Represented

For the purposes of monitoring segment performance, the impairment of goodwill and intangible assets and the amortisation of intangible assets (excluding computer software) have been represented in the applicable operational segments as the returns on those assets are included in the individual segment results.

### 3.3 Segment assets and liabilities

|  | 31 March         |                  |                     |                  |
|--|------------------|------------------|---------------------|------------------|
|  | Segment assets   |                  | Segment liabilities |                  |
|  | 2022             | 2021*            | 2022                | 2021*            |
|  | R'000            | R'000            | R'000               | R'000            |
| RSS: Industrial                                | 3,527,709        | 3,344,822        | 1,416,828           | 1,713,354        |
| RSS: Auto-agri                                 | 379,378          | 371,157          | 113,407             | 95,500           |
| Capital equipment                              | 899,191          | 1,106,915        | 346,379             | 455,139          |
| RSS: Earthmoving                               | 705,779          | 256,453          | 279,823             | 94,073           |
| Kian Ann Group                                 | 1,298,853        | –                | –                   | –                |
| Corporate                                      | 1,080,673        | 971,753          | 1,048,712           | 970,704          |
| <b>Total continuing operations</b>             | <b>7,891,583</b> | <b>6,051,100</b> | <b>3,205,149</b>    | <b>3,328,770</b> |
| Assets/liabilities classified as held for sale | 6,251            | 2,623,205        | –                   | 619,447          |
| <b>Total assets and liabilities</b>            | <b>7,897,834</b> | <b>8,674,305</b> | <b>3,205,149</b>    | <b>3,948,217</b> |

\* Represented

For the purposes of monitoring segment performance, goodwill, financial assets, deferred and current tax assets and liabilities and investments in associates and joint ventures have been represented in the applicable operational segments as the returns on those assets and liabilities are included in the individual segment results.



# Notes to the summarised audited consolidated results

## 3. Operating segment (continued)

### 3.4 Other segment information

|                                     | 31 March                      |                |  |                |
|-------------------------------------|-------------------------------|----------------|--|----------------|
|                                     | Depreciation and amortisation |                | Additions to property, plant and equipment and intangible assets |                |
|                                     | 2022<br>R'000                 | 2021*<br>R'000 | 2022<br>R'000  | 2021*<br>R'000 |
| RSS: Industrial                     | 146,983                       | 171,915        | 41,467   | 19,215         |
| RSS: Auto-agri                      | 8,709                         | 6,270          | 3,596  | 57,056         |
| Capital equipment                   | 44,618                        | 42,715         | 7,910  | 19,195         |
| RSS: Earthmoving                    | 14,231                        | 9,546          | 2,458  | 1,694          |
| Kian Ann Group                      | –                             | –              | –  | 8,637          |
| Corporate                           | (22,484)                      | (26,085)       | 194,812  | 19,851         |
| <b>Total continuing operations</b>  | <b>192,057</b>                | <b>204,361</b> | <b>250,243</b>   | <b>125,648</b> |
| Discontinued operations             | 10,826                        | 44,465         | 2,049  | –              |
| <b>Total assets and liabilities</b> | <b>202,883</b>                | <b>248,826</b> | <b>252,292</b>   | <b>125,648</b> |

\* Represented

#### Customers

The Group has not reported segment information by customer as no customer contributes in excess of 4% of the Group's total revenue.

# Notes to the summarised audited consolidated results

## 4. Revenue

|   | 31 March         |               |
|---|------------------|---------------|
|   | 2022<br>R'000    | 2021<br>R'000 |
| <b>Type of products and service</b>               |                  |               |
| <i>Revenue from contracts with customers</i>      |                  |               |
| <b>Sale of goods</b>                              | <b>6,864,208</b> | 6,107,959     |
| -Equipment and parts                              | 1,543,169        | 1,157,272     |
| -Engineering consumables and tools                | 4,882,751        | 4,618,100     |
| -Plastic pipe ware and hardware                   | 438,288          | 332,587       |
| <b>Rendering of services</b>                      | <b>74,606</b>    | 52,353        |
|   | <b>6,938,814</b> | 6,160,312     |
| <i>Other revenue</i>                              |                  |               |
| Rental income                                     | 250,177          | 91,172        |
| <b>External revenue</b>                           | <b>7,188,991</b> | 6,251,484     |
| <b>Timing of revenue recognition</b>              |                  |               |
| Goods and services transferred at a point in time | 6,870,206        | 6,122,220     |
| Services transferred over time                    | 68,608           | 38,092        |
| Rental income                                     | 250,177          | 91,172        |
| <b>External revenue</b>                           | <b>7,188,991</b> | 6,251,484     |

### Geographical sales

South African operations and other African operations comprise 83.4% and 11.3% of Group revenue respectively, with the remaining 5.3% being operations in Europe and US. Please refer to note 3.

# Notes to the summarised audited consolidated results

## 5. Operating profit from operations

|   | 31 March      |               |
|---|---------------|---------------|
|   | 2022<br>R'000 | 2021<br>R'000 |
| Operating profit from operations includes the following:                          |               |               |
| <b>Income</b>   |               |               |
| Profit on disposal of property, plant and equipment                               | 11,443        | 1,996         |
| Profit on disposal of investments and businesses                                  | 68,714        | 98,576        |
| Profit on derecognition of right-of-use assets and right-of-use lease liabilities | 6,593         | 7,241         |
| Fair value adjustment on profit share liability                                   | 9,266         | –             |
| Fair value adjustment - interest rate swaps                                       | 4,803         | 6,205         |
| <b>Expense</b>  |               |               |
| Depreciation  | 93,153        | 89,295        |
| Amortisation of intangible assets   | 23,339        | 32,459        |
| Depreciation of right-of-use assets   | 75,565        | 82,606        |
| Impairment of property, plant and equipment                                       | 398           | 3,396         |
| Impairment of goodwill  | –             | 21,456        |
| Fair value adjustment on profit share liability                                   | –             | 4,557         |
| Loss on disposal of a business/investment   | 5,660         | 2,041         |
| Loss on disposal of property, plant and equipment                                 | 3,189         | 4,507         |
| Auditors' remuneration  | 17,987        | 14,141        |
| Employment benefit expense  | 1,085,934     | 900,276       |

The Group had total cash outflows from right-of-use lease liabilities of premises, motor vehicles and equipment amounting to R101 million (2021: R121 million).

The Group had total cash outflows from short term, variable and low value leases of premises, motor vehicles and equipment amounting to R17.8 million (2021: R23 million) from continuing operations.

# Notes to the summarised audited consolidated results

## 6. Income taxation

|  | 31 March       |                |
|--|----------------|----------------|
|  | 2022<br>R'000  | 2021<br>R'000  |
| Current taxation   |                |                |
| – current year   | 102,481        | 132,863        |
| – prior year   | (169)          | (13,094)       |
| Deferred taxation  |                |                |
| – current year   | 6,048          | 4,000          |
| – prior year   | 2,193          | 7,359          |
| – tax rate change  | 5,029          | –              |
| Withholding tax  | 1,839          | 2,028          |
| Share transfer tax   | 497            | –              |
| Current taxation in foreign jurisdictions                                  | 48,918         | 27,530         |
| <b>Tax expense for continuing operations</b>                               | <b>166,836</b> | <b>160,686</b> |
| <b>Reconciliation of effective tax rate</b>                                | <b>%</b>       | <b>%</b>       |
| Tax rate using the Group's domestic tax rate                               | 28.0           | 28.0           |
| Changes in tax rates   | 0.9            | –              |
| Profit on disposal of subsidiary   | (1.3)          | 0.1            |
| Share in profit of associates and joint ventures                           | (4.4)          | (0.2)          |
| <i>Tax effect of exempt / non-taxable income:</i>                          |                |                |
| Dividends received and accrued   | –              | (0.1)          |
| Employee tax incentive   | (0.1)          | (0.1)          |
| Learnership allowances   | (0.6)          | (0.3)          |
| Fair value adjustments   | –              | 0.1            |
| Profit share liability revaluation   | (0.4)          | 0.1            |
| Other permanent differences and exempt income*                             | 0.1            | 1.1            |
| <i>Taxation effect of non-deductible expenses:</i>                         |                |                |
| Consulting, legal and secretarial fees                                     | 0.5            | 0.3            |
| Amortisation of agency rights  | 0.1            | –              |
| Leasehold depreciation   | 0.1            | 0.2            |
| Penalties and interest   | 0.1            | 0.7            |
| Impairment   | 0.5            | 1.5            |
| Expenditure apportioned due to exempt income                               | –              | 0.5            |
| <i>Foreign taxation:</i>   |                |                |
| Effect of tax rates in foreign jurisdictions                               | 1.9            | 0.8            |
| Capital gains tax differential   | (1.9)          | (1.0)          |
| Prior year taxation adjustments  | 0.1            | (2.7)          |
| Dividend withholding tax   | 0.3            | 0.4            |
| Tax losses where no deferred taxation asset has been recognised            | 1.2            | 2.5            |
| Tax losses utilised where no deferred taxation asset previously recognised | (0.8)          | –              |
| Deferred taxation not realised on disposal of going concern                | –              | 3.2            |
| <b>Effective tax rate</b>  | <b>24.3</b>    | <b>35.1</b>    |

\*Other permanent differences and exempt income comprise foreign statutory disallowed expenses and exempt income, value added tax disallowed and capital costs of the disposal of going concern.

The directors of the Group have applied appropriate judgement in assessing the tax treatment of instruments in the tax computations and that the Group has reasonable taxation provision for any potential exposures.

The balance on the tax settlement of R750 million was fully settled in 2021.

# Notes to the summarised audited consolidated results

## 7. Earnings per share

|  | 31 March |         |
|--|----------|---------|
|  | 2022     | 2021    |
| <b>Earnings per share (cents)</b>                              |          |         |
| Basic earnings per share from continuing operations            | 408      | 212     |
| Basic earnings per share                                       | 764      | 285     |
| Diluted earnings per share from continuing operations          | 395      | 206     |
| Diluted earnings per share                                     | 741      | 277     |
| Headline earnings per share from continuing operations         | 343      | 172     |
| Headline earnings per share                                    | 330      | 316     |
| Diluted headline earnings per share from continuing operations | 333      | 167     |
| Diluted headline earnings per share                            | 320      | 307     |
| <b>Ordinary shares ('000)</b>                                  |          |         |
| In issue   | 104,727  | 111,495 |
| Weighted average   | 108,020  | 107,939 |
| Diluted weighted average                                       | 111,425  | 111,050 |

The 4,900,499 (2021: 3,111,000) share-based payment options relating to tranches 16, 17 and 18 (2021: tranches 16 and 17), issued to executive directors have been assessed and are included in the diluted weighted average number of ordinary shares. The other remaining share-based payment option tranches (13, 14 and 15) are non-dilutive, as the options are currently 'out of the money'.

|  | 31 March       |                |
|--|----------------|----------------|
|  | 2022<br>R'000  | 2021<br>R'000  |
| <b>Headline earnings per share</b>                                     |                |                |
| Profit from continuing operations attributable to owners of the parent | 440,278        | 228,794        |
| Adjusted for: Profit for the year from discontinued operations         | 385,330        | 79,233         |
| Profit for the year attributable to owners of the parent               | 825,608        | 308,027        |
| <b>Headline earnings</b>   |                |                |
| Profit from continuing operations attributable to owners of the parent | 440,278        | 228,794        |
| <b>Headline earnings adjustments from continuing operations</b>        |                |                |
| <b>Adjustments for:</b>  |                |                |
| Profit on disposal of property, plant and equipment                    | (11,443)       | (1,996)        |
| Less: Taxation thereon   | (6,861)        | 561            |
| Less: other shareholders interest thereon                              | 47             | 15             |
| Loss on disposal of property, plant and equipment                      | 3,189          | 4,507          |
| Less: Taxation thereon   | (848)          | (1,155)        |
| Profit on disposal of a business/investment                            | (68,714)       | (98,596)       |
| Less: Taxation thereon   | 9,168          | 26,561         |
| Loss on disposal of investment   | 5,660          | 2,041          |
| Impairment of goodwill   | –              | 21,456         |
| Impairment of property, plant and equipment                            | 398            | 3,396          |
| <b>Headline earnings from continuing operations</b>                    | <b>370,874</b> | <b>185,584</b> |

# Notes to the summarised audited consolidated results

## 7. Earnings per share (continued)

|  | 31 March         |               |
|--|------------------|---------------|
|  | 2022<br>R'000    | 2021<br>R'000 |
| <b>Headline earnings per share (continued)</b>           |                  |               |
| <b>Headline earnings from continuing operations</b>      | <b>370,874</b>   | 185,584       |
| Profit for the year from discontinued operations         | <b>385,330</b>   | 79,233        |
| <b>Headline adjustments from discontinued operations</b> |                  |               |
| <b>Adjustments for:</b>                                  |                  |               |
| Profit on disposal of property, plant and equipment      | –                | (1,074)       |
| Less: Taxation thereon                                   | –                | 292           |
| Loss on disposal of property, plant and equipment        | –                | 37            |
| Less: Taxation thereon                                   | –                | (6)           |
| Fair value gain on re-measurement of joint ventures      | <b>(399,919)</b> | –             |
| Profit on disposal of a business/investment              | –                | (1,818)       |
| Less: Taxation thereon                                   | –                | 309           |
| Loss on disposal of investment                           | –                | 2,086         |
| Less: Taxation thereon                                   | –                | (355)         |
| IFRS 5 impairment of disposal group                      | –                | 76,864        |
| <b>Headline earnings</b>                                 | <b>356,285</b>   | 341,152       |

# Notes to the summarised audited consolidated results

## 8. Discontinued operations

The transactions leading to the classification of the results from the Kian Ann Group as discontinued in the current and prior financial period and classified as held for sale in the prior financial period, are fully described in note 9. The Kian Ann Group was disposed during the current financial period, effective 1 August 2021 is fully described in note 13.

|  | 31 March           |                  |
|--|--------------------|------------------|
|  | The Kian Ann Group | Total            |
| 2022   | R'000              | R'000            |
| <b>Profit for the year from discontinued operations</b>  |                    |                  |
| Revenue  | 461,233            | 461,233          |
| Cost of sales  | (360,711)          | (360,711)        |
| <b>Gross profit</b>  | <b>100,522</b>     | <b>100,522</b>   |
| Expected credit losses recognised on trade receivables   | 5,969              | 5,969            |
| Fair value adjustment on put and call options *  | (17,235)           | (17,235)         |
| Fair value gain on remeasurement of investment in joint venture  | 399,919            | 399,919          |
| Selling, administration and distribution costs   | (77,407)           | (77,407)         |
| <b>Operating profit before net finance income on financing transactions and foreign exchange movements</b> | <b>411,768</b>     | <b>411,768</b>   |
| Finance income on financing transactions   | (84)               | (84)             |
| Foreign exchange losses and costs  | (6,522)            | (6,522)          |
| <b>Operating profit</b>  | <b>405,162</b>     | <b>405,162</b>   |
| Finance costs  | (2,556)            | (2,556)          |
| Finance income & dividends received  | 873                | 873              |
| Equity accounted earnings from investment in joint ventures  | (12,587)           | (12,587)         |
| <b>Profit before taxation</b>  | <b>390,892</b>     | <b>390,892</b>   |
| Taxation expense   | (5,562)            | (5,562)          |
| <b>Total profit for the year from discontinued operations</b>  | <b>385,330</b>     | <b>385,330</b>   |
|  | cents              | cents            |
| <b>Basic earnings per share from discontinued operations</b>   | <b>357</b>         | <b>357</b>       |
| <b>Diluted earnings per share from discontinued operations</b>   | <b>346</b>         | <b>357</b>       |
|  | R'000              | R'000            |
| <b>Cash flows from discontinued operations</b>   |                    |                  |
| Net cash outflow from operating activities   | (94,834)           | (94,834)         |
| Net cash outflow from investing activities   | (286,558)          | (286,558)        |
| Net cash inflow from financing activities  | 34,992             | 34,992           |
| Effect of foreign exchange rate movement on cash balance   | (8,999)            | (8,999)          |
| <b>Net cash outflows attributable to discontinued operations</b>   | <b>(355,399)</b>   | <b>(355,399)</b> |

\* The put and call options on investments in joint ventures lapsed on the acquisition of the subsidiaries of KAG and as a result, the put and call option assets were recognised in profit or loss.

# Notes to the summarised audited consolidated results

## 8. Discontinued operations (continued)

This operating division was classified as discontinued in the prior financial period. The effective date of the Disposal was 31 December 2020, note 12.

| 2021  | 31 March                                   |                    | Total          |
|---|--|--------------------|----------------|
|   | CEG agricultural and earthmoving divisions | The Kian Ann Group |                |
|   | R'000                                      | R'000              | R'000          |
| <b>Profit/(loss) for the year from discontinued operations</b>  |  |                    |                |
| Revenue   | 1,520,142                                  | 1,417,213          | 2,937,355      |
| Cost of sales   | (1,202,509)                                | (1,150,225)        | (2,352,734)    |
| <b>Gross profit</b>   | <b>317,633</b>                             | <b>266,988</b>     | <b>584,621</b> |
| Expected credit losses recognised on trade receivables  | (469)                                      | (12,560)           | (13,029)       |
| Fair value adjustment on assets held for sale   | –  | (76,864)           | (76,864)       |
| Selling, administration and distribution costs  | (187,943)                                  | (236,725)          | (424,668)      |
| <b>Operating profit/(loss) before net finance income on financing transactions and foreign exchange movements</b> | <b>129,221</b>                             | <b>(59,161)</b>    | <b>70,060</b>  |
| Finance income on financing transactions  | 1,008                                      | –                  | 1,008          |
| Finance costs on financing transactions   | (512)                                      | –                  | (512)          |
| Foreign exchange gains  | 27   | 10,282             | 10,309         |
| Foreign exchange losses and costs   | (4,347)                                    | (14,131)           | (18,478)       |
| <b>Operating profit/(loss)</b>  | <b>125,397</b>                             | <b>(63,010)</b>    | <b>62,387</b>  |
| Finance costs   | (5,197)                                    | (9,959)            | (15,156)       |
| Finance income & dividends received   | 3,779                                      | 3,211              | 6,990          |
| Equity accounted earnings from investment in associates   | –  | 36,356             | 36,356         |
| Equity accounted earnings from investment in joint ventures   | –  | 37,886             | 37,886         |
| <b>Profit before taxation</b>   | <b>123,979</b>                             | <b>4,484</b>       | <b>128,463</b> |
| Taxation expense  | –  | (16,841)           | (16,841)       |
| Attributable income taxation expense  | (32,389)                                   | –                  | (32,389)       |
| <b>Profit/(loss) from discontinued operations</b>   | <b>91,590</b>                              | <b>(12,357)</b>    | <b>79,233</b>  |
| <b>Total comprehensive income/(loss) for the year from</b>  | <b>91,590</b>                              | <b>(12,357)</b>    | <b>79,233</b>  |
|   | cents                                      | cents              | cents          |
| <b>Basic earnings/(loss) per share from discontinued operations</b>   | <b>85</b>                                  | <b>(11)</b>        | <b>73</b>      |
| <b>Diluted earnings/(loss) per share from discontinued operations</b>   | <b>82</b>                                  | <b>(11)</b>        | <b>71</b>      |
|   | R'000                                      | R'000              | R'000          |
| <b>Cash flows from discontinued operations</b>  |  |                    |                |
| Net cash inflow from operating activities   | 346,204                                    | 329,124            | 675,328        |
| Net cash inflows/(outflow) from investing activities  | 86,545                                     | (6,339)            | 80,206         |
| Net cash outflow from financing activities  | (432,749)                                  | (109,606)          | (542,355)      |
| Effect of foreign exchange rate movement on cash balance  | –  | (39,382)           | (39,382)       |
| <b>Net cash inflow attributable to discontinued operations</b>  | <b>–</b>                                   | <b>173,797</b>     | <b>173,797</b> |



# Notes to the summarised audited consolidated results

## 9. Assets held for sale

### **Invicta properties - the Samrand property**

The directors previously initiated a plan to dispose of the Samrand property and during March the transfer of the property took place. The sales price agreed upon with the buyer, of R151.0 million, is reasonable in relation to the fair value of the asset. Proceeds to the value of R110.5 million had been received by year end, with the remaining amount to be received over the next three years through bank guarantees and rental proceeds.

### **Invicta properties - other non-core properties**

In the prior financial period, the Group classified R7.9 million of its properties as held for sale, as they no longer formed part of the core business or strategic property holdings of the Group. During the current financial period, R1.6 million of these properties were disposed and the remaining R6.2 million, as at 31 March 2022, was disposed shortly after the current reporting period.

### **The Kian Ann Group ("KAG")**

In the prior financial period, the KAG was classified as held for sale after the Group entered into a series of inter linked transactions which would reduce the Group's 100% interest in the KAG to 48.81%. The effective loss of control triggered a deemed disposal which became effective in the current financial period. The impairment loss recognised in the prior financial period on the measurement to fair value less cost to sell in the disposal group is reflected in the table below.

# Notes to the summarised audited consolidated results

## 9. Assets held for sale (continued)

The value of the assets and associated liabilities classified as held-for-sale are as follows:

|   | 31 March           |                    |                    | Total            |
|---|--------------------|--------------------|--------------------|------------------|
|   | Invicta Properties | The Kian Ann Group | Invicta Properties |                  |
|   | 2022<br>R'000      | R'000              | 2021<br>R'000      |                  |
| Property, plant and equipment                     | 6,251              | 598,096            | 7,933              | 606,029          |
| Right-of-use assets                               | –                  | 77,080             | –                  | 77,080           |
| Investment property                               | –                  | –                  | 128,167            | 128,167          |
| Other intangible assets                           | –                  | 5,141              | –                  | 5,141            |
| Deferred taxation asset                           | –                  | 38,494             | –                  | 38,494           |
| Investments in joint ventures                     | –                  | 224,350            | –                  | 224,350          |
| Derivatives                                       | –                  | 17,577             | –                  | 17,577           |
| Inventories                                       | –                  | 730,402            | –                  | 730,402          |
| Trade and other receivables                       | –                  | 512,370            | –                  | 512,370          |
| Bank and cash balances                            | –                  | 360,459            | –                  | 360,459          |
| <b>Assets classified held for sale*</b>           | <b>6,251</b>       | <b>2,563,969</b>   | <b>136,100</b>     | <b>2,700,069</b> |
| Borrowings  | –                  | 105,035            | –                  | 105,035          |
| Right of use lease liabilities                    | –                  | 106,242            | –                  | 106,242          |
| Deferred taxation liability                       | –                  | 27,733             | –                  | 27,733           |
| Finance lease liabilities                         | –                  | 3,204              | –                  | 3,204            |
| Trade and other payables                          | –                  | 256,405            | –                  | 256,405          |
| Provisions  | –                  | 16,937             | –                  | 16,937           |
| Current taxation liability                        | –                  | 9,808              | –                  | 9,808            |
| Dividends payable                                 | –                  | 156                | –                  | 156              |
| Current portion of borrowings                     | –                  | 82,760             | –                  | 82,760           |
| Current portion of right of use lease liabilities | –                  | 5,441              | –                  | 5,441            |
| Current portion of finance lease liabilities      | –                  | 1,259              | –                  | 1,259            |
| Bank overdrafts                                   | –                  | 4,467              | –                  | 4,467            |
| <b>Liabilities classified as held for sale</b>    | <b>–</b>           | <b>619,447</b>     | <b>–</b>           | <b>619,447</b>   |
| <b>Carrying value of net assets held for sale</b> | <b>6,251</b>       | <b>1,944,522</b>   | <b>136,100</b>     | <b>2,080,622</b> |
| Fair value adjustment*                            | –                  | (76,864)           | –                  | (76,864)         |
| <b>Net assets held for sale at fair value</b>     | <b>6,251</b>       | <b>1,867,658</b>   | <b>136,100</b>     | <b>2,003,758</b> |

\* Assets classified as held for sale on the Consolidated Statement of Financial Position are net of the fair value adjustment.

# Notes to the summarised audited consolidated results

## 9. Assets held for sale (continued)

### Fair value less cost to sell valuation of the held for sale disposal group

The Group recognised the Kian Ann disposal group (assets and associated liabilities) as held for sale at 31 March 2021. The recognition of the disposal group as held for sale required it to be measured at the lower of its carrying amount or its fair value less costs to sell. The fair value less costs to sell was determined based on a discounted cash flow valuation. The Group based the discounted cash flow calculations on the five-year budgeted and forecast information. The long-term average growth rates were used to extrapolate cash flows from year 2 to year 5. The post-tax discount rates used reflected specific risks relating to the disposal group whilst maximising the use of market observable data. Other assumptions included in cash flow projections were closely linked to entity-specific key performance indicators i.e; product supply and margin pressures. Costs to sell were estimated based on costs incurred in similar transactions. The fair value less costs to sell was at a Level 3 (fair value is determined on inputs not based on observable market data) on the fair value hierarchy.

The inputs and assumptions used to calculate the fair value less costs to sell at the 2021 reporting date were as follows:

| Disposal group | 31 March          |                            |                           |                 |                 |
|----------------|-------------------|----------------------------|---------------------------|-----------------|-----------------|
|                | Post-tax discount | Terminal value growth rate | Year 1 annual growth rate | Year 2-3 annual | Year 4-5 annual |
| 2021           |                   |                            |                           |                 |                 |
| KAG            | 6.93%             | 0.5%                       | 7.5%                      | 1.0%            | 0.5%            |

### Fair value adjustment

The inputs and assumptions noted above were utilised to determine the fair value less costs to sell of the disposal group and resulted in the below fair value adjustment, as the carrying values of the disposal group exceeded the fair value less costs to sell. The carrying value allocated to the disposal group was adjusted as a result:

| Description                      | 31 March                      |                |                       |
|----------------------------------|-------------------------------|----------------|-----------------------|
|                                  | Fair value less costs to sell | Carrying value | Fair value adjustment |
|                                  | R'000                         | R'000          | R'000                 |
| 2021                             |                               |                |                       |
| Based on documented assumptions: |                               |                |                       |
| KAG                              | 1,867,658                     | 1,944,522      | (76,864)              |

The fair value adjustment has been recognised in discontinued operations in the statement of profit or loss.

The impact of a change in assumptions with all other variables held constant will have the following effects:

### Change in assumptions

|                                       |           |           |           |
|---------------------------------------|-----------|-----------|-----------|
| Growth rate reduced by 0.2%           | 1,849,357 | 1,944,522 | (95,165)  |
| Growth rate increased by 0.2%         | 1,894,087 | 1,944,522 | (50,435)  |
| 1% increase in post-tax discount rate | 1,653,524 | 1,944,522 | (290,998) |
| 1% decrease in post-tax discount rate | 2,168,577 | 1,944,522 | 224,055   |

# Notes to the summarised audited consolidated results

## 10. Reconciliation of profit before taxation to cash generated from operations

|   | 31 March       |                  |
|---|----------------|------------------|
|   | 2022<br>R'000  | 2021<br>R'000    |
| Profit before taxation  | 1,078,544      | 585,988          |
| From continuing operations  | 687,652        | 457,525          |
| From discontinued operations  | 390,892        | 128,463          |
| Adjusted for:   |                |                  |
| Depreciation  | 178,853        | 214,096          |
| Amortisation  | 24,030         | 34,729           |
| Impairment of property, plant and equipment                                     | 409            | 3,396            |
| Impairment of goodwill  | –              | 21,456           |
| Expected credit loss on receivables   | (5,178)        | (8,643)          |
| Fair value adjustment on assets held for sale                                   | –              | 76,864           |
| Rental concession discount  | –              | (1,273)          |
| Fair value adjustment on profit share liability                                 | (9,266)        | 4,557            |
| Profit on disposal of property, plant and equipment                             | (11,443)       | (1,996)          |
| Profit on disposal of investments and businesses                                | (68,714)       | (98,596)         |
| Profit on derecognition of right of use asset                                   | (12,654)       | (7,241)          |
| Loss on disposal of property, plant and equipment                               | 3,189          | 4,507            |
| Loss on disposal of a business/investments                                      | 5,660          | 4,126            |
| Loss on derecognition of right-of-use asset and right-of-use lease liabilities  | 6,035          | –                |
| Lease smoothing   | 2,563          | (688)            |
| Distributable reserve recognised*   | (46)           | (38)             |
| Remeasurement gain on fair value of investment in joint venture previously held | (399,919)      | –                |
| Retirement obligation accrual   | (81)           | –                |
| Revaluation of derivatives  | 12,432         | 7,699            |
| Finance costs   | 108,585        | 194,526          |
| Finance cost on financing transactions  | 7,721          | 7,999            |
| Dividend received   | –              | (2,230)          |
| Finance income  | (27,309)       | (53,482)         |
| Finance income from financing transactions                                      | (11,809)       | (19,160)         |
| Share appreciation rights issued - equity settled                               | 10,775         | 3,565            |
| Share of profits of associate   | (6,378)        | (40,218)         |
| Share of profits of joint venture**   | (89,300)       | (37,886)         |
| Elimination of unrealised profits in associates and joint ventures              | 602            | 489              |
| <b>Cash generated before movements in working capital (carried forward)</b>     | <b>797,301</b> | <b>892,546</b>   |
| <b>Working capital changes:</b>   | <b>180,820</b> | <b>964,390</b>   |
| (Increase)/decrease in inventories  | (240,512)      | 558,366          |
| (Increase)/decrease in trade and other receivables                              | (23,546)       | 166,348          |
| Increase in trade and other payables  | 346,157        | 212,811          |
| Decrease in provisions  | 70,607         | 12,929           |
| Increase in finance lease receivables***  | 28,114         | 13,936           |
| <b>Cash generated from operations</b>   | <b>978,121</b> | <b>1,856,936</b> |

\* Statutory reserve raised in China where a portion of the loss is taken to a reserve.

\*\* The current financial period excludes R12.6 million relating to discontinued operations.

\*\*\* The Group finances certain capital equipment transactions to customers at market related interest rates, resulting in the recognition of a net investment in finance leases. The financed asset consequently serves as security for the lease transactions. As a result, the cash flow implications of the net investment in finance leases are considered to be cash flows from operations.

# Notes to the summarised audited consolidated results

## 11. Taxation paid

|   | 31 March         |                  |
|---|------------------|------------------|
|   | 2022<br>R'000    | 2021<br>R'000    |
| Amounts unpaid at the beginning of the year | 5,883            | (218,532)        |
| Acquisition through business combinations   | (42,339)         | –                |
| Recognised in profit or loss                | (158,958)        | (200,931)        |
| Derecognised on disposal of subsidiary      | 55,775           | (175)            |
| Foreign currency translation                | (528)            | –                |
| Amounts unpaid at the end of the year       | (43,322)         | (5,883)          |
| <b>Total</b>                                | <b>(183,489)</b> | <b>(425,521)</b> |
| <b>Comprising:</b>                          |                  |                  |
| Payment of specific tax expense             | –                | (200,000)        |
| Current and withholding tax paid            | (183,489)        | (225,521)        |
| <b>Total</b>                                | <b>(183,489)</b> | <b>(425,521)</b> |

## 12. Acquisition of subsidiaries

### KMP Holdings Limited ("KMP")

KMP is a leading independent supplier of aftermarket heavy-duty diesel engine parts for industrial and agricultural machinery. KMP's main distribution facilities are located in Chertsey (UK) as well as Houston and Miami (USA). KMP was established more than 20 years ago and has a global customer base actively selling in more than 150 countries worldwide. KMP-branded products include aftermarket parts sourced from over 300 regular suppliers which are suitable for Komatsu®, Caterpillar®, Cummins®, Perkins®, Detroit Diesel® and John Deere® engines. KMP has been a specialist provider of diesel engine spare parts suitable for Komatsu® since 1994, Caterpillar® since 1996, Cummins® since 1994 and Perkins® since 2014. KMP-branded parts are widely recognised in the global aftermarket industry for their high quality, reliability and value.

Part of Invicta's strategic focus is to diversify into new geographical areas in the industries and markets in which Invicta has significant experience and strong management capabilities. As such, KMP fits this profile. The Invicta subsidiary, Equipment Spare Parts Africa (Pty) Ltd, is a major customer of KMP and, as such, the acquisition will provide cross training and skilling opportunities, as well as potential economies of scale.

### Kian Ann Group

The current year acquisitions detailed below are recognized as wholly-owned subsidiaries of the Kian Ann Group ("KAG") and are simultaneously disposed of as part of the "loss of control" in the KAG. As part of the series of transactions leading to the loss of control in the KAG, a controlling interest was acquired in Modesty Investment Group (MIH) and Kunshan Kensetsu Buhin Co. (KKB) by Kian Ann Engineering (KAE) which required the existing joint venture investments to be recognised at fair value.

# Notes to the summarised audited consolidated results

## 12. Acquisition of subsidiaries (continued)

| Subsidiary                               | Previous shareholding | Acquisition type   | Acquisition date | Purchase consideration* |
|--|-----------------------|--|------------------|-------------------------|
| KMP Holdings Limited                     | 0.00%                 | Acquisition of 100% of issued share capital                                | 01 January 2022  | R273 million            |
| Modesty Investment Group Pte Ltd ("MIH") | 50.01%                | Acquisition of 49.99% of issued share capital to increase holding to 100%  | 01 August 2021   | R323 million            |
| Kunshan Kensetsu Buhin Co. Ltd ("KKB")   | 27.60%                | Acquisition of 72.396% of issued share capital to increase holding to 100% | 01 August 2021   | R63 million             |

The acquisition of the above share capital resulted in the Group acquiring control over the aforementioned subsidiaries.

# Notes to the summarised audited consolidated results

## 12. Acquisition of subsidiaries (continued)

### Identifiable assets acquired and liabilities assumed

|  | 31 March             |                                  |                                | Total            |
|--|----------------------|----------------------------------|--------------------------------|------------------|
|  | KMP Holdings Limited | Modesty Investment Group Pte Ltd | Kunshan Kensetsu Buhin Co. Ltd |                  |
| 2022   | R'000                | R'000                            | R'000                          | R'000            |
| <b>Fair value of net assets acquired:</b>  |                      |                                  |                                |                  |
| Property, plant and equipment  | 59,284               | 9,655                            | 60,229                         | 129,168          |
| Right-of-use assets  | 21,379               | –                                | –                              | 21,379           |
| Other intangible assets  | 21,284               | 79,236                           | 82,978                         | 183,498          |
| Loan receivables   | –                    | –                                | 2,175                          | 2,175            |
| Bank and cash  | 6,282                | 59,039                           | 71,057                         | 136,378          |
| Inventories  | 222,685              | 69,483                           | 210,245                        | 502,413          |
| Trade and other receivables  | 89,183               | 67,152                           | 302,829                        | 459,164          |
| Current taxation assets  | –                    | –                                | 17,584                         | 17,584           |
| Deferred taxation  | (5,218)              | (19,600)                         | (17,849)                       | (42,667)         |
| Borrowings   | (33,302)             | (2,995)                          | –                              | (36,297)         |
| Right-of-use lease liabilities   | (21,378)             | –                                | –                              | (21,378)         |
| Trade and other payables   | (128,325)            | (118,492)                        | (494,708)                      | (741,525)        |
| Shareholders for dividends   | –                    | –                                | (85,199)                       | (85,199)         |
| Current taxation liabilities   | (3,179)              | (56,744)                         | –                              | (59,923)         |
| <b>Fair value of net assets acquired</b>   | <b>228,695</b>       | <b>86,734</b>                    | <b>149,341</b>                 | <b>464,770</b>   |
| Cash purchase price  | 272,767              | 67,737                           | 63,448                         | 403,952          |
| Non-cash purchase consideration - loan account settlement                                      | –                    | 255,171                          | –                              | 255,171          |
| Fair value of investments in joint ventures previously held                                    | –                    | 363,417                          | 191,095                        | 554,512          |
| Fair value of net assets acquired  | (228,695)            | (86,734)                         | (149,341)                      | (464,770)        |
| <b>Goodwill</b>  | <b>44,072</b>        | <b>599,591</b>                   | <b>105,202</b>                 | <b>748,865</b>   |
| Cash purchase price  | (272,767)            | (67,737)                         | (63,448)                       | (403,952)        |
| Bank and cash acquired   | 6,282                | 59,039                           | 71,057                         | 136,378          |
| <b>Cash (outflow)/inflow on acquisitions of subsidiaries</b>                                   | <b>(266,485)</b>     | <b>(8,698)</b>                   | <b>7,609</b>                   | <b>(267,574)</b> |
| Profit after taxation since acquisition date included in the consolidated results for the year | 452                  | -                                | -                              | 452              |
| Revenue since acquisition date included in the consolidated results for the year               | 110,810              | -                                | -                              | 110,810          |
| Profit after taxation should the business combinations have been included for the entire year  | 27,180               | 30,217                           | 139,224                        | 196,621          |
| Revenue should the business combinations have been included for the entire year                | 528,995              | 729,392                          | 1,735,288                      | 2,993,674        |

# Notes to the summarised audited consolidated results

## 12. Acquisition of subsidiaries (continued)

### Goodwill

The fair value of the investments and purchase consideration paid for MIH and KKB exceeded the “at acquisition” fair value of the net assets of MIH and KKB, resulting in the goodwill recognised. The consideration paid for these combinations included amounts in relation to expected synergies, revenue growth and future market development. The KMP goodwill arose from the expected benefit from cross training and skilling opportunities as well as economies of scale the Group expects to achieve.

### Determination of the fair value of MIH and KKB joint venture investments previously held

The fair value of the investments in the previously held joint ventures have been determined by using the discounted cash flow method. The Group based its cash flow calculations on the five-year forecasted information. The forecast average growth rates were used to extrapolate cash flows from year 2 to year 5 and the long-term average growth rate was used to calculate the terminal value. The post-tax discount rates used reflect specific risks relating to the relevant joint ventures whilst maximising the use of market observable data. Assumptions of growth rates are closely linked to entity-specific key performance indicators i.e., product supply and margin pressures.

| 2022                 | 31 March               |                            |                              |                               |
|----------------------|------------------------|----------------------------|------------------------------|-------------------------------|
|                      | Post-tax discount rate | Terminal value growth rate | Year 1 -3 annual growth rate | Year 4 - 5 annual growth rate |
| <b>Joint venture</b> | %                      | %                          | %                            | %                             |
| <b>MIH</b>           | <b>7.43%</b>           | <b>0.30%</b>               | <b>1.00%</b>                 | <b>0.50%</b>                  |
| <b>KKB</b>           | <b>9.26%</b>           | <b>0.30%</b>               | <b>1.00%</b>                 | <b>0.50%</b>                  |



# Notes to the summarised audited consolidated results

## 12. Acquisition of subsidiaries (continued)

### Sensitivity analysis

The fair values of the investments in the joint ventures previously held are sensitive to the growth rates and weighted average cost of capital used. The effect of changes in these inputs will result in the valuations noted below:

| 2022  | 31 March   |               |   |           |
|---|--|---------------|---|-----------|
|   | Fair value of the investment in joint ventures previously held | Consideration | Net asset value including intangible assets | Goodwill* |
| Description   | R'000  | R'000         | R'000                                       | R'000     |
| Based on documented assumptions:                    |  |               |   |           |
| MIH   | 363,417  | 322,908       | 86,734                                      | 599,591   |
| KKB   | 191,095  | 63,448        | 149,341                                     | 105,202   |
| Growth rate increased by 50% of the original factor |  |               |   |           |
| MIH   | 376,117  | 322,908       | 86,734                                      | 612,291   |
| KKB   | 199,048  | 63,448        | 149,341                                     | 113,155   |
| Growth rate reduced by 50% of the original factor   |  |               |   |           |
| MIH   | 350,020  | 322,908       | 86,734                                      | 586,194   |
| KKB   | 183,434  | 63,448        | 149,341                                     | 97,541    |
| 1% increase in WACC                                 |  |               |   |           |
| MIH   | 323,742  | 322,908       | 86,734                                      | 559,916   |
| KKB   | 165,810  | 63,448        | 149,341                                     | 79,917    |
| 1% decrease in WACC                                 |  |               |   |           |
| MIH   | 414,552  | 322,908       | 86,734                                      | 650,726   |
| KKB   | 222,727  | 63,448        | 149,341                                     | 136,834   |

\*Goodwill is calculated by deducting the net asset value from the sum of the fair value of the investment in the joint ventures previously held and the consideration values.

# Notes to the summarised audited consolidated results

## 13. Disposal of businesses and subsidiaries

### **Kian Ann Group (KAG)**

The group entered into a series of transactions which resulted in the Group reducing its shareholdings in KAG from 100% to 48.81% on 1 August 2021 and KAG increasing its interest in MIH and KKB to 100%. MIH and KKB have become fully owned subsidiaries of KAG, see note 9 and 12 for further detail.

The transactions have resulted in a disposal of KAG as a subsidiary, due to loss of control. For the acquired investment of 48.81% in KAG, the Group concluded that it has met the conditions required for joint control in accordance with IFRS 11 Joint Arrangements and have accounted for the transaction as an investment in joint venture applying the equity method.

The transactions occurred concurrently and were accounted for using a bottom up approach in terms of IFRS 10 Consolidated Financial Statements, with the entries affecting the lower levels of the consolidation recorded before those affecting the higher levels. This has resulted in the acquisition of MIH and KKB as subsidiaries of KAG (note 12) before the disposal of the controlling interest in KAG. These disposal steps resulted in a fair value gain on remeasurement of joint ventures of R396 million recognised in profit or loss from discontinued operations.

### **Minor Subsidiaries**

The Group disposed of a controlling interest in AME Rustenburg (Pty) Ltd and AME Thabazimbi (Pty) Ltd on 1 May 2021 and 1 November 2021 respectively, and disposed of a number of branches over the current period. The loss of control transaction of AME Rustenburg (Pty) Ltd and AME Thabazimbi (Pty) Ltd has been recognised as a disposal of subsidiary and has subsequently been recognised as an investment in associates due to the Group retaining significant influence over that investment. The branches were sold to companies in which the Group holds a minority share investment with significant influence and have been recognised as investments in associates.

### **Rustenburg Engineering and Foundry (Pty) Ltd**

On 12 November 2021, the Group approved and entered a Sale of Shares Agreement for the disposal of its 100% shareholding in Rustenburg Engineering and Foundry Proprietary Limited for a discounted purchase consideration of R9 million effective 1 October 2021. The disposal was in line with the Group's rationalisation to focus on core businesses. Rustenburg Engineering and Foundry Proprietary Limited is reported in the RSS: Industrial segment up until the disposal date.

### **Minor Subsidiaries**

#### *Prior period*

The Group disposed of a number of minor subsidiaries during the prior year. A.T. Group Holdings Co., Ltd. and A.T. Truck & Bus Parts Co., Ltd were disposed of on 1 October 2020. Controlling interests in AME Lephalale (Pty) Ltd and AME eMalahleni (Pty) Ltd previously Alpha Bearings (Pty) Ltd were disposed of on 1 October 2020 and 1 March 2021 respectively. The transactions were deemed disposals of the subsidiaries and were subsequently been recognised as investments in associates.

### **CEG Agricultural businesses**

#### *Prior period*

In July 2020 an agreement was reached to dispose of the net assets excluding cash, interest-bearing debt and non-trading assets and liabilities of a number of the Capital Equipment Group's ("CEG") operating divisions, namely CSE, Northmec, NHSA and Landboupart, to CNH Industrial SA Proprietary Limited (CNHi). The rationale for the Invicta Group was to consider applying the disposal consideration in the short-term, to reduce the most expensive debt of the Group, hereby realigning its funding and enabling the Group to focus on other strategic initiatives and its core operations. The conditions were all met and the transaction took effect on 31 December 2020.

The effective date of sale was at a purchase consideration equal to the tangible net asset value of the operations on the effective date, excluding interest bearing debt and cash, plus an additional US\$6 million goodwill payable in 3 equal instalments over a three-year period. The goodwill payment is the profit on disposal, and the recognition is described below.

# Notes to the summarised audited consolidated results

## 13. Disposal of businesses and subsidiaries (continued)

| 2022   | 31 March                                     |                    |                    | Total            |
|--|--|--------------------|--------------------|------------------|
|  | Rustenburg Engineering and Foundry (Pty) Ltd | The Kian Ann Group | Minor subsidiaries |                  |
|  | R'000  | R'000              | R'000              | R'000            |
| <b>A summary of the financial impact of the disposal is disclosed below:</b> |  |                    |                    |                  |
| <b>Net assets disposed</b>   |  |                    |                    |                  |
| Property, plant and equipment  | 1,089  | 651,078            | 1,087              | 653,254          |
| Right of use assets  | –  | 76,293             | –                  | 76,293           |
| Goodwill   | –  | 704,793            | –                  | 704,793          |
| Other intangible assets  | –  | 166,555            | –                  | 166,555          |
| Loans receivables  | –  | (74,689)           | –                  | (74,689)         |
| Investment in joint venture  | –  | (698)              | –                  | (698)            |
| Deferred taxation asset  | 2,415  | 39,891             | 1,116              | 43,422           |
| Inventories  | 4,704  | 995,942            | 3,473              | 1,004,119        |
| Trade and other receivables  | 10,599                                       | 952,037            | 15,182             | 977,818          |
| Borrowings   | –  | (222,082)          | –                  | (222,082)        |
| Current taxation assets  | –  | 17,591             | 1,087              | 18,678           |
| Bank and cash  | 5,554  | 725,704            | 15,108             | 746,366          |
| Finance lease liabilities  | –  | (4,422)            | –                  | (4,422)          |
| Right-of-use lease liabilities   | –  | (110,914)          | –                  | (110,914)        |
| Trade and other payables   | (8,863)                                      | (1,088,933)        | (25,307)           | (1,123,103)      |
| Provisions   | (838)  | (16,918)           | (36)               | (17,792)         |
| Deferred taxation liability  | –  | (66,861)           | –                  | (66,861)         |
| Current taxation liability   | –  | (74,077)           | (376)              | (74,453)         |
| Reserves   | –  | (549,390)          | –                  | (549,390)        |
| Shareholders for dividends   | –  | (146,898)          | –                  | (146,898)        |
| Bank overdraft   | –  | (5,399)            | –                  | (5,399)          |
| Non-controlling interest   | –  | (287,455)          | –                  | (287,455)        |
| <b>Net assets disposed of</b>  | <b>14,660</b>                                | <b>1,681,148</b>   | <b>11,334</b>      | <b>1,707,142</b> |
| Cash proceeds received   | 6,750  | 436,885            | 3,187              | 446,822          |
| Payment of liability on disposal   | –  | –                  | (2,440)            | (2,440)          |
| Non-cash proceeds - loan account settlement                                  | –  | 46,661             | –                  | 46,661           |
| Interest in joint venture/associate raised                                   | –  | 1,226,259          | 1,252              | 1,227,511        |
| Proceeds receivable  | 2,250  | –                  | 49,392             | 51,642           |
| Net assets disposed  | (14,660)                                     | (1,681,148)        | (11,334)           | (1,707,142)      |
| <b>(Loss)/profit on disposal*</b>  | <b>(5,660)</b>                               | <b>28,657</b>      | <b>40,057</b>      | <b>63,054</b>    |
| Cash proceeds received   | 6,750  | 436,885            | 747                | 444,382          |
| Bank and cash disposed   | (5,554)                                      | (720,305)          | (15,108)           | (740,967)        |
| <b>Total cash inflow/(outflow) on disposal</b>                               | <b>1,196</b>                                 | <b>(283,420)</b>   | <b>(14,361)</b>    | <b>(296,585)</b> |

\*Recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income in selling, administration and distribution costs (note 5).

# Notes to the summarised audited consolidated results

## 13. Disposal of businesses and subsidiaries (continued)

| 2021   | CEG Agricultural<br>businesses | 31 March<br>Minor<br>subsidiaries | Total          |
|--|--------------------------------|-----------------------------------|----------------|
|  | R'000                          | R'000                             | R'000          |
| <b>A summary of the financial impact of the disposal is disclosed below:</b> |                                |                                   |                |
| <b>Net assets disposed</b>   |                                |                                   |                |
| Property, plant and equipment  | 14,484                         | 592                               | 15,076         |
| Right of use assets  | 15,663                         | 582                               | 16,245         |
| Other intangible assets  | –                              | 1,911                             | 1,911          |
| Finance lease receivables  | 9,677                          | –                                 | 9,677          |
| Deferred taxation asset  | –                              | 336                               | 336            |
| Inventories  | 657,182                        | 118                               | 657,300        |
| Trade and other receivables  | 136,385                        | 8,256                             | 144,641        |
| Current taxation assets  | –                              | 175                               | 175            |
| Bank and cash  | –                              | 5,079                             | 5,079          |
| Finance lease liabilities  | (9,123)                        | –                                 | (9,123)        |
| Right of use lease liabilities   | (21,513)                       | (598)                             | (22,111)       |
| Trade and other payables   | (616,111)                      | (10,540)                          | (626,651)      |
| Provisions   | (1,321)                        | (7)                               | (1,328)        |
| Non-controlling interest   | –                              | 2,842                             | 2,842          |
| <b>Net assets disposed</b>   | <b>185,323</b>                 | <b>8,746</b>                      | <b>194,069</b> |
| Proceeds received  | 89,300                         | –                                 | 89,300         |
| Interest in associate acquired on disposal                                   | –                              | 1,503                             | 1,503          |
| Proceeds receivable  | 172,787                        | 24,949                            | 197,736        |
| Net assets disposed  | (185,323)                      | (8,746)                           | (194,069)      |
| <b>Profit on disposal</b>  | <b>76,764</b>                  | <b>17,706</b>                     | <b>94,470</b>  |
| Net assets disposed  | 185,323                        | 8,746                             | 194,069        |
| Profit on disposal   | 76,764                         | 17,706                            | 94,470         |
| Proceeds receivable and associate acquired                                   | (172,787)                      | (26,452)                          | (199,239)      |
| Bank and cash disposed   | –                              | (5,079)                           | (5,079)        |
| <b>Total cash inflow/(outflow) on disposal</b>                               | <b>89,300</b>                  | <b>(5,079)</b>                    | <b>84,221</b>  |

# Notes to the summarised audited consolidated results

## 14. Fair value disclosure

An analysis of the financial instruments that are measured subsequent to initial recognition at fair value is represented in the tables below:

|  | 31 March                  |                                       |         |         |         |
|--|---------------------------|---------------------------------------|---------|---------|---------|
|  | Balance at reporting date | Valuation technique(s) and key inputs | Level 1 | Level 2 | Level 3 |
| <b>2022</b>                                | <b>R'000</b>              |                                       |         |         |         |
| <b>Financial assets at fair value</b>      |                           |                                       |         |         |         |
| Derivatives - interest rate swaps          | 11,008                    | 2                                     | –       | 11,008  | –       |
| <b>Financial liabilities at fair value</b> |                           |                                       |         |         |         |
| Profit share liability                     | 62,892                    | 3                                     | –       | –       | 62,892  |
| Derivative - forward exchange contract     | 24,320                    | 1                                     | 24,320  | –       | –       |
| <b>2021</b>                                |                           |                                       |         |         |         |
| <b>Financial assets at fair value</b>      |                           |                                       |         |         |         |
| Put option asset*                          | 1,048                     | 2                                     | –       | –       | 1,048   |
| Call option asset*                         | 16,529                    | 2                                     | –       | –       | 16,529  |
| Derivatives - interest rate swaps          | 6,205                     | 2                                     | –       | 6,205   | –       |
| <b>Financial liabilities at fair value</b> |                           |                                       |         |         |         |
| Profit share liability                     | 79,624                    | 3                                     | –       | –       | 79,624  |
| Derivative - forward exchange contract     | 10,995                    | 1                                     | 10,995  | –       | –       |

The prior year disclosures above have been restated to reflect the derivative forward exchange contracts and derivative interest rate swaps in level 1 and level 2 respectively. The financial investments - unlisted securities have been removed from the above table in the prior financial period as these financial assets are measured at amortised cost.

### Valuation technique(s) and key inputs:

- 1.Expected settlement value.
- 2.Monte Carlo Simulation Technique along with the Geometric Brownian Motion Model.
- 3.Earnings multiple valuation based on three times the average annual profit before taxation over the past 24 months multiplied by 20%.

\* These items are included in assets held for sale in the prior year and in disposal of subsidiary in the current year, refer to note 9 and note 13.

The derivative interest rate swaps are sensitive to the change in interest rates. A 0.5% increase/decrease in the interest rate will increase/decrease the valuation by R3.0 million (2021: R4.3 million).

The valuation of the profit share liability is based on historic earnings and contractually determined price earnings multiples; as such this valuation is not sensitive to a change in assumptions.

# Notes to the summarised audited consolidated results

## 14. Fair value disclosure (continued)

Movements in Level 3 financial assets and liabilities are as follows:

| Financial assets/liability at fair value           | 31 March          |                    |                        |
|--|-------------------|--------------------|------------------------|
|  | Put option asset* | Call option asset* | Profit share liability |
|  | R'000             | R'000              | R'000                  |
| <b>2022</b>  |                   |                    |                        |
| Fair value at the beginning of the year            | 1,048             | 16,529             | 79,624                 |
| Fair value adjustment recognised in profit or loss | (1,028)           | (16,207)           | (9,266)                |
| Working capital adjustment                         | –                 | –                  | (1,161)                |
| Foreign currency translation                       | (20)              | (322)              | 45                     |
| Payments   | –                 | –                  | (6,350)                |
| <b>Fair value at the end of the year</b>           | <b>-</b>          | <b>-</b>           | <b>62,892</b>          |
| <b>2021</b>  |                   |                    |                        |
| Fair value at the beginning of the year            | 4,063             | 31,510             | 75,287                 |
| Fair value adjustment recognised in profit or loss | (2,562)           | (11,342)           | 4,337                  |
| Foreign currency translation                       | (453)             | (3,639)            | –                      |
| Fair value at the end of the year                  | 1,048             | 16,529             | 79,624                 |

\* These items are included in assets held for sale, please refer to note 9.

# Preference share cash dividend

As announced on SENS on 07 June 2022 the directors of the Company have declared a gross cash dividend of 470.09512 cents per preference share for the period from Wednesday, 10 November 2021 to Monday, 7 June 2022. Dividends are to be paid out of distributable reserves.

- Dividends tax (DT) of 20% will be withheld in terms of the Income Tax Act for those shareholders who are not exempt from the DT;
- Accordingly, shareholders who are not exempt from DT will receive a net dividend of 376.07610 cents per preference share;
- Invicta Holdings Limited has 7 500 000 preference shares in issue; and
- Invicta Holdings Limited's income tax reference number is 9400/012/03/6.

## The salient dates for the preference share cash dividend will be as follows:

|   |                         |
|---|-------------------------|
| Last day of trade to receive a dividend | Tuesday, 21 June 2022   |
| Shares commence trading "ex" dividend   | Wednesday, 22 June 2022 |
| Record date                             | Friday, 24 June 2022    |
| Payment date                            | Monday, 27 June 2022    |

Share certificates may not be dematerialised or rematerialised between Wednesday, 22 June 2022 and Friday, 24 June 2022, both days inclusive.

# Ordinary share cash dividend

Notice is hereby given that the Directors of the Company have declared a gross cash dividend of 90 cents per ordinary share for the year ended 31 March 2022. Dividends are to be paid out of distributable reserves. Dividend tax (DT) of 20% will be withheld in terms of the Income Tax Act for those shareholders who are not exempt from DT. In accordance with paragraphs 11.17(1)(i) and 11.17(c) of the JSE Listings Requirements, the following additional information is disclosed:

- The gross local dividend amount is 90 cents per ordinary share for shareholders exempt from the Dividend Tax;
- The net local dividend amount is 81 cents per ordinary share for shareholders liable to pay the Dividend Tax;
- Invicta Holdings Limited has 104 727 070 ordinary shares in issue; and
- Invicta Holdings Limited's income tax reference number is 9400/012/03/06.

## The salient dates for the ordinary share cash dividend will be as follows:

|   |                          |
|---|--------------------------|
| Last day of trade to receive a dividend | Tuesday, 2 August 2022   |
| Shares commence trading "ex" dividend   | Wednesday, 3 August 2022 |
| Record date                             | Friday, 5 August 2022    |
| Payment date                            | Monday, 8 August 2022    |

Share certificates may not be dematerialised or rematerialised between Wednesday, 3 August 2022 and Friday, 5 August 2022, both days inclusive.

By order of the Board

**L Mpumlwana**  
Group company secretary

Johannesburg  
23 June 2022

Date of publication 27 June 2022

# Administrative and corporate information

INVICTA HOLDINGS LIMITED and its subsidiaries  
("Invicta" or "the Company" or "the Group")  
(Incorporated in the Republic of South Africa)  
Registration number 1966/002182/06  
Share code: IVT | ISIN: ZAE000029773  
Preference share code: IVTP | ISIN: ZAE000173399

**Registered office:** Invicta Holdings Limited, 3 Droste Crescent, Droste Park, Johannesburg, Gauteng, 2094.  
PO Box 33431, Jeppestown, Johannesburg, Gauteng, 2043  
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**Transfer secretaries:** Computershare Investor Services Proprietary Limited, Rosebank Towers, 15 Biermann Avenue, Rosebank, Johannesburg, 2196. Private Bag X9000, Saxonwold, 2132, South Africa  
Tel: 011 370 5000 www.computershare.com

**Sponsor:** Nedbank Corporate and Investment Banking, a division of Nedbank Limited, 135 Rivonia Road, Sandown, Sandton, 2196

**Directors:** Dr CH Wiese\* (Chairman), SB Joffe (Chief Executive Officer), C Barnard, N Rajmohamed, GM Pelsler, LR Sherrell\*, AM Sinclair, RA Wally^, Adv JD Wiese\*, PM Makwana^, I Van Heerden\*, F Davidson^  
*\* Non-executive ^ Independent non-executive*

**Group company secretary:** Lebohang Mpumlwana







[www.invictaholdings.co.za](http://www.invictaholdings.co.za)