

Invicta Holdings Limited
(Incorporated in the Republic of South Africa)
(Registration number 1966/002182/06)
Ordinary Share code: IVT Ordinary Share ISIN ZAE000029773
Preference Share code: IVTP Preference Share ISIN: ZAE000173399
A2X ordinary share code: IVTJ
A2X preference share code: IVTPJ
("Invicta" or the "Company")

CATEGORY 2 ANNOUNCEMENT RELATING TO THE ACQUISITION OF NATIONWIDE BEARING COMPANY LIMITED

Introduction

Invicta is pleased to advise that on 1 April 2024 ("Completion Date"), the Company and its subsidiary, Invicta Global Holdings PLC ("IVTG"), entered into an agreement (the "Agreement") with Mr P. Birley and the Estate of Mrs L. Birley (collectively, the "Sellers") to purchase all of the share capital of Nationwide Bearing Company Limited ("NWB"). In terms of the Agreement, IVTG has acquired 100% of the issued share capital of NWB from the Sellers (the "Acquisition").

Description of the business

Founded in 1992, NWB is a UK-based supplier of consumable parts to the earth moving and agricultural machinery aftermarkets. Their product offerings include items such as bearings, belts, bushes and seals. NWB has its own proprietary, in-house developed brand, NWB. The NWB-branded products are developed internally and manufactured via a network of outsourced partners across the world.

The company is based in Doncaster, South Yorkshire in the United Kingdom and operates from a single premises.

Rationale for the Acquisition

Invicta's strategic focus is to diversify into geographical areas in the industries and markets in which Invicta has significant experience and strong management capabilities. NWB is operating successfully in the British and European aftermarket parts distribution industry and the Acquisition provides a platform for Invicta to grow its global Replacement Parts Earthmoving (RPE) business. The Company aims to realise synergies through Invicta's procurement capabilities by sourcing inventory for NWB's clients on a more cost-effective basis and providing access to a broader range of products. In addition, NWB has product ranges which can be cross sold into Invicta's existing operations.

Effective date

The Acquisition was implemented, and is effective, on 1 April 2024.

Purchase consideration

The purchase consideration for the Acquisition is £12,355,000 or an equivalent R293,610,398 based on a ZAR/GBP exchange rate of R23.7645 as at 1 April 2024 (“Purchase Consideration”).

Furthermore, the Purchase Consideration will be adjusted on the basis of a £1 up or downward adjustment for every £1 difference between NWB’s net asset value on the Completion Date and the amount of £10,200,000.00, which amount is not expected to exceed approximately £34 000 (“Adjustment Amount”).

The Purchase Consideration will be funded by Invicta from existing cash resources and bank facilities and discharged as follows:

1. an initial payment of £9,884,000 on the Completion Date;
2. plus or minus the Adjustment Amount 55 business days following the Completion Date;
3. a first deferred payment of £1,235,500 6 months following the Completion Date; and
4. a second deferred payment of £1,235,500 12 months following the Completion Date.

Conditions precedent

There are no conditions precedent for the Acquisition due to it becoming effective on the Completion Date.

Financial information

The value of the net assets and the profits attributable to the net assets that are the subject of the Acquisition are as follows:

- i. net asset value of £8,704,356 at 31 March 2023; and
- ii. consolidated net profit of £1,395,526 for the period 1 April 2022 to 31 March 2023.

The financial information has been extracted from the unaudited annual financial statements of NWB, which were prepared in terms of Financial Reporting Standard 102, the financial reporting standard in the UK and the Republic of Ireland (United Kingdom Generally Acceptable Accounting Standards), the quality of which Invicta is satisfied with.

Warranties and other significant terms of the Agreement

The Agreement contains further representations and warranties by the Sellers in favour of IVTG which are customary for a transaction of this nature.

The Company confirms, for purposes of paragraph 9.16 of the Listings Requirements of the JSE Limited (“JSE”), that nothing in the constitutional documents of NWB will, in any way, frustrate or relieve Invicta from with its obligations in terms of the JSE Listings Requirements.

Classification of the Acquisition

The Acquisition constitutes a category 2 transaction in terms of the JSE Listings Requirements and does not involve any related parties,.

Johannesburg
2 April 2024

Sponsor
Nedbank Corporate and Investment Banking, a division of Nedbank Limited