



**Invicta**  
HOLDINGS LIMITED

**2022**

**INVICTA HOLDINGS LIMITED  
AUDITED ANNUAL FINANCIAL STATEMENTS**

(Registration number 1996/002182/06)

FOR THE YEAR ENDED 31 MARCH

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

# Invicta Holdings Limited

(Registration number 1966/002182/06)

Audited Financial Statements for the year ended 31 March 2022

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The reports and statements set out below comprise the audited financial statements presented to the shareholders:

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The annual financial statements set out in this report have been prepared under the supervision of N Rajmohamed CA(SA), Financial Director.

# Invicta Holdings Limited

(Registration number 1966/002182/06)

Audited Financial Statements for the year ended 31 March 2022

## Directors' Responsibilities and Approval

The directors are required in terms of the Companies Act 71 of 2008 to maintain adequate accounting records and are responsible for the content and integrity of the audited financial statements and related financial information included in this report. It is their responsibility to ensure that the audited financial statements fairly present the state of affairs of the Company as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the audited financial statements.

The audited financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the Company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board sets standards for internal control aimed at reducing the risk of error or loss in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Company and all employees are required to maintain the highest ethical standards in ensuring the Company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Company is on identifying, assessing, managing and monitoring all known forms of risk across the Company. While operating risk cannot be fully eliminated, the Company endeavours to minimize it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and framework.

The directors are of the opinion, based on the information and explanations given by management that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the audited financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors are satisfied that the Company has or has access to adequate resources to continue in operational existence for the foreseeable future.

The auditors are responsible for independently auditing and reporting on the Company's audited financial statements. The audited financial statements have been examined by the Company's external auditors and their report is presented on pages 2 to 3.

The audited financial statements set out on pages 4 to 38, which have been prepared on the going concern basis, were approved by the board on 30 June 2022 and were signed on its behalf by:

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N. Rajmohamed

Director

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S. Joffe

Director

### CERTIFICATE BY THE COMPANY SECRETARY

In accordance with the provisions of section 88(2) of the Companies Act of South Africa, I certify that, to the best of my knowledge and belief, the Company has filed for the financial year ended 31 March 2022 all such returns and notices as are required of a public Company of the said Act, and that all such returns and notices appear to be true, correct and up to date.

---

L. Mpumlwana

Company Secretary- 30 June 2022



# Invicta Holdings Limited

(Registration number 1966/002182/06)

Audited Financial Statements for the year ended 31 March 2022

## Independent auditors report

*To the Shareholders of Invicta Holdings Limited*

### Report on the Audit of the Separate Financial Statements

#### *Opinion*

We have audited the separate financial statements of Invicta Holdings Limited ('the company') set out on pages 12 to 36, which comprise the separate statement of financial position as at 31 March 2022, and the separate statement of profit or loss and other comprehensive income, the separate statement of changes in equity and the separate statement of cash flows for the year then ended, and notes to the separate financial statements, including a summary of significant accounting policies.

In our opinion, the separate financial statements present fairly, in all material respects, the separate financial position of the company as at 31 March 2022, and its separate financial performance and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

#### *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 Auditor's Responsibilities for the Audit of the Separate Financial Statements section of our report. We are independent of the company in accordance with the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements of the company and in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits of the company and in South Africa. 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). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Key Audit Matters*

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the separate financial statements of the current period. These matters were addressed in the context of our audit of the separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have not identified any Key Audit Matters for the Company separate financial statements.

#### *Other Information*

The directors are responsible for the other information. The other information comprises the information included in the 36-page document titled "Invicta Holdings Limited Separate Financial Statements for the year ended 31 March 2022" and in the 99-page document titled "Invicta Holdings Limited Audited Annual Consolidated Financial Statements for the year ended 31 March 2022", which includes the Directors' Responsibilities and Approval, Certificate by the Company Secretary, the Audit and Risk Committee's Report, Certificate by the Company Secretary and the Director's Report as required by the Companies Act of South Africa. Shareholder information is included in the 57-page document titled "Invicta Holdings Limited Integrated Annual Report 2022". The other information does not include the separate financial statements and our auditor's reports thereon.

Our opinion on the separate financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the separate financial statements 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 Separate Financial Statements**

The directors are responsible for the preparation and fair presentation of the separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error.

# Invicta Holdings Limited

(Registration number 1966/002182/06)

Audited Financial Statements for the year ended 31 March 2022

## Independent auditors report

In preparing the separate financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### ***Auditor's Responsibilities for the Audit of the Separate Financial Statements***

Our objectives are to obtain reasonable assurance about whether the separate financial statements as a whole are 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 these separate financial statements.

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 separate financial statements, 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 company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent 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 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.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

# **Invicta Holdings Limited**

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Audited Financial Statements for the year ended 31 March 2022

## **Independent auditors report**

### ***Report on Other Legal and Regulatory Requirements***

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that Ernst & Young Inc has been the auditor of Invicta Holdings for four years.

#### **Ernst & Young Inc.**

Director: Amelia Young

Registered Auditor

Chartered Account (SA)

Johannesburg

30 June 2022

# Invicta Holdings Limited

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Audited Financial Statements for the year ended 31 March 2022

## Audit and Risk Committee Report

### Background

The Audit Committee is guided by a charter and amendments are approved by the Board. The charter incorporates the specific responsibilities outlined in the Companies Act (2008) and the JSE Listings Requirements.

The purpose of the Audit Committee is:

- To ensure the overall adequacy and efficiency of the internal control systems and information systems.
- To ensure that the Company has appropriate financial reporting procedures and that those procedures are operating in compliance with all applicable legal requirements, corporate governance and accounting standards.
- To provide a forum for communication between the Board, executive management, and the internal and external auditors.
- To review and confirm the independence, objectivity and effectiveness of the external auditors, and to review and approve the engagement of the external auditors for non-audit work.
- To introduce such measures as in the Audit Committee's opinion may serve to enhance the reliability, integrity and objectivity of financial information, statements and affairs of the Company.
- To provide support to the Board on the risk management of the Company through the establishment of a Risk Committee.
- To review and monitor the objectivity and effectiveness of the internal audit function.
- To review and recommend to the Board the consolidated financial statements, press announcements and integrated annual report.

### Membership

The Audit Committee members were re-appointed at the Annual General Meeting "AGM" of the Company held on the 16th September 2021. The members during the 2022 financial year were:

- Rashid Wally (Chairman)\*
- Mpho Makwana (member)\*
- Frank Davidson (member)\*

*\*independent*

The Audit Committee members are independent of executive management. The Group CEO, CFO and Commercial Director attend the meeting by invitation.

Shareholders will be requested to approve the appointment and/or reappointment of the members of the Audit Committee at the AGM scheduled for 13 September 2022.

### Attendance at meetings by Audit Committee members during the reporting period were as follows:

	Scheduled meetings
Rashid Wally (Chairman)	5/5
Mpho Makwana	4/5
Frank Davidson	5/5

Mr Iaan van Heerden, representatives of the internal audit function (outsourced) and representatives of the external audit function are invited to attend meetings and to report to the Audit Committee.

### Compliance

The organisation operates in complex compliance environments such as South Africa, other Southern African countries and Asia. The organisation also operates in Europe and North America. The Board has delegated responsibility to facilitate compliance throughout the Company to the Audit Committee. In this regard the Audit Committee:

- Monitors compliance with applicable laws and considers adherence to relevant non-binding rules, codes and standards.
- Monitors the establishment and maintenance of a compliance framework that is appropriate, taking into account the laws, rules, codes and standards that are applicable to the relevant territory.
- Ensures that a legal compliance policy is established and implemented.
- Ensures that a compliance manual is established and implemented.
- Identifies, assesses, advises, monitors and reports on the regulatory compliance risk of the Company, which contributes to the overall risk management framework of the Company.
- Ensures that a compliance culture is encouraged through leadership, appropriate structures, education and training, communication and the measurement of key performance indicators.
- Reviews and approves all decision letters and explanations provided to any regulator, including IRBA and the JSE.

# Invicta Holdings Limited

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Audited Financial Statements for the year ended 31 March 2022

## Audit and Risk Committee Report – continued

- Ensures that compliance monitoring and reporting is undertaken in a manner that is appropriate for the Company. Ensures that a compliance culture is encouraged through leadership, appropriate structures, education and training, communication, and measurement of key performance indicators.

### Information, Communication and Technology

Invicta's Information, Communication and Technology ("ICT") Committee is established to assist the Audit Committee and Board in respect of the following aspects:

- Appraise major Information, Communication and Technology ("ICT") related projects and technology architecture decisions.
- Ensure that the Company's ICT programs effectively support the Company's business objectives and strategies.
- Monitor the overall performance of the Company's senior IT management team.
- Advise the Audit Committee and Board on strategic or material ICT-related matters.
- Identifying and assessing cyber risks to prevent recurrence.

The ICT Committee consists of the Company Commercial Director and the divisional IT managers, who meet as often as is required.

The Company Commercial Director provides regular reports to the Audit Committee on projects throughout the Company.

### Internal audit

During the current period the in-house function was outsourced to BDO based on a quality assurance review which determined that the function was not effective and did not conform to mandatory requirements of the International Professional Practices Framework. At present the Group does not have a Chief Audit Executive; the interaction with BDO is managed by the Group Financial Director. Specific work was done on the adequacy and effectiveness of the key financial reporting controls operating over the reporting period and it was determined that the controls designed and implemented provided a sound platform from which to expand the Internal Control Framework. The controls were either determined to be adequate and effective or were covered by compensating controls that mitigated the risk of a material misstatement.

Additionally, BDO will maintain the risk database, monitor internal financial controls throughout the year and provide guidance on the evolution of the combined assurance model. Executive education in risk management was implemented by the 31st March 2022.

The Audit Committee is satisfied with the arrangements for internal audit and have approved the risk-based internal audit plan. Further, the Committee is reasonably satisfied with the effectiveness of the design and implementation of the internal financial controls. There were no significant failures reported during the period under review.

### External audit

Ernst & Young Inc. ("audit firm") were reappointed independent external auditor. Ms. Amelia Young, who is a registered independent auditor, is the designated partner for the audit of the 2022 reporting period.

The Audit Committee has satisfied itself that the auditor of the Company and the Group is independent as defined by the Companies Act (2008) and as per the standards stipulated by the auditing profession. Requisite assurance was sought and provided by the auditor that internal governance processes within Ernst & Young support and demonstrate both their independence and quality of work.

The Audit Committee, in consultation with executive management, agreed to the engagement letter, audit scope and audit plan for the 2022 reporting period. The budgeted fee was considered appropriate for the work that could reasonably have been foreseen at that time. The final fee will be agreed on completion of the audit. The Group is compliant with all regulations relating to audit firm rotation.

There is a formal procedure that governs the level of non-audit services that may be undertaken by the audit firm without Audit Committee approval. The Audit Committee reviews the level of non-audit fees bi-annually. Meetings may be held with the auditor where management is not present.

The Audit Committee is satisfied with the quality and effectiveness of the external audit.



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## Audit and Risk Committee Report – continued

### Key audit matters

The Audit Committee has assessed the key audit matters included in the external auditors' report and has concluded after considering submissions from management that these matters have been appropriately addressed.

### Annual financial statements

The Audit Committee fulfilled its mandate and recommended the financial statements for approval to the Board. The Board subsequently approved the financial statements, which will be open for discussion at the forthcoming AGM.

### Group Financial Director and financial reporting procedures

As required by the JSE Listings Requirements, the Audit Committee confirms that the Company's Financial Director, Ms. Nazlee Rajmohamed CA (SA), has the necessary expertise and experience to carry out her duties. The Audit Committee is satisfied with the effectiveness of Ms.N. Rajmohamed and the finance function as a whole. The Audit Committee is further satisfied that appropriate financial reporting procedures have been established throughout the Company and the Group, and that these procedures are operating effectively.

### Risk management

Responsibility for managing Group risk ultimately lies with the Board. The Board manages risk through the Audit Committee. The Audit Committees of subsidiary companies, executive committees and management at operational level assist the Group Audit Committee in discharging these responsibilities by identifying, monitoring and managing risk on an ongoing basis.

The Invicta Enterprise Risk Management Policy and Framework provides the basis for the implementation of a consistent, efficient and economical approach to identify, evaluate and respond to key risks that may impact the Company. This specifically includes the following considerations:

- The risk profile and management of strategic and operational risk within the Company.
- The risk profile and risk management of major projects and acquisitions.
- The impact of environmental, economic, geopolitical and social factors.
- The adequacy of self-insurance and external insurance programs.
- The risk profile and management of information technology.

The following key risk areas were rated as likely and were assessed to have a high or significant residual risk rating with respect to the underlying subsidiaries of Invicta Holdings Limited:

#### De-industrialisation of South Africa

The decline in manufacturing, capital expenditure and foreign direct investment are lead indicators of the potential de-industrialisation of South Africa, resulting in flat or declining company revenue and profitability. The risk response is to seek geographical diversification to growing industrial regions, and to diversify away from South African markets and products.

Lack of competitiveness/Low productivity could lead to a decline in industrial South Africa, with flat or declining impact on group revenue and profitability. This is mitigated by diversification of South African products and markets; and diversification geographically to growing industrial markets.

#### South Africa's electricity supply

The lack of (consistent) supply is a constraint on GDP and impacts the activities of key customer industries such as mining. There is also a higher operating cost for all parties. This is mitigated by the rollout of alternative power independent of the national grid to key sites.

#### Political and labour instability

Sustained labour unrest in the mining and manufacturing sectors, especially given high level of unemployment in the wake of pandemic related retrenchments. This is mitigated by geographical diversification to more stable regions, and strict management of overheads to create resilience to short term upheavals.

# **Invicta Holdings Limited**

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Audited Financial Statements for the year ended 31 March 2022

## **Audit and Risk Committee Report – continued**

### **Reputational risk**

The Company may suffer reputational damage as a consequence of product or governance failure, or failure to meet regulatory requirements. This is mitigated by a strong governance framework and code of ethics.

### **Loss of key management skills**

There is a small pool of well skilled and experienced talent at management and technical levels in the country. This is mitigated by restraints of trade, retention plans, salary benchmarking and by having succession plans in place.

### **IT risk**

There could be loss of critical information and business interruption through failures during system changes, or due to firewall breaches or natural disasters. This is mitigated by disaster recovery plans, firewalls and back up plans, which are tested routinely. Additionally, there are strict security controls.

### **Rashid Wally**

Chairman of the Audit Committee

30 June 2022

# Invicta Holdings Limited

(Registration number 1966/002182/06)

Audited Financial Statements for the year ended 31 March 2022

## Directors' Report

The directors have pleasure in presenting their report, which forms part of the financial statements of the Company, for the period ended 31 March 2022.

### Main business and operations

The company is incorporated and operates in South Africa. The company is an investment holding and management company.

The operating results and state of affairs of the company are fully set out in the attached annual financial statements and do not in our opinion require any further comment. The directors are confident about the future performance of the company. Invicta has successfully protected its business from the pandemic and other market disruptions for the 31 March 2022 financial year.

### Company results

	2022 R'000	2021 R'000
Revenue	nil	nil
Profit for the year	249,910	23,174

### Compliance with accounting standards

The Group's consolidated financial statements comply with IFRS, the Companies Act (2008), the JSE Listings Requirements, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, and Financial Pronouncements as issued by the Financial Reporting Standards Council.

### Events after the reporting date

Refer to note 22 for a detailed description of the events after reporting date.

### Going concern

Refer to note 23 for an assessment of the applicability of the going concern as a basis for the preparation of these annual financial statements.

### Share capital and share premium

The authorised share capital of the Company remained unchanged at 134,000,000 ordinary shares of 5 cents each, and 18 000 000 cumulative non-participating preference shares of no-par value. During the current financial year, the Group repurchased 5.2 million ordinary shares and subsequently cancelled 6.8 million ordinary shares comprising the repurchased shares and 1.5 million shares reported as treasury shares in the prior year, resulting in issued ordinary shares decreasing to 104,727,070. This amounted to a reduction in share capital of R338,383 (based on shares at a par value of 5c) and share premium of R162,6 million, as well as a reduction of retained earnings amounting to R34,1 million. The issued shares of 6.8million was cancelled by the JSE.

### Dematerialising of shares (STRATE)

Shareholders are requested to note that trades are cleared and settled through the Strate system; consequently, the Company's share certificates are no longer valid for delivery for trading. Dematerialization of the Company's share certificates is now a prerequisite when dealing in its shares.

### Auditors

Ernst & Young Inc. ("EY") was appointed as auditors of the Company for the year ended 2022. Shareholders will be requested to reappoint EY as auditors of the Company, at the Annual General Meeting ("AGM"), and to confirm that Ms. Amelia Young will be the designated audit partner for the 2023 reporting period.

### Secretary

The company secretary is Lebohang Mpumlwana.

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Audited Financial Statements for the year ended 31 March 2022

## Directors' Report

### Postal address

P.O. Box 33431  
Jeppestown  
Johannesburg  
Gauteng  
2043

### Business address

3 Droste Crescent  
Droste Park  
Johannesburg  
Gauteng  
2094

### Sponsor

Nedbank Corporate and Investment Banking, a division of Nedbank Limited acts as sponsor to the Company in terms of the JSE Listings Requirements.

### Transfer secretaries

Computershare Investor Services (Pty) Ltd serves as the registrar and transfer secretaries of the Company.

### Subsidiaries

Details of the Company's interests in its material subsidiaries are set out in the attached company financial statements in notes 3 on page 25 of the Report.

### Directors

The directors of the company during the year and to date of this report are as follow:

C.H. Wiese  
C. Barnard  
S. Joffe  
A.M. Sinclair  
D.I. Samuels (resigned 31 July 2020)  
J.D. Wiese  
L.R. Sherrell  
R.A. Wally  
G.M. Pelser  
N. Rajmohamed  
P.M. Makwana  
I. Van Heerden  
F. Davidson

### Directors' fees

Directors' payments for services as directors and other emoluments for the past reporting period are set out in note 21 on pages 32 – 36 of the Report. Members will be requested to consider a special resolution approving the remuneration of each non-executive director for the 2023 reporting period as required by the Companies Act (2008) and ordinary resolutions to endorse the remuneration policy and the remuneration implementation report at the AGM.

### Directors' interest in shares of the Company

The total direct and indirect interest declared by the directors in the issued ordinary share capital of the Company at 31 March 2022 was 52% (2021:50%).

The total direct and indirect interest declared by the directors in the preference share capital of the Company at 31 March 2022 was 28% (2021:28%).

The details of the directors' shareholding are reflected in note 22.

### Unissued share capital

The unissued ordinary shares are the subject of a general authority granted to the directors in terms of the Companies Act (2008) and the JSE Listings Requirements. In terms of the Company's memorandum of incorporation ("MOI") this general

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Audited Financial Statements for the year ended 31 March 2022

## Directors' Report – continued

authority remains valid only until the next AGM, to be held on Tuesday 13 September 2022. Members will be requested at the meeting to consider an ordinary resolution placing the said ordinary shares under the control of the directors until the 2023 AGM.

### Share repurchase agreements

The following share repurchase agreements were concluded during the current period:

- Repurchase of 1 500 000 Invicta Shares from L Sherrell at a repurchase price of R28 per repurchased share for a repurchase consideration of R42,0 million.
- Repurchase of 2 400 000 Invicta Shares from D Samuels at a repurchase price of R28 per repurchased share for a repurchase consideration of R67,2 million.
- Repurchase of 1 325 845 Invicta Shares from various shareholders at repurchase prices from R26.77 to R 31.50 per repurchased share for a repurchase consideration of R38,9 million.

### Repurchase of shares

The directors consider it appropriate to secure a general authority for the Company to repurchase ordinary share on the open market through the JSE to provide the Company with maximum flexibility regarding the repurchase of its own shares.

The Company has repurchased ordinary shares which are held at subsidiary level as treasury shares. The treasury shares are eliminated on consolidation and are thus treated as cancelled from a financial reporting perspective.

The Company's MOI allows the Company to purchase its own shares if shareholders have, by way of special resolution, given the Company a general authority to affect such purchase or a specific authority to affect a specific purchase of its own shares, subject to the requirements of the Companies Act (2008) and the JSE Listings Requirements.

### Dividends

#### Preference share dividends

It is the Company's policy to make two dividend payments each year, an interim in December and a final in June.

A cash dividend of 470.10 cents per preference share (2021: 436.47 cents per share) was paid on 27th June 2022 to shareholders registered on 24th June 2022.

A cash dividend of 322.16 cents per preference share (2021: 314.88 cents per share) was paid on 29 November 2021 to shareholders registered on 23 November 2021.

The directors have performed the required solvency and liquidity tests required by the Companies Act of South Africa.

#### Ordinary share dividends

A cash dividend of 90 cents per ordinary share (2021: 60 cents per share) will be paid on 8th August 2022 to shareholders registered on 2nd August 2022.

The directors have performed the required solvency and liquidity tests required by the Companies Act of South Africa.

### Notice of annual general meeting

Notice to shareholders detailing all necessary resolutions relating to the Company affairs is set out in the Notice of AGM. Signed on behalf of the board of directors.

**N. Rajmohamed**

Director  
Johannesburg  
30 June 2022

**Steven Joffe**

Director  
Johannesburg  
30 June 2022

# Invicta Holdings Limited

(Registration number 1966/002182/06)

Audited Financial Statements for the year ended 31 March 2022

## Statement of Financial Position as at 31 March 2022

	Notes	2022 R'000	2021 R'000
<b>Assets</b>			
<b>Non-Current Assets</b>			
Investments in subsidiaries	3	4,188,290	4,010,558
Loans to group companies	4	10,308	63,469
		<u>4,198,598</u>	<u>4,074,027</u>
<b>Current Assets</b>			
Loans to group companies	4	-	64,987
Cash and cash equivalents	5	2,215	1,167
		<u>2,215</u>	<u>66,154</u>
<b>Total Assets</b>		<u>4,200,813</u>	<u>4,140,181</u>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Share capital and share premium	6	2,521,408	2,684,379
Preference share capital	8	750,000	750,000
Retained income		<u>274,732</u>	<u>183,025</u>
		<u>3,546,140</u>	<u>3,617,404</u>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
<b>Current Liabilities</b>			
Other payables	9	2,891	2,811
Loans from group companies	4	628,358	496,004
Current tax liability	15	97	-
Provisions	7	17	731
Dividends payable	16	23,310	23,231
		<u>654,673</u>	<u>522,777</u>
<b>Total Liabilities</b>		<u>654,673</u>	<u>522,777</u>
<b>Total Equity and Liabilities</b>		<u>4,200,813</u>	<u>4,140,181</u>



## Invicta Holdings Limited

(Registration number 1966/002182/06)

Audited Financial Statements for the year ended 31 March 2022

### Statement of Profit or Loss and other Comprehensive Income for the year ended 31 March 2022

	Note	2022 R'000	2021 R'000
Other income	10	261,726	38,191
Operating expenses		(11,587)	(6,592)
<b>Operating profit</b>	10	<b>250,139</b>	<b>31,599</b>
Finance income	11	263	305
Finance costs	12	-	(8,730)
<b>Profit before taxation</b>		<b>250,402</b>	<b>23,174</b>
Income tax expense	13	(493)	-
<b>Profit for the year</b>		<b>249,910</b>	<b>23,174</b>
Other comprehensive income		-	-
<b>Total comprehensive income for the period</b>		<b>249,910</b>	<b>23,174</b>

# Invicta Holdings Limited

(Registration number 1966/002182/06)

Audited Financial Statements for the year ended 31 March 2022

## Statement of Changes in Equity for the year ended 31 March 2022

	Share capital	Share premium	Preference share capital	Retained income	Total equity
	R'000	R'000	R'000	R'000	R'000
<b>Balance at 31 March 2020</b>	<b>5,425</b>	<b>2,652,647</b>	<b>750,000</b>	<b>218,299</b>	<b>3,626,371</b>
Total comprehensive profit for the year	-	-	-	23,174	23,174
Issue of shares	150	26,158	-	-	26,308
Preference dividends accrued	-	-	-	(58,449)	(58,449)
<b>Balance at 31 March 2021</b>	<b>5,575</b>	<b>2,678,805</b>	<b>750,000</b>	<b>183,024</b>	<b>3,617,404</b>
Total comprehensive profit for the year	-	-	-	249,910	249,910
Repurchase and cancellation of shares	(339)	(162,633)	-	(34,052)	(197,024)
Ordinary Dividends declared	-	-	-	(66,897)	(66,897)
Preference dividends accrued	-	-	-	(57,253)	(57,253)
<b>Balance at 31 March 2022</b>	<b>5,236</b>	<b>2,516,172</b>	<b>750,000</b>	<b>274,732</b>	<b>3,546,140</b>

# Invicta Holdings Limited

(Registration number 1966/002182/06)

Audited Financial Statements for the year ended 31 March 2022

## Statement of Cash Flows for the year ended 31 March 2022

		2022	2021
	Notes	R'000	R'000
<b>Cash flows from operating activities</b>			
Cash utilised in operations	14	(11,442)	(4,675)
Finance income		263	305
Dividends received		77,245	-
Finance costs		-	(8,730)
Tax paid	15	(396)	(210,042)
<b>Net cash inflow/ (outflow) from operating activities</b>		<b>65,670</b>	<b>(223,142)</b>
<b>Cash flows from investing activities</b>			
Investments in subsidiaries		(176,787)	(76,950)
Payments received on loans to group companies		158,614	56,519
<b>Net cash outflow from investing activities</b>		<b>(18,173)</b>	<b>(20,431)</b>
<b>Cash flows from financing activities</b>			
Dividends paid	6	(124,071)	(66,834)
Issue of shares		-	26,308
Repurchase of shares		(148,116)	-
Increase in loans from group companies		225,738	284,123
<b>Net cash (outflow)/inflow from financing activities</b>		<b>(46,449)</b>	<b>243,597</b>
<b>Total cash and cash equivalents movement for the year</b>		<b>1,048</b>	<b>24</b>
Cash and cash equivalents at the beginning of the year		1,167	1,143
<b>Cash and cash equivalents at end of the year</b>	5	<b>2,215</b>	<b>1,167</b>
		-	-

# Invicta Holdings Limited

(Registration number 1966/002182/06)

Audited Financial Statements for the year ended 31 March 2022

## Accounting policies

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### 1.1 Basis of preparation: Statement compliance

The financial statements have been consistently prepared in accordance with International Financial Reporting Standards (IFRS) and its interpretations as issued by the International Accounting Standards Board (IASB) and IFRS Interpretations Committee (IFRIC) interpretations, the Companies Act (2008), the JSE Listing Requirements and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council. The accounting policies are consistent with those applied in the prior year.

### Basis of measurement

The audited financial statements have been prepared on the historical cost basis except for the fair valuing of certain financial instruments and incorporate the principal accounting policies set out below.

### Presentation currency

The financial statements are presented in Rand, rounded to its nearest thousand (R'000) unless otherwise indicated.

### 1.2 Significant accounting judgements, estimates and assumptions

The preparation of the financial statements in conformity with 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. There are no accounting policies that have been identified as involving particularly complex or subjective judgements or assessments.

### 1.3 Share Capital

Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity. Income tax relating to transaction costs of an equity transaction is accounted for in accordance with IAS 12.

### 1.4 Preference shares

Non-redeemable preference shares are classified as equity because they do not contain any obligations to deliver cash or other financial assets and do not require settlement in a variable number of the Company's equity instruments. Cumulative dividends thereon are recognised as equity distributions on approval by the Company's directors. The preference shares do not have any voting rights.

### 1.5 Taxes

Deferred tax assets are recorded for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recorded, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

### 1.6 Operating profit

Operating profit is the result generated from the company's continuing revenue-producing activities (considered core operations), thus excluding finance income, finance costs and taxes.

### 1.7 Financial instruments

#### *Recognition and initial measurement*

#### **Financial assets and financial liabilities**

Financial assets and financial liabilities are initially recognised when the Company 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.

#### **Investment in subsidiaries**

Investment in subsidiaries is carried at cost and measured for impairment on an annual basis

#### *Classification and subsequent measurement*

# Invicta Holdings Limited

(Registration number 1966/002182/06)

Audited Financial Statements for the year ended 31 March 2022

## Accounting policies - continued

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### Financial assets

On initial recognition, a financial asset is classified as measured at:

- amortised cost; or
- fair value through profit or loss (FVTPL).

Financial assets are not reclassified subsequent to their initial recognition unless the company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

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.

A debt investment is measured at fair value through other comprehensive income (FVOCI) 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 achieved by both collecting contractual cash flows and selling financial assets; 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.

On initial recognition of an equity investment that is not held for trading, the company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or FVOCI or at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

### Financial assets – Business model assessment

The Company 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.

These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;

- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

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.

# Invicta Holdings Limited

(Registration number 1966/002182/06)

Audited Financial Statements for the year ended 31 March 2022

## Accounting policies - continued

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In assessing whether the contractual cash flows are solely payments of principal and interest, the Company 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 Company 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 Company's claim to cash flows from specified assets (e.g. non-recourse features).

### Financial assets – Subsequent measurement and gains and losses

#### Financial assets at amortised cost

These assets 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. The entity's financial assets that are at amortised cost include loans to group companies, other receivables and cash and cash equivalents.

#### Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as 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 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:

At amortised cost: Loans from Group companies and other payables.

#### Derecognition

##### Financial assets

The Company 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 Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

##### Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company 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 Company 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.

#### Impairment

#### Financial instruments



# Invicta Holdings Limited

(Registration number 1966/002182/06)

Audited Financial Statements for the year ended 31 March 2022

## Accounting policies - continued

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The Company recognises loss allowances for expected credit losses (ECLs) on:

- financial instruments measured at amortised cost.

The credit risk on cash and cash equivalents is assessed as low. The expected credit loss on cash and cash equivalents is negligible.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment that includes forward-looking information.

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

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

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

The company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables and lease receivables are always measured at an amount equal to lifetime ECLs.

The company assumes that the credit risk on a financial asset has increased significantly if it is more than 60 days past due.

The company considers a financial asset to be in default when:

- the debtor is unlikely to pay its credit obligations to the company in full, without recourse by the company to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

### 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 Company expects to receive).

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

#### Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the debtor;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the debtor will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

# Invicta Holdings Limited

(Registration number 1966/002182/06)

Audited Financial Statements for the year ended 31 March 2022

## Accounting policies - continued

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### 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 company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the company 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 company 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 company 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 company's procedures for recovery of amounts due.

### Loans to/from Group Subsidiaries

These include loans to and from subsidiaries and are recognized initially at fair value plus direct transaction costs. Loans to group companies are subsequently classified as financial assets measured at amortised cost.

### Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits. Other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Cash and cash equivalents are measured at amortised cost.

Invicta Treasury acts as a treasury function on behalf of Invicta Holdings. The two entities adopted the treasury arrangements and therefore cash flows flow from Invicta Treasury and not Invicta Holdings. Invicta Holdings records payments to suppliers, albeit with an associated deposit to or withdrawal from the loans to/from Group Companies. The arrangement was entered to so as to improve operational and administrative efficiencies. This arrangement has been consistently applied over the applicable reporting periods.

### Investments

Investments consist of an investment in subsidiary companies. They are recognised at cost and measured for impairment on an annual basis.

### Trade payables

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

### Impairment

The company recognises an allowance for expected credit losses ("ECL"s) for all debt instruments not held at fair value through profit or loss. The company applies a simplified approach in calculating ECLs. The company, therefore does not track changes in credit risk, but instead recognises a loss allowance based on a lifetime ECLs at each reporting date. The company has established a provision matrix that is based on its historical credit loss experience, adjusted forward-looking factors specific to the debtors and the economic environment.

### Preference shares and other equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue cost.

### 1.8 Income tax

#### Tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

#### Current Tax

Income tax expense represents the sum of the tax currently payable.

# Invicta Holdings Limited

(Registration number 1966/002182/06)

Audited Financial Statements for the year ended 31 March 2022

## Accounting policies - continued

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The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the statement of financial position date.

Current tax assets and liabilities are offset only if certain criteria are met.

### Deferred tax

Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

### 1.9 Revenue recognition

Revenue is predominantly derived from interest received and dividends received.

### 1.10 Dividend income

Dividend income from investments is recognised when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the company and the amount of income can be measured reliably).

### 1.11 Finance income and costs

The Company's finance income and 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.

# Invicta Holdings Limited

(Registration number 1966/002182/06)

Audited Financial Statements for the year ended 31 March 2022

## Notes to the Audited Financial Statements

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### 2. New Standards and Interpretations

#### 2.1 Standards and interpretations not yet effective or relevant

The company applies all applicable IFRS as issued by the International Accounting Standards Board ("IASB") in preparation of the financial statements. Consequently, all IFRS statements that were effective at the date of issuing this report and are relevant to the company's operations have been applied. At the date of authorisation of these financial statements, the following new and revised IFRSs applicable to the company were in issue but not yet effective:

<b>Standard/ Interpretation:</b>	<b>Effective date: Years beginning on or after</b>
Classification of Liabilities as Current or Non-Current - Amendments to IAS 1	Annual periods beginning on or after 1 January 2023
Definition of Accounting Estimates - Amendments to IAS 8	Annual periods beginning on or after 1 January 2023
Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2	Annual periods beginning on or after 1 January 2023
Deferred Tax related to Assets and Liabilities arising from a Single Transactions - Amendments to IAS 12	Annual periods beginning on or after 1 January 2023
IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current	Annual periods beginning on or after 1 January 2023
IAS 16 Property, Plant and Equipment: Proceeds before Intended Use	Annual periods beginning on or after 1 January 2022
IAS 28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	The effective date of this amendment has been deferred indefinitely until further notice
IAS 37 Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts – Cost of Fulfilling a contract	Annual periods beginning on or after 1 January 2022
IFRS 1 First-time Adoption of International Financial Reporting Standards: Annual Improvements to IFRS Standards 2018-2020 • Annual Improvements to IFRS Standards 2018–2020	Annual periods beginning on or after 1 January 2022
IFRS 3 Business Combinations: Reference to the Conceptual Framework	Annual periods beginning on or after 1 January 2022
AIP IFRS 9 Financial Instruments - Fees in the "10 per cent" test for derecognition of financial liabilities	Annual periods beginning on or after 1 January 2022
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments to IFRS 10 and IAS 28	Note 1
IFRS 9 Financial Instruments: Annual improvements to IFRS Standards 2018-2020	Annual periods beginning on or after 1 January 2022
IFRS 10 Consolidated Financial Statements: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	The effective date of this amendment has been deferred indefinitely until further notice

None of these standards are expected to have a material impact on the company financial statements.

# Invicta Holdings Limited

(Registration number 1966/002182/06)

Audited Financial Statements for the year ended 31 March 2022

## Notes to the Audited Financial Statements - continued

				2022 R'000	2021 R'000
<b>3. Investment in subsidiaries</b>					
Name of subsidiary	Principal activity	Place of operation	% shareholding	Carrying amount	Carrying amount
Invicta Finance (Pty) Ltd	Financial company	South Africa	100%	2,452,009	2,452,009
October Wind 48 Trading (Pty) Ltd	Investment holding company	South Africa	100%	-	-
Invicta Offshore Holdings	Investment holding company	Mauritius	100%	1,261,593	1,083,861
Invicta South Africa Holdings (Pty) Ltd	Investment holding company	South Africa	75%	435,463	435,463
Invicta Properties (Pty) Ltd	Property holding company	South Africa	100%	39,225	39,225
Invicta Treasury Holdings (Pty) Ltd *	Treasury company	South Africa	100%	-	-
Invicta Africa (Pty) Ltd*	Investment holding company	South Africa	100%	-	-
Non-Current Assets				<b>4,188,290</b>	<b>4,010,558</b>

\*Nil due to rounding

# Invicta Holdings Limited

(Registration number 1966/002182/06)

Audited Financial Statements for the year ended 31 March 2022

## Notes to the Audited Financial Statements - continued

	2022	2021
	R'000	R'000
<b>4. Loans (from)/to group companies</b>		
<b>Subsidiaries</b>		
Humulani Marketing (Pty) Ltd	-	(6,617)
Invicta Treasury Holdings (Pty) Ltd	(627,670)	(488,698)
Invicta SA Holdings (Pty) Ltd	10,308	128,456
Invicta Share Trust	(689)	(689)
	<b>(618,050)</b>	<b>(367,547)</b>

Group loans consist mainly of amounts received to enable the company to pay its tax, dividend liabilities and investments.

Loans from group companies increased by R132.4 million (2021: R296.0 million) of which R225.7 million (2021: R284.1 million) related to a cash increase. Loan movements relating to non cash items were a decrease from dividends received amounting to R143.2 million (2021: R nil) and increases from the repurchase of shares and investments in subsidiary amounting to R48.9 million (2021: R nil) and R1.0 million (2021: R11.9 million) respectively.

### Terms and conditions

The loans are unsecured, bear no interest and no fixed terms of repayment have been negotiated. The subordinated portion of loans to group companies are reflected as non-current.

### Expected credit losses

The impairment for loans to group companies has been considered and based on historical evidence and management's judgement no ECL has been recognised for any loans to group companies.

Non-current assets	10,308	63,469
Current assets	-	64,987
Non-current liabilities	-	-
Current liabilities	(628,358)	(496,004)
	<b>(618,050)</b>	<b>(367,548)</b>

Invicta Holdings Limited has subordinated R10.3 million of the loan owed to it by Invicta South Africa Holdings (Pty) Ltd.



# Invicta Holdings Limited

(Registration number 1966/002182/06)

Audited Financial Statements for the year ended 31 March 2022

## Notes to the Audited Financial Statements - continued

	2022 R'000	2021 R'000
<b>5. Cash and cash equivalents</b>		
Cash and cash equivalents consist of:		
Bank and cash balances	2,215	1,167
	<u>2,215</u>	<u>1,167</u>
<b>6. Share capital and premium</b>		
<b>Authorised</b>		
134 000 000 (2021: 134 000 000) ordinary shares of 5c each	<b>6,700</b>	6,700
<b>Issued and fully paid</b>		
104 727 070 (2021: 111 494 738) ordinary shares of 5c each	<b>5,236</b>	5,575
<b>Unissued shares</b>		
22 505 262 (2021: 22 505 262) unissued ordinary shares are under the control of the directors in terms of a resolution of members passed at the last annual general meeting. This authority remains in force until the next annual general meeting.		
<b>Ordinary share premium</b>		
Ordinary share premium	<b>(2,516,172)</b>	(2,678,805)
<b>Reconciliation of ordinary issued share capital and share premium:</b>		
Balance at the beginning of the year - 111 494 738 shares (2021: 108 494 738)	<b>2,684,380</b>	2,658,071
Issued during the year - nil shares (2021: 3 000 000 shares)	–	26,309
Cancelled during the year - 6 767 668 shares (2021 : nil shares)	<b>(162,972)</b>	–
<b>Balance at the end of the year - 104 727 070 shares (2021: 111 494 738)</b>	<b><u>2,521,408</u></b>	<u>2,684,380</u>
During the current financial year, the Group cancelled 6 767 668 ordinary shares which comprised the repurchase of 5 225 845 ordinary shares (repurchased for R148.1 million) previously held. On 22 April 2022, the Group converted the par value ordinary shares into no par value shares (note 23, Events after the reporting date).		
In prior year, the Company issued 3 million shares to the Invicta Group CEO amounting to additional share capital of R150 thousand and share premium of R26.1 million. The remaining unissued ordinary shares remain under the unrestricted control of the directors until the following annual general meeting.		
<b>7. Provisions</b>		
Other provisions	17	731
Balance at the beginning of the year	731	753
Utilised in the current year	<u>(714)</u>	<u>(22)</u>
<b>Balance at the end of the year</b>	<b><u>17</u></b>	<b><u>731</u></b>

# Invicta Holdings Limited

(Registration number 1966/002182/06)

Audited Financial Statements for the year ended 31 March 2022

## Notes to the Audited Financial Statements - continued

	2022 R'000	2021 R'000
<b>8. Preference share capital</b>		
<b>Authorised</b>		
18 000 000 (2021: 18 000 000) cumulative, non-participating preference shares of no par value	1,800,000	1,800,000
<b>Issued</b>		
Issued 7 500 000 (2021: 7 500 000) cumulative, non-participating preference shares of R100 each	750,000	750,000
The company declared a final preference dividend of 322.15582 cents (2021:436,46918 cents) per share and an interim preference dividend of 436.46918 cents (2021: 314,88134 cents) per share.		
<b>9. Other payables</b>		
Other Payables	(357)	(84)
Directors Fees Accrual	(2,065)	(1,947)
Audit Fees Accrual	(220)	(780)
Consulting Fees Accrual	(249)	-
	(2,891)	(2,811)
<b>10. Operating profit</b>		
Operating profit for the year is stated after accounting for the following:		
<b>Auditor's remuneration - external</b>		
Audit fees	220	787
<b>Other</b>		
Directors fees	3,533	2,634
Consulting fees	3,965	680
Impairment of investment	-	584,278
<b>Other Income</b>		
Dividends received	(261,726)	-

# Invicta Holdings Limited

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Audited Financial Statements for the year ended 31 March 2022

## Notes to the Audited Financial Statements - continued

	2022 R'000	2021 R'000
<b>11. Finance income</b>		
Finance income	263	305
	<u>263</u>	<u>305</u>
<b>12. Finance costs</b>		
Interest paid SARS	-	8,729
<b>Total finance costs</b>	<u>-</u>	<u>8,729</u>
<b>13. Income tax</b>		
<b>Income tax expense recognised in profit or loss</b>		
<b>Current year</b>		
Share transfer tax	<u>493</u>	<u>-</u>
<b>Reconciliation of the tax expense</b>		
Reconciliation between statutory tax rate and average effective tax rate.		
Statutory tax rate	28.00%	28.00%
Dividends received	-29.27%	-46.14%
Consulting fees non-deductible	0.00%	0.82%
Tax losses where no deferred tax asset has been recognised	-0.03%	2.51%
Deferred tax not raised on temporary differences - provisions	0.00%	-2.82%
SARS interest paid: non-deductible	0.00%	10.55%
Disallowable expenditure- apportionment	1.05%	7.08%
Disallowable expenditure- consulting fees	<u>0.44%</u>	<u>0.00%</u>
<b>Effective tax rate</b>	<u><b>0.20%</b></u>	<u><b>0.00%</b></u>

Tax losses where no deferred tax asset was raised amount to R 229 806 (2021: R 582 397 )

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Audited Financial Statements for the year ended 31 March 2022

## Notes to the Audited Financial Statements - continued

	2022 R'000	2021 R'000
<b>14. Cash generated from operations</b>		
Profit before taxation	250,402	23,174
<b>Adjustments for:</b>		
Finance costs	-	8,730
Movements in provisions	(714)	(22)
Dividends received	(261,726)	(38,191)
Finance income	(263)	(305)
<b>Changes in working capital:</b>		
Decrease in trade and other receivables	-	761
Increase in trade and other payables	858	1,178
	<u>(11,442)</u>	<u>(4,675)</u>
<b>15. Tax paid</b>		
Amounts unpaid at the beginning of the year	-	(210,042)
Current tax for the period recognised in profit or loss	493	-
Amounts unpaid at the end of the year	<u>(97)</u>	<u>-</u>
	396	(210,042)
<b>16. Dividends paid</b>		
<b>Amounts unpaid at the beginning of the year</b>	(23,231)	(31,615)
Ordinary dividends accrued	(66,897)	-
Preference dividends accrued	(57,253)	(58,450)
Amounts unpaid at the end of the year	<u>23,310</u>	<u>23,231</u>
<b>Total</b>	<u>(124,071)</u>	<u>(66,834)</u>

# Invicta Holdings Limited

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Audited Financial Statements for the year ended 31 March 2022

## Notes to the Audited Financial Statements - continued

### 17. Risk management

#### Liquidity risk

The following table details the company's contractual terms on its financial liabilities

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

At 31 March 2022	Less than 1 year	Between 2 and 5 years	Total
	R'000	R'000	R'000
Loans from related parties	628,358	-	628,358
Other payables	2,891	-	2,891
Dividends payable	23,310	-	23,310
	<u>654,559</u>	<u>-</u>	<u>654,559</u>

At 31 March 2021	Less than 1 year	Between 2 and 5 years	Total
	R'000	R'000	R'000
Loans from related parties	496,004	-	496,004
Other payables	2,811	-	2,811
Dividends payable	23,231	-	23,231
	<u>522,046</u>	<u>-</u>	<u>522,046</u>

#### Credit-risk management

Potential areas of credit-risk consist of loans to group companies and short-term cash investments. The loans to group companies are limited to entities that are either wholly owned or controlled by the group, and thus are also under the management of the company's directors. These loans are re-assessed annually by the directors and steps taken to secure the liquidity and solvency of each entity. It is the company policy to deposit short term cash investments only with the major banks. The company has no past due receivable balances.

#### Capital risk management

Capital is managed to ensure that operations are able to continue as a going concern, whilst maximising return to stakeholders through an appropriate debt and equity structure. The capital structure of the company consists of a mix of debt and equity which includes loans from group companies, cash and cash equivalents, preference and ordinary share capital. Capital risk is continuously reviewed by the board and risks are mitigated accordingly.

#### Carrying amounts of financial instruments

The carrying amounts of other financial assets and financial liabilities approximate their fair value at the year-end.

#### Interest rate risk

The company does not have any material variable interest bearing financial liabilities at year end and thus does not have exposure to interest rate risk.

# Invicta Holdings Limited

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Audited Financial Statements for the year ended 31 March 2022

## Notes to the Audited Financial Statements - continued

	2022	2021
	R'000	R'000
<b>18. Financial instruments</b>		
The accounting policies for financial instruments have been applied to the line items below:		
<b>Financial assets at amortised cost</b>		
Loans to related parties	10,308	128,456
Cash and cash equivalents	2,215	1,167
	<u>12,523</u>	<u>129,623</u>
<b>Financial liabilities</b>		
Loans from related parties	628,358	496,004
Other payables	2,891	2,811
Dividends payable	23,310	23,231
	<u>654,559</u>	<u>522,046</u>

### 19. Related parties

#### Relationships

Investments in subsidiaries are disclosed in note 3.

#### Related party balances

##### Loan to/(from) related parties

Humulani Marketing (Pty) Ltd	-	(6,617)
Invicta Treasury Holdings (Pty) Ltd	(627,670)	(488,698)
Invicta SA Holdings (Pty) Ltd	10,308	128,456
Invicta Share Trust	(689)	(689)

Balances with related parties are detailed in note 4

#### Related party transactions

##### Dividends received from related parties

Invicta SA Holdings (Pty) Ltd	41,246	38,191
Invicta Properties (Pty) Ltd	65,000	-
Invicta Offshore Holdings	143,235	-
Invicta Africa (Pty) Ltd	10,952	-
Other companies	1,293	-



# Invicta Holdings Limited

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Audited Financial Statements for the year ended 31 March 2022

## Notes to the Audited Financial Statements - continued

### 20. Directors' and prescribed officers' emoluments

#### Executive\*

#### 2022

	Salary and benefits	Retirement benefits	Performance related remuneration	Total
	R'000	R'000	R'000	R'000
S. Joffe	6,473	484	7,697	14,654
C. Barnard	3,509	355	3,502	7,366
A.M. Sinclair	4,071	339	4,961	9,371
G.M. Pelser	5,503	538	2,479	8,520
N. Rajmohamed	3,300	247	1,913	5,460
	22,856	1,963	20,552	45,371

#### 2021

	Salary and benefits	Retirement benefits	Performance related remuneration	Total
	R'000	R'000	R'000	R'000
S. Joffe	5,708	319	997	7,024
C. Barnard	3,100	287	1,257	4,644
A.M. Sinclair	3,763	177	2,315	6,255
G.M. Pelser	5,177	283	981	6,441
N. Rajmohamed	2,911	163	440	3,514
	20,659	1,229	5,990	27,878

\* The director's emoluments paid to the executive directors are paid by a subsidiary of Invicta Holdings Limited.

# Invicta Holdings Limited

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Audited Financial Statements for the year ended 31 March 2022

## Notes to the Audited Financial Statements - continued

### 20. Directors' and prescribed officers' emoluments - continued

#### Non-executive 2022

	Directors' fees	Audit and remuneration committee fees	Total
	R'000	R'000	R'000
C.H. Wiese	973	54	1,027
D.I. Samuels***	-	-	-
J.D. Wiese	421	-	421
L.R. Sherrell	259	-	259
R.A. Wally	277	483	760
M Makwana**	326	316	642
F Davidson**	276	137	413
I. van Heerden**	317	54	371
B. Nichles***	-	-	-
	2,849	1,044	3,893

\*\* M Makwana, F Davidson and I. van Heerden were appointed as non-executive directors with effect from 1 May 2020.

\*\*\*D.I.Samuels and B Nichles resigned as directors with effect from 31 July 2020 and 1 May 2020 respectively.

#### 2021

	Directors' fees	Audit and remuneration committee fees	Total
	R'000	R'000	R'000
C.H. Wiese	950	68	1,018
D.I. Samuels***	65	144	209
J.D. Wiese	228	-	228
L.R. Sherrell	165	26	191
R.A. Wally	213	315	528
M Makwana**	197	175	372
F Davidson**	131	77	208
I. van Heerden**	150	4	154
B. Nichles***	29	-	29
	2,128	809	2,937

# Invicta Holdings Limited

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Audited Financial Statements for the year ended 31 March 2022

## Notes to the Audited Financial Statements - continued

### 20. Directors' and prescribed officers' emoluments – continued

#### Equity settled share-based payments

	Number of awards	Weighted average incentive rights cost (Black Scholes) Rand	Number of awards	Weighted average incentive rights cost (Black Scholes) Rand
	2022		2021	
Outstanding at the beginning of the year	3,913,337	–	1,025,496	–
Awarded during the year	1,789,499	10.46	3,111,000	7.50
Lapsed and cancelled during the year	(401,170)	–	(223,159)	–
Exercised during the year	–	–	–	–
Outstanding at the end of the year	5,301,666	–	3,913,337	–

	Tranche 13	Tranche 14	Tranche 15	Tranche 16	Tranche 17	Tranche 18
Number of grants	680,399	761,471	75,834	600,000	2,511,000	1,789,499
Cancelled	(568,821)	(509,799)	(37,917)			
Grant date	27 Jun 17	25 Jun 18	06 Jul 18	17 Feb 21	17 Feb 21	26 Jan 22
Grant price	R 54.30	R 37.90	R 35.82	R 17.93	R 17.93	R 30.44
Option value - Black Scholes	R 16.02	R 10.46	R 9.89	R 7.06	R 7.60	R 7.60

	Within 3 years			2 years	3 years	3 years
	%	%	%	%	%	%
Expected volatility (daily)	2,3	2,1	2,1	4,4	4,0	3,8
Dividend yield	3,0	3,1	3,1	1,65	2,18	2,88
Risk free rate	7.5	7.9	7.8	6.97	6.97	7.74

The expected volatility is determined by considering the average historical share price movement over a period equal to the option vesting period.

All Tranches are equity settled with Tranches 13 to 15 based on share appreciation, while Tranches 16 to 18 additionally includes performance targets. In all instances the recipient must be in the employment of the Group at vesting. The employees in each instance will pay tax on vesting at the maximum marginal rate.

#### Options exercisable at year end

Number	111,579	125,836	18,959
Price	R 54.30	R 37.90	R 35.82

# Invicta Holdings Limited

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Audited Financial Statements for the year ended 31 March 2022

## Notes to the Audited Financial Statements - continued

### 20. Directors' emoluments

31 March 2022	Outstanding rights beginning of year	Strike price	Granted during the year	Lapsed and cancelled during the year	Exercised during the year	Outstanding rights end of year	Date granted/adjusted	Option value - Black Scholes (Rands)
S. Joffe	1,585,000		616,082	-	-	2,201,082		
	985,000	17.93	-	-	-	985,000	17 Feb 21	7.60
	600,000	17.93	-	-	-	600,000	17 Feb 21	7.06
	-	30.44	616,082	-	-	616,082	31 Jan 22	10.46
C. Barnard	562,996		237,306	(109,999)	-	690,303		
	78,027	54.30	-	(39,014)	-	39,013	27 Jun 17	16.02
	141,969	37.90	-	(70,985)	-	70,984	25 Jun 18	10.46
	343,000	17.93	-	-	-	343,000	17 Feb 21	7.60
	-	30.44	237,306	-	-	237,306	31 Jan 22	10.46
A.M. Sinclair	668,682		253,532	(150,342)	-	771,872		
	82,709	54.30	-	(41,355)	-	41,354	27 Jun 17	16.02
	217,973	37.90	-	(108,987)	-	108,986	25 Jun 18	10.46
	368,000	17.93	-	-	-	368,000	17 Feb 21	7.60
	-	30.44	253,532	-	-	253,532	31 Jan 22	10.46
N. Rajmohamed	389,834		223,315	(37,917)	-	575,232		
	75,834	35.82	-	(37,917)	-	37,917	06 Jul 18	9.89
	314,000	17.93	-	-	-	314,000	17 Feb 21	7.60
	-	30.44	223,315	-	-	223,315	31 Jan 22	10.46
G.M. Pelser	706,825		344,941	(102,912)	-	948,854		
	62,422	54.30	-	(31,211)	-	31,211	27 Jun 17	16.02
	143,403	37.90	-	(71,701)	-	71,702	25 Jun 18	10.46
	501,000	17.93	-	-	-	501,000	17 Feb 21	7.60
	-	30.44	344,941	-	-	344,941	31 Jan 22	10.46
L. Mpumlwana*	-		114,323	-	-	114,323		
	-	30.44	114,323	-	-	114,323	31 Jan 22	10.46
31 March 2021	Outstanding rights beginning of year	Strike price	Granted during the year	Lapsed and cancelled during the year	Exercised during the year	Outstanding rights end of year	Date granted/adjusted	Option value - Black Scholes (Rands)
S. Joffe	-	-	1,585,00	492,208	-	1,585,000		-
	-	17.93	985,000	234,082	-	985,000	17 Feb 21	7.60
	-	17.93	600,000	258,126	-	600,000	17 Feb 21	7.06
C. Barnard	298,024		343,000	(78,028)	-	562,996		
	156,055	54.30		(78,028)	-	78,027	27 Jun 17	16.02
	141,969	37.90		-	-	141,969	25 Jun 18	10.46
	-	17.93	343,000	-	-	343,000	17 Feb 21	7.60
A.M. Sinclair	383,391		-	368,000	(82,709)	668,682		
	165,418	54.30		-	(82,709)	82,709	27 Jun 17	16.02
	217,973	37.90		-	-	217,973	25 Jun 18	10.46
	-	17.93		368,000	-	368,000	17 Feb 21	7.60
N. Rajmohamed	75,834		314,000	-	-	389,834		
	75,834	35.82	-	-	-	75,834	06 Jul 18	9.89
	-	17.93	314,000	-	-	314,000	17 Feb 21	7.60
G.M. Pelser	268,247		501,000	(62,422)	-	706,825		-
	124,844	54.30		(62,422)	-	62,422	27 Jun 17	16.02
	143,403	37.90		-	-	143,403	25 Jun 18	10.46
	-	17.93	501,000	-	-	501,000	17 Feb 21	7.60
	1,025,496		2,743,00	719,758	(82,709)	3,913,337	-	

# Invicta Holdings Limited

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Audited Financial Statements for the year ended 31 March 2022

## Notes to the Audited Financial Statements - continued

### 21. Directors' interest in the shares of the company

Number of shares held 2022	Direct interest	Indirect interest
<b>Ordinary shares</b>		
C. Barnard	–	511,536
S.B. Joffe	–	3,399,402
L.R. Sherrell	30,801	7,612,723
A.M. Sinclair	602,329	–
J.D. Wiese	–	1,691,531
G.M. Pelser	65,536	–
C.H. Wiese	–	42,307,228
<b>Preference shares</b>		
C. Barnard	–	22,708
S.B. Joffe	–	17,123
A.M. Sinclair	10,000	–
J.D. Wiese	–	1,390,323
C.H. Wiese	–	645,598
	<u>708,666</u>	<u>57,598,172</u>

All directors' share transactions have been disclosed via a SENS announcement.

There have been no changes in directors' shareholding between 31 March 2022 and the date of this Report.

I. van Heerden holds an indirect interest in Invicta Holdings through a participatory preference share in Titan Nominees held by Oryx Partners (Pty) Ltd, of which he is a director and shareholder.

Number of shares held 31 March 2021	Direct interest	Indirect interest
<b>Ordinary shares</b>		
C. Barnard	-	511,536
S.B. Joffe	-	3,399,402
D.I. Samuels*	-	-
L.R. Sherrell	30,801	7,612,723
A.M. Sinclair	602,329	-
J.D. Wiese	-	1,691,531
G.M. Pelser	65,536	-
C.H. Wiese	-	42,307,228
<b>Preference shares</b>		
C. Barnard	-	22,708
S.B. Joffe	-	17,123
A.M. Sinclair	10,000	-
J.D. Wiese	-	1,390,323
C.H. Wiese	-	645,598
	<u>708,666</u>	<u>57,598,172</u>

There have been no further changes in directors' shareholding between 31 March 2021 and the date of this Report.

\* D.I Samuels resigned as a non-executive director with effect from 1 July 2020.

# Invicta Holdings Limited

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Audited Financial Statements for the year ended 31 March 2022

## Notes to the Audited Financial Statements - continued

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### 22. Events after the reporting period

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

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

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### 23. Going concern

Through their assessment of whether the company is a going concern, the directors considered and confirmed that:

- The company is solvent;
- It has sufficient access to facilities or executable liquidity events with the support of Invicta Treasury, and
- It will meet debt covenant ratio's as per the lender agreements.

#### *Letter of guarantee*

Invicta Treasury has provided a letter of guarantee in terms of which it will ensure that the company will be in a position to meet its financial obligations as they fall due, and that Invicta holdings Limited will duly perform and comply with all its financial obligations.

Based on their assessment, the board of directors have every reason to believe that the company has adequate resources and facilities in place to continue in operational existence for the foreseeable future, and it continues to adopt the going-concern basis in preparing the annual consolidated financial statements.