THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

The definitions and interpretations commencing on page 6 of this Circular apply to this Circular in its entirety.

Action required

- This Circular is important and should be read in its entirety, with particular attention to the section entitled "Action Required by Shareholders", which commences on page 3.
- If you are in any doubt as to what action you should take, please consult your accountant, broker, banker, attorney, CSDP or other professional adviser immediately.
- If you have disposed of all your Invicta Shares, this Circular should be handed to the purchaser of such Invicta Shares or to the broker, CSDP, banker or other agent through whom the disposal was affected.

Invicta does not accept responsibility, and will not be held liable, for any action of, or omission by, any CSDP or broker including, without limitation, any failure on the part of the CSDP or broker of any beneficial owner of Invicta Shares to notify such beneficial owner of the details set out in this Circular.

Invicta
HOLDINGS LIMITED

INVICTA HOLDINGS LIMITED

(Registration number 1966/002182/06)
JSE and A2X ordinary share code: IVT ISIN: ZAE000029773
JSE and A2X preference share code: IVTP ISIN: ZAE000173399
("Invicta" or the "Company")

CIRCULAR TO SHAREHOLDERS:

- **relating to the proposed sale by Invicta and its subsidiary, Humulani Marketing Proprietary Limited, of the Target Business to the Purchaser, which Disposal constitutes a Category 1 transaction for Invicta in terms of the Listings Requirements of the JSE; and**
- **specific issue of shares for cash to Mr S Joffe, an Invicta executive director, who is a related party in terms of the Listings Requirements,**

and incorporating:

- **Notice of the General Meeting;**
- **Form of proxy *(blue)* in respect of the General Meeting (for use by certificated shareholders and "Own-Name" dematerialised shareholders only); and**
- **Electronic Participation Form.**

Sponsor	Attorneys	Independent Reporting Accountant and Auditor
Deloitte.	BVPG BERNADT VUKIC POTASH & GETZ ATTORNEYS	EY Building a better working world

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Date of issue: Thursday, 29 October 2020

This Circular is only available in English. Copies may be obtained from the registered office of the Company or at the Transfer Secretaries, during office hours on Business Days from Thursday, 29 October 2020, at the addresses set out in the "Corporate Information" section. A copy of this Circular will also be available on Invicta's website (https://www.invictaholdings.co.za/circulars-to-shareholders). Further information for obtaining a copy of this Circular is set out in paragraph (d) of the "Action Required by Shareholders" section.

FORWARD-LOOKING STATEMENT DISCLAIMER

The definitions and interpretations commencing on page 6 of this Circular apply *mutatis mutandis* to this forward-looking statement disclaimer.

This Circular contains statements about the Invicta Group that are or may be forward-looking statements. All statements other than statements of historical fact are, or may be deemed to be, forward-looking statements. These forward-looking statements are not based on historical facts, but rather reflect current expectations concerning future results and events and may generally be identified by the use of forward-looking words or phrases such as "believe", "aim", "expect", "anticipate", "intend", "foresee", "forecast", "likely", "should", "planned", "may", "estimated", "potential" or similar words and phrases.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and/or depend on circumstances that may or may not occur in the future. Invicta cautions that forward-looking statements are not guarantees of future performance. Actual results, financial and operating conditions, liquidity and the developments within the industry in which the Invicta Group operates, may differ materially from those made in, or suggested by, the forward-looking statements contained in this Circular.

All these forward-looking statements are based on estimates and assumptions made by the Invicta Group, as communicated in publicly available documents by the Invicta Group, all of which estimates and assumptions, although believed by the Invicta Group to be reasonable, are inherently uncertain. Such estimates, assumptions or statements may not eventuate. Factors which may cause the actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied in those statements or assumptions include other matters not yet known to the Invicta Group or not currently considered material by the Invicta Group.

Shareholders should keep in mind that any forward-looking statement(s) made in this Circular or elsewhere is applicable only at the date on which such forward-looking statement(s) is made, being the Last Practicable Date. New factors that could cause the business of the Invicta Group to not perform as expected may emerge from time to time and it is not possible to predict all of them. Further, the extent to which any factor or combination of factors may cause actual results to differ materially from those contained in any forward-looking statement is not known. The Invicta Group has no duty to, and does not intend to, update or revise the forward-looking statements contained in this Circular after the date of this Circular, except as may be required by law. Any forward-looking statements have not been reviewed or reported on by the external auditors of Invicta.

COVID-19

The COVID-19 global pandemic has resulted in significant global and local financial market volatility and uncertainty. Although uncertain and unquantified at this stage, continued or worsening levels of market disruption and volatility could have a significant impact on the Invicta Group's business operations as well as the Invicta Group's ability to conclude various initiatives. This could result in a material change in the financial or trading position of the Invicta Group.

The Invicta Group have put in place various risk mitigation strategies. Management and the directors cannot accurately predict what the likely future impact of COVID-19 will be on the economy, or on the Invicta Group and its operations.

CORPORATE INFORMATION

Company secretary and registered office
Lize Dubery
3 Droste Crescent
Droste Park
Johannesburg
2094
South Africa
(PO Box 33431, Jeppestown, 2043)
(011) 620 7300

Transaction Sponsor
Deloitte & Touche Sponsor Services Proprietary Limited
(Registration Number 1996/000034/07)
Deloitte Place
5 Magwa Crescent
Waterfall City
Midrand
Johannesburg
2090
South Africa
(Private Bag X6, Gallo Manor, 2052)

Independent Reporting Accountant and Auditor
Ernst & Young Inc.
(Registration number 2005/002308/21)
102 Rivonia Road
Sandton
2194
South Africa
(Private Bag X14, Sandton, 2146)

Invicta Holdings Limited date and place of incorporation
Pretoria, 16 March 1966

Attorneys
Bernadt Vukic Potash & Getz
11th Floor, 1 Thibault Square
Cnr Hans Strydom and Long Streets
Cape Town
8000
South Africa
(PO Box 252, Cape Town, 8000)

Transfer Secretaries
Computershare Investor Services Proprietary Limited
(Registration Number 2004/003647/07)
Rosebank Towers
15 Biermann Avenue
Rosebank
Johannesburg
2196
South Africa
(Private Bag X9000, Saxonwold, 2132))
Email: proxy@computershare.co.za

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ACTION REQUIRED BY SHAREHOLDERS

This Circular is important and requires your immediate attention. The action you need to take is set out below. The definitions and interpretations commencing on page 6 of this Circular apply, *mutatis mutandis*, to this Action Required by Shareholders section.

If you are in any doubt as to what action to take, consult your accountant, broker, banker, attorney, CSDP or other professional advisor immediately.

If you have disposed of all your Invicta Shares, please forward this Circular to the purchaser of such Invicta Shares or to the broker, CSDP, banker or other agent through whom the disposal was affected.

Electronic participation

Given the risks arising from the COVID-19 pandemic, the General Meeting, convened in terms of the Notice of General Meeting, will be held entirely by electronic communication, as permitted by the JSE, the provisions of the Companies Act and the MOI on Friday, 27 November 2020, commencing at 11:00.

In this respect, the Company has retained the services of the Transfer Secretaries, Computershare Investor Services Proprietary Limited to facilitate the General Meeting on an interactive electronic platform, in order to facilitate remote participation and voting by Shareholders. The Transfer Secretaries will also act as scrutineer.

Shareholders who wish to participate in the General Meeting, including proxy holders, will be required to submit the duly completed Electronic Participation Form, found on page 93 of this document, together with the relevant documents to Computershare Investor Services (Pty) Ltd at proxy@computershare.co.za and info@invictaholdings.co.za, as provided for on the form. Shareholders are strongly encouraged to complete their verification well ahead of time.

Once your shareholding, identity and authority (if the shareholder is not an individual) have been verified by Computershare, you will be provided with details on how to join the General Meeting web stream. A live voting function will not be available, and shareholders will be required to send their duly completed voting forms to Computershare via email before the meeting, or at the close of voting at the latest.

Shareholders that choose not to participate in the meeting can still submit their proxy forms as usual.

The Transfer Secretaries will assist Shareholders with the requirements for electronic participation in, and for voting at the General Meeting. The Transfer Secretaries is further obliged to validate (in correspondence with the Company), each such Shareholder's entitlement to participate in and / or vote at the General Meeting, before providing it with the necessary means to access the General Meeting and / or the associated voting platform. For further information in this regard, please see the details contained in the Notice of General Meeting.

While the Company will incur all costs for the hosting of the General Meeting by way of a remote interactive electronic platform, Shareholders will be liable for their own network charges in relation to electronic participation in and / or voting at the General Meeting. Any such charges will not be for the account of the JSE, the Company or the Transfer Secretaries. None of the JSE, the Company or the Transfer Secretaries can be held accountable in the case of loss of network connectivity or other network failure due to insufficient airtime, internet connectivity, internet bandwidth and / or power outages which prevents any such Shareholder from participating in and / or voting at the General Meeting.

If you have dematerialised your Invicta Shares other than "Own-Name" registration:

(a) Voting at the General Meeting

- (i) Your CSDP/broker is obliged to contact you in the manner stipulated in the agreement concluded between you and your CSDP/broker to ascertain how you wish to cast your vote at the General Meeting and thereafter to cast your vote in accordance with your instructions.
- (ii) If you have not been contacted, it would be advisable for you to contact your CSDP/broker and furnish it with your voting instructions.
- (iii) If your CSDP/broker does not obtain voting instructions from you, it will be obliged to vote in accordance with the instructions contained in the agreement concluded between you and your CSDP/broker.
- (iv) You should NOT complete the attached form of proxy.

(b) Attendance and representation at the General Meeting

   (i) If you wish to attend the General Meeting, you must advise your CSDP/broker in accordance with the agreement concluded between you and your CSDP/broker, and your CSDP/broker will issue you with the necessary letter of representation for you to attend the General Meeting.

   (ii) Unless you advise your CSDP/broker, in accordance with the terms of the agreement concluded between you and your CSDP/broker, that you wish to attend the General Meeting and have been provided with a letter of representation from it or instructed it to send its proxy to represent you at the General Meeting, your CSDP/broker may assume that you do not wish to attend the General Meeting and act in accordance with the agreement between you and your CSDP/broker.

If you have not dematerialised your Invicta Shares or you have dematerialised your Invicta Shares with "Own-Name" registration:

(c) Voting, attendance and representation at the General Meeting

   (i) Shareholders are strongly encouraged to submit votes by proxy before the General Meeting.

   (ii) You are, however, entitled to attend and vote at the General Meeting by electronic communication and may speak at and vote at the General Meeting.

   (iii) If you are unable to attend the General Meeting, you may appoint a proxy to represent you at the General Meeting by completing the attached form of proxy (blue) in accordance with the instructions it contains and returning it to the Transfer Secretaries to be received by email at proxy@computershare.co.za by no later than 11:00 on Wednesday, 25 November 2020, for administration purposes. Alternatively, such forms of proxy may be lodged with the Chairman of the General Meeting at any time before the meeting by email, care of Lize Dubery, the Company Secretary at info@invictaholdings.co.za

   (iv) Where there are joint holders of Invicta Shares, any one of such persons may vote at the General Meeting in respect of such Invicta Shares as if that person is solely entitled thereto, but if more than one of such joint holders are present or represented at the General Meeting, the person whose name appears first in the Register in respect of such Invicta Shares or its/his/her proxy, as the case may be, shall alone be entitled to vote in respect of such Invicta Shares.

Shareholders were advised on SENS and A2X News Service to obtain a copy of the Circular as follows:

- by accessing an electronic copy of the Circular on the Company's website, available at https://www.invictaholdings.co.za; or
- by contacting the Transfer Secretaries, Computershare on +27 11 370 7701 or at #ZACSJHBClientService1@Computershare.co.za to request an electronic copy of the Circular; or
- by contacting their CSDP to request an electronic copy of the Circular; or
- by contacting the Company Secretary, Lize Dubery on +27 (0) 11 620 7304 or at info@invictaholdings.co.za in order to request an electronic copy of the Circular or to make reasonable alternative arrangements to obtain a copy.

If you wish to dematerialise your Invicta Shares, please contact your broker.

Identification of Shareholders and proxies.

In terms of section 63(1) of the Companies Act, before any person may participate in the General Meeting, that person must present reasonably satisfactory identification and the person presiding at the General Meeting must be reasonably satisfied that the right of the person to participate and vote at the General Meeting, either as an Invicta Shareholder, or as a proxy or a representative for an Invicta Shareholder, has been reasonably verified. Acceptable forms of identification include a valid green-bar coded or smart card identification document issued by the South African Department of Home Affairs, a South African driver's licence or a valid passport. Only those Shareholders who are fully verified (as required in terms of section 63(1) of the Companies Act) and subsequently registered at the commencement of the General Meeting with the Transfer Secretaries in accordance with what is set out above, will be allowed to participate in and / or vote by electronic means.

SALIENT DATES AND TIMES

Important dates and times in relation to the General Meeting are set out below.

	2020
Record Date for Invicta Shareholders to receive the Circular and Notice of General Meeting	Friday, 23 October
Circular and Notice of General Meeting distributed and announced on SENS and A2X News Service	Thursday, 29 October
Last Date to Trade to be eligible to participate in and vote at the General Meeting	Tuesday, 17 November
General Meeting Record Date for Invicta Shareholders to be entitled to participate in and vote at the General Meeting ("General Meeting Record Date")	Friday, 20 November
For administrative purposes, last date to lodge forms of proxy with Transfer Secretaries by 11:00	Wednesday, 25 November
General meeting to be held at 11:00	Friday, 27 November
Results of the General Meeting published on SENS and A2X News Service	Friday, 27 November

Notes

1. The dates and times provided for in this Circular are subject to amendment. Any material amendments will be published on SENS and A2X News Service.
2. All times referred to in this Circular are local times in South Africa.
3. If the General Meeting is adjourned or postponed, forms of proxy submitted for the initial General Meeting will remain valid in respect of any adjournment or postponement of the General Meeting, unless the contrary is stated on such form of proxy.
4. Invicta Shareholders are reminded that Invicta Shares can only be traded in dematerialised form. It is therefore suggested that certificated shareholders on the Register only dematerialise their Invicta Shares prior to the Last Date to Trade. No orders to dematerialise or rematerialise Invicta Shares will be processed from the Business Day following the Last Date to Trade up to and including the General Meeting Record Date, but such orders will again be processed from the first Business Day after the General Meeting Record Date.
5. The Register for certificated shareholders will be closed between the Last Day to Trade and the General Meeting Record Date.
6. Shareholders are requested to deposit forms of proxy at the office of the transfer secretaries, Computershare Investor Services Proprietary Limited, Rosebank Towers, 15 Biermann Avenue, Rosebank, Johannesburg, 2196, or by post to Private Bag X9000, Saxonwold, 2132 (at own risk), or via email to proxy@computershare.co.za and info@invictaholdings.co.za. Any forms of proxy not lodged by this time may still be sent to these email addresses prior to the commencement of the meeting.

DEFINITIONS AND INTERPRETATIONS

In this Circular and the annexures hereto, unless the context indicates otherwise, the words in the first column shall have the meanings assigned to them in the second column, other capitalised terms used herein shall bear the meaning assigned thereto in the Disposal Agreement, the singular includes the plural and *vice versa*, an expression which denotes one gender includes the other genders, a natural person includes a juristic person and *vice versa*, and cognate expressions shall bear corresponding meanings.

"A2X"	A2X Markets (Registration number 2014/147138/07), a private company duly registered and incorporated with limited liability under the laws of South Africa and licensed as an exchange under the Financial Markets Act;
"A2X Listing Requirements"	the Listing Requirements of A2X;
"A2X News Service"	the news service of A2X;
"Act" or "Companies Act"	the Companies Act, 2008 (Act 71 of 2008) and its regulations, as amended from time to time;
"Assumed Contracts"	means the agreements entered into by the Seller both (i) exclusively pertaining to each Target Business and (ii) in the Ordinary Course of Business, whether oral, written or otherwise;
"Assumed Liabilities"	Assumed Liabilities means: • the Employee-related Liabilities; • the Trade Payables and accruals; • the Warranties and Provisions; • the Finance Lease Payables; and • all obligations of the Seller under the Assumed Contracts and Immovable Property Leases;
"Board", "Board of Directors" or "Directors"	the board of directors of Invicta from time to time;
"Business Day"	any day other than a Saturday, Sunday or an official public holiday in South Africa;
"certificated shareholders"	shareholders who hold Invicta Shares, represented by a share certificate, which Invicta Shares have not been dematerialised in terms of the requirements of Strate;
"Circular"	this Circular, dated Thursday, 29 October 2020, including the annexures and attachments thereto;
"Closing Date"	means 10h00 on the 1st (first) Business Day of the month immediately following the month in which the Fulfilment Date falls, provided that notwithstanding the Fulfilment Date, the Closing Date shall not occur on a date which falls prior to 1 January 2021, unless otherwise determined by the Purchaser;
"CNHI" or "the Purchaser"	CNH Industrial SA Proprietary Limited, a company incorporated in accordance with the laws of South Africa, having its registered office at 5 Slate Avenue, N1 Business Park, Kosmosdal, Centurion, Gauteng, South Africa, 0157, a wholly owned subsidiary of CNHI N.V;
"CNHI N.V"	CNHI Industrial N.V, a company incorporated in accordance with the Laws of the Netherlands having its registered office at Riva Paradiso 14, 6902, Paradiso Switzerland, the parent company of the CNH group listed on both the New York Stock Exchange and the Borsa Italiana stock exchange;

"CSDP"	Central Securities Depository Participant or Participant, as defined in the Financial Markets Act;
"dematerialise" or "dematerialisation"	the process by which securities held by certificated shareholders are converted or held in an electronic form as uncertificated securities and recorded in a sub-register of security holders maintained by a CSDP or broker;
"dematerialised shareholders"	shareholders who hold Invicta ordinary shares which have been dematerialised in terms of the requirements of Strate;
"Disposal"	proposed sale by Invicta and its subsidiary, Humulani Marketing Proprietary Limited, of the Target Business to the Purchaser for the Disposal Consideration;
"Disposal Consideration"	the cash consideration equal to the Net Asset Value ("NAV") of the Target Business on the Closing Date, which amount was approximately R511 million excluding interest-bearing debt as at 31 March 2020 ("NAV Consideration"), plus a further consideration of USD $6 million goodwill, being R102 million when translated at R17.06/USD $1, as at the Last Practicable Date, being an approximate aggregate consideration of R613 million;
"Disposal Agreement"	the sale of business agreement concluded between Invicta, the Seller and the Purchaser on Friday, 17 July 2020 governing the Disposal, as amended on 01 September 2020;
"Employee-related Liabilities"	Liabilities as set out in the Disposal Agreement;
"Excluded Assets"	means the assets of the Seller which are not being sold to the Purchaser in terms of the Disposal Agreement, being the Financially Reported Goodwill, Deferred Tax balances and any prepaid tax, investments in subsidiaries, inter-company loans, Cash and Cash Equivalents, the Excluded Fixed Assets, the Excluded Contracts, the Excluded Books and Records, the Intra-Group Receivables, any Sale Assets that are not capable of transfer to the Purchaser as contemplated in the Disposal Agreement and the assets pertaining in any way to the Excluded Businesses;
"Excluded Businesses"	means all businesses carried on by the Seller on the Closing Date, other than the Target Business;
"Excluded Contracts"	means the agreements that are not capable of transfer to the Purchaser as contemplated in the Disposal Agreement and the agreements pertaining in any way to the Excluded Businesses, of which there are none at the Last Practicable Date;
"Excluded Liabilities"	means all Liabilities pertaining to the Business as at the Closing Date, other than the Assumed Liabilities;
"Financial Markets Act"	Financial Markets Act, 2012 (Act 19 or 2012), as amended from time to time;
"Form of proxy"	the form of proxy incorporated into this Circular for use by certificated shareholders and dematerialised shareholders with 'Own-Name' registration only, for purposes of appointing a proxy to represent such Invicta Shareholder at the General Meeting;
"Fulfilment Date"	the date on which the suspensive conditions to the Disposal have been met;
"General Meeting"	General Meeting of Invicta Shareholders to be held at 11:00 on Friday, 27 November 2020, entirely by electronic communication (including any adjournment or postponement thereof);

"IFRS"	International Financial Reporting Standards;
"Immovable Property Leases"	means the leases in terms of which the leased premises, owned by Invicta, are leased to the Seller;
"Income Tax Act"	the Income Tax Act No, 1962 (Act 58 of 1962), as amended from time to time;
"Independent Reporting Accountant" or "Auditor" or "EY"	Ernst & Young Inc. (Registration Number 2005/002308/21), a company incorporated in accordance with the company laws of South Africa and the appointed independent reporting accountant and auditor of Invicta;
"Invicta" or "Company"	Invicta Holdings Limited, a public company registered in accordance with the laws of South Africa under registration number 1966/002182/06, with all of its issued Invicta ordinary shares listed on the JSE;
"Invicta Group"	collectively, Invicta and its subsidiaries from time to time;
"Invicta Shareholders" or "Shareholders"	holders of Ordinary Shares;
"ITAC Import Permits"	means import permits issued by the South African Revenue Service;
"Irrevocable Undertakings"	the irrevocable undertakings provided by certain Shareholders in terms of which they have undertaken to vote in favour of the resolutions necessary to give effect to the Transactions;
"JSE"	JSE Limited, a South African limited liability public company with registration number 2005/022939/06, and licensed as an exchange under the Financial Markets Act;
"Last Practicable Date"	Thursday, 22 October 2020, being the last practicable date prior to the finalising of this Circular;
"Listings Requirements" or "the JSE Listings Requirements"	the Listings Requirements of the JSE, as amended from time to time;
"Long-stop Date"	means the date falling 6 (six) months following the Signature Date, subject to any extension as set out in the Disposal Agreement (or such later date as the Parties may agree in writing);
"Material Adverse Change"	means any event, circumstance, effect, occurrence or state of affairs, or any combination of them (including but not limited to any epidemic, pandemic or other events that may result from an endemic or pandemic such as mandatory quarantines or other restrictions on the sale of goods in South Africa or importation or exportation of goods into or from South Africa), which upon the occurrence thereof will, or is reasonably likely to, result in a Material Adverse Effect, which will entitle the Purchaser to terminate the Disposal Agreement prior to the Closing Date;
"Material Adverse Effect"	means an anticipated increase or decrease of the Purchase Price by an amount equal to or greater than ZAR100,000,000 (one hundred million Rand), against the amount of ZAR533,000,000 (five hundred and thirty-three million Rand) estimated to be the Purchase Price in the MoU.; and/or a failure of the Target Business to achieve at least 80% (eighty percent) of certain agreed business targets applicable to the Target Business for 2020;
"Material Contracts"	means the material contracts as defined in terms of the Disposal Agreement and have been entered into in the ordinary course of business and are not material contracts as defined in terms of the Listing Requirements;
"MOI"	the memorandum of incorporation of the Company;

"MoU"	means the memorandum of understanding entered into between CNHI and Invicta on or about 15 January 2020;
"NAV" or "Net Asset Value"	Sale Assets less Assumed Liabilities;
"NRCS"	means the National Regulator of Compulsory Specifications established under the National Regulator for Compulsory Specifications Act 5 of 2008 and falling within the responsibility of the South African Department of Trade and Industry;
"Option Exercise Period"	means the period in which the Purchaser may exercise the Owned Property Option being the period commencing on (and including) the Signature Date and terminating on the 3rd (third) anniversary of the Signature Date;
"Ordinary Course of Business"	means the ordinary course of the day-today operations of the Seller consistent with past practices in relation to the Target Business;
"Ordinary Shares"	ordinary shares with a par value of R0.05 (five cents) each in the Authorised Share Capital of the Company;
"Own-Name registration"	dematerialised shareholders who have instructed their CSDP to hold their Invicta Shares in their own name on the uncertificated register of Invicta;
"Owned Property"	means the immovable property registered in the name of the Seller known as Erf 982 Bothaville Extension 4, Free State Province, 145357 square metres in extent, held by Deed of Transfer T8024/2005;
"Owned Property Option"	an option to purchase the Owned Property at approximately ZAR4.5 million;
"Parties"	means the parties to the Disposal Agreement and Party shall be a reference to each of them, as the context may require;
"Prime Rate"	means, in respect of any period, the published prime overdraft rate of interest ruling from time to time, expressed as a rate per annum, at which Absa Bank Limited lends on overdraft to its customers from time to time during that period, as certified by any manager of Absa Bank Limited (whose appointment or authority need not be proved), and whose certification at that time shall, in the absence of fraud and manifest error, be prima facie proof thereof;
"Rand" or "R" or "ZAR"	South African Rand;
"Register"	the Company's securities register maintained by the Transfer Secretaries in accordance with sections 50(1) and 50(3) of the Companies Act;
"Sades Holdings"	Sades Holdings (Proprietary) Limited, (registration no: 2017/257165/07), a company duly registered in accordance with the laws of the Republic of South Africa. A private company in which Steven Joffe is a director and wholly owned by the Sades Family Trust of which Steven Joffe is a trustee and beneficiary;

"Sale Assets"	means all the assets of every kind, movable and immovable, corporeal and incorporeal and wherever situated, which are owned by the Seller which relate to, or are used in, the Target Business, as at the Closing Date, and which shall include: 1. the Books and Records; 2. the rights under the Assumed Contracts and Oral Supply Arrangements; 3. the rights under the Immovable Property Leases; 4. the Finance Lease Receivables; 5. the Trade Receivables; 6. the Fixed Assets; 7. the Information Technology; 8. the Intellectual Property; 9. the Homologation Rights; 10. the Inventory; and 11. if the Owned Property Option is exercised by the Purchaser, the Owned Property, but excluding the Excluded Assets;
"SENS"	the Stock Exchange News Service of the JSE;
"the Seller"	Humulani Marketing Proprietary Limited, a private company registered in accordance with the Laws of South Africa under registration number 1998/025570/07, a wholly owned subsidiary of Invicta South Africa Holdings Proprietary Limited, a subsidiary of Invicta Holdings Limited;
"Specific Issue"	the specific issue of shares for cash to Steven Joffe (the CEO), in terms of which he (or his associate, Sades Holdings of which he is a director and a trustee and beneficiary of its sole shareholder, the Sades Family Trust) will subscribe for, and the Company will issue, 3 000 000 ordinary shares at a Subscription Price of R8.76 per share, for a total cash investment of R26 280 000;
"Signature Date"	means the date on which the Disposal Agreement was signed by the Parties, being Friday, 17 July 2020;
"South Africa"	the Republic of South Africa;
"Strate"	Strate Proprietary Limited, a South African limited liability private company with registration number 1998/0222242/07, which is a registered central securities depository and which is responsible for the electronic settlement system used by the JSE and A2X;
"Subscription Agreement"	the subscription agreement entered into between Invicta and Steven Joffe dated 12 August 2020, which governs the Specific Issue;
"Subscription Price"	means the amount per Invicta Share of R8.76 which amount exceeds the volume weighted average trading price of Invicta Shares on the JSE, for the 30 Business Day period ending on the signature date of the Subscription Agreement, being an amount of R6.91;
"Target Business"	the businesses, that form part of Disposal, as described in paragraph 2 of the Circular;
"Transactions"	means the Disposal and the Specific Issue collectively;
"Transfer Secretaries" or "Computershare"	Computershare Investor Services Proprietary Limited, a South African limited liability private company with registration number 2004/003647/07 and the transfer secretaries of Invicta;
"VAT"	Value-Added Tax as levied in terms of the Value-Added Tax Act, 1991 (Act 89 of 1991), as amended from time to time; and
"USD $"	United States Dollar.

INVICTA

HOLDINGS LIMITED

INVICTA HOLDINGS LIMITED

(Registration number 1966/002182/06)

JSE and A2X ordinary share code: IVT ISIN: ZAE000029773

JSE and A2X preference share code: IVTP ISIN: ZAE000173399

("Invicta" or the "Company")

Dr CH Wiese (Non-executive Chairman)
SB Joffe (Chief Executive Officer)
C Barnard (Executive Director)
GM Pelser (Executive Director)
N Rajmohamed (Financial Director)
LR Sherrell (Non-executive Director)
AM Sinclair (Executive Director)
RA Wally (Independent Non-executive Director)
Adv. JD Wiese (Non-executive Director)
PM Makwana (Independent Non-executive Director)
I Van Heerden (Non-executive Director)
FJ Davidson (Independent Non-executive Director)

CIRCULAR TO INVICTA SHAREHOLDERS

1. INTRODUCTION AND PURPOSE OF THIS CIRCULAR

Shareholders are referred to the announcement released on SENS and the A2X News Service on Monday, 20 July 2020, wherein they were advised that Invicta and its subsidiary, Humulani Marketing Proprietary Limited, which forms part of the Capital Equipment Group ("CEG") reporting segment (the "Seller"), has entered into the Disposal Agreement dated 17 July 2020, being the Signature Date, with CNH Industrial SA Proprietary Limited (the "Purchaser" or "CNHi"), to dispose of four businesses within CEG, for a cash consideration equal to the tangible net asset value ("NAV") of the Target Business on the Closing Date, which NAV was approximately R511 million as at 31 March 2020 ("NAV Consideration"), plus a further consideration of USD $6 million goodwill (the "Disposal Consideration"). The Disposal will become effective on the later of 1 January 2021 or once the necessary regulatory approvals and outstanding suspensive conditions have been met, being the Closing Date.

The Disposal constitutes a Category 1 transaction, in terms of the Listings Requirements, which is subject to Shareholder approval by way of an ordinary resolution. The Disposal does not constitute a related party transaction as defined by the JSE Listing Requirements.

In addition, the Board is proposing the Specific Issue of shares for cash, full details which are set out in paragraph 11 below.

The purpose of this Circular is to:

- provide Invicta Shareholders with the requisite information in accordance with the Listings Requirements, to enable Invicta Shareholders to make an informed decision in respect of the proposed resolutions, as set out in the Notice of the General Meeting.
- give notice convening the General Meeting at which the resolutions necessary to approve and implement the Transactions, as more fully detailed in this Circular, will be considered and, if deemed fit, approved with or without modification by Invicta Shareholders. The notice convening the General Meeting is attached to and forms part of this Circular.

2. BACKGROUND INFORMATION ON THE SELLER AND THE TARGET BUSINESS

The four businesses that are the subject matter of the Disposal comprise the following:

Landboupart – a distributor of replacement spare parts for the agricultural and industrial markets for brands such as Massey Ferguson, Landini, John Deere, Perkins, IH (Melrose) and Carraro. Landboupart supplies a wide range of quality agricultural spare parts ranging from tractor parts, engine parts, filters and drivetrains, to planter parts.

Northmec – a supplier of farming equipment in South Africa, distributing a full range of agricultural machinery, implements and related original equipment manufacturers ("OEM") spare parts for brands such as Case IH, and many other quality internationally known brands. Northmec's product range includes tractors, mowers, combine harvesters, windrowers, cultivators, grain/corn headers, balers, ploughs and sprayers. Northmec is the tenant of the property over which the Owned Property Option was granted to the Purchaser.

CSE – engaged in the distribution of Case earthmoving and construction equipment, turf-grooming machinery, utility vehicles and related OEM spare parts. CSE specialises in distributing, *inter alia*, Case and Dynapac branded equipment, including tractor loader backhoes, skid steer loaders, tele-handlers, crawler excavators, front end loaders and graders.

NHSA – NHSA is a supplier of OEM and non-OEM spare parts for brands such as Fiat, Ford, Braud, Carraro and NewPart. NHSA's product range includes tractor parts, combine harvester parts, baler parts, grape harvester parts and axle parts.

3. BACKGROUND INFORMATION ABOUT THE PURCHASER

CNH Industrial N.V. (NYSE: CNHI/MI: CNHI) is a global leader in the capital goods sector with established industrial experience, a wide range of products and a worldwide presence. Each of the individual brands belonging to the Company is a major international force in its specific industrial sector: Case IH, New Holland Agriculture and Steyr for tractors and agricultural machinery; Case and New Holland Construction for earth moving equipment; Iveco for commercial vehicles; Iveco Bus and Heuliez Bus for buses and coaches; Iveco Astra for quarry and construction vehicles; Magirus for firefighting vehicles; Iveco Defence Vehicles for defense and civil protection; and FPT Industrial for engines and transmissions. More information can be found on the corporate website: www.cnhindustrial.com

Details of the directors of CNHI N.V are as follows:

Suzanne Heywood – Chair

Hubertus Mulhauser – Chief Executive Officer

Leo Houle

John Lanaway

Allesandro Nasi

Silke Scheiber

Lorenzo Simonelli

Jacqueline Tammenoms Bakker

Jacques Theurillat

4. RATIONALE FOR THE DISPOSAL

The rationale for the Disposal is for CNHi to continue with its strategy of having a direct operational footprint and infrastructure in South Africa for the selling of world class products in both South Africa and the southern African market. The rationale for Invicta is to consider applying the Disposal Consideration in the short-term, to reduce the most expensive debt of the Group as appropriate, hereby realigning its funding and enabling the Company to focus on other strategic initiatives and its core operations.

5. SALIENT TERMS OF THE DISPOSAL

5.1 Sale

Upon the terms and subject to the conditions contained in the Disposal Agreement, with effect from the Closing, as one indivisible transaction, the Seller agrees to sell to the Purchaser, and the Purchaser agrees to purchase from the Seller, each Target Business as a going concern in each case with full title guarantee and free from, and clear of, any and all encumbrances.

The risk in, and benefit and ownership of, the Target Business shall pass to the Purchaser following Closing on the Closing Date.

The sale of the Target Business excludes the Excluded Assets and the Excluded Liabilities.

Certain properties owned by the Invicta Group are occupied by the Target Business and post the Closing Date a lease will be transferred to the Purchaser by the Invicta Group for the lease of those premises. Details of the lease information can be found in section 5.4.

5.2 **Disposal Consideration and Payment**

Disposal Consideration is comprised of cash consideration equal to the NAV of the Target Business on the date Closing Date, which NAV was approximately R511 million as at 31 March 2020 ("NAV Consideration"), plus a further consideration of USD $6 million goodwill.

The NAV Consideration is based on the NAV of the Target Businesses is payable as follows:

1/3 of the proceeds on completion of the closing accounts used to determine the NAV;

1/3 of the proceeds within 60 days of completion of the closing accounts; and

1/3 of the proceeds within 90 days of completion of the closing accounts.

The further consideration of USD $6 million goodwill will become due and payable as follows:

USD $1 million on the Closing Date;

USD $2 million within two years of the Closing Date; and

USD $3 million within three years of the Closing Date.

The Disposal Consideration, other than the further consideration of USD $6 million, will be interest bearing at the Prime Rate from the Closing Date. The full Disposal Consideration will be guaranteed by way of a corporate guarantee issued by the holding company of the Purchaser, CNHi NV, in favour of Invicta. The Purchaser has the right to prepay all or any of the NAV Consideration prior to its due date, and as a consequence the interest will reduce.

5.3 **Conditions Precedent**

5.3.1 The Disposal is subject to the fulfilment or, where waiver is permitted in terms of the Disposal Agreement, waiver of all the following suspensive conditions on or before the Long-stop Date (or such later date as may be agreed in writing by the Parties on or before the Long-stop Date or such earlier date as specified below):

5.3.1.1 the Disposal is approved by the requisite majority of votes cast by the shareholders of Invicta in accordance with the requirements of the JSE Listings Requirements, within a period of 120 (one hundred and twenty) calendar days from the Signature Date, or such longer period as may be approved in writing by the Purchaser;

5.3.1.2 the written approval of the implementation of the Disposal is obtained from the Competition Authorities in accordance with the requirements of the Competition Act and other Applicable Laws, either unconditionally or subject to such conditions as the Purchaser may agree in writing are acceptable to the Purchaser (which agreement shall not be unreasonably withheld or delayed, recognising it shall not be unreasonable to withhold agreement if any condition could have a material impact on the Target Business or the Purchaser's business or the ability of the Purchaser to implement any strategic initiatives or business plans related to the Target Business);

5.3.1.3 the Purchaser (or its Nominee) is recommended by the NRCS and approved by the Department of Transport to be registered as an importer of vehicles in terms of The Road Traffic Act, 2000, either unconditionally or subject to such conditions as the Purchaser may agree in writing are reasonably acceptable to the Purchaser;

5.3.1.4 the Purchaser (or its Nominee) is registered by SARS as an importer under the Customs and Excise Act and is issued with the appropriate ITAC Import Permits;

5.3.1.5 the written approval of the NRCS is obtained to transfer the Homologation Rights from the Seller to the Purchaser (or its Nominee), either unconditionally or subject to such conditions as the Purchaser may agree in writing are reasonably acceptable to the Purchaser;

5.3.1.6 the written consent of each counterparty to each Material Contract identified in Annexure C (Material Contracts) of the Disposal Agreement is obtained for the cession, delegation and assignment by the Seller of its rights and obligations under that Material Contract to the Purchaser with effect from the Closing Date (in a form and substance acceptable to the Purchaser, acting reasonably), and in the case of the suppliers marked with an asterisk in Annexure G (Oral Supply Arrangements) of the Disposal Agreement for the supply of implements, substantially in the form of the consent set out in Annexure R of the Disposal Agreement (Third Party Consent Template – Implements);

5.3.1.7 the written consent from each Landlord is obtained for the cession, delegation and assignment by the Seller of its rights and obligations under each Immovable Property Lease on the same terms and conditions to the Purchaser with effect from the Closing Date;

5.3.1.8 the Key Employees are still employed by the Seller and/or an Affiliate of the Seller and have not given notice of termination of employment immediately prior to Closing on the Closing Date and they have each agreed in writing to transfer to the Purchaser on terms and conditions agreed to by the Purchaser, the Seller and the relevant Key Employee (including appropriate restraint undertakings), provided that the Purchaser shall not be entitled to request any change to any employment related conditions stipulated in the Basic Conditions of Employment Act; and

5.3.2 The suspensive conditions in 5.3.1.1 and 5.3.1.2 are not capable of waiver. The remaining suspensive conditions may be waived by the Purchaser

5.4 **Owned Property Option and property leases**

The Owned Property Option may be exercised by notice in writing given by the Purchaser to the Seller on or before the Closing Date and is subject to the successful conclusion of the Disposal Transaction. The Seller has granted the Purchaser an option to purchase the Owned Property from the Seller upon the following terms and conditions:

the Purchaser shall be entitled (but not obliged) at any time during the Option Exercise Period to exercise the Owned Property Option by the Purchaser giving the Seller written notice of its intention to exercise the Owned Property Option; unless the Owned Property Option is exercised by the Purchaser during the Option Exercise Period, it shall lapse automatically and be of no further force or effect; if the Purchaser exercises its Owned Property Option during the Option Exercise Period then the acquisition of the Owned Property that would result shall be subject to the following terms and conditions:

5.4.1 the total acquisition price payable by the Purchaser to the Seller for the Owned Property shall be ZAR4,500,000 (four million five hundred thousand Rand) (excluding VAT) which has a current book value of ZAR1,289,913;

5.4.2 on the Option Effective Date, against the Purchaser being registered as the Owner of the Owned Property, the Owned Property Price shall be paid by the Purchaser to the Seller in ZAR, unless the Owned Property Option is exercised prior to the Closing Date and the Owned Property Price is discharged as part of the Purchase Price;

5.4.3 registered ownership of the Owned Property shall pass to the Purchaser on the date on which transfer of ownership of the Owned Property to the Purchaser is recorded in the relevant Deeds Registry (the Option Effective Date);

5.4.4 the Seller shall procure that the transferring attorney lodges the application for the transfer of registered ownership of the Owned Property with the relevant Deeds Registry as soon as is reasonably possible after the date of the Option Exercise Notice;

5.4.5 all transfer costs (including transfer duty and VAT, if any) in respect of the transfer of registered ownership of the Owned Property to the Purchaser shall be paid by the Purchaser;

5.4.6 the Owned Property is being purchased subject to:

5.4.6.1 the conditions of title, restrictions, servitudes and encumbrances (if any) mentioned and referred to in the title deeds of the Owned Property;

5.4.6.2 the approved surveyor's diagrams or general plans relating to the Owned Property;

5.4.6.3 the provisions of any town planning scheme to which the Owned Property may be subject; and

5.4.6.4 any road planning provisions which may affect the Owned Property;

5.5 The Seller shall not sell, transfer, dispose of or encumber the Owned Property during the Option Exercise Period.

5.6 From the expiry of the Option Exercise Period onwards and for so long as the Purchaser remains in occupation of the Owned Property (the ROFR Period), the Seller shall not be entitled to accept any offers from any third party to acquire the Property at any time during the ROFR Period, without first offering to sell the Property to the Purchaser.

5.7 Any offer made by the Seller in terms of clause 5.6 shall:

5.7.1 be made in writing to the Purchaser;

5.7.2 specify the identity of the third-party purchaser, the offer price for the Owned Property and any other material terms of the third-party offer;

5.7.3 specify the address to which the acceptance or rejection of the offer by the Purchaser must be sent;

5.7.4 be irrevocable and open for acceptance for a period of 60 (sixty) calendar days from the date of the offer;

5.7.5 specify the total acquisition price and any other terms and conditions on which the Seller is willing to sell the Owned Property to the Purchaser, which must be the same acquisition price and on substantially the same terms and conditions offered by the third party purchaser in terms of the third party offer;

5.7.6 and may be accepted by the Purchaser by written notice only given at the Seller's address within the offer period.

5.8 If the offer is duly accepted by the Seller, within the offer period, then the sale and purchase of the Owned Property, which would result shall be subject to the same terms and conditions as set out in clause 5.4. save that: the total acquisition price payable by the Purchaser to the Seller shall be deemed to be the price specified by the Seller in the offer.

5.9 Should the Offer not be accepted by the Purchaser within the offer period, then the Seller shall be entitled to accept the third party offer and complete the sale and transfer of the Owned Property to that third-party purchaser only.

5.9.1 if the Owned Property is erroneously described in the Disposal Agreement, then that error shall not be binding upon the parties, and the description of the Owned Property as set out in the current title deed of the Owned Property filed in the Deeds Registry shall apply, and the Agreement shall be deemed to have been amended accordingly so as to record the correct description;

5.9.2 the Seller shall not be liable for any deficiency or benefit from any surplus in the extent of an Owned Property arising from any re-survey thereof;

5.9.3 if required by the Purchaser, the Seller shall indicate to the Purchaser the position of any surveyor's beacons or pegs in respect of the Owned Property;

5.9.4 the Purchaser shall pay the relevant Regulatory Authorities for:

5.9.4.1 the cost of all water, electricity, gas, refuse removal, sewage and other services provided in respect of the Owned Property (including any deposits and VAT payable in connection therewith) relating to a period on and/or after the Option Effective Date; and

5.9.4.2 all other Taxes levied by any Regulatory Authority in respect of the Owned Property (plus VAT thereon) relating to a period on and/or after the Option Effective Date;

5.9.5 within 5 (five) Business Days of receipt by the Purchaser of the Transferring Attorney's written estimate of the amount of the cost and charges and imposts referred to in clauses 5.9.4.1 and 5.9.4.2 which are (but only if and to the extent they are) required by Law to be paid to Regulatory Authorities to obtain a clearance certificate from the Regulatory Authority for the purpose of transfer, the Purchaser shall pay to the Transferring Attorney such amounts. The Seller shall procure that the Transferring Attorney promptly pays these amounts to the relevant Regulatory Authority;

5.9.6 any difference between that actual amount due and payable by the Purchaser to the relevant Regulatory Authority pursuant to clause 15.9.4 and the corresponding estimated amount referred to in clause 15.9.5 shall be:

5.9.6.1 payable by the Purchaser to the Transferring Attorney, for onward transmission to the relevant Regulatory Authority (if the actual amount exceeds the estimated amount); or

5.9.6.2 reimbursed by the Transferring Attorney to the Purchaser (if the estimated amount exceeds the actual amount);

5.9.7 an amount payable under clause 5.9.6 shall be paid within 5 (five) Business Days of both Parties becoming aware of the relevant actual amount payable by the Purchaser in terms of clause 5.9.4;

5.9.8 the Seller shall remain liable for, and shall promptly (by no later than the due dates for payment thereof) pay the relevant Regulatory Authorities for:

5.9.8.1 the cost of all water, electricity, gas, refuse removal, sewage and other services provided in respect of the Owned Property (including any deposits and VAT payable in connection therewith) relating to a period prior to the Option Effective Date; and

5.9.8.2 all other Taxes levied by any Regulatory Authority in respect of the Owned Property (plus VAT thereon) relating to a period prior to the Option Effective Date.

Certain properties owned by Invicta Group are occupied by the Target Business and post the Closing Date these leases will be transferred to the Purchaser by the Invicta Group for the lease of those premises. Details of the lease information is as follows:

LOCATION	**ADDRESS**	**INCEPTION DATE**	**EXPIRY DATE**	**MONTHLY RENTAL**	**ANNUAL ESCALATION**
Isando	12 Wrench Road, Isando	2017/04/01	2022/03/31	R80,301.57	7%
Isando	14 Industrie Road, Isando	2018/04/01	2023/03/31	R983,421.91	6%
Cape Town	Cape Flats 115A, 57A Aviation Crescent, Airport City, Airport Industria	2018/04/01	2023/03/31	R86,517.20	6%
Bethlehem	17 Langeberg Street, Bethlehem	2019/04/01	2024/03/31	R148,506.00	6%
Standerton	11 Lombard Street, Standerton	2020/08/01	2025/07/31	R72,900,00	5%
Camperdown	Portion 128 of the farm Camperdown	2018/04/01	2023/03/31	R438,204.00	6%
Lichtenburg	Plot 34, Elandsfontein, Lichtenburg	2017/04/01	2022/03/31	R59,550.80	6%
Kroonstad	15 Eight Avenue, Industria, Kroonstad	2019/07/01	2024/03/31	R50,350.00	6%

5.10 **Warranties, Indemnities, Interim Undertakings and Restraints**

The Disposal Agreement contains certain warranties and indemnities (including tax indemnities) which are normal for a transaction of this nature. Furthermore, Invicta and the Seller have given standard interim undertakings regarding the manner in which the Target Business is conducted. All such warranties, indemnities and undertakings are subject to a mutually agreed limitation of such liability, which is normal for a transaction of this nature.

5.11 **Disposal Categorisation and Shareholder Approval**

The total consideration measured against the market capitalisation of Invicta results in a percentage ratio of more than 30%. Accordingly, the Disposal is classified as a Category 1 transaction in terms of paragraph 9.5 of the Listings Requirements and requires an ordinary resolution approval by Invicta Shareholders at the General Meeting in terms of paragraph 9.20 of the Listings Requirements. For the avoidance of doubt, the Disposal does not constitute the greater part of the assets or undertaking of Invicta, as contemplated in section 112 of the Companies Act.

The Disposal is not made to a related party and there are accordingly no related party transaction implications in terms of the Listings Requirements.

Invicta would still qualify for listing after implementation of the Disposal with remaining assets of approximately R10 billion and will continue with operations through its existing businesses and divisions as referred to in paragraph 8.

6. **FINANCIAL INFORMATION REGARDING THE DISPOSAL**

In terms of the Listings Requirements, a Category 1 transaction requires the disclosure of historical financial information and the *pro forma* financial information showing the effects of the Disposal and the Specific Issue on the Company's statement of financial position and consolidated statement of profit and loss.

6.1 The *pro forma* financial information of Invicta is set out in **Annexure 1** of this Circular and is presented in accordance with the provisions of the Listings Requirements and the Guide on *Pro Forma* Financial Information issued by the South African Institute of Chartered Accountants. The *pro forma* financial information, including the assumptions on which it is based and the financial information from which it has been prepared, is the responsibility of the Board.

The accounting policies used in the preparation of the *pro forma* financial information is compliant with IFRS and are consistent with those applied in the audited annual financial statements of Invicta for the year ended 31 March 2020. It has been assumed, for purposes of the *pro forma* financial information, that the Disposal took place with effect from 1 April 2019 for the *pro forma* condensed consolidated statement of profit or loss and as at 31 March 2020 for the *pro forma* condensed consolidated statement of financial position.

The *pro forma* financial information has been prepared for illustrative purposes only, to provide information on how the Disposal and Specific Issue may have affected the financial position of Invicta. Due to its nature, the *pro forma* financial information may not fairly represent Invicta's financial position and comprehensive income after the Disposal.

The table below is a summary of the detailed *pro forma* financial information as set out in **Annexure 1**.

	Published annual results	*Pro forma* results after the Disposal	*Pro forma* results after the Specific Issue	Combined net Impact	Change (%)
Net Asset Value per ordinary share (cents)	3580	3619	3605	36	(1.0 %)
Net Tangible Asset Value per ordinary share (cents)	3486	3524	3511	33	(0.9%)
Earnings per share ("EPS")					
- Basic EPS (cents)	(712)	(776)	(716)	(48)	(6.7%)
- Diluted EPS (cents)	(712)	(776)	(716)	(48)	(6.7%)
Headline earning per share ("HEPS")					
- Basic HEPS (cents)	58	58	56	2	(3.5%)
- Diluted HEPS (cents)	58	58	56	2	(3.5%)
Shares in issue net of shares repurchased (million)	106	106	109	3	2.8%
Weighted average shares in issue for basic (million)	106	106	109	3	2.8%
Weighted average shares in issue for diluted (million)	106	106	109	3	2.8%

The assumptions used in the preparation of the *pro forma* financial information are detailed in the notes to the p*ro form*a financial information set out in **Annexure 1**.

6.2 The independent reporting accountant's assurance report on the *pro forma* financial information of Invicta is set out in **Annexure 2** of this Circular.

6.3 The special purpose carve-out historical financial information on the Target Business as set out in **Annexures 3,** was extracted from the audited financial statements of Invicta for the years ended 31 March 2020, 2019 and 2018 and is the responsibility of the Board.

6.4 The special purpose carve-out historical financial information on the Target Business and Sale Assets, has been prepared in accordance with section 8.1 to 8.13 of the Listings Requirements. This basis of preparation describes how the financial information has been prepared in accordance with IFRS, except for the material departures from IFRS noted in the Basis of Preparation of the Historic Financial Information of the Target Business set out in **Annexure 3** of this Circular.

IFRS does not provide for the preparation of historical combined financial information of the Target Business, and accordingly in preparing the historical combined financial information of the Target Business certain accounting conventions commonly used in the preparation of historical combined financial information of the Target Business for inclusion in circulars have been applied and consequently some material departures from IFRS have been required, which are discussed in more detail in the Historic Financial Information of the Target Business set out in **Annexure 3** of this Circular. In all other respects, IFRS has been applied.

6.5 The independent reporting accountant's report on the Target Business special purpose carve-out historical financial information for the financial year ended 31 March 2020 is set out in **Annexure 4** and the review report for the financial years ended 31 March 2018 and 31 March 2019 in **Annexure 5** of this Circular, respectively.

7. APPLICATION OF PROCEEDS

The Disposal proceeds will be used to optimise the financial position of Invicta – consideration will be given to reducing the Company's most expensive debt, where appropriate in the short term, hereby realigning its funding and enabling the Group to focus on other strategic initiatives and its core operations.

8. **OVERVIEW OF INVICTA**

Invicta is a South African based investment holding and management company. As a company listed on the Johannesburg Stock Exchange since 1987, Invicta currently manages assets in excess of R10 billion.

The Company operates primarily in three segments:

- ESG is the leading wholesale and retail distributor in Africa of engineering consumable products, technical services and 360-degree solutions. It has a global network consisting of 144 branches and an additional 116 distributors and vendor managed inventory consignment sites. ESG's core activities include the international sourcing of leading brands, the distribution of premium engineering components and consumables, the provision of technical support, value-added assembly and the bespoke manufacturing of components into customised systems and solutions for end-user customers
- CEG holds leading positions in the wholesale and retail distribution of agricultural equipment, construction equipment and forklift equipment. It also undertakes the international sourcing and distribution in Southern Africa of OEM branded parts and components, and of alternative spare parts and components for the replacement market
- KAG – The two main divisions of the KAG are the heavy machinery division and the automotive division. The heavy machinery division falls under Kian Ann Engineering Pte Ltd ("KAE") and automotive division is under Kian Chue Hwa (Industries) Pte Ltd. KAE is one of the largest independent distributors of heavy machinery parts and diesel engine components in Asia. The parts distributed are used for excavators, bulldozers, wheel loaders, motor graders, trucks, trailers, power generation sets and marine engines.

  The machine brands that KAG's parts support include Caterpillar, Komatsu, Cummins, Hitachi, Kobelco, Sumitomo, Mercedes Benz, Volvo, Scania, Man, BPW, Hyundai and Doosan, who are major Original Equipment Manufacturers as well as an extensive range of aftermarket parts dealers.

9. **INVICTA PROSPECTS**

The strategic approach for Invicta for this year entails being nimble and flexible and adapting to changing market and environmental factors. The Board believes that Invicta should constantly adjust its business plan as the year evolves. The focus will be on cash generation, right-sizing its business, reducing inventories, and selling non-core properties. While the COVID19-pandemic appears to be stabilizing, uncertainty continues. From a strategic point of view some of the initiatives being undertaken include the following:

1. Bringing online the BMG e-commerce platform;
2. Oxygen helmet and ventilator projects;
3. Restructuring of the INDUSTRI business; and
4. Reviewing the Kian Ann business model.

Invicta continues to generate good cash flows with the focus being on lower debt levels and cashflow management, which means the strong cash holdings of the Group continue to support its solid financial position.

The medium-term strategy involves identifying suitable acquisitions both locally and internationally, that fit in with the Group's core competencies in the industrial spare parts and consumables markets.

The performance of Invicta will however in the short term be hampered by the uncertainty created by the COVID-19 pandemic and in the medium term will be constrained by the structural impact the COVID-19 pandemic has had on both markets and companies serviced by the Group. A number of customers have not opened fully despite the country having moved to lockdown level 1 and a number of smaller companies have simply closed shop. Demand for product continues to fluctuate on a daily basis with no clear improving trend. With Invicta being one of the market leaders in the various sectors in which it operates, enquiries and sales continue albeit at lower than historical levels.

The prospects will continue to be determined by both the local and international industrial outlook, as well as how the various related commodity cycles perform. Invicta looks to outperform in real terms from both a growth and earnings perspective the economic metrics of the relevant sectors in which it participates

For more information on COVID-19 disclosure refer to the integrated annual report March 2020 available on the Company's website.

10. ADDITIONAL INFORMATION ON INVICTA

10.1 Share Capital of the Company

The table below shows the authorised and issued share capital of Invicta as at the Last Practicable Date before and after the Specific Issue:

Before **Authorised Ordinary Share Capital**	**"R 000"**
134 000 000 Authorised Ordinary Shares of 5 cents each	6,700
Issued Ordinary Share Capital	
108 494 738 Issued Ordinary Shares of 5 cents each [1]	5,424
1 541 823 Ordinary Shares held in Treasury	(77)
Ordinary Share Premium	2,653,151
Authorised Preference Share Capital	
18 000 000 Authorised cumulative non-participating preference shares of no par value	1,800,000
Issued Preference Share Capital	
7 500 000 cumulative non-participating preference	750,000
shares of no par value	
After **Authorised Ordinary Share Capital**	**"R 000"**
134 000 000 Authorised Ordinary Shares of 5 cents each	6,700
Issued Ordinary Share Capital	
111 494 738 Issued Ordinary Shares of 5 cents each	155,424
1 541 823 Ordinary Shares held in Treasury	(77)
Ordinary Share Premium	28,783,151
Authorised Preference Share Capital	
18 000 000 Authorised Preference Shares of no par value	1,800,000
Issued Preference Share Capital	
7 500 000 Issued Preference Shares of no par value	750,000

10.2 Major Shareholders and Controlling Shareholders

Ordinary Shareholders who beneficially held a 5% or greater shareholding in the issued ordinary share capital of Invicta, as at the Last Practicable Date were as follows

Name of Shareholder	Number of shares held	Percentage of issued share capital prior to the Specific Issue	Percentage of issued share capital post the Specific Issue
Wiese, CH	42,307,228	38.99	37.95
The Sherrell Family	10,425,998	9.61	9.35
Coronation	8,939,853	8.24	8.02
Foord	8,070,607	7.44	7.24
PSG Konsult	5,451,427	5.02	4.89
Total	**75,195,113**	**69.30**	**67.44**

CH Wiese will remain the controlling shareholder and the Specific Issue and Disposal and will not affect this status

Preference shareholders who beneficially held a 5% or greater shareholding in the issued preference share capital of Invicta, as at the Last Practicable Date were as follows:

Name of Shareholder	Number of shares held	Percentage of issued share capital
Wiese, CH	1,381,598	18.42
Wiese, JD	611,800	8.16
Nedbank Group	538,181	7.18
Goldstone, A	441,399	5.89
Total	**2,972,978**	**39.65**

10.3 **Directors' Remuneration and Service Contracts**

The Directors' remuneration and benefits are set out in the Invicta's Annual Audited Financial Statements for the year ended 31 March 2020 as published on 27 July 2020 available on the Company's website: www.invictaholdings.co.za. There is no change to the directors' remuneration and benefits as a result of the Transactions.

Contracts of employment with Executive Directors of Invicta were concluded on terms and conditions that are standard for such appointments and contain normal terms of employment. The contracts of employment are available for inspection as described in paragraph 15 of this Circular. There are no service contracts in place in respect of Non-Executive Directors of Invicta.

10.4 **Directors' Interests in Invicta Shares**

The direct and indirect interests of the Directors, and their associates (including directors who resigned in the last 18 months), in the ordinary and preference share capital of Invicta, as at the Last Practicable Date, are set out below:

Director	Direct Beneficial	Indirect Beneficial	Percentage Holding prior to the Specific Issue	Percentage Holding post the Specific Issue
Ordinary shares				
S.B. Joffe	-	399,402	0.37	3.05
C. Barnard	-	511,536	0.47	0.46
A. Goldstone*		951,590	0.88	0.85
D.I. Samuels**	1,181,876	1,105,233	2.11	2.05
L.R. Sherrell	30,801	7,612,723	7.05	6.86
A.M. Sinclair	602,369	-	0.56	0.54
J.D. Wiese	-	1,691,531	1.56	1.52
G.M. Pelser	65,536	-	0.06	0.06
C.H. Wiese	-	42,307,228	38.99	37.95
Total	**1,880,582**	**54,579,243**	**52.04**	**53.33**
Preference shares				
C. Barnard	-	16,228	0.22	0.22
A. Goldstone	-	441,399	5.88	5.88
A.M. Sinclair	10,000	-	0.13	0.13
J.D. Wiese	-	611,800	8.15	8.15
C.H. Wiese	-	1,381,598	18.41	18.41
Total	**10,000**	**2,451,025**	**32.79**	**32.79**

* *A Goldstone resigned as an executive director with effect from 31 December 2019.*

** *DI Samuels resigned as a non-executive director with effect from 31 July 2020.*

There have been no dealings in Shares for the period beginning 31 March 2020 and ending on the Last Practicable Date by the Directors, including former Directors who have resigned during the 18 months prior to the Last Practicable Date, other than the following:

- A M Sinclair (Executive Director) purchased ordinary shares on 20 August 2020 at Price per share of R11.20. Number of securities: 1 000 ordinary shares, for total value of R11 200.00. SENS and A2X News Service announcement dated 24 August 2020.
- S B Joffe (Chief Executive Officer), name of associate: Sades Holdings (Pty) Ltd, Relationship to director: S B Joffe is a director of the associate and a trustee and beneficiary of its sole shareholder, the Sades Family Trust, purchased ordinary shares on 21 August 2020, at price per share of R10.72. Number of securities 75 162 ordinary shares for the value of R805 736.64. SENS and A2X News Service announcement dated 24 August 2020.
- S B Joffe (Chief Executive Officer), Name of associate: The Boner Family Trust, Relationship to director: S B Joffe is a trustee (not beneficiary) of the associate, purchased the ordinary shares on 17 August 2020 at Price per share: R9.62. Number of securities: 25 000 ordinary shares for value of R240 500.00. SENS and A2X News Service announcement dated 19 August 2020.
- S B Joffe (Chief Executive Officer), Name of associate: Sades Holdings (Pty) Ltd, relationship to director: S B Joffe is a director of the associate and a trustee and beneficiary of its sole shareholder, the Sades Family Trust, purchased the ordinary shares on 12 August 2020 at price per share of R8.52. Number of securities: 24 240 ordinary shares for the value of R206 524.80. SENS and A2X News Service announcement dated 14 August 2020.
- S B Joffe (Chief Executive Officer), Name of associate: Sades Holdings (Pty) Ltd, Relationship to director: S B Joffe is a director of the associate and a trustee and beneficiary of its sole shareholder, the Sades Family Trust, Nature of transaction: Purchase of ordinary shares, Date of transaction: 9 September 2020, Price per share: R12.00, Number of securities: 300 000 ordinary shares for the value of R3 600 000.00. SENS and A2X News Service announcement dated 11 September 2020.
- C Barnard (Executive Director), Name of associate: Bright Living Enterprise (Pty) Ltd, Relationship to director: C Barnard is a shareholder and director of the associate, Nature of transaction: Purchase of preference shares, Date of transaction: 15 September 2020, Price per share: R52.50, Number of securities: 1 254 preference shares for the value of R65 835.00. SENS and A2X News Service announcement dated 16 September 2020.
- C Barnard (Executive Director), Name of associate: Bright Living Enterprise (Pty) Ltd, Relationship to director: C Barnard is a shareholder and director of the associate, Nature of transaction: Purchase of preference shares, Date of transaction: 17 September 2020, Price per share: R52.50, Number of securities: 1 000 preference shares for the value of R52 500.00. SENS and A2X News Service announcement dated 18 September 2020.
- C Barnard (Executive Director), Name of associate: Bright Living Enterprise (Pty) Ltd, Relationship to director: C Barnard is a shareholder and director of the associate, Nature of transaction: Purchase of preference shares, Date of transaction: 28 September 2020, Price per share: R52.51, Number of securities: 1 006 preference shares, Value of transaction: R52 825.06. SENS and A2X News Service announcement dated 01 October 2020.
- A M Sinclair (Executive Director), Nature of transaction: Purchase of ordinary shares, Date of transaction:28 September 2020, Price per share: R10.50, Number of securities: 2 373 ordinary shares for the value of R24 916.50. SENS and A2X News Service announcement dated 01 October 2020.

10.5 Directors' Interests in the Transactions

Other than as disclosed in this Circular in section 11, the Directors do not have any beneficial interest, whether direct or indirect, in the Transactions nor did they have any material interest in a transaction that was effected by Invicta during;

- the current or immediately preceding the financial year; or
- an earlier financial year which remains in any respect outstanding or unperformed.

10.6 **Material Loans of Invicta and the Target Business**

Invicta's material loans will not change as a result of the Disposal as no firm commitment has been made to utilise the proceeds for any repayments.

An overview of all Invicta's material loans is set out in **Annexure 7** and Invicta's 2020 integrated annual report available on the Company's website.

10.7 **Material Contracts of Invicta and the Target Business**

Save for the material contracts referred to in this Circular in section 1, being the Disposal Agreement and the Subscription Agreement, there are no other material contracts entered into either verbally or in writing by Invicta Group or the Target Business, being restrictive funding arrangements and/or, contracts entered into otherwise than in the ordinary course of business, within the two years prior to the last practicable date or at any time containing an obligation or settlement that is material to the Invicta Group, as at the Last Practicable Date.

10.8 **Vendors**

There were no material assets acquired or disposed or proposed to be acquired or disposed by the Invicta Group during the three years preceding the last practicable date.

10.9 **Material Change in respect of the Invicta Group and the Target Business**

After the 2020 year end the South African COVID-19 lockdown, at level 5, was extended by a further two weeks. This was followed by a lift of the lockdown in controlled stages. At the date of this report the country was at level 1. There remains uncertainty regarding the timing to reach full lifting of the lockdown, and the rate of recovery from the impact of the COVID-19 pandemic. The situation continues to be closely monitored so that the various businesses of both Invicta Group and the Target Business may adapt as necessary to comply with regulations and meet the needs of our customers. Our top priority remains the safety and well-being of our employees.

The operating results of both Invicta Group and the Target Business since year ended 2020 have shown that the corrective actions taken in relation to the pandemic have yielded benefits. Despite revenue still tracking below volumes of the prior year, cost containment measures have ensured that the initial level 5 losses have been recovered. This could result in a material change in the financial or trading position of the Invicta Group.

10.10 **Working Capital Statement**

Having made due and careful enquiry as to the working capital requirements of the Invicta Group for the twelve months following the date of issue of this Circular, the Board is of the opinion that the working capital of Invicta and its subsidiaries is sufficient for the current requirements of Invicta and will be adequate for at least the next twelve months from the date of issue of this Circular. The Disposal will generate approximately R511 million in freely available cash and a further USD $6 million over a 3 (three) year period, which will be used by Invicta to strengthen its financial position and to reduce its overall existing net debt, thereby contributing positively to the working capital requirements and providing capacity to consider other strategic objectives.

10.11 **Litigation Statement**

As at the Last Practicable Date, there are no legal or arbitration proceedings, including proceedings that are pending or threatened, of which Invicta is aware, that may have or have had, in the twelve-month period preceding the date of this Circular, a material effect on the financial position of the Invicta Group and the Target Business.

10.12 **Directors' Information**

The Board comprises of the following Directors:

Name (age)	Nationality	Function	Business address
Dr Christo Wiese (79)	South African	Non-executive Chairman	3 Droste Crescent, Droste Park Ext 7 Jeppestown, Johannesburg
Steven Joffe (49)	South African	Chief Executive Officer (CEO)	3 Droste Crescent, Droste Park Ext 7 Jeppestown, Johannesburg
Craig Barnard (56)	South African	Executive director	3 Droste Crescent, Droste Park Ext 7 Jeppestown, Johannesburg
Nazlee Rajmohamed (54)	South African	Financial director	3 Droste Crescent, Droste Park Ext 7 Jeppestown, Johannesburg
Gavin Pelser (57)	South African	Executive director	3 Droste Crescent, Droste Park Ext 7 Jeppestown, Johannesburg
Tony Sinclair (66)	South African	Executive director	3 Droste Crescent, Droste Park Ext 7 Jeppestown, Johannesburg
Lance Sherrell (54)	South African	Non-executive director	3 Droste Crescent, Droste Park Ext 7 Jeppestown, Johannesburg
Adv. Jacob Wiese (39)	South African	Non-executive director	3 Droste Crescent, Droste Park Ext 7 Jeppestown, Johannesburg
Rashid Wally (76)	South African	Independent Non-executive director	3 Droste Crescent, Droste Park Ext 7 Jeppestown, Johannesburg
Mpho Makwana (50)	South African	Lead Independent Non-executive director	3 Droste Crescent, Droste Park Ext 7 Jeppestown, Johannesburg
Frank Davidson (55)	South African	Independent Non-executive director	3 Droste Crescent, Droste Park Ext 7 Jeppestown, Johannesburg
Iaan van Heerden (48)	South African	Non-executive director	3 Droste Crescent, Droste Park Ext 7 Jeppestown, Johannesburg

Brief curricula vitae of the Board are set out in the annual financial statements for the year ended 31 March 2020.

The Directors of major subsidiaries are as follows:

Name (age)	Nationality	Function	Business address
Paul McKinlay (57)	South African	Director – Bearing Man Group (Pty) Ltd	3 Droste Crescent, Droste Park Ext 7 Jeppestown, Johannesburg
Loy Soo Chew (54)	Singaporean	Director – Kian Ann Engineering Pte Ltd	Kian Ann Building, 7 Changi South Lane, Singapore
Barend Groenewald (51)	South African	Director – Bearing Man Group (Pty) Ltd	3 Droste Crescent, Droste Park Ext 7 Jeppestown, Johannesburg

11. SPECIFIC ISSUE OF SHARES FOR CASH

11.1 Introduction

Shareholders are referred to SENS and A2X News Service announcement dated 14 August 2020 where they were informed that Invicta has entered into the Subscription Agreement on 13 August 2020 with its Chief Executive Officer ("CEO"), Steven Joffe, in terms of which he (or his associate, Sades Holdings (Pty) Ltd of which he is a director, and a trustee and beneficiary of its sole shareholder, the Sades Family Trust) will subscribe for, and the Company will issue, 3 000 000 ordinary shares at a Subscription Price of R8.76 per share, for a total cash investment of R26 280 000. Following the Specific Issue, Steven Joffe will hold 3.04% of the issued ordinary share capital of Invicta.

11.2 Details of the Specific Issue

The Board wishes to undertake the Specific Issue of shares for cash, on the basis that the relevant shares: (i) are issued from a class of securities already in issue, (ii) are issued for cash without any other impact on the financial statements, (iii) the shares to be issued are not convertible and (iv) the Company will not contravene Section 41(1) and (3) of the Companies Act 2008.

The Board confirms the following:

- The shares will be issued to a related party, and non-public shareholder, as defined in the JSE Listings Requirements, being Mr. Steven Joffe, the Group CEO.
- Subject to the passing of Ordinary Resolution number 2 and Special Resolution Number 1, as set out in the attached Notice of General Meeting, the Company shall have the necessary authorities to issue shares pursuant to the provisions of the Companies Act (2008).
- There are no conversion rights to the shares to be issued for cash.
- The number of shares to be issued is 3 000 000 (three million) ordinary shares, representing 2.71% of the total issued ordinary share capital as at the Last Practical Date.
- The shares will be issued at the Subscription Price per share which exceeds the volume weighted average trading price of Invicta Ordinary Shares on the JSE of R6.91 per share, for the 30-Business Day period ended on 12 August 2020, the signature date of Subscription Agreement. The shares are therefore not being issued at a discount as contemplated in paragraph 5.51(f)(ii) of the Requirements.
- The funds raised are intended to be used for working capital purposes.
- Approval of the Specific Issue ordinary resolution number 2 and special resolution number 1 will be sought, by achieving a 75% majority of the votes cast in favour of such resolution by (i) all shareholders present in person or represented by proxy at the General Meeting convened to approve the Specific Issue of shares for cash on which any parties and their associates participating in the Specific Issue for cash have not voted or whose votes will not been counted.

11.3 **Rationale**

The Board believes the subscription by Steven Joffe ensures the appropriate alignment of the interests of the CEO with those of the Company and its shareholders. The funds will be used for general corporate purposes without any other impact on the financial statements.

11.4 **Conditions precedent**

The Specific Issue is subject to the approval and listing of the shares by the JSE, and the approval by shareholders as required in terms of section 41 of the Companies Act, 2008 and paragraph 5.51 (g) of the JSE Listings Requirements. The effective date of the Specific Issue shall be the Business Day following the fulfilment of the above conditions precedent. Steven Joffe and his associates are excluded from voting on the relevant ordinary resolution number 2 and special resolution number 1 as set in the attached Notice of General Meeting.

As the Subscription Price exceeds the volume weighted average trading price of the shares for the 30-Business Day period ended on 12 August 2020, being R6.91 per share, a fairness opinion will not be required per JSE Listings Requirements.

12. **EXPENSES RELATING TO THE TRANSACTIONS**

The estimated expenses that will be incurred by Invicta in respect of the Transactions are approximately ZAR 2 million, excluding VAT and include the following:

Nature of expense	**Party**	**ZAR '000**
South African Legal Advisors	Bernadt Vukic Potash & Getz	280
Transaction Sponsor	Deloitte & Touche Sponsor Services Proprietary Limited	500
Independent Reporting Accountant	Ernst & Young Inc.	1 000
Drafting of special purpose carve out financial statements	PKF Octagon	50
JSE documentation fees	JSE	142
Printing, publication, distribution and advertising expenses	Ince	53
Transfer Secretaries	Computershare Investor Services Proprietary Limited	12
Contingency		63
TOTAL		**2 100**

13. **DIRECTORS' RESPONSIBILITY STATEMENT AND RECOMMENDATION**

The Directors, whose names are set out on page 11 of this Circular, collectively and individually accept full responsibility for the accuracy of the information given in this Circular in relation to Invicta and certify that, to the best of their knowledge and belief, no material facts have been omitted which would make any statement in this Circular false or misleading, that all reasonable enquiries to ascertain such facts have been made and that the Circular contains all information required by law and the Listings Requirements.

Having regard to the terms and conditions of the Transactions, the Board is of the opinion that the terms of the Transactions are in the interest of the Shareholders and, accordingly, recommends that Shareholders vote in favour of the ordinary resolutions and the special resolution necessary to affect the Transactions.

14. **CONSENTS**

All parties detailed in the "Corporate Information" section of this Circular have consented in writing to the inclusion of their names and reports in the Circular in the form and context in which they appear and have not withdrawn their consents prior to the publication of this Circular.

15. **GENERAL MEETING AND VOTING RIGHTS**

A General Meeting of Invicta Shareholders will be held entirely by electronic communication on Friday, 27 November 2020 at 11:00. In order to consider, and if deemed fit, pass, with or without modification, the resolutions set out in the Notice of General Meeting attached and forming part of this Circular.

Shareholders are referred to the Notice of General Meeting attached to this Circular for detail on the resolutions to be proposed at the General Meeting and to the "Action Required by Shareholders" section of this Circular for information on the procedure to be followed by Shareholders in order to participate and to exercise their votes at the General Meeting.

Every Shareholder present or represented by proxy at the General Meeting shall have all votes determined in accordance with the voting rights associated with the Invicta Shares held by that Shareholder.

The quorum requirement for the General Meeting to begin or for a matter to be considered at the General Meeting is at least three shareholders present in person. In addition:

- the General Meeting may not begin until sufficient persons are present or represented by proxy to exercise, in aggregate, at least 25% of the voting rights that are entitled to be exercised in respect of at least one matter to be decided at the General Meeting; and
- a matter to be decided at the General Meeting may not begin to be considered unless sufficient persons are present or represented by proxy to exercise, in aggregate, at least 25% of all of the voting rights that are entitled to be exercised in respect of that matter at the time the matter is called on the agenda.

The General Meeting will be held entirely by electronic communication in accordance with the MOI and the Companies Act.

16. **IRREVOCABLE UNDERTAKINGS**

16.1 Invicta has received irrevocable undertakings from shareholders currently holding and beneficially owning or controlling in total 49.60% of the issued Invicta Shares, to vote in favour of the resolutions required to implement the Disposal Transaction based on their holding on the Record Date for the General Meeting. The irrevocable undertaking does not prevent the shareholder from trading in these shares. Details of the irrevocable undertakings received are as follows:

Name	**Number of Shares**	**Percentage holding (%)**
CH Wiese	42,307,228	38.99
JD Wiese	150,000	0.14
SB Joffe	399,402	0.37
C Barnard	511,536	0.47
GM Pelser	65,536	0.06
AM Sinclair	599,996	0.55
LR Sherrell	7,643,524	7.05
DI Samuels	1,181,876	1.09
A Goldstone	951,590	0.88
Total	53,813,061	49.60

16.2 Invicta has received letters of support from shareholders holding, beneficially owning or controlling in total 13.36% of the issued Invicta Shares, to vote in favour of the resolutions required to implement the Specific Issue, as follows:

Name	**Number of Shares**	**Percentage holding (%)**
Coronation Fund Managers	8,976,432	8.27
PSG	5,520,927	5.09
Total	14,497,359	13.36

16.3 Invicta has received irrevocable undertakings from shareholders holding, beneficially owning or controlling in total 48.35% of the issued Invicta Shares, to vote in favour of the resolutions required to implement the Specific Issue based on their holding on the Record Date for the General Meeting. The irrevocable undertaking does not prevent the shareholder from trading in these shares. Details of the irrevocable undertakings received are as follows:

Name	**Number of Shares**	**Percentage holding (%)**
CH Wiese	42,307,228	38.99
JD Wiese	150,000	0.14
C Barnard	511,536	0.47
GM Pelser	65,536	0.06
AM Sinclair	599,996	0.55
LR Sherrell	7,643,524	7.05
DI Samuels	1,181,876	1.09
A Goldstone	951,590	0.88
Total	52,459,696	48.35

17. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours at the registered offices of Invicta at 3 Droste Crescent, Droste Park, Johannesburg, 2094, and will also be electronically available by making an email request to the Company at info@invictaholdings.co.za from the date of publication of this Circular up to and including the date of the General Meeting:

- the MOI of Invicta and its major subsidiaries;
- the signed Independent Reporting Accountant's Assurance Report on the compilation of the *pro forma* financial information of Invicta, as set out in Annexure 2;
- the signed Independent Reporting Accountant's Report on the Target Business special purpose carve-out historical financial information for the year ended 31 March 2020, as set out in Annexure 4;
- the signed Independent Reporting Accountant's Review Report on the Target Business special purpose carve-out historical financial information for the years ended 31 March 2018 and 2019, as set out in Annexure 5;
- the Disposal Agreement;
- directors' service agreements**;**
- the advisors' consents as per paragraph 14 of this Circular;
- the Subscription Agreement;
- Irrevocable undertakings and letters of support as set out in paragraph 16 of this Circular:
- Invicta's annual financial statements for the three years ended 31 March 2020, 2019, 2018; and
- a signed copy of this Circular.

By order of the Board

(Being duly authorised hereto to sign this Circular for and on behalf of each and every Director of the Company in accordance with a round robin resolutions of the Board signed by each and every Director)

Invicta Holdings Limited

C Barnard
Executive Director

Thursday, 29 October 2020
Johannesburg

PRO-FORMA FINANCIAL INFORMATION OF INVICTA

The definitions and interpretations commencing on page 7 of this Circular apply, *mutatis mutandis*, to this Annexure.

Basis of Preparation

The *pro forma* financial information of Invicta, as set out in this Circular, consists of the *pro forma* consolidated statement of financial position as at 31 March 2020, the *pro forma* consolidated statement of profit or loss for the year then ended and related notes (together, the "*pro forma* financial information"). The *pro forma* financial information has been prepared to illustrate the financial effects of the Disposal and the Specific Issue on the audited financial information of Invicta on the assumption that the Disposal occurred on 1 April 2019 for the *pro forma* condensed consolidated statement of profit or loss purposes and on 31 March 2020 for the *pro forma* condensed consolidated statement of financial position purposes.

The *pro forma* financial information has been prepared for illustrative purposes only, and because of its nature, does not fairly present Invicta's financial position, changes in equity, results of operations or cash flows

The *pro forma* financial information has been prepared using the accounting policies of Invicta, which comply with IFRS and are consistent with those applied in the consolidated annual financial results for the year ended 31 March 2020. The presentation of the *pro forma* financial information is in accordance with the Listings Requirements and the Guide on *Pro forma* Financial Information issued by the South African Institute of Chartered Accountants.

There are no other post balance sheet events, which require adjustment in the *pro forma* financial effects.

The Directors are responsible for the compilation, contents and preparation of the *pro forma* financial information included in this Circular. Their responsibility includes determining that the *pro forma* financial information of Invicta has been properly compiled on the basis stated, and that the *pro forma* adjustments are appropriate for purposes of the *pro forma* financial information disclosed pursuant to the Listings Requirements.

The *pro forma* financial information should be read in conjunction with the independent reporting accountant's assurance report on the compilation of the *pro forma* financial information as set out in Annexure 2 to this Circular.

Pro forma consolidated statement of profit or loss

as at 31 March 2020

R'000	Invicta last published results Actual Column 1	Target Business *Pro forma* Column 2	*Pro forma* entries *Pro forma* Column 3	Allocation of selling price *Pro forma* Column 4	Specific Issue for cash *Pro forma* Column 5	Transaction costs *Pro forma* Column 6	Invicta post transactions *Pro forma* Column 7
Revenue	**10,037,636**	(1 769 956)	34 212				**8 301 891**
Cost of sales	**(7,340,963)**	1 384 517	(34 212)				**(5 990 658)**
Gross profit	**2,696,673**	(385 440)					**2 311 233**
Other income	**-**		(19 269)				**(16 059)**
IFRS 2 expense relating to the Specific Issue	**-**				(4 380)		**(4 380)**
Expected credit losses recognised on trade receivables	**(31,559)**	(301 865)					**(31 861)**
Expected credit losses recognised on loans and receivables	**(17,454)**						**(17)**
Profit on sale of investment	**-**			93 791			**93 791**
Selling, administration and distribution costs	**(2,960,152)**	262 803	(13 067)			(2 100)	**(2 729 953)**
Operating (loss)/profit before net finance income on financing transactions and foreign exchange movements	**(312,492)**	(122 939)	(32 336)	93 791	(4 380)	(2 100)	**(380 457)**
Finance income from financing transactions	**22,943**	(2 007)					**20 936**
Finance cost on financing transactions	**(12,649)**	1 164					**(11 485)**
Foreign exchange gains	**143,151**	(10 990)					**132 162**
Foreign exchange losses and costs	**(190,420)**	16 014					**(174 406)**
Operating (loss)/profit	**(349,467)**	(118 757)	(32 336)	93 791	(4 380)	(2 100)	**(413 249)**
Finance cost	**(289,745)**	7 365	(5 228)				**(287 608)**
Dividends received	**2,188**						**2 188**
Equity accounted earnings from investment in associates	**31,273**						**31 273**
Equity accounted earnings from investment in joint ventures	**23,583**						**23 583**
Finance income	**86,106**	(331)		4 329			**90 103**
(Loss)/profit before tax	**(496,062)**	(111 724)	(37 564)	98 119	(4 380)	(2 100)	**(553 710)**
Income tax expense	**(177,235)**		25 887	(42 541)		470	**(193 419)**
(Loss)/profit for the year	**(673,297)**	(111 724)	(11 677)	55 578	(4 380)	(1 630)	**(747 129)**
Earnings	**(761 461)**	(111 724)	(11 677)	55 578	(4 380)	(1 630)	**(835 294)**
Earnings per share	**(712)**	(104)	(11)	52	(4)	(2)	**(760)**
Diluted earnings	**(761 461)**	(111 724)	(11 677)	55 578	(4 380)	(1 630)	**(835 294)**
Diluted earnings per share	**(712)**	(104)	(11)	52	(4)	(2)	**(760)**
Headline earnings	**61 888**	169	0	0	0	0	**62 057**
Headline earnings per share	**58**	0	0	0		0	**56**
Weighted average number of shares	**106 593 905**	**106 593 905**	**106 593 905**	**106 593 905**	**3 000 0003**	**106 593 905**	**109 593 905**

Reconciliation of headline earnings:

R'000	Invicta last published results Actual Column 1	Target Business *Pro forma* Column 2	*Pro forma* entries *Pro forma* Column 3	Allocation of selling price *Pro forma* Column 4	Specific Issue for cash *Pro forma* Column 5	Transaction costs *Pro forma* Column 6	Invicta post transactions *Pro forma* Column 7
Basic earnings	**(761 461)**						**(761 461)**
Profit on disposal of property, plant and equipment	**(3 765)**	235					**(3 441)**
Less: tax thereon	**954**	(66)					**888**
Less: other shareholders interest thereon	**154**						**154**
Loss on disposal of property, plant and equipment	**600**						**600**
Less: tax thereon	**(152)**						**(152)**
Profit on disposal of investment	**(5 817)**						**(5 817)**
Less: tax thereon	**1 602**						**1 602**
Impairment of goodwill	**639 588**						**639 588**
Impairment of investment property	**49 228**						**49 228**
Less: tax thereon	**(5 729)**						**(5 729)**
Impairment of property, plant and equipment	**146 594**						**146 594**
Headline earnings	**61 888**	168					**62 057**

Pro forma consolidated statement of profit or loss

as at 31 March 2020

Notes and assumptions:

1. Column 1 presents the Consolidated Statement of Profit and Loss and Other Comprehensive Income extracted, without adjustment, from the Invicta Audited Annual Consolidated Financial Statements for the year ended 31 March 2020.
2. Column 2 presents the historical statement of profit or loss and other comprehensive income of the Target Business which has been extracted, without adjustment, from the Special Purpose Historical Carve-Out Financial Information of the Target Business as presented in Annexure 3 to the Circular. This adjustment will have a continuing effect.
3. Column 3 presents the reversal of intercompany transactions between the Target Business and Invicta subsidiaries included in Column 2. This is to ensure that these balances correctly eliminate for the purposes of Column 6. These relate to transactions between the Target Business and Invicta subsidiaries for 1) sales, 2) depreciation on the right of use assets and interest on right of use lease liabilities with regards to the IFRS 16 leases and 3) other income with Invicta subsidiaries which the Target Business will earn after disposal. This adjustment will have a continuing effect.
4. Column 3 presents the recognition of the rental income of R19 million from the Target Business, after disposal, from Immovable Property Leases that prior to the Transaction was eliminated on consolidation. This rental income is taxable for tax purposes. This adjustment will have a continuing effect.
5. Column 3 presents the reversal of the taxation expense which falls within the legal entity of the Seller which held the Target Business. The tax that the Target Business attracted for the year is included in the consolidation of Invicta in Column 1. The taxation liability is not included in sale of the Target Business and therefore taxation has not been included in Column 2. This adjustment will have a continuing effect.
6. Column 4 presents the following:
   - i the Disposal Consideration received from the Transactions is equal to the NAV of the Disposed Target Business, which amounts to approximately R511 million as at 31 March 2020 plus a further consideration of USD $6 million goodwill, being R102 million (undiscounted) when translated into ZAR at an exchange rate R17.06/ USD $1.
   - ii The once-off net gain on the sale of the Target Business is R91 million. This gain is based on the Disposal Consideration relative to the carrying value amounting to R511 million of the Target Business in Invicta's audited financial results as at 31 March 2020. This will not have a continuing impact.
   - iii The capital gains tax on the transaction is R24 million with a deferred tax asset adjustment of R18 million bringing the total tax on the transaction to R42 million. This adjustment will not have a continuing effect
   - iv Interest amounting to R4 million has been imputed on the amount receivable on the sale of the transaction based on a weighted average Invicta interest rate of 5.89%. This adjustment will have a continuing effect. It has been assumed that the Purchaser will affect payments on the dates set out in the payment terms of the Disposal Agreement.
   - v The financial effects include the R3 million profit on disposal of the Owned Property under the Owned Property Option. It is assumed that the Owned Property Option is exercised by the Purchaser. This adjustment will not have a continuing effect.
7. Column 5 presents the transaction relating to the Specific Issue. This adjustment will not have a continuing effect. The assumptions used in calculating the balances are:
   - i A market price of R10,22 per share; and
   - ii An issue price of R8,76 per share for cash, resulting in a IFRS 2 share-based payment expense of R1,46 per share in the Statement of Comprehensive Income.
8. Column 6 presents the financial effects relating to the non-recurring transaction costs, amounting to R2 million, before tax, which relate directly to the Transactions and have been expensed. These transaction costs are deductible for tax purposes. This adjustment will not have a continuing effect.
9. Column 7 presents the *pro forma* Consolidated Statement of Profit and Loss and Other Comprehensive Income of Invicta subsequent to the transaction.

Pro forma consolidated statement of financial position

as at 31 March 2020

R'000	Invicta last published results Actual Column 1	Target Business *Pro forma* Column 2	*Pro forma* entries *Pro forma* Column 3	Allocation of selling price *Pro forma* Column 4	Specific Issue for cash *Pro forma* Column 5	Transaction costs *Pro forma* Column 6	Invicta post transactions *Pro forma* Column 7
Assets							
Non-current assets							
Property, plant and equipment	**1 738 241**	(17 336)					**1 720 905**
Right of use assets	**423 271**	(57 306)	42 274				**408 238**
Investments in associates & joint ventures	**293 137**						**293 137**
Financial Investments	**1 178**						**1 178**
Goodwill	**24 847**						**24 847**
Other intangible assets	**77 183**						**77 183**
Other financial assets	**98 113**	(5 217)		73 524			**166 420**
Deferred taxation	**240 805**			(18 899)			**221 906**
	2 896 774	(79 859)	42 274	54 625			**2 913 813**
Current assets							
Inventories	**4 221 757**	(694 285)					**3 527 472**
Trade and other receivables	**1 874 183**	(209 951)					**1 664 233**
Current portion of financial assets	**144 522**	(8 728)		510 803			**646 597**
Taxation	**27 795**						**27 795**
Bank and cash balances	**1 131 704**			21 556	26 280		**1 179 540**
	7 399 961	(912 964)		532 359	26 280		**7 045 638**
Asset classified as held for sale	**126 532**						**126 532**
Total assets	**10 423 267**	(991 533)	42 274	586 985	26 280		**10 085 983**
Equity and liabilities							
Capital and reserves							
Equity attributable to the equity holders	**4 505 480**	(510 803)	(8 224)	563 342	26 280	(1 630)	**4 573 157**
Non-controlling interests	**129 037**						**129 037**
Shareholders' equity	**4 634 517**	(510 803)	(8 224)	563 342	26 280	(1 630)	**4 702 194**

Pro forma consolidated statement of financial position

as at 31 March 2020

	Invicta last published results Actual Column 1	Target Business *Pro forma* Column 2	*Pro forma* entries *Pro forma* Column 3	Allocation of selling price *Pro forma* Column 4	Specific Issue for cash *Pro forma* Column 5	Transaction costs *Pro forma* Column 6	Invicta post transactions *Pro forma* Column 7
Liabilities							
Non-current liabilities							
Long term borrowings and financial liabilities	**2 326 733**						**2 326 733**
Right of use lease liabilities	**443 430**	(48 431)	32 151				**427 150**
Finance lease liabilities	**68 194**	(4 721)					**63 472**
Long-term tax liability	**100 000**						**100 000**
Deferred tax	**68 197**						**68 197**
	3 006 554	(53 152)	32 151				**2 985 553**
Current liabilities							
Trade and other payables and provisions	**1 860 737**	(396 467)				2 100	**1 466 370**
Taxation liabilities	**146 327**			23 643		(470)	**169 499**
Dividends payable	**35 058**						**35 058**
Current portion of long-term borrowings	**201 620**						**201 620**
Current portion of right of use lease liabilities	**86 831**	(22 846)	18 347				**82 331**
Current portion of finance lease liabilities	**67 265**	(8 266)					**58 999**
Other financial liabilities	**75 287**						**75 287**
Bank overdrafts	**309 071**						**309 071**
	2 782 195	(427 578)	18 347	23 643	0	1 630	**2 398 236**
Total liabilities	**5 788 749**	(480 730)	50 498	23 643	0	1 630	**5 383 789**
Total equity and liabilities	**10 423 267**	(991 533)	42 274	586 985	26 280		**10 090 363**
NAV per share (ZAR cents)	**3580**	(471)	(8)	519	876	(2)	**3545**
TNAV per share (ZAR cents)	**3486**	(471)	(8)	519	876	(2)	**3453**
Total number of issued shares	**108 494 738**	**108 494 738**	**108 494 738**	**108 494 738**	**3 000 000**	**108 494 738**	**111 494 738**

Pro forma consolidated statement of financial position

as at 31 March 2020

Notes and assumptions:

1. Column 1 presents the consolidated statement of financial position extracted, without adjustment, from the Invicta Audited Annual Consolidated Financial Statements for the year ended 31 March 2020.
2. Column 2 presents the historical Statement of Financial Position of the Target Business which has been extracted without adjustment from the Special Purpose Historical Carve-Out Financial Information of the Target Business as presented in Annexure [3] to the Circular.
3. Column 3 presents the reversal of intercompany balances between the Target Business and Invicta subsidiaries included in Column 2. This is to ensure that these balances correctly eliminate for the purposes of Column 6. These balances relate to leases which are accounted for as IFRS 16 leases in the Target Business, but at cost in the Invicta consolidation.
4. Column 4 presents the following:
   - i The Disposal Consideration receivable from the Transaction is equal to the NAV of the Target Business, which amounts to approximately R511 million as at 31 March 2020 plus a further consideration of USD $6 million goodwill, which was valued at R17.06/USD $1 being R102 million, undiscounted when translated into ZAR.
   - ii The present value of the USD $5 million of the cash consideration receivable over a 3-year period and the cash portion of R74 million, has been included in Other Financial Assets, and USD $1 million of the cash consideration has been included in cash and cash equivalents.
   - iii The NAV proceeds of R511 million will only be received in installments over a 90-day period after the statement of financial position date and was therefore disclosed as a current Other Financial Asset.
   - iv The capital gains tax on the transaction is R24 million with a deferred tax asset adjustment of R18 million bringing the total tax on the transaction to R42 million.
   - v The financial effects of the disposal of the Owned Property under the Owned Property Option for R4.5 million has been included as cash consideration. It is assumed that the Owned Property Option is exercised by the Purchaser.
   - vi The capital gains tax on the transaction is R24 million with a deferred tax asset adjustment of R18 million bringing the total tax on the transaction to R42 million.
5. Column 5 presents the transaction relating to the Specific Issue. The assumptions used in calculating the balances are:
   - i Cash receipt of R26 million upon share issue;
   - ii A market price of R10,22 per share; and
   - iii An issue price of R8,76 per share for cash, resulting in a IFRS 2 share-based payment expense of R1,46 per share in the Statement of Comprehensive Income.
6. Column 6 presents the financial effects relating to the non-recurring transaction costs, amounting to R2 million, before tax, which relate directly to the Transactions and have been expensed. These transaction costs are deductible for tax purposes.
7. Column 7 presents the *pro forma* consolidated statement of financial position of Invicta subsequent to the Transaction.
8. There are no material subsequent events that require adjustments to the *pro forma* financial information.
9. The settlement of debt has not been committed to and repayments with the use of proceeds remain at the discretion of the company. Furthermore, the purchase consideration will be received on extended payment terms as per the Disposal Agreement. Therefore, no debt repayment adjustment in terms of the SAICA guide on *pro forma* financial information has been made.

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Independent Reporting Accountant's Assurance Report on the Compilation of Pro Forma Financial Information Included in a Circular

The Directors of Invicta Holdings Limited

Report on the Assurance Engagement on the Compilation of Pro Forma Financial Information Included in a Circular

We have completed our assurance engagement to report on the compilation of *pro forma* financial information of Invicta Holdings Limited ("**Invicta**") and its subsidiaries (collectively, the "**Group**") by the directors.

The *pro forma* financial information, as set out in Annexure 1 on pages 29 to 35 of the circular, consists of the Pro forma consolidated statement of financial position as at 31 March 2020, the Pro forma consolidated statement of profit or loss for the year then ended and related notes (collectively, the "***Pro forma* Financial Information**"). The applicable criteria on the basis of which the directors have compiled the *Pro forma* Financial Information are specified in the JSE Limited ("JSE") Listings Requirements and described in Annexure 1 on page 29 of the circular.

The *Pro forma* Financial Information has been compiled by the directors to illustrate the impact of the corporate action or event, described in paragraph 1, on page 11 of the circular, on the Group's financial position as at 31 March 2020, and the Group's financial performance for the period then ended, as if the corporate action or event had taken place at 31 March 2020 and for the period then ended. As part of this process, information about the Group's financial position and financial performance has been extracted by the directors from the Group's audited annual consolidated financial statements for the period ended 31 March 2020, on which an auditor's report was issued on 26 July 2020.

Directors Responsibility for the Pro Forma Financial Information

The directors are responsible for compiling the *Pro forma* Financial Information on the basis of the applicable criteria specified in the JSE Listings Requirements and described in Annexure 1 on page 29 of the circular.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Professional Conduct for Registered Auditors issued by the Independent Regulatory Board for Auditors (IRBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards).

The firm applies International Standard on Quality Control 1, *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements* and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion about whether the *Pro forma* Financial Information has been compiled, in all material respects, by the directors on the basis specified in the JSE Listings Requirements and described in Annexure 1 on page 29 of the circular, based on our procedures performed.

Building a better
working world

We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, which is applicable to an engagement of this nature, issued by the International Auditing and Assurance Standards Board. This standard requires that we plan and perform procedures to obtain reasonable assurance about whether the *Pro forma* Financial Information has been compiled, in all material respects, on the basis specified in the JSE listings Requirements.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the *Pro forma* Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the *Pro forma* Financial Information.

The purpose of *Pro forma* Financial Information included in a circular is solely to illustrate the impact of a corporate action or event on unadjusted financial information of the Group as if the corporate action or event had occurred or had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the corporate action or event at 31 March 2020 would have been as presented.

A reasonable assurance engagement to report on whether the *Pro forma* Financial Information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the *Pro forma* Financial Information provides a reasonable basis for presenting the significant effects directly attributable to the corporate action or event, and to obtain sufficient appropriate evidence about whether:

- The related *pro forma* adjustments give appropriate effect to those criteria; and
- The *Pro forma* Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

Our procedures selected depend on our judgment, having regard to our understanding of the nature of the Group, the corporate action or event in respect of which the *Pro forma* Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the *Pro forma* Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the *Pro forma* Financial Information has been compiled, in all material respects, on the basis of the applicable criteria specified in the JSE Listings Requirements and described in Annexure 1 on page 29 of the circular.

Ernst & Young Inc.

Ernst & Young Inc.
Director: Amelia Young
Chartered Accountant (SA)
Reporting Accountant
Johannesburg

26 October 2020

SPECIAL PURPOSE CARVE-OUT HISTORICAL FINANCIAL INFORMATION OF THE TARGET BUSINESS FOR THE THREE YEARS ENDED 31 MARCH 2020, 2019 AND 2018

The definitions and interpretations commencing on page 7 of this Circular apply, *mutatis mutandis*, to this Annexure 3.

General information

The carve out operations are included in the South African operations of Invicta, a private company registered in South Africa and comprise of the Target Business.

The special purpose carve-out historical financial information of the Target Business comprises of the Sale Assets and Assumed Liabilities. The special purpose carve-out historical financial information has been derived from the consolidated financial statements of Invicta for the years ended 31 March 2020, 2019 and 2018 using historical results of operations, assets and liabilities attributable to the Target Business. Invicta's consolidated financial statements for the years ended 31 March 2020, 2019 and 2018 were prepared in accordance with IFRS.

The directors have relied on the fact that the special purpose carve-out historical financial information, which has been derived from these consolidated financial statements of Invicta for the years ended 31 March 2020, 2019 and 2018, are free from material misstatement, whether due to fraud or error, and that the Invicta directors are responsible for the compilation of Invicta's consolidated financial statements for the years ended 31 March 2020, 2019 and 2018 and the internal controls as they determined are necessary to enable the preparation and presentation of the aforementioned consolidated financial statements.

The four businesses that are the subject matter of the Disposal comprise the following:

Landboupart – a distributor of replacement spare parts for the agricultural and industrial markets for brands such as Massey Ferguson, Landini, John Deere, Perkins, IH (Melrose) and Carraro. Landboupart supplies a wide range of quality agricultural spare parts ranging from tractor parts, engine parts, filters and drivetrains, to planter parts.

Northmec – a supplier of farming equipment in South Africa, distributing a full range of agricultural machinery, implements and related original equipment manufacturers ("OEM") spare parts for brands such as Case IH, and many other quality internationally known brands. Northmec's product range includes tractors, mowers, combine harvesters, windrowers, cultivators, grain/corn headers, balers, ploughs and sprayers.

CSE – engaged in the distribution of Case earthmoving and construction equipment, turf-grooming machinery, utility vehicles and related OEM spare parts. CSE specialises in distributing, *inter alia*, Case and Dynapac branded equipment, including tractor loader backhoes, skid steer loaders, tele-handlers, crawler excavators, front end loaders and graders.

NHSA – NHSA is a supplier of OEM and Non-OEM spare parts for brands such as Fiat, Ford, Braud, Carraro and NewPart. NHSA's product range includes tractor parts, combine harvester parts, baler parts, grape harvester parts and axle parts.

Basis of preparation of the special purpose carve-out historical financial information

The Statements of Profit or Loss and Other Comprehensive Income for the three years ended 31 March 2020, 2019 and 2018, the Statements of Financial Position as at 31 March 2020, 2019 and 2018, accounting policies and the notes thereto ("**Special Purpose Carve-Out Historical Financial Information**") have been extracted, from the consolidated financial statements of Invicta for the years ended 31 March 2020, 2019 and 2018 ("**Audited Financial Statements**"). The Audited Financial Statements were prepared in accordance with IFRS and the South African Institute of Chartered Accountants (SAICA) Financial Reporting Guides as issued by the Accounting Practices Committee and the Financial Pronouncements as issued by Financial Reporting Standards Council.

The Special Purpose Carve-Out Historical Financial Information has been prepared in accordance with the JSE Listings Requirements, for purposes of providing financial information to satisfy the requirements of Section 8 of the JSE Listings Requirements. The additional disclosure required in terms of paragraph 8.12 of the Listings Requirements has been included in the Special Purpose Carve-Out Historical Financial Information. As IFRS does not provide for the preparation of special purpose carve-out historical financial information, certain accounting conventions commonly used in the preparation of historical financial information for inclusion in a Circular has been applied.

In preparing the Special Purpose Carve-Out Historical Financial Information, the recognition and measurement principles of IFRS, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council have been applied, except for the material departures from these principles as has been noted below. The Special Purpose Carve-Out Historical Financial Information has further been supplemented with certain relevant note disclosures that are considered necessary to understand the Special Purpose Carve-Out Historical Financial Information.

Special Purpose Carve-Out Historical Financial Information

The Target Business does not constitute a separate legal entity. The Special Purpose Carve-Out Historical Financial Information has been prepared by aggregating the historical carve-out financial information relating to the Target Business. The Special Purpose Carve-Out Historical Financial Information has been prepared with the objective of presenting the results and net assets of the Target Business for the years ended 31 March 2020, 2019 and 2018. The Target Business has, for the periods presented, been under the control of Invicta. Consequently, this Special Purpose Carve-Out Historical Financial Information may not necessarily be indicative of the financial performance that would have been achieved, had the Target Business operated independently for the years ended 31 March 2020, 2019 and 2018.

Share capital and retained income

Since the Target Business does not constitute a separate legal entity, it is not meaningful to disclose a historical analysis of the share capital and retained income balances. The total equity of the Target Business as disclosed in the Special Purpose Carve-Out Historical Financial Information represents the cumulative investment of Invicta in the Target Business.

Statement of changes in equity

The Special Purpose Carve-Out Historical Financial Information does not include a statement of changes in equity for the years ended 31 March 2020, 2019 and 2018 as the Target Business does not constitute a separate legal entity and it is, therefore, not considered meaningful to disclose a historical analysis of share capital, owner's loan and retained earnings balances.

Statement of cash flows

The Special Purpose Carve-Out Historical Financial Information does not include a statement of cash flows for the years ended 31 March 2020, 2019 and 2018. Although the Target Business did operate its own bank accounts, these cash and cash equivalents have been specifically excluded from the Transactions and accordingly is has not been included in the Special Purpose Carve-Out Historical Financial Information. Therefore, for the purpose of the Special Purpose Carve-Out Historical Financial Information, the effects of the Transactions are considered to be non-cash and, therefore, presenting a statement of cash flow will not be meaningful to a user.

IAS 24 — Related Party Disclosures

The Target Business does not constitute a separate legal entity. There are numerous transactions between the Target Business and other group companies of Invicta Holdings, including the providing of and receiving of centralised services. Therefore, no disclosures for transactions and balances owing to other divisions of Invicta as related parties are made that do not form part of the Transactions' parameters, as these are not considered to be related parties. Subsidiaries of Invicta are considered to be related parties. Related party transactions with these subsidiaries are disclosed in note 4 to the Special Purpose Carve-Out Historical Financial Information.

Throughout the years ended 31 March 2020, 2019 and 2018, those persons having the authority and responsibility for planning, directing and controlling the activities of the Target Business were represented by Invicta key management personnel as the Target Business' activities were managed as part of Invicta. For this reason, it is not relevant to disclose Special Purpose Carve-Out Historical Financial Information relating to those individuals who will not be the key management personnel of the Target Business post acquisition.

Intercompany transactions and funding

All transactions between the Target Business and Invicta, which have historically been eliminated in the consolidated financial statements of Invicta, have now been presented as Parent-entity net investment in carve-out business and reflected as equity in the Special Purpose Carve-Out Historical Financial Information. As the Target Business is a division of the operations of Invicta, it did not have its own borrowings. Therefore, the balances with Invicta, together with the borrowing of the Target Business for the years ended 31 March 2020, 2019 and 2018 are reflected in equity as it represents the cumulative investment of Invicta in the Target Business.

Income tax expense

Income tax is calculated at a legal entity level. The allocation of an income tax charge to the Target Business would not be meaningful as it is not representative of the tax charges that would have been reported had the Target Business operated as a separate legal entity. The taxation assets and liabilities are also not transferred as part of the sale of the business, as these liabilities or assets are retained by Invicta. Therefore, no tax expense or related assets and liabilities have been reflected in the Special Purpose Carve-Out Historical Financial Information.

Deferred tax

The allocation of the deferred tax charge to the Target Business would not be meaningful as it is not necessarily representative of the tax charges that would have been reported had the Target Business operated as a separate legal entity. The taxation assets and liabilities are also not transferred as part of the sale of the business, as these liabilities or assets are retained by Invicta. Therefore, no tax expense or related assets and liabilities have been reflected in the Special Purpose Carve-Out Historical Financial Information.

Functional and presentation currency

The Special Purpose Carve-Out Historical Financial Information is presented in Rand, which is also the functional currency of Invicta. The principal accounting policies adopted are set out below.

Selling, administration and distribution overhead costs

The Target Business did not previously operate independently. As a result, it benefited from certain centralised functions provided by Invicta central services throughout the years ended 31 March 2020, 2019 and 2018. The historical carve out financial information for the Target Business does not include costs directly related to services consumed by the Target Business. Only the expenses directly linked to the Target Business are reflected in the Special Purpose Carve-Out Historical Financial Information.

IFRS 16 first time adoption disclosure

Although the right of use assets and lease liabilities have been recognised and measured using the principles in IFRS 16, the IFRS 16 first time adoption disclosure for the Target Business would not be meaningful as it is not necessarily representative of the actual adoption entries that would have been reported had the Target Business operated as a separate legal entity. As a result of the taxation and deferred taxation being excluded, as per above, providing a reconciliation of opening balance impact of the adoption of IFRS 16 would not provide meaningful information. Therefore, no IFRS 16 first time adoption disclosures have been reflected in the historical carve out financial information.

The Invicta Audited Financial Statements for the years ended 31 March 2020 and 2019 have been audited by Ernst & Young Inc. and unqualified audit opinions have been issued thereon. The Invicta Audited Financial Statements for the year ended 31 March 2018 have been audited by Deloitte & Touche and an unqualified audit opinion has been issued thereon. Ernst & Young Inc. is the independent reporting accountant to Invicta and has issued the independent reporting accountant's report on this Special Purpose Carve-Out Historical Financial Information for the year ended 31 March 2020 and the independent reporting accountant's review reports on this Special Purpose Carve-Out Historical Financial Information for the years ended 31 March 2019 and 2018 , which are included as Annexures 4 and 5, respectively, to this Circular.

The directors of Invicta are responsible for the Special Purpose Carve-Out Historical Financial Information included in this Circular.

Special Purpose Carve-out Historical Financial Information of the Target Business and Sale Assets for the three years ended 31 March 2020, 2019 and 2018

Issued 22 October 2020

Special Purpose Carve-out Historical Financial Information of the Target Business and Sale Assets for the three years ended 31 March 2020, 2019 and 2018

Historical Carve-Out Financial Information for the years ended 31 March 2020, 2019 and 2018

Contents

Published

22 October 2020

Director

Carve-Out Statement of Financial Position as at 31 March 2020

	Note(s)	2020 Audited R '000	2019 Independently Reviewed R '000	2018 Independently Reviewed R '000
Assets				
Non-Current Assets				
Property, plant and equipment	3	17 336	22 048	24 809
Right-of-use assets	4	57 307	-	-
Finance lease receivables	5	5 217	6 540	5 006
		79 860	**28 588**	**29 815**
Current Assets				
Inventories	6	694 285	768 008	938 482
Trade and other receivables	7	196 864	197 752	188 278
Derivatives	8	13 087	889	-
Finance lease receivables	5	8 728	9 003	4 531
		912 964	**975 652**	**1 131 291**
Total Assets		**992 824**	**1 004 240**	**1 161 106**
Equity and Liabilities				
Equity				
Parent-entity net investment in carve-out business	9	512 093	542 931	585 334
Liabilities				
Non-Current Liabilities				
Lease liabilities	4&10	48 431	-	-
Finance lease liabilities	11	4 721	6 297	4 804
		53 152	**6 297**	**4 804**
Current Liabilities				
Trade and other payables	12	379 847	424 786	512 625
Derivatives	8	-	-	13 510
Lease liabilities	4&10	22 846	-	-
Provisions	13	16 620	22 356	40 231
Finance lease liability	11	8 266	7 870	4 602
		427 579	**455 012**	**570 968**
Total Liabilities		**480 731**	**461 309**	**575 772**
Total Equity and Liabilities		**992 824**	**1 004 240**	**1 161 106**

Carve-Out Statement of Profit or Loss and Other Comprehensive Income

	Note(s)	2020 Audited R '000	2019 Independently Reviewed R '000	2018 Independently Reviewed R '000
Revenue	14	1 769 956	1 959 553	2 264 660
Cost of sales		(1 384 517)	(1 559 012)	(1 770 814)
Gross profit		**385 439**	**400 541**	**493 846**
Impairment reversed/(recognised) on trade receivables	15	302	2 766	(956)
Finance income from financing transactions	16	2 007	2 295	1 103
Finance costs on financing transactions	16	(1 164)	(1 477)	(748)
Foreign exchange gains	17	10 990	14 408	-
Foreign exchange losses and costs	17	(16 014)	(12 139)	(21 333)
Selling, administration and distribution costs	15	(262 802)	(267 521)	(288 241)
Operating profit	15	**118 758**	**138 873**	**183 671**
Finance income	18	331	210	395
Finance costs	19	(7 365)	(2)	(2)
Profit for the year		**111 724**	**139 081**	**184 064**
Other comprehensive income		-	-	-
Total comprehensive income for the year		**111 724**	**139 081**	**184 064**

Commentary

The Target Business has been and continue to operate in tough market sectors. The mainstay of the business which entails servicing of the agricultural sector continues to show a declining trend in new tractor and combine harvester sales since 2012. Likewise, the lack of government spending particularly on infrastructure as well as the decline of the major construction companies in South Africa, has meant that demand for construction and earth moving equipment has likewise declined with only real demand seen coming from specific open cast mining sectors. Revenue has accordingly declined by 9.5% from the prior year, which in turn declined by 14,3% from the year before that. Due to the change in product mix with higher sales of parts as opposed to capital equipment, the gross profit percentage has improved by 1.34% to 21.78% from the prior period.

Operating expenses have been tightly controlled and have reduced by 17.9% from the prior year which has meant that operating profit before foreign exchange costs declined by 17.1%. Working capital has been well controlled and remains flat on the prior year. The introduction of IFRS16 has meant that Non-Current Assets have increased by the Right-of-use assets value of R57.3million and Lease liabilities value of R 71.3 million.

The Target Business continues to focus on growing the spare parts business and particularly with respect to aftermarket parts, the respective market shares have increased. The Landboupart and New Holland South Africa parts businesses forming the primary focus of this strategy.

Significant accounting policies

1. Significant accounting policies

The principal accounting policies applied in the preparation of these historical carve-out financial information are set out below.

1.1 General information and basis of preparation

The carve out operations are included in the South African operations of Invicta, a public company registered in South Africa and comprise of the Target Business.

The special purpose carve-out historical financial information of the Target Business comprises of the Sale Assets and Assumed Liabilities. The special purpose carve-out historical financial information has been derived from the consolidated financial statements of Invicta for the years ended 31 March 2020, 2019 and 2018 using historical results of operations, assets and liabilities attributable to the Target Business. Invicta's consolidated financial statements for the years ended 31 March 2020, 2019 and 2018 were prepared in accordance with IFRS.

The directors have relied on the fact that the special purpose carve-out historical financial information, which has been derived from these consolidated financial statements of Invicta for the years ended 31 March 2020, 2019 and 2018, are free from material misstatement, whether due to fraud or error, and that the Invicta directors are responsible for the compilation of Invicta's consolidated financial statements for the years ended 31 March 2020, 2019 and 2018 and the internal controls as they determined are necessary to enable the preparation and presentation of the aforementioned consolidated financial statements.

The four businesses that are the subject matter of the Disposal comprise the following:

Landboupart – a distributor of replacement spare parts for the agricultural and industrial markets for brands such as Massey Ferguson, Landini, John Deere, Perkins, IH (Melrose) and Carraro. Landboupart supplies a wide range of quality agricultural spare parts ranging from tractor parts, engine parts, filters and drivetrains, to planter parts.

Northmec – a supplier of farming equipment in South Africa, distributing a full range of agricultural machinery, implements and related original equipment manufacturers ("OEM") spare parts for brands such as Case IH, and many other quality internationally known brands. Northmec's product range includes tractors, mowers, combine harvesters, windrowers, cultivators, grain/corn headers, balers, ploughs and sprayers.

CSE – engaged in the distribution of Case earthmoving and construction equipment, turf-grooming machinery, utility vehicles and related OEM spare parts. CSE specialises in distributing, inter alia, Case and Dynapac branded equipment, including tractor loader backhoes, skid steer loaders, tele-handlers, crawler excavators, front end loaders and graders.

NHSA - NHSA is a supplier of OEM and Non-OEM spare parts for brands such as Fiat, Ford, Braud, Carraro and NewPart. NHSA's product range includes tractor parts, combine harvester parts, baler parts, grape harvester parts and axle parts.

Basis of preparation of the special purpose carve-out historical financial information

The Statements of Profit or Loss and Other Comprehensive Income for the three years ended 31 March 2020, 2019 and 2018, the Statements of Financial Position as at 31 March 2020, 2019 and 2018, accounting policies and the notes thereto ("**Special Purpose Carve-Out Historical Financial Information**") have been extracted, from the consolidated financial statements of Invicta for the years ended 31 March 2020, 2019 and 2018 ("**Audited Financial Statements**"). The Audited Financial Statements were prepared in accordance with IFRS and the South African Institute of Chartered Accountants (SAICA) Financial Reporting Guides as issued by the Accounting Practices Committee and the Financial Pronouncements as issued by Financial Reporting Standards Council.

The Special Purpose Carve-Out Historical Financial Information has been prepared in accordance with the JSE Listings Requirements, for purposes of providing financial information to satisfy the requirements of Section 8 of the JSE Listings Requirements. The additional disclosure required in terms of paragraph 8.12 of the Listings Requirements has been included in the Special Purpose Carve-Out Historical Financial Information.

As IFRS does not provide for the preparation of special purpose carve-out historical financial information, certain accounting conventions commonly used in the preparation of historical financial information for inclusion in a Circular has been applied.

Significant accounting policies

1.1 General information and basis of preparation (continued)

In preparing the Special Purpose Carve-Out Historical Financial Information, the recognition and measurement principles of IFRS, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council have been applied, except for the material departures from these principles as has been noted below. The Special Purpose Carve-Out Historical Financial Information has further been supplemented with certain relevant note disclosures that are considered necessary to understand the Special Purpose Carve-Out Historical Financial Information.

Special Purpose Carve-Out Historical Financial Information

The Target Business does not constitute a separate legal entity. The Special Purpose Carve-Out Historical Financial Information has been prepared by aggregating the historical carve-out financial information relating to the Target Business. The Special Purpose Carve-Out Historical Financial Information has been prepared with the objective of presenting the results and net assets of the Target Business for the years ended 31 March 2020, 2019 and 2018. The Target Business has, for the periods presented, been under the control of Invicta. Consequently, this Special Purpose Carve-Out Historical Financial Information may not necessarily be indicative of the financial performance that would have been achieved, had the Target Business operated independently for the years ended 31 March 2020, 2019 and 2018.

Share capital and retained income

Since the Target Business does not constitute a separate legal entity, it is not meaningful to disclose a historical analysis of the share capital and retained income balances. The total equity of the Target Business as disclosed in the Special Purpose Carve-Out Historical Financial Information represents the cumulative investment of Invicta in the Target Business.

Statement of changes in equity

The Special Purpose Carve-Out Historical Financial Information does not include a statement of changes in equity for the years ended 31 March 2020, 2019 and 2018 as the Target Business does not constitute a separate legal entity and it is, therefore, not considered meaningful to disclose a historical analysis of share capital, owner’s loan and retained earnings balances.

Statement of cash flows

The Special Purpose Carve-Out Historical Financial Information does not include a statement of cash flows for the years ended 31 March 2020, 2019 and 2018. Although the Target Business did operate its own bank accounts, these cash and cash equivalents have been specifically excluded from the Transactions and accordingly is has not been included in the Special Purpose Carve-Out Historical Financial Information. Therefore, for the purpose of the Special Purpose Carve-Out Historical Financial Information, the effect of the Transactions are considered to be non-cash and, therefore, presenting a statement of cash flow will not be meaningful to a user.

IAS 24 — Related Party Disclosures

The Target Business does not constitute a separate legal entity. There are numerous transactions between the Target Business and other group companies of Invicta Holdings, including the providing of and receiving of centralised services. Therefore, no disclosures for transactions and balances owing to other divisions of Invicta as related parties are made that do not form part of the transaction's parameters, as these are not considered to be related parties. Subsidiaries of Invicta are considered to be related parties. Related party transactions with these subsidiaries are disclosed in note 22 to the Special Purpose Carve-Out Historical Financial Information.

Throughout the years ended 31 March 2020, 2019 and 2018, those persons having the authority and responsibility for planning, directing and controlling the activities of the Target Business were represented by Invicta key management personnel as the Target Business’ activities were managed as part of Invicta. For this reason, it is not relevant to disclose Special Purpose Carve-Out Historical Financial Information relating to those individuals who will not be the key management personnel of the Target Business post acquisition.

Intercompany transactions and funding

All transactions between the Target Business and Invicta, which have historically been eliminated in the consolidated financial statements of Invicta, have now been presented as Parent-entity net investment in carve-out business and reflected as equity in the Special Purpose Carve-Out Historical Financial Information. As the Target Business is a division of the operations of Invicta, it did not have its own borrowings. Therefore, the balances with Invicta, together with the borrowing of the Target Business for the years ended 31 March 2020, 2019 and 2018 are reflected in equity as it represents the cumulative investment of Invicta in the Target Business.

Significant accounting policies

1.1 General information and basis of preparation (continued)

Income tax expense

Income tax is calculated at a legal entity level. The allocation of an income tax charge to the Target Business would not be meaningful as it is not representative of the tax charges that would have been reported had the Target Business operated as a separate legal entity. The taxation assets and liabilities are also not transferred as part of the sale of the business, as these liabilities or assets are retained by Invicta. Therefore, no tax expense or related assets and liabilities have been reflected in the Special Purpose Carve-Out Historical Financial Information.

Deferred tax

The allocation of the deferred tax charge to the Target Business would not be meaningful as it is not necessarily representative of the tax charges that would have been reported had the Target Business operated as a separate legal entity. The taxation assets and liabilities are also not transferred as part of the sale of the business, as these liabilities or assets are retained by Invicta. Therefore, no tax expense or related assets and liabilities have been reflected in the Special Purpose Carve-Out Historical Financial Information.

Functional and presentation currency

The Special Purpose Carve-Out Historical Financial Information is presented in Rand, which is also the functional currency of Invicta. The principal accounting policies adopted are set out below.

Selling, administration and distribution overhead costs

The Target Business did not previously operate independently. As a result, it benefited from certain centralised functions provided by Invicta central services throughout the years ended 31 March 2020, 2019 and 2018. The historical carve out financial information for the Target Business does not include costs directly related to services consumed by the Target Business. Only the expenses directly linked to the Target Business are reflected in the Special Purpose Carve-Out Historical Financial Information.

IFRS 16 first time adoption disclosure

Although the right of use assets and lease liabilities have been recognised and measured using the principles in IFRS 16, the IFRS 16 first time adoption disclosure for the Target Business would not be meaningful as it is not necessarily representative of the actual adoption entries that would have been reported had the Target Business operated as a separate legal entity. As a result of the taxation and deferred taxation being excluded, as per above, providing a reconciliation of the opening balance impact of the adoption of IFRS 16 would not provide meaningful information. Therefore, no IFRS 16 first time adoption disclosures have been reflected in the historical carve out financial information.

The Invicta Audited Financial Statements for the years ended 31 March 2020 and 2019 have been audited by Ernst & Young Inc. and unqualified audit opinions have been issued thereon. The Invicta Audited Financial Statements for the year ended 31 March 2018 have been audited by Deloitte & Touche and unqualified audit opinion has been issued thereon. Ernst and Young Inc. is the independent reporting accountant to Invicta and has issued the independent reporting accountant’s assurance report on this Special Purpose Carve-Out Historical Financial Information for the year ended 31 March 2020 and the independent reporting accountant’s review reports on this Special Purpose Carve-Out Historical Financial Information for the years ended 31 March 2019 and 2018 , which are included as Annexures 4 and 5, respectively to this Circular.

The directors of Invicta are responsible for the Special Purpose Carve-Out Historical Financial Information included in this Circular.

Significant accounting policies

1.2 Significant accounting judgements, estimates and assumptions

The preparation of the historical carve-out financial information, based on the measurement and recognition principles of IFRS, requires management from time to time, to make judgements, estimates and assumptions that affect recognised amounts of assets, liabilities, income and expenses and related disclosures. These estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances. Actual results could differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Allowance for inventory obsolescence

Management assesses whether inventory is impaired by comparing its cost to its estimated net realisable value.

Obsolete, redundant and slow-moving items are identified on a regular basis and are written down to their estimated net realisable values. Inventory is aged according to the expected inventory sell-through rate and applied to the shelf life. Items that have exceeded the average shelf life are provided for in full. Significant judgement was required to assess the impact of the COVID 19 pandemic on sell-through rates relating to the 2020 financial period. The amount of the write-down is recognised as an expense in profit or loss in the year in which it occurs.

The policy has been applied by the disposal business units as follows:

New and used equipment is aged annually, based on the receipt date of the items on hand. All new equipment inventory is fully provided for within 6 years of the receipt date. All second-hand equipment inventory is fully provided for within 5 years of the receipt date.

Parts are aged annually, based on the quantity of the various product categories on hand, relative to their life expectancy and relevant turnover indicators.

Measurement of expected credit loss allowance for trade receivables

The disposal group recognises an allowance for expected credit losses (‘ECL’s) for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns by customer type and rating, and coverage by letters of credit and other forms of credit insurance.

The impairment for trade receivables is measured using an ECL model using the simplified approach. ECLs are calculated using a provision matrix, which applies a historic loss ratio to the aged balance of trade receivables at each reporting date with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

In instances where there was no evidence of historical write-offs, management’s judgement is applied to assess potential write-offs. The historic loss ratio as the starting point to calculate the expected credit loss allowance is also adjusted for forward-looking information to determine the lifetime ECL for the portfolio of trade receivables, including factors such as inflation, interest and exchange rates, state infrastructure spend, expected GDP growth and extended payment terms granted. Covid-19 has had a significant impact on the forward looking elements, and the industry-specific impact has been considered across the customer base.

The impairment for other receivables is based on historical evidence and management’s judgement.

Critical judgments in determining the lease term and incremental borrowing rate as lessee

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

Significant accounting policies

1.2 Significant accounting judgements, estimates and assumptions (continued)

The present value of the right-of-use lease liability is determined using an incremental borrowing rate representing the forecast local borrowing rates adjusted for the Invicta group's average credit spread, in the period when the lease contract commences or is modified. The incremental borrowing rate is the rate of interest that the Invicta group would have incurred over a similar term, and with a similar security, for the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

Impairment of finance lease receivables

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. Judgement is used in making these assumptions and selecting the inputs to the impairment calculation, based on past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

Provisions

Provisions are inherently based on assumptions and estimates using the best information available. The provision is recognised for expected warranty claims on specific products sold during the past 3 financial periods.

1.3 Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment ("PPE") are measured at cost less accumulated depreciation and any accumulated impairment losses.

Land is stated at cost less accumulated impairment whilst other fixed assets are stated at cost, less accumulated depreciation and any accumulated impairment losses.

Rental assets comprise forklifts and machinery.

Where significant parts of an item of property, plant and equipment have different useful lives, the disposal group depreciates them separately.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal (i.e. at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognised.

Subsequent measurement

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the disposal group and the cost can reliably be measured.

Depreciation

Depreciation is calculated to write off the cost of items of property, plant and equipment using the straight-line method over their estimated useful lives, to their estimated residual values. The depreciation charge is generally recognised in profit or loss. Land is not depreciated..

Assets held under finance leases are depreciated over their useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

Item	Depreciation method	Average useful life
Land	Straight line	Not depreciated
Buildings	Straight line	5 years

Significant accounting policies

1.3 Property, plant and equipment (continued)

Plant and machinery	Straight line	5 to 10 years
Leasehold improvements	Straight line	Over the term of the lease
Motor vehicles	Straight line	4 to 5 years
Furniture, fittings and office equipment	Straight line	3 to 10 years
IT equipment	Straight line	3 years
Rental equipment	Straight line	4 years
Golf cars	Straight line	4 years

The depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

The residual values of owned land and buildings are estimated to approximate cost and as a result these are not depreciated.

The useful lives of property, plant and equipment are based on management's estimation. On an annual basis management considers the impact of changes in technology, customer service requirements, availability of capital funding and required return on assets and equity to determine the optimum useful life expectation of each individual item of plant and equipment. The estimation of residual values of assets is based on management's judgement of what a similar asset of a similar age and condition will be sold for.

1.4 Financial instruments

Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the disposal group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL (fair value through profit or loss), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified and measured at:
- amortised cost; or
- fair value through profit or loss (FVTPL).

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:
- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Derivatives

All derivatives are measured at FVTPL.

Financial assets – Business model assessment

The disposal group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes the stated policies and objectives for the portfolio and the operation of those policies in practice.

Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest. For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

Significant accounting policies

1.4 Financial instruments (continued)

In assessing whether the contractual cash flows are solely payments of principal and interest, the disposal group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the disposal group considers:
- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the disposal group’s claim to cash flows from specified assets (e.g. non-recourse features).

Financial assets – Subsequent measurement and gains and losses

Trade and other receivables are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified and measured at amortised cost or FVTPL. A financial liability is classified at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and any net gains and losses, including any interest expense, are recognised in profit or loss.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Finance costs and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Classification of financial liabilities:

Trade and other payables are measured at amortised cost.
Forward exchange contracts are measured at FVTPL.

Derecognition

Financial assets

The disposal group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or in which the disposal group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Financial liabilities

The disposal group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The disposal group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the disposal group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Significant accounting policies

1.4 Financial instruments (continued)

Derivative financial instruments

The disposal group holds derivative financial instruments to hedge its foreign currency exposures.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognised in profit or loss.

Impairment

Financial assets

The disposal group recognises loss allowances for expected credit losses (ECLs) on financial instruments measured at amortised cost as well as on finance lease receivables. Loss allowances for trade receivables and finance lease receivables are always measured at an amount equal to lifetime ECLs.

The disposal group considers a financial asset to be in default when:
- the debtor is unlikely to pay its credit obligations to the disposal group in full, without recourse by the disposal group to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

The maximum period considered when estimating ECLs is the maximum contractual period over which the disposal group is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the disposal group expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off when the disposal group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the disposal group has a policy of writing off the gross carrying amount when the financial asset is 180 days past due based on historical experience of recoveries of similar assets. For corporate customers, the disposal group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The disposal group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the disposal group’s procedures for recovery of amounts due.

Financial instruments - IAS 39

Trade and other receivables
Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised costs using the effective interest rate method as reduced by appropriate allowances for estimated irrecoverable amounts.

Trade and other payables
Trade and other payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Significant accounting policies

1.5 Leases

Leases are recognised, measured and presented in line with IFRS 16.

The disposal group has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17 and IFRIC 4. The details of accounting policies under IAS 17 and IFRIC 4 are disclosed separately.

The following accounting policy is applicable and implemented from 1 April 2019:

At inception of a contract, the disposal group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16.

This policy is applied to contracts entered into, on or after 1 April 2019.
- Construction equipment is leased through a finance lease from the bank for the purpose of sub-leasing to customers, with the liability recorded at the present value of future minimum lease payments. Interest is accounted for over the term of the lease, at a fixed rate per lease, on the remaining balance of the liability through profit or loss.
- Property is leased through an operating lease which is a right of use lease. Interest is accounted for over the term of the lease, at a fixed rate per lease, on the remaining balance of the liability through profit or loss.

As lessee

Right of use leases

At commencement or on modification of a contract that contains a lease component, the disposal group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the disposal group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The disposal group recognises a right-of-use asset and a right-of-use lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the right-of-use lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the disposal group by the end of the lease term or the cost of the right-of-use asset reflects that the disposal group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the right-of-use lease liability.

The right-of-use lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the disposal group’s incremental borrowing rate. Generally, the disposal group uses its incremental borrowing rate as the discount rate. The disposal group’s incremental borrowing rate is determined on a lease category basis where leases of the same nature will be allocated the same rate.

The disposal group based its incremental borrowing rate on the rate as applied by the Invicta Group. The Invicta group determines the incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the right-of-use lease liability comprise the following:
- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and

Significant accounting policies

1.5 Leases (continued)

- the exercise price under a purchase option that the disposal group is reasonably certain to exercise, lease payments in an optional renewal period if the disposal group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the disposal group is reasonably certain not to terminate early.

Finance leases

The disposal group finances certain capital equipment transactions to customers at market related interest rates, resulting in the recognition of a finance lease receivable (refer to note 5). Refer to note 10 for the finance lease liability. A proportion of these lease transactions are discounted with the disposal group's external banking partners. The financed asset consequently serves as security for the lease transactions.

Short-term leases and leases of low value assets

The disposal group has elected not to recognise right-of-use assets and right-of-use lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The disposal group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

As lessor

At inception or on modification of a contract that contains a lease component, the disposal group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

When the disposal group acted as a lessor, it determined at lease inception whether each lease was a finance lease or an operating lease.

When the disposal group is an intermediate lessor, it accounts for its interest's in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the disposal group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, then the disposal group applies IFRS 15 to allocate the consideration in the contract.

The disposal group applies the derecognition and impairment requirements in IFRS 9 to the net investment in the lease. The disposal group further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

The disposal group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of ‘other revenue’.

Generally, the accounting policies applicable to the disposal group as a lessor in the comparative period were not different from IFRS 16 except for the classification of the sub-lease entered into during the current reporting period that resulted in a finance lease classification.

Significant accounting policies

1.6 Leases (31 March 2019 and 31 March 2018 under IAS 17)

For contracts entered into before 1 April 2019, the disposal group determined whether the arrangement was or contained a lease based on the assessment of whether:
- fulfilment of the arrangement was dependent on the use of a specific asset or assets; and
- the arrangement had conveyed a right to use the asset. An arrangement conveyed the right to use the asset if one of the following was met:
- the purchaser had the ability or right to operate the asset while obtaining or controlling more than an insignificant amount of the output;
- the purchaser had the ability or right to control physical access to the asset while obtaining or controlling more than an insignificant amount of the output; or
- facts and circumstances indicated that it was remote that other parties would take more than an insignificant amount of the output, and the price per unit was neither fixed per unit of output nor equal to the current market price per unit of output.

As a lessee

In the comparative period, as a lessee the disposal group classified leases that transferred substantially all of the risks and rewards of ownership as finance leases. When this was the case, the leased assets were measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Minimum lease payments were the payments over the lease term that the lessee was required to make, excluding any contingent rent. Subsequent to initial recognition, the assets were accounted for in accordance with the accounting policy applicable to that asset. Assets held under other leases were classified as operating leases and were not recognised in the disposal group's statement of financial position. Payments made under operating leases were recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received were recognised as an integral part of the total lease expense, over the term of the lease.

As a lessor

When the disposal group acted as a lessor, it determined at lease inception whether each lease was a finance lease or an operating lease.

To classify each lease, the disposal group made an overall assessment of whether the lease transferred substantially all of the risks and rewards incidental to ownership of the underlying asset. If this was the case, then the lease was a finance lease; if not, then it was an operating lease. As part of this assessment, the disposal group considered certain indicators such as whether the lease was for the major part of the economic life of the asset. Operating lease income was recognised as an income on a straight-line basis over the lease term. The disposal group recognised finance lease receivables in the statement of financial position. Finance income was recognised based on a pattern reflecting a constant periodic rate of return on the disposal group's net investment in the finance lease.

1.7 Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

The policy has been applied by the disposal group as follows:
- The cost of finished goods and goods in transit, for both equipment and parts, is the landed cost of the goods plus the costs incurred to bring it to a selling location, accounted for on the first-in first-out method.
- The cost of work in progress is the costs of direct parts, labour costs and travel costs.

1.8 Provisions

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance costs.

Warranty provision

A provision for warranties is recognised when the underlying products or services are sold, based on historical warranty data and a weighting of possible outcomes against their associated probabilities.

Employee incentive provisions

Significant accounting policies

1.8 Provisions (continued)

The provisions for discretionary employee incentives that represent the amount that the disposal group has a present obligation to pay as a result of performance up to the reporting date. The provisions have been calculated at undiscounted amounts based on current wage and salary rates.

1.9 Employee benefits

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the disposal group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

1.10 Revenue

Revenue from contracts with customers

The disposal group generates revenue primarily from the sale of products and provision of services to its customers. Other sources of revenue include rental income from owned and leased equipment and finance income earned from entering into finance leases with customers over equipment.

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts received on behalf of third parties, like Value-Added Tax. The disposal group recognises revenue when it transfers control over a good or service to a customer.

Sale of goods

The disposal group sells a range of equipment, spare parts, engineering consumables and tools, as well as plastic pipeware and hardware.

Revenue from the sale of products is recognised when the goods are delivered to the agreed point of delivery, i.e., the agreed destination where control over the goods is transferred to the customer.

Some contracts permit the customer to return a product. For these contracts, revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. Therefore, the amount of revenue recognised is adjusted for expected returns, which are estimated based on the historical data for specific products. In these circumstances, a refund liability and a right to recover returned goods asset are recognised.

The right to recover returned goods asset is measured at the former carrying amount of the inventory less any expected costs to recover goods. The refund liability is included in trade and other payables and the right to recover returned goods is included in inventory. The disposal group reviews its estimate of expected returns at each reporting date and updates the amounts of the asset and liability accordingly.

Rendering of services

The disposal group provides the following services:
- Maintenance and servicing of capital equipment; and
- Installation of gearboxes and pressure pumps.

Significant accounting policies

1.10 Revenue (continued)

Revenue is recognised over time as the services are performed except for servicing or repairs of capital equipment which is recognised once the service or repair work has been completed, i.e. with revenue recognised at that point in time.

Revenue from a contract to provide services is recognised when performance obligations have been met, this could be as the services are rendered or upon completion of the services. The performance obligations are determined as follows:
- installation fees are recognised during the period of time that the installation occurs;
- servicing fees included in the price of products sold are recognised in reference to the proportion of the total cost of providing the servicing for the product sold; and
- revenue from time and material contracts is recognised at the contractual rates as labour hours and direct expenses are incurred.

The disposal group policy has been applied by the operating segments as follows:
- Rendering of equipment servicing or repairs is recognised once the service or repair has been completed.
- Contract maintenance revenue is recognised over the term of the contract.

Revenue from leases with customers

The disposal group, as lessor, enters into finance and operating leases with customers over construction equipment, forklifts and property.
Rental income from operating leases is recognised on a straight-line basis over the lease term and is included in revenue. Finance income from financing activities, directly related to the finance lease receivables, is recognised using the effective interest method and is included in operating profit.

Revenue recognition policies - 2018 financial period (IAS 18)

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Sale of goods

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:
- the disposal group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the disposal group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the disposal group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Revenue from a contract to provide services is recognised by reference to the stage of completion of the contract. The stage of completion of the contract is determined as follows:
- installation fees are recognised by reference to the stage of completion of the installation, determined as the proportion of the total time expected to install that has elapsed at the end of the reporting period;
- servicing fees included in the price of products sold are recognised by reference to the proportion of the total cost of providing the servicing for the product sold; and
- revenue from time and material contracts is recognised at the contractual rates as labour hours and direct expenses are incurred.

The disposal group policy has been applied as follows:
- Sale of equipment and spare parts is recognised when the goods are delivered to the customer.
- Rendering of equipment servicing or repairs is recognised once the service or repair has been completed.
- Maintenance revenue is recognised over the term of the maintenance contract.
- Interest income is recognised on finance leases and cash balances and is recognised on a time basis.

Significant accounting policies

1.11 Finance income and costs

The disposal group's finance income and finance costs include:
- interest income;
- interest expense;

Interest income or expense is recognised using the effective interest method.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:
- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

1.12 Operating profit

Operating profit is the result generated from the disposal group's continuing revenue-producing activities (considered core operations), thus excluding finance income, finance costs (except for finance income and finance costs on financing transactions as they form part of operating profit), and taxes. Operating profit also excludes, as non-core, any profit earned from the disposal group's financial investments.

1.13 Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of disposal group divisions at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss and presented separately.

1.14 Cost of sales

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The related cost of providing services recognised as revenue in the current period is included in cost of sales.

Contract costs comprise:
- costs that relate directly to the specific contract;
- costs that are attributable to contract activity in general and can be allocated to the contract; and
- such other costs as are specifically chargeable to the customer under the terms of the contract.

Cost of sales is reduced by the amount recognised in inventory as a "right to returned goods asset" which represents the company right to recover products from customers where customers exercise their right of return under the company returns policy.

2. Standards that became effective in the current period

IFRS 16 Leases

IFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to the lessee accounting by removing the distinction between operating and finance leases and requiring the recognition of a right-of-use asset and a right-of-use lease liability at the lease commencement for all leases, except for short-term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. Details of these new requirements are described in note 1.5. IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

The disposal group has adopted IFRS16 ‘Leases’ using the modified retrospective approach by recognising the cumulative effect of initially applying IFRS 16 as an adjustment to the opening balance of equity at 1 April 2019. The right-of-use assets for leases were recognised based on the carrying amount as if the standard had always been applied, apart from the use of incremental borrowing rate at the date of initial application.

IFRS 16 has had a significant impact for the disposal group, given the number of branch properties that are leased.

IFRS 16 has had no impact on the accounting of existing finance leases. It has however impacted most leases that were previously recorded as operating leases under IAS 17, where only the rental charge was recorded in profit or loss, and the disposal group has elected to apply the transition practical expedient that permits the entity not to reassess if a contract is, or contains, a lease at the date of initial application. The change in definition of a lease mainly relates to the concept of control. IFRS 16 determines whether a contract contains a lease on the basis of whether the lessee has the right to control the use of an identified asset for a period of time in exchange for consideration.

IFRS 16 Leases

The following expedients permitted by the standard were applied by the disposal group:
- Modified retrospective adoption – no comparatives required to be disclosed;
- Exemption of short-term leases and leases for which the underlying asset is of low value;
- Portfolio approach applied to classes of leases that have similar characteristics.

Impact on the lessee accounting

Former operating leases

IFRS 16 changes how the disposal group accounts for leases previously classified as operating leases under IAS 17, which were off-balance-sheet.
Applying IFRS 16, for all leases (except as noted below), the disposal group:
a) recognises right-of-use assets and right-of-use lease liabilities in the carve-out statement of financial position, initially measured at the present value of future lease payments;
b) recognises depreciation of right-of-use assets and interest on right of-use lease liabilities in the carve-out statement of profit or loss.

Lease incentives (e.g. free rent period) are recognised as part of the measurement of the right-of-use assets and right-of-use lease liabilities whereas under IAS 17 they resulted in the recognition of a lease incentive liability, amortised as a reduction of rental expense on a straight-line basis.

Under IFRS 16, right-of-use assets are tested for impairment in accordance with IAS 36 Impairment of Assets. This replaces the previous requirement to recognise a provision for onerous lease contracts.

For short term leases (lease term of 12 months or less) and leases of low-value assets (such as personal computers and office furniture), the disposal group has opted to recognise a lease expense on a straight-line basis as permitted by IFRS 16. This expense is presented within other expenses in the consolidated statement of profit or loss.

Notes to the Historical Carve-Out Financial Statements

2. Standards that became effective in the current period (continued)

Former finance leases

The main difference between IFRS 16 and IAS 17 with respect to assets formerly held under a finance lease is the measurement of residual value guarantees provided by a lessee to a lessor. IFRS 16 requires that the disposal group recognises as part of its right-of-use lease liability only the amount expected to be payable under a residual value guarantee, rather than the maximum amount guaranteed as required by IAS 17. This change did not have a material effect on the disposal group's historical carve-out financial information.

Impact on Lessor Accounting

IFRS 16 does not change substantially how a lessor accounts for leases. Under IFRS 16, a lessor continues to classify leases as either finance leases or operating leases and account for those two types of leases differently. However, IFRS 16 has changed and expanded the disclosures required, regarding how a lessor manages the risks arising from its residual interest in the leased assets.

Under IFRS 16, an intermediate lessor accounts for the head lease and the sublease as two separate contracts. The intermediate lessor is required to classify the sublease as a finance or operating lease with reference to the right-of use asset arising from the head lease (and not with reference to the underlying asset as was the case under IAS 17). Because of this change, the disposal group has reclassified certain of its sublease agreements as finance leases. As required by IFRS 9, an allowance for expected credit loss has been recognised on the finance lease receivables.

Right of use assets of R 71.3 million and lease liabilities of R 83.5 million were recognised in the disposal group.

The operating right-of-use lease liabilities were discounted at the incremental borrowing rate as at 1 April 2019. The weighted average incremental borrowing rate was 9.67%.

Notes to the Historical Carve-Out Financial Statements

	2020 R '000	2019 R '000	2018 R '000

3. Property, plant and equipment

	2020			2019		
	Cost	**Accumulated depreciation**	**Carrying value**	**Cost**	**Accumulated depreciation**	**Carrying value**
Land and buildings	2 098	(783)	1 315	2 098	(623)	1 475
Plant and machinery	18 224	(8 775)	9 449	19 547	(8 653)	10 894
Furniture and fixtures	3 898	(2 880)	1 018	3 940	(2 730)	1 210
Motor vehicles	16 754	(15 136)	1 618	17 538	(15 177)	2 361
Office equipment	2 617	(1 734)	883	2 928	(2 202)	726
IT equipment	11 124	(9 404)	1 720	11 359	(8 328)	3 031
Leasehold improvements	3 046	(2 180)	866	2 338	(2 026)	312
Rental equipment	676	(241)	435	2 029	(46)	1 983
Golf cars	45	(13)	32	94	(38)	56
Total	**58 482**	**(41 146)**	**17 336**	**61 871**	**(39 823)**	**22 048**

	2018		
	Cost	**Accumulated depreciation**	**Carrying value**
Land and buildings	2 098	(464)	1 634
Plant and machinery	19 446	(7 078)	12 368
Furniture and fixtures	3 845	(2 301)	1 544
Motor vehicles	18 012	(15 125)	2 887
Office equipment	3 075	(2 205)	870
IT equipment	11 906	(8 016)	3 890
Leasehold improvements	2 309	(1 795)	514
Rental equipment	-	-	-
Golf cars	1 104	(2)	1 102
Total	**61 795**	**(36 986)**	**24 809**

Reconciliation of property, plant and equipment - 2020

	Opening balance	**Additions**	**Disposals**	**Transfers**	**Depreciation**	**Total**
Land and buildings	1 475	-	-	-	(160)	1 315
Plant and machinery	10 894	207	(7)	-	(1 645)	9 449
Furniture and fixtures	1 210	130	-	-	(322)	1 018
Motor vehicles	2 361	413	(123)	-	(1 033)	1 618
Office equipment	726	421	(4)	10	(270)	883
IT equipment	3 031	615	(28)	(10)	(1 888)	1 720
Leasehold improvements	312	813	-	-	(259)	866
Rental equipment	1 983	820	(1 635)	-	(733)	435
Golf cars	56	-	(24)	-	-	32
	22 048	**3 419**	**(1 821)**	**-**	**(6 310)**	**17 336**

Notes to the Historical Carve-Out Financial Statements

	2020 R '000	2019 R '000	2018 R '000

3. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2019

	Opening balance	Additions	Disposals	Depreciation	Total
Land and buildings	1 634	-	-	(159)	1 475
Plant and machinery	12 368	180	(11)	(1 643)	10 894
Furniture and fixtures	1 544	122	(2)	(454)	1 210
Motor vehicles	2 887	743	(17)	(1 252)	2 361
Office equipment	870	132	(24)	(252)	726
IT equipment	3 890	1 415	(58)	(2 216)	3 031
Leasehold improvements	514	33	-	(235)	312
Rental equipment	-	2 029	-	(46)	1 983
Golf cars	1 102	70	(854)	(262)	56
	24 809	**4 724**	**(966)**	**(6 519)**	**22 048**

Reconciliation of property, plant and equipment - 2018

	Opening balance	Additions	Disposals	Depreciation	Total
Land and buildings	1 793	-	-	(159)	1 634
Plant and machinery	13 204	6 022	(4 561)	(2 297)	12 368
Furniture and fixtures	1 306	906	(221)	(447)	1 544
Motor vehicles	3 145	1 638	(348)	(1 548)	2 887
Office equipment	704	626	(201)	(259)	870
IT equipment	4 304	2 759	(697)	(2 476)	3 890
Leasehold improvements	624	221	-	(331)	514
Golf cars	-	1 104	-	(2)	1 102
	25 080	**13 276**	**(6 028)**	**(7 519)**	**24 809**

A register containing details of land and buildings is available for inspection during business hours at the registered office of the Company by members or their duly authorised agents.

4. Right of use assets

The company leases land and buildings. The average lease term is 5 years.

Details pertaining to leasing arrangements, where the company is lessee are presented below:

Net carrying amounts of right-of-use assets

The carrying amounts of right-of-use assets are as follows:

	2020	2019	2018
Land and buildings	57 307	-	-

Reconciliation of right of use assets

	2020	2019	2018
Carrying amount on initial application as at 1 April 2019	71 388	-	-
Additional right of use assets recognised	9 133	-	-
Lease modification	(1 375)	-	-
Depreciation for the year	(21 839)	-	-
Carrying amount at 31 March 2020	**57 307**	**-**	**-**

Notes to the Historical Carve-Out Financial Statements

	2020 R '000	2019 R '000	2018 R '000

4. Right of use assets (continued)

Land and buildings

There were no leases with residual value guarantees or leases not yet commenced to which the disposal group is committed.

	2020	2019	2018
Cost	118 431	-	-
Accumulated depreciation	(61 124)	-	-
	57 307	**-**	**-**

Lease liabilities

Lease liabilities have been included in the lease liability line item on the statement of financial position. Refer to note 10.

Reconciliation of right of use lease liability:

	2020
As at 1 April 2019	(83 504)
Right of use lease liability recognised	(9 133)
Interest accrued	(7 361)
Lease modification	1 375
Payments	27 346
Total right of use lease liability	**(71 277)**
Less: Current portion of right of use lease liability	22 846
Right of use liabilities	**(48 431)**

The maturity analysis of lease liabilities is presented in note 10.

5. Finance lease receivables

	2020	2019	2018
Maturity analysis of lease payments receivable			
Due within one year	9 876	10 350	5 439
Due in the second to fifth years inclusive	5 650	7 138	5 563
Gross investment in the leases	15 526	17 488	11 002
Less: Unearned interest income	(1 581)	(1 945)	(1 465)
Net investment in the lease	**13 945**	**15 543**	**9 537**
Non-current assets	5 217	6 540	5 006
Current assets	8 728	9 003	4 531
	13 945	**15 543**	**9 537**

The disposal group entered into finance lease agreements with customers for certain of its equipment and forklifts. The term of finance leases entered into range from 36 to 60 months. The interest rate implicit in the leases is fixed at the contract date for the entire lease term. The average effective interest rate contract is prime-linked. Refer to note 16 for finance income from the financing transactions.

Notes to the Historical Carve-Out Financial Statements

	2020 R '000	2019 R '000	2018 R '000

5. Finance lease receivables (continued)

Reconciliation of significant changes in net investment in leases

	2020 R '000	2019 R '000	2018 R '000
Opening balance	15 543	9 537	7 747
Funds raised	13 587	15 293	5 733
Interest accrued	2 007	2 295	1 103
Payments received	(17 192)	(11 582)	(5 046)
Closing balance	**13 945**	**15 543**	**9 537**

Exposure to credit risk

The maximum exposure to credit risk is the carrying amount of the leases as presented above. A loss allowance is considered for every lease that has more than one instalment in arrears. The estimated loss allowance is immaterial and therefore no loss allowance was accounted for. The disposal group takes into account the security that is held as well as post year end settlement of arrears when calculating the loss allowance. The leased equipment serves as security over the lease.

6. Inventories

	2020 R '000	2019 R '000	2018 R '000
Work in progress	1 790	2 555	4 230
Finished goods	680 740	801 003	963 320
Goods in transit	119 208	71 599	74 553
	801 738	875 157	1 042 103
Allowance for obsolete inventory	(107 453)	(107 149)	(103 621)
	694 285	**768 008**	**938 482**
Value of inventory written off during the year in the Statement of Profit or Loss and Other Comprehensive Income	304	3 528	25 112

7. Trade and other receivables

	2020 R '000	2019 R '000	2018 R '000
Financial instruments:			
Trade receivables	196 055	198 189	188 537
Expected credit loss	(10 245)	(10 547)	(13 313)
Trade receivables at amortised cost	185 810	187 642	175 224
Other receivable	9 528	8 858	13 054
Non-financial instruments:			
Prepayments	1 526	1 252	-
Total trade and other receivables	**196 864**	**197 752**	**188 278**

Financial instrument and non-financial instrument components of trade and other receivables

	2020 R '000	2019 R '000	2018 R '000
At amortised cost	195 338	196 500	188 278
Non-financial instruments	1 526	1 252	-
	196 864	**197 752**	**188 278**

2020 R '000
2019 R '000
2018 R '000

7. Trade and other receivables (continued)

Exposure to credit risk

Trade receivables inherently expose the company to credit risk, being the risk that the company will incur financial loss if customers fail to make payments as they fall due.

Set out below is the information about the credit risk exposure on the disposal group's trade receivables using a provisioning matrix.

All trade receivables which are not insured are provided for based on expected credit loss impairment model, determined predominantly by use of a provision matrix that is based on historical credit loss experience, adjusted for forward-looking factors, including, inflation, interest and exchange rates, state infrastructure spend, expected GDP growth and extended payment terms granted.

The impact of the COVID-19 pandemic has been considered across the disposal group for the 31 March 2020 financial year, where applicable the historical credit loss experience applied in the provision matrix has been adjusted for the increased risk of non-recovery.

Before accepting any new customer, the disposal group uses an external credit scoring system to assess the potential customer's credit quality and defines credit limits by customer. Limits and scoring attributed to customers are reviewed. No one customer represents more than 5% of the total balance of trade receivables.

Trade receivables which have been written off are still subject to enforcement activity.

There have been no significant changes in the credit risk management policies and processes since the prior reporting period.

Trade receivables arise from both wholesale and retail sales. The customer base for retail trade is large and widespread, with a result that there is no specific significant concentration of credit risk from these trade receivables.

The company's historical credit loss experience does not show significantly different loss patterns for different customer segments. The provision for credit losses is therefore based on past due status without disaggregating into further risk profiles. The loss allowance provision is determined as follows:

	2020	2020	2019	2019
Weighted average expected credit loss rate:	**Estimated gross carrying amount at default**	**Loss allowance (Lifetime expected credit loss)**	**Estimated gross carrying amount at default**	**Loss allowance (Lifetime expected credit loss)**
Less than 30 days past due: 5% (2019: 2%)	128 896	(3 696)	138 344	(2 807)
31 - 60 days past due: 3% (2019: 3%)	41 248	(1 303)	31 050	(966)
61 - 90 days past due: 5% (2019: 3%)	8 136	(446)	8 269	(268)
91 - 120 days past due: 3% (2019: 3%)	1 825	(54)	702	(20)
More than 120 days past due: 3% (2019: 4%)	11 603	(399)	13 891	(553)
Debtors handed over: 100% (2019: 100%)	4 347	(4 347)	5 933	(5 933)
Total	**196 055**	**(10 245)**	**198 189**	**(10 547)**

Notes to the Historical Carve-Out Financial Statements

	2020 R '000	2019 R '000	2018 R '000

7. Trade and other receivables (continued)

Reconciliation of loss allowances

The following table shows the movement in the loss allowance (lifetime expected credit losses) for lease receivables:

	2020 R '000	2019 R '000	2018 R '000
Opening balance in accordance with IAS 39 Financial Instruments: Recognition and Measurement	-	-	(12 357)
Opening balance in accordance with IFRS 9	**(10 547)**	**(13 313)**	**(12 357)**
Provisions reversed/(raised) on trade receivables	302	2 766	(956)
Closing balance	**(10 245)**	**(10 547)**	**(13 313)**

No adjustment upon the application of IFRS 9 during the 2019 financial period was required.

Credit risk disclosures for comparatives under IAS 39

The information is provided in accordance with IAS 39 Financial Instruments: Recognition and Measurement which was only applicable to the 31 March 2018 period. Thereafter IFRS 9 was effective.

Credit quality of trade and other receivables

The credit quality of trade and other receivables that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

Trade and other receivables past due but not impaired

The ageing of amounts past due but not impaired is as follows:

	2018 R '000
2 months past due	7 618
3 months past due	3 884
More than 3 months past due	900

Trade and other receivables impaired

As of 31 March 2018, trade and other receivables of R 13 313 million were impaired and provided for.

The ageing of these loans is as follows:

	2018 R '000
3 to 6 months	2 669
Over 6 months	10 644

Reconciliation of provision for impairment of trade and other receivables

	2018 R '000
Opening balance	(12 357)
Provision raised during the year	(956)
	(13 313)

The maximum exposure to credit risk at the reporting date is the fair value of each class of trade and other receivable mentioned above. The disposal group does not hold any collateral as security.

Fair value of trade and other receivables

The fair value of trade and other receivables approximates their carrying amounts.

Notes to the Historical Carve-Out Financial Statements

	2020 R '000	2019 R '000	2018 R '000
8. Derivatives			
Hedging derivatives			
Foreign exchange contract	13 087	889	(13 510)
Split between assets and liabilities			
Current assets	13 087	889	-
Current liabilities	-	-	(13 510)
	13 087	**889**	**(13 510)**

9. Parent-entity net investment

The parent-entity net investment represents the cumulative investment by Invicta Holdings in the carve-out businesses.

10. Lease liabilities

	2020 R '000	2019 R '000	2018 R '000
Minimum lease payments due			
- within one year	28 243	-	-
- in second to fifth year inclusive	53 680	-	-
	81 923	-	-
less: future finance charges	(10 646)	-	-
Present value of minimum lease payments	**71 277**	**-**	**-**
Present value of minimum lease payments due			
- within one year	22 846	-	-
- in second to fifth year inclusive	48 431	-	-
	71 277	**-**	**-**
Non-current liabilities	48 431	-	-
Current liabilities	22 846	-	-
	71 277	**-**	**-**

The disposal group has several lease contracts that include extension options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and to align these with the disposal group's business needs. Management exercises significant judgement in determining whether these extension options are reasonably certain to be exercised.

As at year end management is not aware of any lease extensions options that have not been accounted for in term of IFRS 16.

The finance lease liabilities bear interest at a variable interest rate of between 9% and 10.5% and these liabilities are repayable over a period varying from 36 to 60 months.

11. Finance lease liabilities

	2020 R '000	2019 R '000	2018 R '000
Minimum lease payments due			
- within one year	8 916	8 736	5 219
- in second to fifth year inclusive	4 947	6 662	5 132
less: future finance charges	(876)	(1 231)	(945)
	12 987	**14 167**	**9 406**

Notes to the Historical Carve-Out Financial Statements

	2020 R '000	2019 R '000	2018 R '000

11. Finance lease liabilities (continued)

	2020 R '000	2019 R '000	2018 R '000
Present value of minimum lease payments due			
- within in one year	8 266	7 870	4 602
- in second to fifth year inclusive	4 721	6 297	4 804
	12 987	**14 167**	**9 406**
Non-current liabilities	4 721	6 297	4 804
Current liabilities	8 266	7 870	4 602
	12 987	**14 167**	**9 406**

The disposal group entered into finance lease agreements with customers for certain of its equipment and forklifts as per note 5. The finance lease liabilities are representative of the finance lease liabilities entered into by the disposal group in order to finance the lease agreements with the customers.

The finance lease liabilities bear interest at a variable interest rate of between 9% and 10.5% and these liabilities are repayable over a period varying from 36 to 60 months. Finance costs on financing transactions are reflected in note 16.

12. Trade and other payables

	2020 R '000	2019 R '000	2018 R '000
Trade payables	343 972	383 724	459 380
Accrued leave pay	7 990	7 800	8 241
Other payables*	27 885	33 262	45 004
	379 847	**424 786**	**512 625**

** Other payables comprise of VAT payable, transport, commission and rebate accruals and accrued expenses.*

Financial instrument and non-financial instrument components of trade and other payables

	2020 R '000	2019 R '000	2018 R '000
At amortised cost	368 329	416 390	505 953
Non-financial instruments	11 518	8 396	6 672
	379 847	**424 786**	**512 625**

Fair value of trade and other payables

The fair value of trade and other payables approximates their carrying amounts.

13. Provisions

Reconciliation of provisions - 2020

	Opening balance	**Additions**	**Utilised during the year**	**Total**
Employee benefit provisions	16 880	11 753	(13 222)	15 411
Warranty and service provisions	5 476	8 616	(12 883)	1 209
	22 356	**20 369**	**(26 105)**	**16 620**

Notes to the Historical Carve-Out Financial Statements

	2020 R '000	2019 R '000	2018 R '000

13. Provisions (continued)

Reconciliation of provisions - 2019

	Opening balance	Additions	Utilised during the year	Total
Employee benefit provisions	38 646	10 367	(32 133)	16 880
Warranty and services provisions	1 585	20 622	(16 731)	5 476
	40 231	**30 989**	**(48 864)**	**22 356**

Reconciliation of provisions - 2018

	Opening balance	Additions	Utilised during the year	Total
Employee benefit provisions	45 777	30 545	(37 676)	38 646
Warranty and services provisions	3 942	644	(3 001)	1 585
	49 719	**31 189**	**(40 677)**	**40 231**

The provisions for employee benefits represent the estimated amount that the disposal group has a present obligation to pay for employee incentives provided up to the reporting date. The provisions have been calculated at undiscounted amounts based on current wage and salary rates.

14. Revenue

	2020	2019	2018
Revenue from contracts with customers			
Sale of goods - at a point in time	1 718 456	1 907 623	2 208 088
Rendering of services - over a period of time	50 264	51 930	56 572
	1 768 720	**1 959 553**	**2 264 660**
Other revenue			
Rental Income - over a period of time	1 236	-	-
	1 769 956	**1 959 553**	**2 264 660**

Geographical sales

Rendering of services consist of maintenance and servicing of capital equipment.

South African operations approximates 98%, with the remaining 2% being operations throughout the rest of Africa.

Notes to the Historical Carve-Out Financial Statements

	2020 R '000	2019 R '000	2018 R '000

15. Operating profit

Operating profit for the year is stated after charging (crediting) the following, amongst others:

	2020 R '000	2019 R '000	2018 R '000
Auditor's remuneration - external			
Audit fees	1 626	880	633
Remuneration, other than to employees			
Administrative and managerial services	52	22	-
Consulting and professional services	229	56	3 315
	281	**78**	**3 315**
Employee costs			
Salaries, wages, bonuses and other benefits	109 953	113 081	129 673
Short term benefits	16 394	15 968	16 242
Retirement benefit plans: defined contribution expense	6 583	6 294	6 823
Termination benefits	2	-	1 494
Total employee costs	**132 932**	**135 343**	**154 232**
Leases			
Operating lease charges			
Premises	1 598	32 586	20 983

Relates to lease payments that are not based on an index or rate and thus not part of minimum lease payments. These are either short term, low value or have variable payments and therefore do not fall under IFRS 16.

	2020 R '000	2019 R '000	2018 R '000
Depreciation and amortisation			
Depreciation of property, plant and equipment	5 556	6 188	7 503
Depreciation of right-of-use assets	21 839	-	-
Total depreciation and amortisation	**27 395**	**6 188**	**7 503**
Movement in credit loss allowances			
Trade and other receivables	(302)	(2 766)	956
Other			
Research and development costs	83	135	-

Expenses by nature

The total cost of sales, selling and distribution expenses, marketing expenses, general and administrative expenses, research and development expenses, maintenance expenses and other operating expenses are analysed by nature as follows:

	2020 R '000	2019 R '000	2018 R '000
Changes in inventories of finished goods and work in progress	1 383 784	1 558 704	1 770 493
Employee costs	132 932	135 343	154 232
Lease expenses	1 598	32 586	20 983
Depreciation, amortisation and impairment	27 395	6 188	7 503
Other expenses	100 877	118 537	122 632
	1 642 405	**1 851 358**	**2 075 843**

Notes to the Historical Carve-Out Financial Statements

	2020 R '000	2019 R '000	2018 R '000

16. Finance income and finance costs on financing transactions

	2020 R '000	2019 R '000	2018 R '000
Finance income from financing transactions			
Finance income from finance lease assets	**2 007**	**2 295**	**1 103**
Finance cost on finance lease liabilities			
Finance costs on finance lease liabilities	**(1 164)**	**(1 477)**	**(748)**

The disposal group finances certain capital equipment transactions to customers at market related interest rates, resulting in the recognition of a finance lease receivable (refer to note 5). Refer to note 10 for the finance lease liability. A proportion of these lease transactions are discounted with the disposal group's external banking partners. The financed asset consequently serves as security for the lease transactions.

17. Foreign exchange gains, losses and costs

	2020 R '000	2019 R '000	2018 R '000
Foreign exchange gains			
Foreign exchange gains on trade assets and liabilities	**10 990**	**14 408**	**-**
Foreign exchange losses and costs			
Foreign exchange losses trade assets and liabilities	**(16 014)**	**(12 137)**	**(21 333)**

18. Finance income

	2020 R '000	2019 R '000	2018 R '000
Interest income			
Investments in financial assets:			
Trade and other receivables	331	210	395

Finance income is determined using the Effective Interest Rate method.

19. Finance costs

	2020 R '000	2019 R '000	2018 R '000
IFRS 16 Lease liabilities	(7 361)	-	-
Other interest paid	4	2	2
Total finance costs	**7 365**	**2**	**2**

Notes to the Historical Carve-Out Financial Statements

	2020 R '000	2019 R '000	2018 R '000

20. Commitments

Operating leases – as lessee (expense) (IAS 17)

Commitments in respect of unexpired rental agreements for premises

	2020	2019	2018
Minimum lease payments due			
- within one year		4 724	7 451
- in second to fifth year inclusive		6 962	8 423
		11 686	**15 874**

Commitments in respect of unexpired related party rental agreements for premises

	2020	2019	2018
Minimum lease payments due			
- within one year		19 647	12 652
- in second to fifth year inclusive		48 115	41 794
		67 762	**54 446**

21. Fair value information

Fair value hierarchy

The table below analyses assets and liabilities carried at fair value. The different levels are defined as follows:

Level 1: Quoted unadjusted prices in active markets for identical assets or liabilities that the company can access at measurement date.

Level 2: Inputs other than quoted prices included in level 1 that are observable for the asset or liability either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

Levels of fair value measurements

Valuation technique applied: Level 2

Recurring fair value measurements

	Note(s)	2020	2019	2018
Assets	Note(s)			
Derivatives	8			
Foreign exchange contracts		13 087	889	-
Hedging derivatives	8			
Foreign exchange contracts		13 087	889	-
Liabilities	Note(s)			
Hedging derivatives	8			
Foreign exchange contracts		-	-	(13 510)
Total		**26 174**	**1 778**	**(13 510)**

The carrying amount of finance lease receivables and payables approimates the fair value thereof.

Valuation technique and key inputs:

Level 2 - Expected settlement value

Notes to the Historical Carve-Out Financial Statements

22. Related parties

Relationships

Ultimate holding company	Invicta Holdings Limited
Holding company	Invicta Holdings SA Proprietary Limited
Fellow subsidiaries	Equipment Spare Parts (Africa) Proprietary Limited
	Shamrock Handling Concepts Proprietary Limited
	Disa Equipment Proprietary Limited
	Criterion Equipment Proprietary Limited
	High Power Equipment Proprietary Limited
	Macneil Plastics Proprietary Limited
	Invicta Properties Proprietary Limited

Related party balances

Lease liabilities - Owing to related parties			
Invicta Properties Proprietary Limited	(50 498)	-	-

Related party transactions

Interest paid to related parties			
Invicta Properties Proprietary Limited	5 228	-	-
Sales to related parties			
Equipment Spare Parts (Africa) Proprietary Limited	(957)	(953)	(65)
Shamrock Handling Concepts Proprietary Limited	(827)	-	-
Disa Equipment Proprietary Limited	(3 844)	(6 617)	(4 700)
Criterion Equipment Proprietary Limited	(10 990)	(9 594)	(759)
High Power Equipment Proprietary Limited	(16 611)	(6 337)	(496)
Invicta Holdings SA Proprietary Limited	(928)	-	-
Macneil Plastics Proprietary Limited	(54)	-	-
Rent paid to related parties			
Invicta Properties Proprietary Limited	-	25 082	15 471

23. Events after the reporting period

South Africa entered into a lockdown towards the end of March 2020.

At the date of this report the country was at lockdown level 1, the least restricted lockdown level. There remains uncertainty regarding the timing to reach full lift of the lockdown, and the rate of recovery from the impact of the COVID-19 pandemic. The situation continues to be closely monitored so that the various businesses may adapt as necessary to comply with regulations and meet the needs of our customers. Our top priority remains the safety and well-being of our employees. All indications and international precedents are pointing that a further surge in COVID-19 cases is likely, which may entail reverting to a higher lockdown level.

The operating results since the year ended 31 March 2020 have shown that the corrective actions taken in relation to the pandemic have yielded benefits. Despite revenue still tracking below volumes of the prior year, cost containment measures have ensured that the initial lockdown level 5 losses are recovered and a break-even result is likely for the first quarter of the 2021 financial year.

In July 2020, Invicta entered into the Sale and Purchase Agreement (“SPA”). In terms of the SPA, the Target Business will be sold. The Acquisition requires various regulatory approvals, including approval by the South African competition authorities. In addition, the parties have agreed to the provisions applicable to the conduct of the Target Business in the period between the signature of the SPA and the Closing Date. Fulfilment of the conditions precedent to the Acquisition is expected by the date stated in the Circular, which date may be extended, as provided for in the SPA. The conditions precedent may also be waived, as provided for in the SPA.

Notes to the Historical Carve-Out Financial Statements

24. Risk management

Financial risk management

Overview

The disposal group is exposed to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk (currency risk, interest rate risk and price risk).

Liquidity risk

The disposal group manages liquidity risk by monitoring forecast cash flows and ensuring that adequate unutilised borrowing facilities are maintained.

The maturity profile of contractual cash flows of trade and other payables and derivatives is short term. For detail of the maturity profile of contractual cash flow relating to lease liabilities and finance liabilities refer to notes 10 and 11.

Foreign currency risk

The disposal group utilises currency derivatives to eliminate or reduce the exposure to its foreign currency denominated assets and liabilities, and to economically hedge future transactions. The disposal group has entered into certain forward exchange contracts in various currencies which will be utilised for the settlement of orders placed with suppliers and which are due for payment in the coming reporting period. It is the disposal group's policy not to speculate in foreign exchange contracts.
The disposal group is mainly exposed to foreign currencies in US Dollar, Euro, Yen and British Pounds and uses forward foreign exchange contracts ("FECs") to cover specific foreign currency exposures.

At reporting period, open forward exchange contracts are marked-to-market and the gains and losses arising on the contracts are recognised in profit or loss. The estimated net fair values have been determined at the reporting period, using available market information and appropriate valuation methodologies.

The forward exchange contracts in place at the reporting period to cover current and future inventory purchases, are as follows:

Exposure in Rand

	Foreign currency value '000	Average exchange rate	ZAR R'000
31 March 2020:			
US Dollar	2 344	17,97	42 123
Euro	2 062	19,78	40 780
31 March 2019:			
US Dollar	5 452	14,56	79 364
Euro	2 042	16,47	33 640
Yen	2 396	0,13	316
31 March 2018:			
US Dollar	4 000	11,84	47 371
Euro	2 949	14,62	43 102
British Pound	9	16,64	155

Notes to the Historical Carve-Out Financial Statements

24. Risk management (continued)

Exposure in foreign currency amounts

The following table details the disposal group's sensitivity to a reasonable increase or decrease in ZAR against the relevant foreign currencies at the reporting date. The percentages used below represent management's assessment of the reasonably possible change in foreign exchange rates, based on historical volatilities of these currencies. The sensitivity analysis includes only outstanding FECs at the reporting date. A positive number below indicates an increase in profit where the ZAR strengthens by the percentages below against the relevant currency. For a weakening of the ZAR by the percentages below against the relevant currency, there would be a comparable impact on the profit, and the balances would be negative. The impact on the Group's equity is not provided as the FECs are not designated as hedging instruments in a cash flow hedge.

31 March 2020	**Value in ZAR '000**	**Spot rate at reporting date**	**Change in foreign currency rate**	**Effect on profit before tax R'000**
US Dollar	42 123	17,97	23%	(9 688)
Euro	40 780	19,78	20%	(8 156)
31 March 2019	**Value in ZAR '000**	**Spot rate at reporting date**	**Change in foreign currency rate**	**Effect on profit before tax R'000**
US Dollar	79 364	14,56	23%	(18 254)
Euro	33 640	16,47	13%	(4 373)
Yen	316	0,13	19%	(60)
31 March 2018	**Value in ZAR '000**	**Spot rate at reporting date**	**Change in foreign currency rate**	**Effect on profit before tax R'000**
US Dollar	47 371	11,84	(12%)	5 685
Euro	43 102	14,62	2%	(862)
British Pound	155	16,64	(1%)	2

Interest rate risk

The disposal group is exposed to interest rate risk on its variable rate borrowings. The exposure to interest rate risk is managed using derivatives, where it is considered appropriate, and through a closely monitored cash management system.

The impact of a change in the interest rate of 1% with all other variables held constant will have the following effect:

	Carrying amount at year end R'000	**Change in interest rate**	**Effect on profit before tax**
31 March 2020			
Finance lease liabilities	12 987	1%	130
31 March 2019			
Finance lease liabilities	14 167	1%	142
31 March 2018			
Finance lease liabilities	9 406	1%	94

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Independent Reporting Accountant's Report on the Target Business Special Purpose Carve-Out Historical Financial Information for the year ended 31 March 2020

The Directors of Invicta Holdings Limited

At your request, we present our Independent Reporting Accountant's Report on the special purpose carve-out historical financial information of the four businesses that are the subject matter of the disposal, being Landboupart, Northmec, CSE and NHSA (together, the "**Target Business**") within Humulani Marketing (Pty) Ltd which forms part of the Capital Equipment Group reporting segment of Invicta Holdings Limited for the year ended 31 March 2020 (the "**Special Purpose Carve-Out Historical Financial Information**") for inclusion in Annexure 3 on pages 38 to 75 of the circular to be dated on or about 28 October 2020 ("**Circular**") by the directors. This report is required for the purposes of complying with Section 8.48 of the JSE Limited ("**JSE**") Listings Requirements and is given for the purpose of complying with those requirements and for no other purpose. We are the Independent Reporting Accountant and the Independent Auditor of Invicta Holdings Limited.

To the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with the JSE Listings Requirements and consenting to its inclusion in the Circular.

Independent Reporting Accountant's Report on the Special Purpose Carve-Out Historical Financial Information

Opinion

We have audited the Special Purpose Carve-Out Historical Financial Information, which comprises of the statement of financial position as at 31 March 2020 and the statement of profit or loss and other comprehensive income for the year then ended, including a summary of significant accounting policies and the notes thereto as presented in Annexure 3 on pages 38 to 75 to the Circular.

In our opinion, the Special Purpose Carve-Out Historical Financial Information, as presented in Annexure 3 on pages 38 to 75 of the Circular, is prepared, in all material respects, in accordance with the basis of preparation paragraphs as set out in Annexure 3 on pages 45 to 47 of the Special Purpose Carve-Out Historical Financial Information and the JSE Listings Requirements.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Reporting Accountant's Responsibilities for the Special Purpose Carve-Out Historical Financial Information* section of our report. We are independent of the Target Business in accordance with the sections 290 and 291 of the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (Revised January 2018), parts 1 and 3 of the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (Revised November 2018) (together the IRBA Codes) and other independence requirements applicable to performing audits of historical financial information of the Target Business and in South Africa. We have fulfilled our other ethical responsibilities, as applicable, in accordance with the IRBA Codes and in accordance with other ethical requirements applicable to performing audits of the Target business and in South Africa. The IRBA Codes are consistent with the corresponding sections of the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) respectively. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter - Basis of Accounting and Restriction on use

We draw attention to the basis of preparation paragraph included in Annexure 3 on pages 45 to 47 to the Special Purpose Carve-Out Historical Financial Information, which describes the basis of preparation and presentation of the Special Purpose Carve-Out Historical Financial Information, including the approach to and the purpose for preparing the financial information. Consequently, the Special Purpose Carve-Out Historical Financial Information may not necessarily be indicative of the financial performance that would have been achieved if the four divisions had operated as an independent group, nor may it be indicative of the results of operations of the four divisions for any future period.

The Special Purpose Carve-Out Historical Financial Information has been prepared solely for the purpose of fulfilling management's financial reporting responsibilities in order to comply with the respective JSE Listings Requirements. As a result, the Special Purpose Carve-Out Historical Financial Information may not be suitable or relied on for another purpose. Our opinion is not modified in respect of this matter.

Other Information

The directors are responsible for the other information contained in this Circular. The other information comprises the information included in the document titled "Invicta Holdings Limited Circular to Shareholders". The other information does not include the Special Purpose Carve-Out Historical Financial Information and our report thereon.

Our opinion on the Special Purpose Carve-Out Historical Financial Information does not cover the other information contained in this Circular and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the Special Purpose Carve-Out Historical Financial Information, our responsibility is to read the other information contained in this Circular and, in doing so, consider whether the other information is materially inconsistent with the Special Purpose Carve-Out Historical Financial Information or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the Special Purpose Carve-Out Historical Financial Information

The directors are responsible for the compilation, contents and preparation of the Circular in accordance with the JSE Listings Requirements. The directors are also responsible for the preparation of the Special Purpose Carve-Out Historical Financial Information, in accordance with the JSE Listings Requirements, as set out in the basis of preparation paragraph included in Annexure 3 on pages 45 to 47 to the Circular, and for determining that the basis of preparation is acceptable in the circumstances. The directors are also responsible for such internal control as management determines is necessary to enable the preparation and presentation of the Special Purpose Carve-Out Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Those charged with governance at Invicta Holdings Limited are responsible for overseeing the process to compile the Special Purpose Carve-Out Historical Financial Information.

Reporting Accountant's Responsibilities for the Special Purpose Carve-Out Historical Financial Information

Our objectives are to obtain reasonable assurance about whether the Special Purpose Carve-Out Historical Financial Information is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Special Purpose Carve-Out Historical Financial Information.

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As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Special Purpose Carve-Out Historical Financial Information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Target Business's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Evaluate the overall presentation, structure and content of the Special Purpose Carve-Out Historical Financial Information, including the disclosures, and whether the Special Purpose Carve-Out Historical Financial Information represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with the relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

Report on Other Legal and Regulatory Requirements

In terms of the IRBA Rule published in Government Gazette number 39475 date 4 December 2015, we report that we have been the auditor of Invicta Holdings Limited for 2 years.

Ernst & Young Inc.

Ernst & Young Inc.
Director: Amelia Young
Chartered Accountant SA)
Registered Auditor
Johannesburg

26 October 2020

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Independent Reporting Accountant's Review Report on the Target Business Special Purpose Carve-Out Historical Financial Information for the years ended 31 March 2018 and 31 March 2019

The Directors of Invicta Holdings Limited

At your request, we present our Independent Reporting Accountant's Review Report on the special purpose carve-out historical financial information of the four businesses that are the subject matter of the disposal, being Landboupart, Northmec, CSE and NHSA (together, the "**Target Business**") within Humulani Marketing (Pty) Ltd which forms part of the Capital Equipment Group reporting segment of Invicta Holdings Limited for the years ended 31 March 2018 and 31 March 2019 (the "**Special Purpose Carve-Out Historical Financial Information**") for inclusion in Annexure 3 on pages 38 to 75 of the circular to be dated on or about 28 October 2020 ("**Circular**") by the directors. This report is required for the purposes of complying with Section 8.48 of the JSE Limited ("**JSE**") Listings Requirements and is given for the purpose of complying with those requirements and for no other purpose. We are the Independent Reporting Accountant and the Independent Auditor of Invicta Holdings Limited, however we were not the auditors of the 2018 period.

To the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with the JSE Listings Requirements and consenting to its inclusion in the Circular.

Independent Reporting Accountant's Review Report on the Special Purpose Carve-Out Historical Financial Information

We have reviewed the Special Purpose Carve-Out Historical Financial Information which comprises the statements of financial position as at 31 March 2018 and 31 March 2019 and the statements of profit or loss and other comprehensive income for the years then ended, including a summary of significant accounting policies and the notes thereto which forms part of the Special Purpose Carve-Out Historical Financial Information as presented in Annexure 3 on pages 38 to 75 to the Circular.

The Special Purpose Carve-Out Historical Financial Information has been prepared solely for the purpose of fulfilling management's financial reporting responsibilities in order to comply with the respective JSE Listings Requirements. As a result, the Special Purpose Carve-Out Historical Financial Information may not be suitable or relied on for another purpose.

Responsibility of the directors for the Special Purpose Carve-Out Historical Financial Information

The directors are responsible for the compilation, contents and preparation of the Circular in accordance with the JSE Listings Requirements. The directors are also responsible for the preparation and fair presentation of the Special Purpose Carve-Out Historical Financial Information, in accordance with the JSE Listings requirements, as set out in the basis of preparation paragraphs included in Annexure 3 on pages 45 to 47 to the Circular, for determining that the basis of preparation is acceptable in the circumstances, and for such internal control as management determine is necessary to enable the preparation of Special Purpose Carve-Out Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Those charged with governance at the Invicta Holdings Limited are responsible for overseeing the process to compile the Special Purpose Carve-Out Historical Financial Information.

Responsibility of the Independent Reporting Accountant on the Special Purpose Carve-Out Historical Financial Information

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Our responsibility is to express a review conclusion on the Special Purpose Carve-Out Historical Financial Information based on our review in accordance with ISRE 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. ISRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the Special Purpose Carve-Out Historical Financial Information, taken as a whole, is not prepared in all material respects in accordance with the basis of preparation. This Standard also requires us to comply with relevant ethical requirements.

A review of the Special Purpose Carve-Out Historical Financial Information in accordance with ISRE 2410 is a limited assurance engagement in terms of which we perform procedures, primarily consisting of making enquiries of management and others within the entity, as appropriate, and applying analytical procedures and evaluating the evidence obtained.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on the Special Purpose Carve-Out Historical Financial Information.

Conclusion

Based on our reviews, nothing has come to our attention that causes us to believe that the Special Purpose Carve-Out Historical Financial Information, as set out in Annexure 3 on pages 38 to 75 to the Circular, is not prepared, in all material respects, in accordance with the basis of preparation paragraphs included in Annexure 3 on pages 45 to 47 to the Circular and the JSE Listings Requirements.

Emphasis of Matter – Basis of Accounting, and Restriction on Use

We draw attention to the basis of preparation paragraphs to the Special Purpose Carve-Out Historical Financial Information which describes the basis of preparation and presentation of the Special Purpose Carve-Out Historical Financial Information, including the approach to and the purpose for preparing the financial information. Consequently, the Special Purpose Carve-Out Historical Financial Information may not necessarily be indicative of the financial performance that would have been achieved if the four divisions had operated as an independent group, nor may it be indicative of the results of operations of the four divisions for any future period.

The Special Purpose Carve-Out Historical Financial Information has been prepared solely for the purpose of fulfilling management's financial reporting responsibilities in order to comply with the respective JSE Listings Requirements. As a result, the Special Purpose Carve-Out Historical Financial Information may not be suitable or relied on for another purpose. Our conclusion is not modified in respect of this matter.

Ernst & Young Inc.

Ernst & Young Inc.
Director: Amelia Young
Chartered Accountant (SA)
Registered Auditor
Johannesburg

26 October 2020

TRADING HISTORY OF INVICTA ORDINARY SHARES

Set out below is a table showing the highest, lowest and closing prices and aggregate volumes traded in the Ordinary Shares on the JSE for each day over the 30 trading days preceding the Last Practicable Date:

Daily	High (cents)	Low (cents)	Close (cents)	Volume (shares)	Value (R)
10 September	1 199	1 198	1 198	152	1 822.46
11 September	1 190	1 150	1 150	37 217	439 151.34
14 September	1 150	961	1 003	47 303	533 318.59
15 September	1 198	1 021	1 068	13 234	149 639.98
16 September	1 188	1 051	1 121	28 327	318 866.86
17 September	1 165	1 070	1 165	9 317	102 747.11
18 September	1 170	1 051	1 100	19 690	216 833.99
21 September	1 188	1 061	1 130	5 648	62 866.07
22 September	1 169	1 105	1 140	12 381	140 670.07
23 September	1 141	1 120	1 120	32 901	372 842.49
25 September	1 099	1 050	1 050	1 061	11 213.58
28 September	1 099	1 050	1 099	5 459	57 942.37
29 September	1 174	1 061	1 067	23 633	259 704.26
30 September	1 066	1 058	1 066	13 775	146 531.31
1 October	1 100	1 060	1 060	14 541	156 046.2
2 October	1 100	1 060	1 061	13 899	152 815.32
5 October	1 150	1 064	1 050	9 271	100 650.78
6 October	1 150	1 050	1 072	2 428	25 845.26
7 October	1 170	1 012	1 052	2 959	31 493.80
8 October	1 100	1 011	1 011	17 012	185 624.37
9 October	1 100	1 001	1 100	4 986	52 024.13
12 October	1 090	910	1 050	4 168	42 074.64
13 October	1 071	983	1 022	27 728	290 542.02
14 October	1 025	1 018	1 025	2 488	25 397.84
15 October	1 102	1 025	1 102	40 827	430 506.89
16 October	1 067	1 034	1 044	4 473	47 590.00
19 October	1 075	1 075	1 075	13 806	148 414.50
20 October	1 075	977	1 005	28 234	290 098
21 October	1 049	979	999	61 958	644 128
22 October	1 099	1 040	1 050	138 433	1 441 522

Set out below is a table showing the highest, lowest and closing prices and aggregated monthly volumes traded in the Ordinary Shares on the JSE for the previous 12 months:

Monthly	High (cents)	Low (cents)	Close (cents)	Volume (shares)	Value (R)
2019					
October	2 400	1 931	2 050	3 192.00	65 727
November	2 299	2 000	2 200	71 485.00	1 563 487
December	2 195	1 680	1 771	81 438.00	1 463 509
2020					
January	1 878	1 500	1 557	3 267.00	50 123
February	1 556	860	989	93 743.00	862 789
March	1 105	525	701	13 419.00	95 086
April	754	441	510	69 341.00	352 983
May	539	351	409	296 094.00	1 201 539
June	690	400	575	90 816.00	535 889
July	1 050	540	855	24 874.00	209 839
August	1 349	830	1 277	33 823.00	418 514
September	1 349	961	1 066	13 775.00	146 531

Source: JSE Limited

Set out below is a table showing the highest, lowest and closing prices and aggregate volumes traded in the Ordinary Shares on A2X for each day over the 30 trading days preceding the Last Practicable Date:

Daily	High (cents)	Low (cents)	Close (cents)	Volume (shares)	Value (R)
10 September	1 198	1 198	1 198	2	23,96
11 September			1 198	0	0
14 September			1 198	0	0
15 September			1 198	0	0
16 September			1 198	0	0
17 September			1 198	0	0
18 September			1 198	0	0
21 September			1 198	0	0
22 September			1 198	0	0
23 September			1 198	0	0
25 September			1 198	0	0
28 September			1 198	0	0
29 September			1 198	0	0
30 September			1 198	0	0
1 October			1 198	0	0
2 October			1 198	0	0
5 October			1 198	0	0
6 October			1 198	0	0
7 October			1 198	0	0
8 October			1 198	0	0
9 October			1 198	0	0
12 October			1 198	0	0
13 October			1 198	0	0
14 October			1 198	0	0
15 October			1 198	0	0
16 October			1 198	0	0
19 October			1 198	0	0
20 October			1 198	0	0
21 October			1 198	0	0
22 October			1 198	0	0

Set out below is a table showing the highest, lowest and closing prices and aggregated monthly volumes traded in the Ordinary Shares on A2X for the previous 12 months:

Monthly	High (cents)	Low (cents)	Close (cents)	Volume (shares)	Value (R)
2019					
October			2 150	0	0
November	2 200	2 200	2 200	1 000	22 000
December	2 055	1 805	1 807	23 312	423 486,76
2020					
January			1 807	0	0
February			1 807	0	0
March			1 807	0	0
April			1 807	0	0
May	1 198	1 198	1 807	2	23,96
June			1 807	0	0
July			1 807	0	0
August			1 807	0	0
September	1 198	1 198	1 198	2	2 396

Source: A2X

MATERIAL LOANS AND BORROWINGS

Material loans of Invicta Group as at 31 August 2020 are as follows based on the most current information available, none of which are of a convertible nature:

Description	Lender	Effective date and Amount outstanding in ZAR'000	Secured / unsecured & Security provided	Amount, repayment / renewal terms and conditions*	Interest rate
1. Mortgage bonds	ABSA	267,359 (March 2019: 261,974)	Secured by certain land and buildings	N/A	Prime linked rate which varies between 8% and 9.77%
2. Preference shares issued to Standard Bank	Standard Bank	0 (March 2019: 450,000)	Secured by cross-sureties provided by Group companies	The dividends are payable semi-annually. R450 million (2019: R300 million) of preference shares were early settled during the current year to reduce the group overall debt levels	Dividend coupon rate linked to three-month Jibar
3. Short-term loans from Southchester RF Proprietary Limited	Southchester RF Proprietary Limited	0 (March 2019: 492,824)	The loan was secured by an investment in FirstRand Bank listed bonds	The loan was fully repaid in the current reporting period to reduce the Group's overall debt levels	The loan bears interest at a rate linked to three-month Jibar
Loans from DBS Bank and May Bank	DBS Bank and May Bank	190,941 (March 2019: 263,025)	These loans are secured by property in Kian Ann Engineering (Pte) Ltd.	The loans are repayable in 20 quarterly instalments. The quarterly instalments commenced in March 2019 and will mature in March 2024.	The loans bear interest at an aggregate of the variable swap offer rate and the applicable margin rate which varies between 2.13% and 3.45% per annum.
5. US Dollar loan from Standard Bank	Standard Bank	426,104 (March 2019: 361,898)	The loan is secured by cross-sureties provided by Group companies.	Is repayable by February 2022	The loan bears interest at a fixed rate
6. Nedbank term loan	Nedbank term loan	505,223 (March 2019: 0)	The loans are secured by cross-sureties provided by Group companies.	A R500 million loan which was taken out during the current reporting period. The loan is repayable by December 2022.	Bears interest at a rate linked to three-month Jibar

Description	Lender	Effective date and Amount outstanding in ZAR'000	Secured / unsecured & Security provided	Amount, repayment / renewal terms and conditions*	Interest rate
7. ABSA term loans	ABSA	607,846 (March 2019: 551,537)	The loans are secured by cross-sureties provided by Group companies.	Varies, per note 7 below.	Varies, per note 7 below.
8. Standard Bank term loans	Standard Bank	253,383 (March 2019: 404,286)	The loans are secured by cross-sureties provided by Group companies.	Varies, per note 8 below.	Varies, per note 8 below.
9. ABSA USD loan	ABSA	ABSA USD loan 123,501 (March 2019: 104,317)	The loan is secured by cross-sureties provided by Group companies.	Matures in February 2023	The loan bears interest at a fixed rate

**Neither the long-term loans nor the revolving credit facilities (RCF) in this* Annexure *are due for final settlement within the next 12 months except for the detail set out in 8 below.*

All amount shown below are in ZAR'000

1. *Mortgage bonds* **266,177** (March 2019 **-** 261,974)

   The mortgage bonds are repayable over 102 months. The mortgage bonds attract interest at a prime linked rate which varies between 8% and 9.77%. These bonds are secured by certain land and buildings

2. *Preference shares issued to Standard Bank* ***0*** (March 2019 **-** 450,000)

   The preference shares had a dividend coupon rate linked to three-month Jibar. The dividends are payable semi-annually. R 450 million (2019: R300 million) of preference shares were early settled during the current year to reduce the group overall debt levels. These preference shares were secured by cross-sureties provided by Group companies.

3. *Short-term loans from Southchester RF Proprietary Limited* **0** (March 2019 **-** 492,824)

   The loan bears interest at a rate linked to three-month Jibar. The loan was fully repaid in the current reporting period to reduce the Group's overall debt levels. The loan was secured by an investment in FirstRand Bank listed bonds.

4. *Loans from DBS Bank and May Bank* **190,941** (March 2019 **-** 263,025)

   The loans bear interest at an aggregate of the variable swap offer rate and the applicable margin rate which varies between 2.13% and 3.45% per annum. The loans are repayable in 20 quarterly instalments. The quarterly instalments commenced in March 2019 and will mature in March 2024. These loans are secured by property in Kian Ann Engineering (Pte) Ltd, a subsidiary of Invicta Holdings Limited.

5. *US Dollar loan from Standard Bank* **426,104** (March 2019 **-** 361,898)

   The loan bears interest at a fixed rate and is repayable by February 2022. The loan is secured by cross-sureties provided by Group companies.

6. *Nedbank term loan* **505,223** (March 2019 **-** 0)

   A R500 million loan which was taken out during the current reporting period and bears interest at a rate linked to three-month Jibar. The loan is repayable by December 2022. The loans are secured by cross-sureties provided by Group companies.

7. *ABSA term loans* **607,846** (March 2019 **-** 551,537)

   A R250 million loan which bears interest at a rate linked to three-month Jibar. An additional loan of R50 million was taken out during the 2020 reporting period. The loan is repayable by March 2023. A R300 million loan which bears interest at a rate linked to three-month Jibar and is repayable in three instalments commencing December 2021 and will mature by December 2023. The loans are secured by cross-sureties provided by Group companies.

8. *Standard Bank term loans* **253,383** (March 2019 **-** 404,286)

   A R250 million loan which bears interest at a rate linked to three-month Jibar and matures in June 2021. A R112,5 million loan which bears interest at a rate linked to three-month Jibar, was early settled on 13 March 2020 as part of the efforts to reduce the Groups debt levels. The loans are secured by cross-sureties provided by Group companies. The settlement of these facilities will be funded from operational cashflows of the Group.

9. *ABSA USD loan* **123,501** (March 2019 **-** 104,317)

   The loan bears interest at a fixed rate and matures in February 2023. The loan is secured by cross-sureties provided by Group companies.

MATERIAL RISK FACTORS

Risk	Potential impact	Risk Management	Term
De-industrialisation of South Africa	Flat and even declining revenue and profitability	Diversification of South African products and markets, diversification geographically to growing industrial regions	Medium to long
Business model needs to adapt to a new world	Market participants make old business processes redundant and customer demand declines	Developing digital platforms through various business operations Further operational frameworks are being restructured	Short to medium
COVID-19 pandemic	Disruption to economy has had a direct impact on current business performance as well as a possible permanent set back in South African and world growth	Adapted management focus to ensure cash preservation and expenditure reductions in line with new levels of business activity	Short
Political and labour instability	Disruption to economic and business activity	Diversification geographically to more stable regions	Short to medium
South African electricity supply and stability	Disruption to economic and business activity	Development of power supply independent of the national grid	Medium to long

INVICTA HOLDINGS LIMITED

(Registration number 1966/002182/06)
JSE and A2X ordinary share code: IVT ISIN: ZAE000029773
JSE and A2X preference share code: IVTP ISIN: ZAE000173399
("Invicta" or the "Company")

NOTICE OF GENERAL MEETING OF SHAREHOLDERS

Notice is hereby given that a general meeting of the Shareholders will be held on Friday, 27 November 2020 at 11:00 entirely by electronic communication. Shareholders are referred to the "Action Required By Shareholders" section of this Circular for information on the procedure to be followed by Shareholders in order to participate and to exercise their votes at the General Meeting.

The purpose of the meeting is to transact the following business and resolutions, with or without amendments approved at the meeting.

Terms defined in the Circular to which this Notice of General Meeting is attached, shall have the same meanings in this Notice of General Meeting.

Only Shareholders who are registered in the Register on Friday, 20 November 2020 will be entitled to attend, speak and vote at the General Meeting. Therefore, the last date to trade to be eligible to participate and vote at the General Meeting of Invicta Shareholders is Tuesday, 17 November 2020.

In terms of section 62(3) (e) of the Companies Act:

- a Shareholder who is entitled to attend and vote at the General Meeting is entitled to appoint a proxy or two or more proxies to attend, participate in and vote at the General Meeting in the place of the Shareholder; and
- a proxy need not be a Shareholder of the Company.

Kindly note that, in terms of section 63(1) of the Companies Act, any person attending or participating in a meeting of Shareholders must present reasonably satisfactory identification and the person presiding at the meeting must be reasonably satisfied that the right of any person to participate in and vote (whether as a Shareholder or as a proxy for a Shareholder) has been reasonably verified.

Accordingly, all Shareholders recorded in the registers of the Company on the voting record date will be required to provide identification satisfactory to the chairman of the General Meeting in order to participate in and vote at the General Meeting. Forms of identification include valid identity documents, drivers' licenses and passports.

ORDINARY RESOLUTION NUMBER 1 – APPROVAL OF THE DISPOSAL

"**RESOLVED THAT,** Humulani Marketing Proprietary Limited, as the Seller, be and is hereby authorised to dispose of the Target Business to the Purchaser on the terms and subject to the conditions set out in the Disposal Agreement."

In order for Ordinary Resolution Number 1 to be adopted, the support of more than 50% of the voting rights exercised on the resolution by Shareholders, present in person or by proxy at the General Meeting, is required. Only Shareholders reflected on the Register as such on the voting record date are entitled to vote on the Ordinary Resolution Number 1.

Reason and effect:

The reason for Ordinary Resolution Number 1 is that the value of the aggregate consideration price for Target Business exceeds 30% of Invicta's market capitalisation, resulting in the Disposal qualifying as a Category 1 transaction in terms of section 9 of the JSE Listings Requirements, requiring Shareholder approval. The effect of Ordinary Resolution Number 1, if passed, will be to grant the requisite approval of the Disposal, as required under the JSE Listings Requirements.

ORDINARY RESOLUTION NUMBER 2 – APPROVAL OF THE SPECIFIC ISSUE IN TERMS OF THE JSE LISTINGS REQUIREMENTS AND THE COMPANY'S MOI

"RESOLVED THAT, subject to the approval of Special Resolution Number 1 below, the issue to Mr. Steven Joffe, a director of the Company, of 3 000 000 (three million) Ordinary Shares in the authorized share capital of the Company, at the Subscription Price per share set out in the Subscription Agreement, be and is hereby approved in terms of paragraph 5.51(g) of the JSE Listings Requirements and the Company's MOI."

Explanatory Note:

The reason for Ordinary Resolution Number 2 is that the issuing of 3 000 000 (three million) Ordinary Shares to Steven Joffe requires the approval of Shareholders in terms of paragraph 5.51(g) of the JSE Listings Requirements and the Company's MOI. The effect of Ordinary Resolution Number 2 is to grant the requisite approval in terms of paragraph 5.51(g) of the JSE Listings Requirements and the Company's MOI.

Note: In terms of paragraph 5.51(g) of the JSE Listings Requirements, Ordinary Resolution number 2 requires the approval of 75% majority of the votes cast in favour of such resolution by all Shareholders present or represented by proxy at the General Meeting, on which the Mr Joffe and his associates have not voted on or whose votes have not been counted.

SPECIAL RESOLUTION 1 - APPROVAL OF THE SPECIFIC ISSUE IN TERMS OF THE COMPANIES ACT (2008)

"RESOLVED THAT, subject to the approval of Ordinary Resolution Number 2 above, the issue to Mr Steven Joffe, a director of the Company, of 3 000 000 (three million) Ordinary Shares in the authorised share capital of the Company, at a Subscription Price per share set out in the Subscription Agreement, be and is hereby approved in terms of section 41(1) of the Companies Act (2008)."

Explanatory Note:

The reason for Special Resolution Number 1 is that the issuing of the 3 000 000 (three million) ordinary shares to Steven Joffe requires the approval of Shareholders in terms of section 41(1) of the Companies Act (2008). The effect of Special Resolution Number 1 is to grant the requisite approval in terms of in terms of section 41(1) of the Companies Act (2008).

ORDINARY RESOLUTION NUMBER 3 – AUTHORITY GRANTED TO DIRECTORS

"**RESOLVED THAT,** any Director be and is hereby authorised to sign all such documents and do all such things as may be necessary for or incidental to the implementation of the resolutions passed at the General Meeting."

In order for Ordinary Resolution Number 3 to be adopted, the support of more than 50% of the voting rights exercised on the resolution by Shareholders, present in person or by proxy at the General Meeting, is required. Only Shareholders reflected on the Register as such on the voting record date are entitled to vote on the Ordinary Resolution 3.

Reason and effect:

The reason for Ordinary Resolution Number 3 is to authorise any Director to sign all such documents and do all such things as may be necessary for or incidental to the implementation of the resolutions passed at the General Meeting. The effect of Ordinary Resolution Number 3, if passed, will be to grant the requisite authority to any Director to sign all such documents and do all such things as may be necessary for or incidental to the implementation of the resolutions passed at the General Meeting.

Important information regarding attendance, participation and voting at the General Meeting

Record dates

The Board of directors has set the record date on which shareholders must be recorded in the share register in order to be entitled to receive this Notice as Friday, 23 October 2020.

The record date in respect of participation and voting at the General Meeting is Friday, 20 November 2020, and the last date to trade is Tuesday, 17 November 2020.

Electronic participation

Given restrictions on gatherings and travel due to the COVID-19 pandemic, the 2020 General Meeting will be held entirely through electronic communication, as provided for in section 63(2)(a) of the Companies Act. The Company's MOI does not prohibit electronic meetings.

Shareholders who wish to participate in the General Meeting, including proxy holders, will be required to submit the duly completed Electronic Participation Form, found on page 93 of this document, together with the relevant documents to Computershare Investor Services (Pty) Ltd ("Computershare"), as provided for on the form. Shareholders are strongly encouraged to complete their verification well ahead of time.

Once your shareholding, identity and authority (if the shareholder is not an individual) has been verified by Computershare, you will be provided with details on how to join the General Meeting web stream. A live voting function will not be available, and shareholders will be required to send their duly completed voting forms to Computershare via email before the meeting, or at the close of voting at the latest.

Shareholders that choose not to participate in the meeting can still submit their proxy forms as usual.

Voting instructions

Dematerialised shareholders

NB: Dematerialised shareholders whose shares are held in a nominee account must not complete the attached form of proxy.

If your Invicta shares are dematerialised and are held in a nominee account, then your CSDP (Central Securities Depository Participant, or "Participant" as defined in the Financial Markets Act, 2012) or broker should contact you to ascertain how you wish to cast your vote at the General Meeting and thereafter cast your vote in accordance with your instructions.

If you have not been contacted it would be advisable for you to contact your CSDP or broker and furnish them with your instructions. If your CSDP or broker does not obtain instructions from you, they will be obliged to act in terms of your mandate furnished to them, or, if the mandate is silent in this regard, to abstain from voting.

Unless you advise your CSDP or broker timeously in terms of your agreement by the cut-off time advised by them that you wish to attend the General Meeting or send a proxy to represent you, your CSDP broker will assume you do not wish to attend the General Meeting or send a proxy.

If you wish to participate in the General Meeting, request the necessary letter of representation from your CSDP or broker, and submit this letter together with the Electronic Participation Form on page 93.

Certificated Shareholders and "Own Name" Shareholders

Certificated shareholders and "own name" shareholders that wish to participate in the General Meeting themselves, should submit their duly completed attached Electronic Participation Form on page 93 , together with an acceptable form of identification.

Certificated shareholders or own name shareholders may also appoint a proxy to represent them at the General Meeting by completing the attached proxy form and returning it to Computershare by 24 hours prior to the meeting, or alternatively such forms of proxy may be lodged with the Chairman of the General Meeting at any time before the meeting by email, care of Lize Dubery, at info@invictaholdings.co.za. If you appoint someone other than the chairman of the meeting as your proxy and want them to participate in the General Meeting, a duly completed electronic participation form should be submitted.

Joint Holders

The Company's MOI provides that any one of the joint holders of shares may vote either personally or by proxy at any meeting as if they were solely entitled to exercise that vote, and, if more than one of those joint holders is present at the General Meeting, either personally or by proxy, the joint holder who tenders a vote (including an abstention) and whose name stands in the Securities Register before the other joint holder(s) who are present, in person or by proxy will be the one entitled to vote.

By order of the Board

Lize Dubery

Group company secretary

Thursday, 29 October 2020

Invicta Holdings Limited
Registered office
3 Droste Crescent
Droste Park
Johannesburg
2094

INVICTA HOLDINGS LIMITED

(Registration number 1966/002182/06)
JSE and A2X ordinary share code: IVT ISIN: ZAE000029773
JSE and A2X preference share code: IVTP ISIN: ZAE000173399
("**Invicta**" or the "**Company**")

FORM OF PROXY – (FOR USE BY CERTIFICATED SHAREHOLDERS AND "OWN-NAME" DEMATERIALISED SHAREHOLDERS ONLY)

For completion by the aforesaid registered Shareholders who are unable to attend the General Meeting of Shareholders of the Company to be held on Friday, 27 November 2020 by electronic communication ("the General Meeting of Invicta Shareholders").

If you are a dematerialised shareholder, other than with "own name" registration, do not use this form. Dematerialised shareholders, other than with "own name" registration, should provide instructions to their appointed Central Securities Depository Participant ("CSDP") or broker in the form as stipulated in the agreement entered into between the Shareholder and the CSDP or broker.

I/We (FULL NAMES IN BLOCK LETTERS PLEASE)

of (ADDRESS)

Telephone number Cellphone number

E-mail address

being a Shareholder (s) of the Company holding ordinary shares in the Company do hereby appoint

1. or failing him/her

2. or failing him/her

3. The Chairman of the General Meeting of Invicta Shareholders

as my/our proxy to vote for me/our behalf at the General Meeting (and any adjournment thereof) for the purpose of considering and, if deemed fit, passing with or without modifications, the following resolutions to be considered at the General Meeting of Invicta Shareholders.

	Number of votes		
	*In favour of	*Against	*Abstain
Ordinary Resolution Number 1: Approval of the Disposal			
Ordinary Resolution Number 2: Approval of the Specific Issue in terms of paragraph 5.51(g) of the JSE Listings Requirements and the Company's MOI the Company's MOI			
Special Resolution Number 1: Approval of the Specific Issue in terms of section 41(1) of the Companies Act (2008)			
Ordinary Resolution Number 3: Authority granted to Directors			

Insert an X or the number of shares in the appropriate block. If no indications are given, the proxy will vote as he/she deems fit. Each Shareholder entitled to attend, speak and vote and the meeting may appoint one or more proxies (who need not be a Shareholder of the Company) to attend, speak and vote in his/her stead.

Please read the notes on the reverse side hereof.

Signed at on 2020

Signature

Assisted by (where applicable)

Completed forms of proxy must, for administrative purposes, be lodged with Transfer Secretaries by email at proxy@computershare.co.za.) by no later than 11:00 (South African Standard Time) on Wednesday, 25 November 2020. Alternatively, such forms of proxy may be lodged with the Chairman of the General Meeting at any time before the meeting by email, care of Lize Dubery, at info@invictaholdings.co.za.

Notes to form of proxy:

1. This form of proxy should only be used by certificated Shareholders or Shareholders who have dematerialised their shares with own name registration.
2. All other Shareholders who have dematerialised their shares through a Central Securities Depository Participant ("CSDP") or broker and wish to attend the General Meeting, must provide the CSDP or broker with their voting instructions in terms of the relevant custody agreement entered into between them and the CSDP or broker.
3. A Shareholder may insert the name/s of one or more proxies, none of whom need be a member of the Company, in the space provided, with or without deleting "the chairman of the General Meeting". The person whose name appears first on the form of proxy and who is present at the General Meeting will be entitled to act as proxy to the exclusion of those whose names follow. In the event that no names are indicated, the proxy shall be exercised by the chairman of the General Meeting.
4. A Shareholder's instructions on the form of proxy must be indicated by the insertion of an "X" or the number of shares in the appropriate space provided. Failure to comply with the above will be deemed to authorise the chairman of the General Meeting, if the chairman is the authorised proxy, to vote in favour of the resolutions at the General Meeting, or any other proxy to vote or to abstain from voting at the General Meeting as he/she deems fit in respect of all of the Shareholder's votes exercisable thereat. A Shareholder or his/her proxy is not obliged to use all the votes exercisable by the Shareholder or his/her proxy, but the total of the votes cast and in respect whereof abstentions are recorded may not exceed the total of the votes exercisable by the Shareholder or by his/her proxy.
5. Completed forms of proxy must reach Transfer Secretaries by 11:00 on Wednesday, 25 November 2020, for administration purposes, or to the Chairman of the General Meeting at any time before the meeting commences.
6. The completion and lodging of this form of proxy shall in no way preclude the Shareholder from attending, speaking and voting in person at the General Meeting to the exclusion of any proxy appointed in terms hereof.
7. Should this form of proxy not be completed and/or received in accordance with these notes, the chairman may accept or reject it, provided that in the case of acceptance, the chairman is satisfied as to the manner in which the Shareholder wishes to vote.
8. Documentary evidence establishing the authority of the person signing this form of proxy in a representative or other legal capacity must be attached to this form of proxy unless previously recorded by the Transfer Secretaries or waived by the chairman of the General Meeting.
9. The chairman shall be entitled to reject the authority of a person signing the form of proxy -

   9.1 under a power of attorney; or

   9.2 on behalf of a Company,

   unless that person's power of attorney or authority is deposited at the registered office of the Company or Transfer Secretaries not less than forty-eight hours before the meeting.
10. A minor must be assisted by his/her parent or guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by Transfer Secretaries.
11. Any alteration of or correction to this form of proxy must be initialled by the signatory/ies.
12. On a poll, every Shareholder present in person or represented by proxy shall have one vote for every share held by such Shareholder.

Registered office

Care of Lize Dubery
info@invictaholdings.co.za

Computershare Investor Services Proprietary Limited

proxy@computershare.co.za.

ELECTRONIC PARTICIPATION FORM

INVICTA HOLDINGS LIMITED

(Registration number 1966/002182/06)
JSE and A2X ordinary share code: IVT ISIN: ZAE000029773
JSE and A2X preference share code: IVTP ISIN: ZAE000173399
("**Invicta**" or the "**Company**")

Shareholders or their proxies who wish to participate in the General Meeting to be held on **Friday, 27 November 2020** at **11:00** via electronic communication ("General Meeting Participant") must notify the Company by delivering this form and supporting documents to the office of the transfer secretaries, Computershare Investor Services Proprietary Limited, Rosebank Towers, 15 Biermann Avenue, Rosebank, Johannesburg, 2196, or by post to Private Bag X9000, Saxonwold, 2132 (at own risk), or via email to proxy@computershare.co.za and info@invictaholdings.co.za as soon as possible, but by no later 11:00 on Wednesday, 25 November 2020. Shareholders are strongly encouraged to complete their verification well ahead of time.

Each General Meeting Participant, who has successfully been verified by Computershare, will be provided with the details on how to join the General Meeting webcast. There will not be a live voting function available during the proceedings. Once verified, participants will be provided with a voting form and are strongly encouraged to send their completed forms to Computershare at least 24 hours before the meeting. Shareholders that prefer to complete their voting forms during the meeting proceedings will still be able to email their voting forms to proxy@computershare.co.za and info@invictaholdings.co.za during the meeting.

Please refer to page 89 of the Notice of General Meeting Important information regarding participation and voting at the General Meeting.

Name of registered shareholder:	
ID/Passport number or registration number of registered shareholder:	
Name and contact details of CSDP or broker (If shares are held in dematerialised format):	
Shareholder Number/ SCA number/Broker account number/ Own name account number or Custodian Account number:	
Number of ordinary shares held:	
Full name of General Meeting Participant:	
ID number/Passport number of General Meeting Participant:	
Email address:	
Cellphone number:	

By signing this form I/we agree and consent to the processing of my/our personal information above for the purpose of participation in the General Meeting and acknowledge the following:

The cost of joining the General Meeting is for the expense of the General Meeting Participant and will be billed separately by the General Meeting Participant's own internet service provider. The General Meeting Participant is not permitted to share the link with a third party.

The Company, its agents and third party service providers cannot be held accountable, and will not be obliged to make alternative arrangements, in the event of a loss or interruption of network connectivity or other network failure due to insufficient airtime, internet connectivity, internet bandwidth, power outages or any other circumstances which prevents any shareholder or proxy holder from participating in the General Meeting voting.

Signed at ______________________ on ______________________ 2020

Signature ______________________

Assisted by (where applicable) ______________________

Important: Please attach the following documents:

- Dematerialised shareholders (except "own name" holders): The letter of representation from your CSDP or broker and a copy of your identity document/passport/driver's licence.
- Certificated or "own name" shareholders (individuals): A copy of your identity document/passport/driver's licence.
- Certificated or "own name" shareholders (entities): A copy of the resolution authorising the individual to represent the entity and a copy of the identity document/passport/driver's licence of the representative.
- Proxy holders: The duly completed and signed proxy form and a copy of your identity document/passport/driver's license.

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