

Final Results Press Release

STRONG SET OF RESULTS

Continuing operations

- Revenue up 15% to R7.2 billion
- Operating profit before interest and forex up 15% to R670.6 million
- Net profit for the year increased by 75% to R520.8 million
- Headline earnings per share up 99% to 343 cents
- Net debt:equity ratio of 20% (2021: 23%)
- Final dividend of 90 cents per share declared

27 June 2022: Invicta Holdings Limited (Invicta), the industrial holding and management company consisting of five newly classified business segments, namely Replacement Parts Services and Solutions Industrial (RPI), Auto-Agri (RPA), Earthmoving (RPE), Capital Equipment (CE) and the Kian Ann Group (KAG) based in Singapore, reported a strong set of results for the year ended 31 March 2022.

Steven Joffe, CEO of Invicta, commented: *“Against the backdrop of a world facing both economic and geopolitical uncertainty, we are pleased to present a strong set of results for the Group. These results reflect how the Group’s businesses have recovered remarkably well from the effects of the Covid-19 pandemic and the associated lockdowns. Considering all the challenges of the financial year ended March 2022, we are especially proud of how we were able to grow basic earnings per share from continuing operations by 92%, from 212 cents to 408 cents.”*

Revenue for the continuing operations of the Group increased by 15% to R7.2 billion. The gross margin was at a satisfactory 31%. Operating profit before net finance income on financing transactions and forex improved by 15% to R670.6 million.

The Group recorded an increase of 75% in net profit for the year to R520.8 million from R296.8 million. This is reflected in the basic earnings per share of 408 cents and headline earnings per share of 343 cents, increases of 92% and 99%, respectively.

These pleasing results must be considered with having regard to the following one-off events, namely 1) the restructuring of the Singaporean operations, KAG, resulting in deal-related taxation of R16 million; 2) a R14 million impairment of Invicta’s Ukrainian operations; and 3) the acquisition of KMP Holdings Limited, a leading independent supplier of aftermarket heavy-duty diesel engine parts for industrial and agricultural machinery located in Chertsey (UK) as well as Houston and Miami (USA). This acquisition was made in January 2022 and will only start contributing to Invicta’s results in the new financial year.

“The Board has approved a final dividend of 90 cents per share following the good set of results and current debt levels;” said Joffe.

Joffe concluded: *“We will continue growing a diversified sustainable parts solutions Group, providing above market returns to stakeholders. We constantly review and restructure our existing businesses to ensure they achieve the desired returns. We aim to have a geographical*

and a sectorial diverse Group within four years, with 50% of the Group profits being derived outside of South Africa.

The world is in a precarious position. The zero-Covid strategy in China and the associated lockdowns have had a detrimental impact on the world's supply chain. The war in the Ukraine and its associated impacts on commodity and food prices is being felt worldwide. Rising inflation globally will result in borrowing costs increasing, thus creating more pressure on the consumer.

With so much uncertainty in the world, we will continue to work hard on further reducing our net debt position. However, at the current acceptable debt levels, we are strategically positioned to respond to difficult situations and, at the same time, provide the capacity for us to implement our acquisition strategy should the opportunities arise.”

-Ends-

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Issued and released by:	Keyter Rech Investor Solutions Marlize Keyter 083 701 2021
Issue date:	27 June 2022
JSE code:	IVT
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Background

The operations within Invicta comprise of:

- **RPI** consists of the core businesses previously reported under the Engineering Solutions Group. This segment focuses on the import and local manufacture of products, services and solutions for all industries in Southern Africa. RSS: Industrial offers world class solutions and products with the aim to improve the efficiency of our customers and ensure that they remain globally competitive.
- **RPA** which operates in South Africa and certain European countries, consists of automotive and agricultural parts businesses, previously reported under the Engineering Solutions Group. This segment focuses on the importation and distribution of automotive aftermarket parts and Original Equipment Manufacturer (“OEM”) kits, as well as driveshaft parts and other replacement parts for the agricultural industry.
- **RPE** consists of businesses previously reported under the Capital Equipment Group (“CEG”).
- **CE** consists of the businesses previously reported under the CEG segment that sell capital equipment, parts and provide the related services to the earthmoving, construction, mining and logistics industries.
- **KAG** – In August 2021, the Group sold 48.81% of KAG. KAG’s partner in Modesty Investment Holding (“MIH”) and Kunshan Kensetsu Buhin (“KKB”) and also sold 2.38% simultaneously with the sale, KAG increased its shareholding in MIH from 50.01% and in KKB from 27.6%, both to 100%. Hence, KAG began to consolidate the financial results of both MIH and KKB as 100% subsidiaries from August 2021. The Group equity accounts KAG from this date as a joint venture.