Interim Results Press Release

INVICTA REPORTS AN EXCELLENT SET OF RESULTS

- Sustainable headline earnings per share (HEPS) increased by 58% to 204 cents
- Closing net cash balance of R1.1 billion
- Net debt:equity ratio 11% at 30 September 2021
- Net tangible asset value per share R34.84

25 November 2021: **Invicta Holdings Limited (Invicta)**, the investment holding and management company of the Engineering Solutions Group (ESG), Capital Equipment Group (CEG) and Kian Ann Group (KAG) based in Singapore, today reported a commendable set of results for the six months ended 30 September 2021.

The Group's strategy remains steadfast and the results are testimony to this statement. Steven Joffe, CEO of Invicta, commented: *"Despite the challenging market conditions, the Group reported an excellent set of results for the period under review. These results have validated the tough decisions and decisive action taken in the prior period to reduce overheads and debt."*

Revenue from continuing operations increased by 25% from R2.9 billion (September 2020) to R3.6 billion, with operating profit before net finance income on financing transactions and foreign exchange movements ("operating profit"), 55% higher than the comparative period.

The operating profit of R368 million includes R28.6 million profit from the disposal of the controlling interest in the wholly owned KAG, and R12 million from the disposal of branches. The KAG disposal has resulted in recognition of KAG as an equity accounted joint venture, effective 1 August 2021. This disposal is covered in more detail below under the KAG segment. The civil unrest in the country during July 2021 resulted in theft, destruction, and loss of life, which has sadly led to the hardship and insecurity experienced by many fellow South Africans. The Group took steps to safeguard staff and property, including the closure of operations for several days. The KwaZulu-Natal region was hardest hit, and the Group chartered flights to get emergency supplies of food, nappies, and medicine to staff in the area. The cost of looting and emergency measures undertaken is estimated at only R2 million while the disruptive impact on profits is estimated at R14 million.

The continued focus on cost control and working capital has resulted in net cash from operating activities of R549 million, which exceeds Invicta's investing and financing activities resulting in a closing net cash of R1 086 million. Continued efforts to settle debt has brought the net interest-bearing debt:equity ratio to a record low of 11%.

ESG adapted swiftly to Covid conditions following the tough decisions taken to review and re-set the levels of working capital, overheads and capital expenditure. Revenue was 19% higher than the comparative prior period at R2.5 billion. Operating profit before net finance income on financing transactions and foreign exchange movements increased by 58% to R225 million. Profitability relative to revenue at this level was 9% compared to 7% in the comparative period, and 8% in the six months ended 30 September 2019. This reflects the sustained benefits achieved from the rightsizing measures taken which included rationalising both the branch network and workforce. The ESG results are extremely pleasing in the context of a subdued economy where the mining, construction and engineering sectors have not returned to pre-Covid levels.

CEG has maintained its consistent record of strong performance and delivered revenue of R757 million. This marks a 26% increase over the comparative prior period and is 13% higher than the revenue achieved for the six months ended 30 September 2019. Profitability before tax at R109 million was 12% higher year-on-year. These results were achieved despite global supply issues and escalating costs. A shortage of capital equipment inventory has resulted in customers having to retain their current equipment for longer periods, resulting in the demand for spare parts increasing. It is anticipated that demand will remain consistent, with some tapering off toward the holiday season. Future performance is dependent on the sustained supply of capital equipment and spare parts inventory from abroad.

The **KAG** transaction was a key focus area during the period under review. The disposal of a 51.19% interest in KAG generated cash proceeds of R437 million and was part of the Group's strategy to realise part of its investment in KAG. The second part of the Group strategy was to increase KAG's interests in the roller manufacturing operation (Kunshan Kensetsu Buhin Co. Ltd. "KKB") and in the product distribution operations in both the USA and Canada (Modesty Investment Group Pte. Ltd. "MIH"), to 100%, as these have been identified as growth areas. The profit from discontinued operations of R385 million comprises the 'fair value gain on remeasurement of joint ventures' which amounted to R372 million, with the balance of R12 million relating to the income until 1 August 2021, when the KAG transaction became effective.

The Group is now perfectly positioned to explore new growth opportunities, with several projects being under review. The most significant is the acquisition of a controlling interest in Dartcom SA. The Dartcom Group is one of the foremost distributors of communication and renewable energy technology equipment and solutions both in South Africa and across the African continent. The Dartcom Group has an experienced workforce that operates the business' accredited manufacturing and distribution facilities. The business has aligned itself with leading global telecommunication and power solutions brands, thus enabling it to provide its customers with the best of breed products and services across the continent. This acquisition brings diversification into areas that have been identified as growth markets.

Joffe concluded: *"We have achieved many of our strategic objectives, however we still have a lot to do and we will continue focussing on cash generation and optimising our return on equity. Our current business structure gives us a wonderful platform on which to build and we believe we are well positioned to explore new growth opportunities."*

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