



2022

INTEGRATED REPORT
FOR THE YEAR ENDED 31 MARCH

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

2022

INTEGRATED REPORT

FOR THE YEAR ENDED 31 MARCH

A South African
industrial company
going global



Our reporting suite

Integrated
Report



Annual Financial
Statements



Summarised Audited Consolidated
Results and Notice of AGM



To view the full suite visit our website:
[invictaholdings.co.za](https://www.invictaholdings.co.za)

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ABOUT THIS REPORT

This Report aims to provide stakeholders with a view of the most material matters relating to the operating context of the Group

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ABOUT this report

Scope and materiality

This Integrated Annual Report ("Report") for the financial year 1 April 2021 to 31 March 2022 ("FY2022") aims to provide stakeholders with a view of the most material matters relating to the operating context of the Invicta group of companies ("Group"), its activities and its performance during the financial year. The Report further aims to provide a perspective on the structure and governance of the Group and the various factors that may materially affect the Group's future performance in the short-to medium-term (one to three years), and medium-to long-term (three to five years).

In determining what is material, a formal assessment process was done to determine the appropriate guidance and policy on making materiality judgements, taking cognisance of the relative contribution of the divisions to the Group. Caution has been applied when disclosing confidential information or information that may be used by competitors to the detriment of the Group, while at the same time ensuring transparency in order to ensure all stakeholders can make informed decisions.

To keep the Report as concise and relevant as possible, more detailed information is presented in the following documents, all of which are available on our website:

- › the Audited Annual Consolidated Financial Statements ("AFS"), incorporating the directors' report; and
- › the Audited Summarised Consolidated Annual Financial Statements booklet, incorporating the Notice of Annual General Meeting, Proxy Form and Electronic Participation Form.

The six capitals

Our Report is written with a focus on the six capitals contemplated in the International Integrated Reporting Framework ("IIRF"). The following icons will be used throughout the Report to reference the six capitals:



Financial capital



Social and relationship capital



Manufactured capital



Intellectual capital



Natural capital



Human capital

Forward-Looking Statements

Certain statements in this Report may constitute forward-looking statements which, by their nature, involve risk and uncertainty because they relate to future events and circumstances that may be beyond the Group's control. The directors, therefore advise readers to use caution regarding interpreting any forward-looking statements in the report.

Standards and assurance

The Audit and Risk Committee has reviewed this Report and the AFS, and has recommended them to the Board for approval. The Social and Ethics Committee has reviewed and recommended the Sustainability Report, which has been approved by the Board.

Additionally, in preparing this Report and its supplements, the Board has received assurance from management throughout the Group, as well as our internal audit function and our external auditors. The Group has applied the requirements of South African law, the JSE Listings Requirements and International Financial Reporting Standards (IFRS), as applicable.

The Board has further been guided by the IIRF and the King IV™ Report on Corporate Governance for South Africa, 2016 ("King IV™").

Board approval and responsibility

As the Board of Invicta, we acknowledge our responsibility for the integrity of the information presented in this Report and its supplements and confirm that we have applied our collective minds to its preparation and presentation.

Signed on behalf of the Board:

Dr Christo Wiese
Chairman

Steven Joffe
CEO



PERFORMANCE HIGHLIGHTS

Invicta is now well positioned
to accelerate its growth
trajectory

Performance Highlights
Chairman's Review

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PERFORMANCE Highlights

Profit before tax

↑ 50% to **R688 million**

HEPS

↑ 99% to **343 cents**

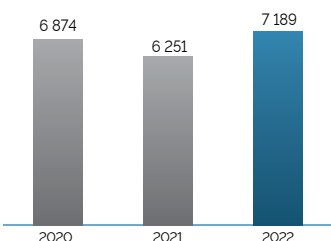
Share price at 31 March 2022

R33.58

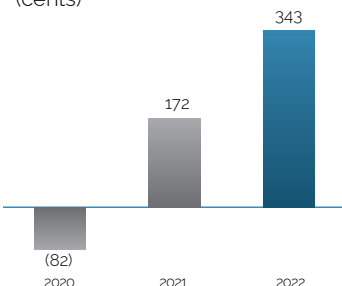
Cash generated from operations

R978 million

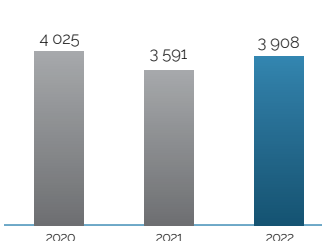
Revenue
(R'm)



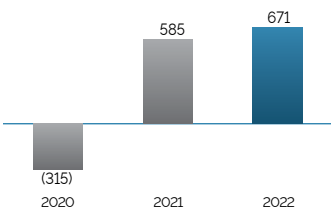
Headline earnings per share
(cents)



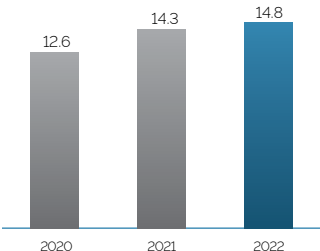
Net operating assets*
(R'm)



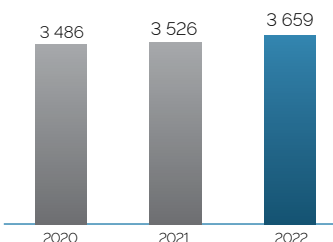
Operating profits before net finance
income on financing transactions
and foreign exchange movements
(R'm)



Return on net operating assets^
(%)



Tangible net asset value
per ordinary share
(cents)



* Net operating assets: total assets less total liabilities excluding items related to tax, long-term receivables, other investments and finance lease assets and liabilities. It also excludes the term funding, which is a financing activity rather than an investing activity.

^ Return on net operating assets: operating profit/(loss) before net finance income on financing transactions and foreign exchange movements less IFRS 16 interest and after adjusting for once off items as determined by Group management and disclosed in the investor presentation divided by net operating assets.

R'000	2022	2021	% Change
Profit/(loss) for the year from continuing operations attributable to owners of the Company	440 278	228 794	
Headline earnings adjustments			
Adjustments for:			
Profit on disposal of property, plant and equipment	(11 443)	(1 996)	
Less: Tax thereon	(6 861)	561	
Less: other shareholders interest thereon	47	15	
Loss on disposal of property, plant and equipment	3 189	4 507	
Less: Tax thereon	(848)	(1 155)	
Profit on disposal of business/ investment	(68 714)	(98 596)	
Less: Tax thereon	9 168	26 561	
Loss on disposal of investment	5 660	2 041	
Impairment of goodwill	-	21 456	
Impairment of property, plant and equipment	398	3 396	
Headline earnings from continuing operations	370 874	185 584	100%

Considering all the challenges of 2022, we are especially proud of how we were able to grow basic earnings per share from continuing operations by 92%, from 212 to 408 cents.

CHAIRMAN'S Review



LETTER TO STAKEHOLDERS

The Covid-19 pandemic has been a central theme to my letter to stakeholders for the past two years, given the material impact that the pandemic has had on people, the global economy, and our business. Sadly, the ongoing Russia/Ukraine war has added to the personal misery that the pandemic caused and has recently had a detrimental impact on the global economy. Invicta fortunately does not have any significant direct exposure to either Russia or the Ukraine, but our business has nevertheless been exposed to the ripple effects that the war has had on the global economy.

Given the turmoil in the world around us, I am proud of how our company has traded during the past year. Invicta traded extremely well, as is evident from the results, despite the Omicron Covid-19 wave, eight days of looting and public violence in Gauteng and KwaZulu-Natal during July, industrial action in October, loadshedding and water supply issues and logistical and transport issues, to name a few.

The management team continued to focus on the business' return on equity. As a result, the debt in the Group has significantly been reduced and the management of inventory and cash generation from our operations remained core priorities (especially, considering the impact that Covid-19 had on our suppliers, the significant delays in the ports and supply chains and substantial inflation in our basket of products).

The year had its fair share of corporate action for Invicta, which included:

- › In August 2021, we closed a series of transactions pertaining to Kian Ann which resulted in Invicta realising SGD 28.4 million, which was used to settle offshore debt.
- › Invicta acquired KMP Holdings Ltd, a leading independent supplier of aftermarket heavy-duty diesel engine parts for industrial and agricultural machinery. The acquisition underpins Invicta's strategic focus to diversify geographically in the industries and markets where Invicta has significant experience and strong management capabilities.
- › The Samrand Business Park was sold for R151 million of which R40.5 million is deferred and will be paid over a three-year period.

I am confident that the strategic initiatives that we embarked on over the last couple of years, in terms whereof we disposed of non-core businesses and restructured and strengthened the Group's balance sheet, have created the ideal platform for the management team to focus on our existing core businesses. It has also created a conducive environment, given our growth objective, for the team to actively seek new opportunities and complementary businesses that could enhance shareholder value.

I wish to thank the employees of Invicta for their hard work and, specifically, like to thank our suppliers and our customers for their support and loyalty. Lastly, I must extend my gratitude to Steven Joffe and his executive team, as well as the Invicta Board of directors for their contribution to our company.

I wish you all well and trust that you will stay safe.

Dr Christo Wiese

OUR BUSINESS

The Group distributes world leading industrial products, often exclusively. We add value through our distribution chain, inventory building, product availability and by providing technical support

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INVICTA at a Glance

Invicta is an established South African industrial company that invests and manages leading businesses involved in the supply of original equipment, aftermarket parts and the provision of related services and solutions.

Invicta's primary business is managing and optimising the performance of our investments. Some of the key industries in which we invest include industrial consumable parts, auto-agricultural parts and earthmoving equipment parts.

Our divisions are primarily involved in the supply and distribution of replacement parts, services and solutions for the industrial and auto-agri industries, as well as capital equipment, earth-moving equipment parts and related parts and services.



What is our investment philosophy?

We aim to invest in businesses that generate consistent, predictable and sustainable returns and cashflows from a diversified and well-constructed industrial portfolio of investments.

Vision

Our vision is to be a leading global distributor of industrial consumables.

Mission

To create superior value for our stakeholders, which include our shareholders, suppliers, customers and employees.

INVICTA at a Glance continued

Geographic presence

Total assets

R7.9bn

Turnover per annum

R7.2bn

Market Capitalisation

R3.5bn

Invicta is an industrial company with a presence in over 10 countries spread over four continents.*

Distributing into Sub Sahara Africa

Distributing into Australasia

Distributing into Europe

* Also reaching Canada and USA

Group OPERATIONAL STRUCTURE

The Group comprise five operational divisions



1 Replacement Parts, Services & Solutions – Industrial (RPI)

- › Distributor of engineering consumable products, technical services and 360-degree solutions in Africa. Consists of a global network consisting of 115 branches and an additional 107 vendor managed inventory consignment sites.
- › Activities include the international and local sourcing of leading brands, the distribution of premium engineering components and consumables, the provision of technical support, value-added assembly, and the bespoke manufacturing of components into customised systems and solutions for end-user customers.

2 Replacement Parts, Services & Solutions – Auto-Agri (RPA)

- › Supplier of imported and locally sourced automotive and agricultural aftermarket replacement parts and kits in South Africa and select countries in Europe.

3 Replacement Parts, Services & Solutions – Earth-Moving Equipment (RPE)

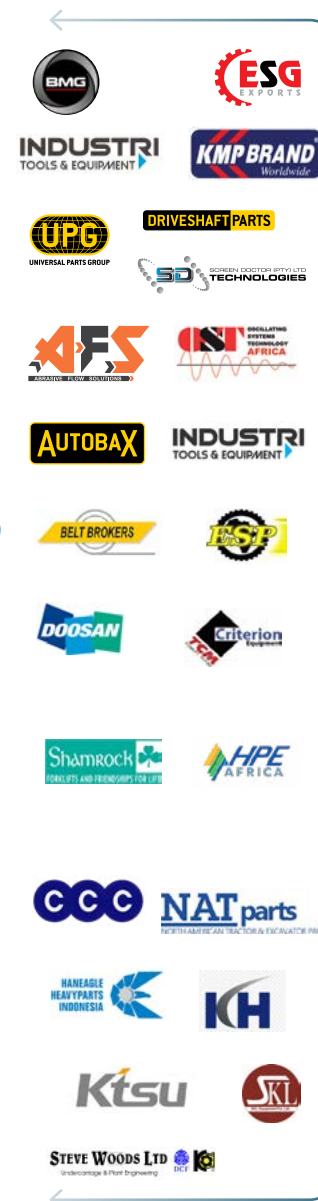
- › Supplier of after-market replacement spare parts, ground engaging tools, and undercarriage parts for earthmoving equipment in Southern Africa.
- › Independent supplier of aftermarket heavy-duty diesel engine parts for industrial and agricultural machinery in Europe and America.

4 Kian Ann Group (KAG)

- › KAG is one of the largest independent distributors of heavy machinery parts and diesel engine components in Asia.
- › The parts distributed are used for excavators, bulldozers, wheel loaders, motor graders, trucks, trailers, power generation sets and marine engines. European truck and bus parts are distributed through its subsidiary Kian Chue Hwa Pte Ltd. Kunshan Kensetsu Buhin Co. Ltd and JKB are wholly owned roller manufacturing enterprises based in China.
- › KAG provides parts support for major brands such as Caterpillar, Komatsu, Cummins, Hitachi, Kobelco, Sumitomo, Mercedes Benz, Volvo, Scania, Man, BPW, Hyundai and Doosan, who are major OEMs as well as an extensive range of Aftermarket Parts.
- › KAG has expanded regionally and globally through subsidiary and related companies in China, Malaysia, Thailand, India, United States of America, Canada, and the United Kingdom.

5 Capital Equipment & Related Parts & Services (CE)

- › Wholesale and retail distributor of earthmoving and materials-handling equipment and the supplier and distributor of Original Equipment Manufacturer branded and replacement parts and components in Southern Africa.



History of the Group **THROUGH THE AGES**



60's to 80's

- > Incorporated as West Rand Organ Company (Pty) Ltd
- > Listed on the JSE in 1987 as "Skirtskip Clothing Limited"
- > Disposes of its interest in clothing manufacturing in 1989 and acquired companies involved in the engineering, textile and leisure industries
- > Changes its name to "Nova Constantia Limited"

90's

- > Divests of its textile interest
- > Acquires the retail bearing and transmission businesses of Invicta Bearing Company. At that time, the Company's divisions included industrial consumables, engineering, sports goods and telecommunications, but bearings soon became the core business.
- > Changes name to "Invicta Holdings Limited"
- > Acquires Autobax, CSE Equipment Company and Engine parts

2000's

- > BMG becomes part of Invicta and de-lists from the JSE
- > BMG acquires OST and establishes its hydraulic business and fastener division
- > CEG acquires New Holland SA, Doosan Construction Equipment and TCM Forklifts
- > Creates a 25% BEE shareholding for its South African operations
- > Acquires a 60% stake in Tiletoria

2010's

- > Acquires MacNeil Distributors
- > Creates Building Supply Group (which is subsequently sold in 2017)
- > Acquires Kian Ann and delists it from the Singapore Stock Exchange
- > KAG establishes subsidiaries in Thailand and acquires stakes in Steve Woods Ltd. in the UK, North American Tractor and Excavator Parts in Canada, Kunshan Kensetsu Buhin Co Ltd in China, and entered into a joint venture with SKL Equipment in India
- > CEG establishes Landbou Agriculture After-Market Spare Parts
- > CEG division takes shape with acquisitions of ESP Construction After-Market Spares, HPE Hyundai Construction Equipment and Shamrock Handling Concepts
- > ESG division takes shape with acquisitions of Man-Dirk, Hansen and Hyflo, Rustenburg Engineering Forge Industrial Group, Driveshaft Parts and Europe Driveshaft

2020's

- > Disposes of certain of its Capital Equipment businesses to CNH Industrial SA Proprietary Limited
- > Kian Ann operations are restructured to introduce a strategic partner in the business along with increasing its interest in one of the world's leading roller manufacturers in China and its distribution network across northern America
- > CEG acquires KMP, a leading aftermarket parts supplier operating out of the UK and USA

Invicta has been listed on the JSE for 35 years.

WHO Leads us



Dr Christo Wiese (80)

Chairman

Qualifications: BA, LLB, DCom (h.c.)

Years of service as a director: 24,

Committee membership: R, N

Christo was appointed as a non-executive director of Invicta in October 1997 and served as Chairman from October 1997 to April 2000. He was re-appointed as non-executive Chairman of Invicta in January 2006. He is currently also the Chairman of Tradehold Limited and non-executive director of Shoprite Holdings Limited and Brait SE.



Steven Joffe (51)

Chief Executive Officer

Qualifications: BCom (Hons Taxation) and

HDip (Company Law), CA(SA)

Years of service as a director: 2

Committee membership: I, S

Steven was with the enX Group Limited for five years, initially as Chairman and later as CEO. Steven was previously the CEO of Wild Rose Management (Pty) Ltd and Gold Reef Casino Resorts Limited and joined Invicta as CEO on 1 January 2020.



Nazlee Rajmohamed (56)

Chief Financial Officer

Qualifications: BCom, PGDA, CA(SA)

Years of service as a director: 3

Nazlee has over 24 years' experience, having held senior positions within the TOTAL Société Anonyme Group in South Africa, Nigeria and France and at MTN Group Limited where she served as the executive overseeing the group finance operations.



Tony Sinclair (67)

Executive Director

Years of service as a director: 15

Tony joined JIH Case in 1982 and was appointed as branch manager in 1986. He was a shareholder of CSE Equipment Company in 1989 and was promoted to divisional managing director in 1992. Tony was appointed as Chief Executive Officer of CEG in 1998, a position which he still holds. He was appointed as an alternate director of Invicta in September 2006, and as an executive director in June 2007.



Craig Barnard (58)

Executive Director

Qualifications: CA(SA), MBA, ACIS

Years of service as a director: 14

Craig previously held positions with Sappi and Group Five, before joining Invicta as financial manager in 1998. Craig was appointed as director of CSE Equipment Company in 1999, as Invicta's company secretary in 2002, and as an executive director of Invicta in June 2007. Craig resigned as company secretary in January 2014 when he continued as financial director as well as commercial director. During 2018 Craig handed the responsibilities of financial director over to Nazlee Rajmohamed, continuing in his role as commercial director.



Rashid Wally (78)

Independent Non-executive Director

Years of service as a director: 8
Committee membership: A, S, R, N

Rashid has held various senior executive positions with IBM in Africa, Europe, the Middle East and South East Asia, including Lenovo in Africa. Rashid has over 38 years of experience in the information technology sector. He was chairman of the board and member of the Audit Committee of Mango Airlines. Rashid was also previously the CFO, Regional CFO, CEO, Regional CEO and member of the EMEA Accounting Standards Board. Rashid is currently chairman of Fastjet Limited and also serves on that company's Audit and Risk Committee.

Board Committees

A Audit and Risk Committee

R Remuneration Committee

N Nominations Committee

S Social and Ethics Committee

I Investment Committee



Gavin Mark Pelser (59)

Executive Director

Qualifications: NTC 5 and various diplomas

Years of service as a director: 6

Gavin has over 30 years' experience in the engineering sector, gaining experience through various managerial roles as well as running his own business, Oscillating Systems Technology, which was acquired by Invicta in 2005. Gavin was appointed as a divisional director of Bearing Man Group ("BMG") in 2008, forming part of their mergers and acquisitions team. He also played a lead role in BMG's Simplify for Success strategy. Gavin was appointed as CEO of ESG and MD of BMG in September 2016, and as a director of Invicta in September 2017. Gavin handed over the role of MD of BMG on 1 May 2020 and continues in his role as the CEO of ESG.



Iaan van Heerden (50)

Non-executive Director

Qualifications: BLC, LLB, LLM (cum laude), Higher Diploma in International Tax

Years of service as a director: 2

Committee membership: I, R, N

Iaan served as an investment banking director at Rand Merchant Bank and has more than 20 years' experience in, inter alia, investment banking, mergers and acquisitions, tax and corporate law. Iaan is a co-founder of Oryx Partners which manages Dr Christo Wiese's family office and is a strategic business partner of the Wiese family.



Frank Davidson (57)

Independent Non-executive Director

Qualifications: BCom, BAcc, CA(SA)

Years of service as a director: 2

Committee membership: I, A

Frank is a chartered accountant with a career as a business owner and an executive. He works in private equity as well as having been involved in wealth management for more than 20 years. Frank has served on numerous listed company boards.



Jacob Wiese (41)

Non-executive Director

Qualifications: BA (Value and Policy Studies), LLB, MIEM (Bocconi, Italy)

Years of service as a director: 10

Committee membership: I

Jacob obtained his BA degree, after which he began working at Lourensford Wine Estate, where he still manages the leisure and tourism activities on the estate. After completing his Master's degree in International Economics and Management and his LLB degree, he completed his pupillage at the Cape Bar and was admitted as an advocate of the High Court.



Lance Sherrell (56)

Non-executive Director

Qualifications: B. Com

Years of service as a director: 12

Committee membership: S

Lance has been involved in the motor trade industry for over 15 years. Lance is a director and shareholder of SMG (both BMW, Jaguar & Land Rover motor franchises). He represented South Africa as a rugby player.



Mpho Makwana (51)

Independent Non-executive Director

Qualifications: BAdmin (University of Zululand), BAdmin. Hons (University of Pretoria), EDP Certificate (Kellogg School of Management), Postgraduate Diploma, Retail Management (Stirling University, UK)

Years of service as a director: 2

Committee membership: R, N, S

Mpho Makwana is an accomplished business leader with diverse experience spanning a period of more than 30 years. He currently serves as Independent Non-executive Chairman of, amongst others, Nedbank Limited and Nedbank Group Ltd. He served his country as appointed by the President of the Republic of SA as a Trustee of The International Marketing Council (Brand SA) 2003-2006 and Trustee of Brand South Africa SOC, 2016-2019.

Board Committees

A Audit and Risk Committee

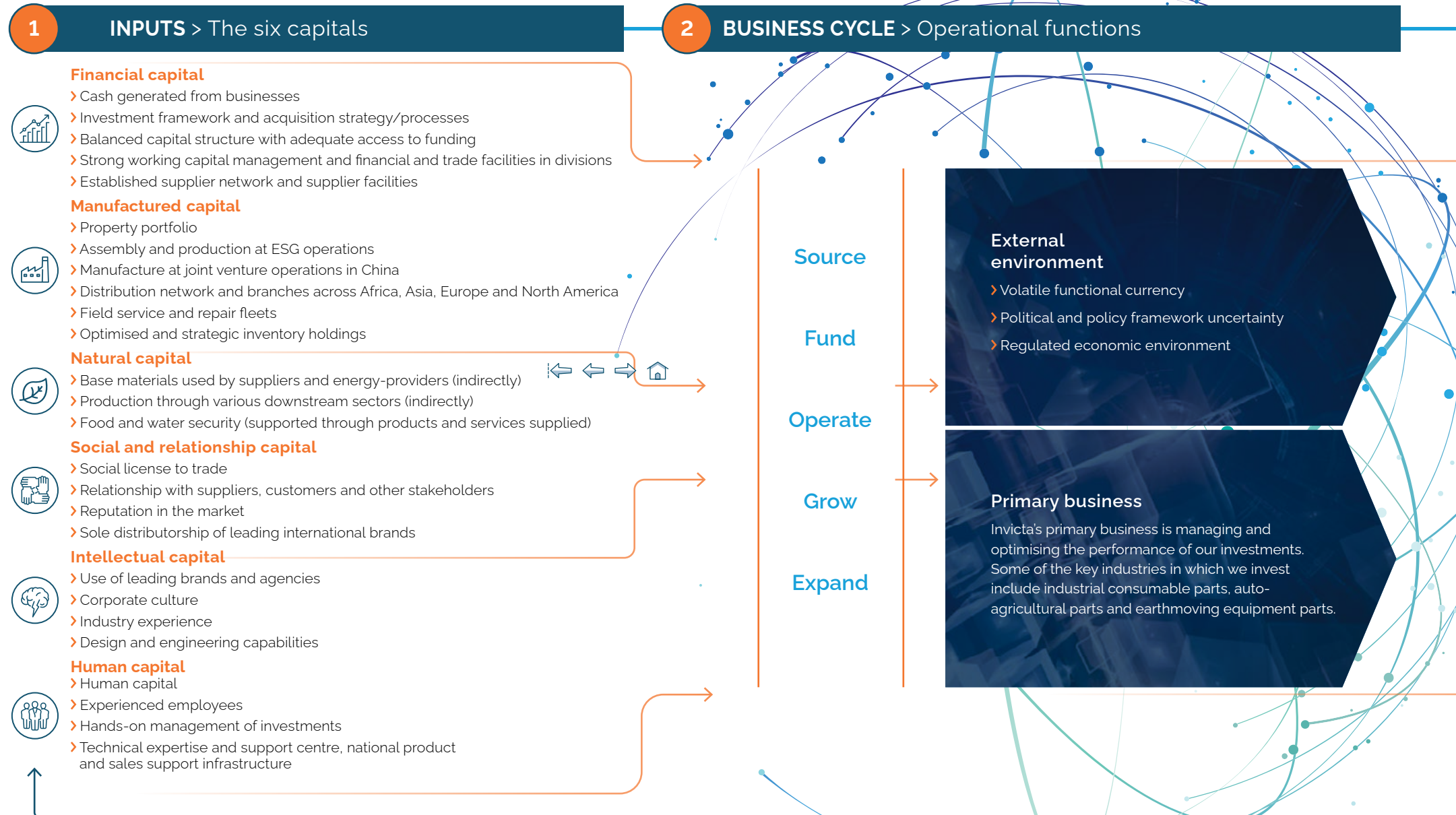
R Remuneration Committee

N Nominations Committee

S Social and Ethics Committee

I Investment Committee

Invicta BUSINESS MODEL



3 STRATEGY

Internal Strategy

- › Diversify and optimise return on investment of portfolio
- › Acquire talent and distributorships. Optimise OEM distribution strategy
- › Restructure funding to provide for future strategic requirements
- › Deliver B-BBEE compliant local growth strategies
- › Evolution of business processes and management to meet current and future business needs
- › Implement appropriate business processes and structures to manage geographic diversification
- › Instill confidence in reporting and compliance
- › Rapid strategic alignment to economic and political developments by diversification into other industries
- › Continue development of extensive learnership and SETA accredited training through inhouse learning academy and digital platform
- › Mentoring and formal succession planning processes

4 OUTCOMES > The six capitals



Financial capital

- › Short-term returns and long-term value creation for shareholders and other stakeholders
- › Risk and earnings diversification, both geographically and operationally, with improved controls and reporting
- › Optimised working capital levels



Manufactured capital

- › Optimised distribution network
- › Strategic property holdings, with secure and fit-for-purpose premises for businesses
- › Supply of complete range of products to customers



Natural capital

- › Indirect and direct contribution to climate change initiatives
- › Supply of technology and products that support food security and supports sustainable living initiatives



Social and relationship capital

- › Empowerment and education of employees and other stakeholders
- › Improved B-BBEE credentials for relevant businesses and established sustainable B-BBEE localised businesses
- › Responsible corporate citizenship
- › Strong partnerships with suppliers and customers with loyalty to both business and product brands
- › Social and rural upliftment through various business and social responsibility initiatives



Intellectual capital

- › Improved corporate knowledge base, product and technical knowledge and industry experience



Human capital

- › Efficient and effective teams
- › Optimised workforce best able to ensure customer satisfaction and profitability of businesses
- › Better educated and empowered employees

5 OUTPUTS

Divisions

- › Supply and service of a full range of industrial parts and equipment, product support, parts, workshops and field service
- › Material handling and forklift equipment including parts and workshops and related services
- › Establishment of business outlets in various rural communities providing employment and commercial opportunities to those communities
- › Customer support through product and technical staff deployed both centrally and throughout the regions
- › Energy efficient facilities and processes with environmentally friendly solutions to industry needs and products produced to international standards
- › 400 leading international and local brands supplied
- › Value added products and solutions for customers
- › Strong technical and customer focussed support network
- › Mentoring and formal succession plan of staff
- › New AME B-BBEE businesses supported by existing knowledge and network and mandated to supply relevant products to regional customers

Invicta

- › Improved returns to shareholders, with dividends paid to empowerment shareholders
- › CSI projects and employee upliftment and benefits
- › B-BBEE initiatives implemented and upliftment
- › Larger group, able to realise synergies between businesses



OUR OPERATING ENVIRONMENT

All operations undertaken within the Group align with Invicta's ethos as a socially responsible investor

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STAKEHOLDER Relationships

Invicta is committed to creating and maintaining inclusive, honest, and mutually beneficial relationships, partnerships, and engagements with all its stakeholders.

Stakeholder material issues

All operations undertaken within the Group, align with Invicta's ethos as a socially responsible investor. Our stakeholders include our employees, customers, suppliers, funders, shareholders, governments and communities. These stakeholders are all fundamental to our business which is why Invicta believes in constant engagement with our stakeholders in order to align expectations and deliverables.



STAKEHOLDER Relationships continued

Our stakeholder relationships

Stakeholder	Needs and Expectations	How We are Responding	Method of Engagement
Employees	<ul style="list-style-type: none"> > Market-related compensation and incentive schemes > Fair, respectful and dignified treatment > Recognition for contribution to the success of the business > Safe and healthy work environment > Clear communication about relevant organisational issues > Opportunities for career advancement and personal growth. 	<ul style="list-style-type: none"> > Group Code of Ethics informs basis of relationship with employees > Treat employees fairly, with respect and dignity > Offer market-related salaries and incentive structures > Provide training opportunities for employee development. > Comply with labour laws > Regular communication to employees 	<ul style="list-style-type: none"> > Ongoing feedback through performance management > Regular emails, video and internal media channel communication and newsletters to staff > Daily engagement with direct reportees > Formalised in-house accredited training programmes > Career development and bursary schemes
Customers	<ul style="list-style-type: none"> > Product quality > Technical design and solutions > Service support and field service teams > Knowledge of customer business > Product availability and vendor managed onsite stores > Competitive pricing 	<ul style="list-style-type: none"> > Customer service and training > Product training for customer's staff > Ensuring product availability > Provide after-sales support and services 	<ul style="list-style-type: none"> > Continuous improvement of offering to meet customer needs > Relationship management processes > Communication through: <ul style="list-style-type: none"> » Social media » Advertising » Face-to-face visits » Websites » Product marketing > After-sale follow up and ongoing support
Suppliers	<ul style="list-style-type: none"> > Forecasting demand to maintain production volumes > Communicating research undertaken for product improvements > Providing a wide customer base and penetration for their products > Creditworthiness > Localised knowledge of market/customers 	<ul style="list-style-type: none"> > Order management process > Placing regular orders > Providing guaranteed payments > Constant communication with production personnel at suppliers 	<ul style="list-style-type: none"> > Direct and continuous effective communication and interaction > Communicating and assisting with technical queries > Measuring and providing quality and product related feedback > Timeous communication on lead time for deliveries

Our stakeholder relationships continued

Stakeholder	Needs and Expectations	How We are Responding	Method of Engagement
Funders	<ul style="list-style-type: none"> › Risk management › Financial stability and performance › Experienced management team › Business continuity/succession planning › Sustainable business operations 	<ul style="list-style-type: none"> › Regular engagements › Regular updates on both operational and financial performance 	<ul style="list-style-type: none"> › Integrated Report › Annual and interim financial statements › SENS announcements › Results presentations › Fund raising engagements and updates
Shareholders	<ul style="list-style-type: none"> › Protect and grow shareholder wealth › Compliance with laws and regulations › Risk management › Sustainable business strategy and model › Experienced management team 	<ul style="list-style-type: none"> › Implementing the business strategy › Exercising oversight over management activities through the Board and its various sub-committees › Approvals Framework (delegation of authority framework) 	<ul style="list-style-type: none"> › Integrated Report › Annual and interim financial statements › SENS announcements › Results presentations › Media interviews
Governments	<ul style="list-style-type: none"> › Collect and pay taxes › Comply with laws and regulations 	<ul style="list-style-type: none"> › Creating processes and systems to facilitate the collection and remission of taxes › Experienced staff to manage statutory compliance 	<ul style="list-style-type: none"> › Filing statutory returns › Integrated Report › Employment Equity Reports › BEE certificates › Results presentations
Communities	<ul style="list-style-type: none"> › Provide employment opportunities › Provide social upliftment 	<ul style="list-style-type: none"> › Provide employment opportunities › Provide educational opportunities › Provide projects that uplift society and communities › Invest in the communities through CSI initiatives 	<ul style="list-style-type: none"> › CSI spending programs › Bursary and learnership programs › Social media › Local media interviews/advertisements › Community projects and initiatives

TRENDS that Shape Us

Trends that Shape Us

Trends that shape us		Our strategic response	Our opportunities/Future outlook
Ongoing global supply chain interruptions	<p>Global supply chain challenges result in:</p> <ul style="list-style-type: none"> > international freight rate volatility > delay in receiving goods resulting in low inventory levels > goods produced not being exported due to shortages of containers and space on ships 	<ul style="list-style-type: none"> > Negotiate with foreign sellers/manufacturers on shipping and freight costs to obtain preferential shipments and rates > Arrange for the shipment of goods directly from sellers/manufacturers to the customers > Invest more in working capital by increasing inventory levels > Adapt marketing strategy to maximise returns > Improve after-market support services 	<ul style="list-style-type: none"> > Keep sufficient inventory > Enhance ability to arrange shipments directly to the ultimate buyers > Work closer with manufacturers and freight forwarding companies to track real-time movement of goods
Market changes	<p>The market is migrating to the aftermarket parts market in place of Original Equipment Manufacturers (OEM) resulting in better pricing and availability of spare parts</p>	<ul style="list-style-type: none"> > Identify alternative sources of parts around the world 	<ul style="list-style-type: none"> > Improve inventory holding of spare parts. > Machine life extended due to non-availability of inventory > Greater demand for spare parts as the demand for new equipment declines because of higher prices
Surge in oil prices and related commodities	<p>Volatility in prices of goods and supply thereof due to oil and related commodity price increases</p>	<ul style="list-style-type: none"> > Firm up prices with manufacturers by paying in advance and hedging at good foreign exchange rates > Manage order pipeline for product in conjunction with orders from customers 	<ul style="list-style-type: none"> > Enter into an agreement with the supplier to secure consistent supply of product in volume > Look for alternative sources for products > Source more fuel-efficient machines
Imposition of tariffs on imported goods	<p>Some countries imposing tariffs on imported goods</p>	<ul style="list-style-type: none"> > Diversify the origin sources of imports with Free Trade Agreement (FTA) arrangements 	<ul style="list-style-type: none"> > Maintain diversified sources of imports > Introduction of bond stores.
Foreign exchange risk	<p>Foreign exchange risk impacts profit margin</p>	<ul style="list-style-type: none"> > Hedge the foreign exchange exposure 	<ul style="list-style-type: none"> > Matching exchange flows
Relationship with manufacturers	<p>Relationship with the manufacturers of goods impacts on Group's ability to respond to externalities</p>	<ul style="list-style-type: none"> > Working together to achieve market share penetration and hold sufficient inventory 	<ul style="list-style-type: none"> > Increase product range based on new technology > Follow the market dynamics to ensure the correct inventory is ordered and available

RISK and OPPORTUNITIES

Risk Governance

The Board commits Invicta to a process of risk management that is aligned to effective corporate governance and the application of the highest ethical standards. Whilst the Board has overall responsibility for risk management within the Group, the Audit and Risk Committee and Executive Committee (supported by the boards of subsidiary companies, executive committees and management at operational level), assist the Board in discharging its responsibility for the governance of risk by identifying, monitoring, and managing risks on an ongoing basis.

At Invicta, risk management is performed by understanding what drives the business forward and assessing the inherent risks and opportunities that may arise as management grow and develop the business. Risk management also specifically includes, amongst others, the consideration of environmental, economic and geopolitical factors as well as processes such as ensuring the adequacy of self-insurance and external insurance programs.

Invicta, its subsidiaries and operational divisions work together in a consistent and integrated manner, to achieve the overall objective of exploiting opportunities and creating benefits, whilst managing potential risk exposures, thereby protecting and enhancing shareholder value.

Our Risk Management Approach

Both a bottom-up and top-down approach is adopted to ensure a holistic risk management approach. The bottom-up approach is supported by workshops with divisional management to identify and prioritise risks. The top-down approach involves a review and assessment of whether all risks are comprehensively identified and prioritised, and properly addressed to accomplish the Group's strategic objectives.

The development and maturing of Enterprise Risk Management ("ERM") within the Group will be performed in phases. The initial phase of establishing a comprehensive strategic risk register has been completed. Focus will be placed on further maturing the ERM processes by maintaining the registers and improving risk reporting at an entity, divisional and Group level. The process of risk management is on-going, and the risk registers are live documents which will be maintained and updated through regular facilitated risk workshops.

Our Major Strategic Risks

Our risks are identified with reference to the strategic objectives of the Group. The Group's major strategic risks are those that both have a "high" or "significant" inherent impact on the strategic objectives of the Group and also have an "extreme", "high" or "moderate" residual risk profile. While the other risks are monitored on an ongoing basis, the Board has prioritised the risks that satisfy the above criteria.



The top-down approach involves a review and assessment of whether all risks are comprehensively identified and prioritised.

RISK and OPPORTUNITIES continued

Risk	Control	Associated opportunity
Strategic Objective: Protecting and growing shareholder wealth		
Acquisition strategy:	<p>Acquisitions perform below expectations or expose the Group to unexpected risks.</p> <p>Oversight from Investment Committee</p> <p>Existence of well-established processes and experienced management teams create downside protection through due diligence and agreement structure</p>	Good acquisitions are earnings accelerative.
De-industrialisation of South Africa:	<p>Lack of competitiveness/low productivity could lead to a decline in industrial South Africa, with flat or declining impact on Group revenue and profitability</p> <p>Diversification geographically to growing industrial markets</p> <p>Diversification within South African to high growth products and markets</p>	Creates a framework for building a diversified industrial portfolio which meets the strategic goals.
Global supply chain:	<p>Global supply chain issues resulting in the inability to obtain products leading to loss of business</p> <p>Adjust working capital levels and procurement processes to compensate for changes in macro environment</p>	The Group's growing global footprint creates opportunities for new supplier and customer relationships beyond the existing relationships the Group enjoys.
Political and labour instability:	<p>Sustained labour unrest in the mining and/or manufacturing sectors, especially given high level of unemployment in the wake of pandemic-related retrenchments</p> <p>Geographical diversification to more stable regions</p> <p>Strict management of overheads to create resilience to short term upheavals</p>	Creates the need to build a diversified industrial portfolio which meets the strategic goals.
South African electricity supply and stability:	<p>The lack of (consistent) supply of electricity 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</p> <p>Rollout of alternative power independent of the national grid to key sites</p>	Protect our business with move to alternative power supply at key sites; grow our business by moving into the supply of alternate energy products
Strategic Objective: Undertake an ethical, transparent and sustainable business		
Natural disaster and/or pandemic at supplier sites, customer sites or own premises:	<p>Unforeseeable events impacting customers, suppliers or our own operations, could disrupt the supply chain and business operations, severely impacting the sustainability of the business</p> <p>Operational disaster management plans are in place in each business to empower the management teams to be responsive, flexible and efficient in their response to unforeseeable events</p> <p>The Group maintains a diverse customer base from an industry, product and location perspective</p> <p>Virtual management of operations have been optimised</p> <p>Operations carry adequate inventory to allow sufficient time to react, with some suppliers able to shift manufacture to different cities and/or countries</p>	The correct disaster management plans and inventory levels will allow us to capture additional business opportunities.

Risk	Control		Associated opportunity
Strategic Objective: Undertake an ethical, transparent and sustainable business continued			
Reputational risk:	The Group may suffer reputational damage as a consequence of product or governance failure, or failure to meet regulatory requirements	Reputational oversight is exercised by the Social and Ethics Committee. The Group has a strong governance framework and code of ethics The Group has strong non-executive directors, and appropriately qualified and experienced executive directors	The Group will be a preferred partner for companies that value ethical business practices creating a business that is sustainable in the long term
Strategic Objective: Geographical diversification			
Travel restrictions:	Limited access to markets on account of Covid-19 travel restrictions	The Group has bolstered its IT capabilities to support remote working and virtual access to enhance cooperation and management of operations across various jurisdictions.	Opportunity to continuously improve and optimise the Group's IT capabilities. Opportunity to create a sustainable digital trading and management platform
Geo-political risk:	The dynamic nature of conflicts and tensions between states has an impact on global trade, security, and political relations, which all have the potential to affect the Group's supply chain and customers.	The Group's operations are spread across various jurisdictions to mitigate against this risk.	The Group's growing global footprint creates opportunities for new supplier and customer relationships beyond the existing relationships the Group enjoys. Creates a framework for building a diversified industrial portfolio which meets the strategic goals.
Non-compliance with laws and regulations:	Non-compliance with laws and regulations could result in the Group attracting financial losses and/or reputational damage.	The Group undertakes statutory compliance reviews at regular intervals. Additional assurance is provided by internal audit and external audit. Employment of management with requisite knowledge and skills of regulatory framework.	Opportunity for the Group to obtain an understanding and of cross-border laws and regulations in different jurisdictions.
Strategic Objective: Attract, grow and retain skilled management and technical staff			
Loss of key management skills:	There is a small pool of skilled and experienced talent at management and technical levels in various regions where the Group operates, including South Africa.	Group's remuneration policy is designed to attract and retain talent Salary benchmarking is undertaken periodically to align with market practices and expectations. Restraint of trade agreements are concluded with senior management throughout the Group. Successions plans for key positions/personnel are in place. Creating an organisational culture reflecting opportunities for personal growth for employees.	By creating opportunities for the next tier of management in the organisation, the Group is seen as an employer of choice and is able to attract the employees with the right skills and qualities.

OUR STRATEGY

We aim to grow a diversified sustainable replacement parts group, providing above market returns to stakeholders

Reflections from our CEO
Our Sustainability Journey

25
30



Reflections from our CEO



Revenue*
**15% to
R7.2 billion**

HEPS*
**99%
343 cents**

Profit attributable to
ordinary shareholders*
**92%
R440 million**

THE YEAR UNDER REVIEW

Against the backdrop of a world facing both economic and geopolitical uncertainty, I am pleased to present on behalf of the Board, 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 2022, we are especially proud of how we were able to grow basic earnings per share from continuing operations by 92%, from 212 to 408 cents. For a more detailed review of the Group's FY2022 financial performance, refer to the Reflections from our CFO.

Considering all the challenges of 2022, we are especially proud of how we were able to grow basic earnings per share from continuing operations by 92%, from 212 to 408 cents.



* Results from continuing operations

Reflections from our CEO continued

FY2022 was a year of constant challenges in South Africa. We went into our third Covid-19 wave in June and our fourth wave in December – both of which had an impact on our employees and their families, our customers and suppliers and ultimately, our ability to operate our businesses optimally. KwaZulu-Natal and Gauteng experienced eight days of looting and public violence in July and, in October we experienced a three-week NUMSA metal industry strike. While very few of our workers are unionised, they were unfortunately intimidated into not working and this, in addition to the impact of the strike on our customers, resulted in a very tough three weeks operationally. Loadshedding and sporadic water supply issues took place throughout the year, affecting all of our operations as well as those of our customers. The Durban port also experienced numerous issues, which resulted in congestion and ultimately delays in inventory deliveries. We also dealt with the illegal blocking of the N3 highway at various times throughout the year which further compounded our already challenging operating circumstances.

Internationally, Covid-19 lockdowns affected all our key markets. Supply chain issues of getting product from suppliers, arranging containers and space on ships, proved to be a challenge throughout the entire year. We experienced price increases with rising commodity prices and material increases in logistics and shipping costs. Lastly, we have a small warehouse supplying automotive parts in Chernihiv Ukraine and in March Chernihiv was occupied by Russian troops.

Despite all these challenges, our Group has largely been able to navigate around them and our businesses remain resilient. In this regard, credit is due to our experienced management teams who have acted swiftly and creatively to, where possible, mitigate against the full impact of our challenging operating environment. In some instances, our talented teams have even been able to create new opportunities to grow, optimise or diversify the business, as appropriate. More on this in Our Operating Environment on page 16.

The work done in the previous year to manage the businesses during volatile times, which included working capital management and debt reduction, continued this year. In FY2022, we also focused on cash generation, the sale of non-strategic properties from which we do not operate and, continued the optimisation of working

capital management. We completed the Kian Ann Group ("KAG") investment restructure and negotiated new Group facilities with our bankers in South Africa. The relative strength of our balance sheet allowed us the time to focus on each of the operational challenges as they arose, as well as to invest in inventory, assisting us to mitigate supply chain risks and other challenges.

NET DEBT

Net bank debt was R90 million lower than the previous year. As a result of the purchase of KMP, increased activities and price increases from our suppliers, working capital increased by R283 million. This working capital increase included an increase in our inventory holdings in most of our businesses, in our attempt to minimise supply chain issues prevalent in our markets. The cash generated from operation amounted to R978 million, which again illustrates the strong cash generative nature of our businesses.

The cash flow impact from the sale of 52% of KAG and selected properties, Samrand being the most significant, has been partially utilised for the purchase of KMP Holdings Ltd ("KMP"), the buyback of shares and the funding of our mezzanine loan to Dartcom SA Proprietary Limited.

We have significant banking facilities available, enabling us to fund suitable acquisitions going forward in line with our Group strategy.

REPORTING SEGMENTS

As a result of our corporate actions over the past two years, we have re-assessed our reporting segments. We will now report as five segments and while KAG forms part of segment 1 below, we will report separately on the KAG due to its relative size and contribution. Our new segments are:

- Replacement Parts, Services and Solutions: Earth-Moving Equipment ("RPE")
- Replacement Parts, Services and Solutions: Industrial ("RPI")
- Replacement Parts, Services and Solutions: Auto-Agri ("RPA")
- Capital Equipment and Related Parts and Services ("CE")

Replacement Parts Services and Solutions: Earth-moving equipment ("RPE")

RPE consists of businesses previously reported under the Capital Equipment Group ("CEG") as well as KAG.

The year under review will be the first year the parts, services and solutions businesses have been reflected as a separate segment and will include 12 months of trading for Equipment Spare Parts Africa (Proprietary) Limited (ESP), Commercial Car Components Logistics Proprietary Limited (CCC) and three months for KMP (January to March 2022).

RPE has done exceptionally well during the trading year, achieving above average results in revenue and operating profit, despite all the once-off adjustments with the acquisition of KMP:

- Revenue increased by 40% including KMP, which represents 21.2% of the revenue of R547,4 million, well above previous revenue levels
- The sustainable operating profit before interest on financing transactions and foreign exchange movements ("operating profit") increased by 22%
- The net operating assets in this segment were R452 million and the return on net operating assets was 14.9%

KAG

In August 2021, the Group transferred 48.81% of KAG to Mr. Zou and associates, KAG's partner in Modesty Investment Holding ("MIH") and Kunshan Kensetsu Buhin ("KKB") and also transferred 2.38% to Mr. Loy Soo Chew, the CEO of KAG. 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 2022. The Group equity accounts KAG from this date as a joint venture.

In respect of the year under review:

- KAG's attributable profit for the period under review was S\$55 million
- Ignoring the gains on remeasurement, fair value loss on derivatives, amortisation of intangibles and deal-related tax and deferred tax adjustments, the net profit attributable to shareholders for KAG was S\$22.1 million, an improvement of 180% over last year

- › The Group's share of the normalised attributable profit has increased from S\$7.9 million last year to S\$11.4 million this year

Business conditions across Southeast Asia were better than the prior year. MIH and KKB also saw higher demand for their parts and consequently contributed strongly to the financial results of KAG. Working capital was a major focus of the team and the year-end net cash balance was S\$42.3 million.

Replacement Parts Services and Solutions: Industrial ("RPI")

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. RPI offers world class solutions and products with the aim to improve the efficiency of our customers and ensure that they remain globally competitive.

The shortage of steel, the significant increase in freight charges and the local increase in fuel prices, has resulted in the higher cost of product. Due to contract pricing at most of our major customers, we could not pass these increases on, which has put pressure on our gross margins.

During the year under review, we have continued with the rollout of the Africa Maintenance Equipment ("AME") empowerment model in terms of which, specific BMG and Industri branches were sold to B-BBEE entities. A total of 12 AMEs have been established to date and this concludes the rollout plan. BMG has also sold its 100% of shareholding in Rustenburg Engineering and Foundry through a management buyout.

In respect of the year under review:

- › Revenue increased by 8.4% from R4.09 billion to R4.44 billion. Our revenue is, however, still trailing the pre-Covid revenue levels by 7%
- › The sustainable operating profit increased by 1.3% from R243 million to R247 million
- › The net operating assets decreased marginally by 1.9% from R1.7 billion to R1.68 billion
- › The return on net operating assets for the financial year was 14.7%, an increase of 0.4% from 14.3%

Replacement Parts Services and Solutions: Auto Agri ("RPA")

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.

In respect of the year under review:

- › Revenue increased by 19.2% from R435 million to R518 million, this is an increase of 24.9% on the pre-Covid revenue levels
- › The war in Ukraine has affected our Ukrainian business negatively and, due to the uncertainty of the war, a decision was made to impair all our Ukrainian assets totalling R14 million
- › Despite this provision having been made, sustainable operating profit for the segment increased by 18.9% from R77 million to R91 million
- › Due to the impairment of the Ukrainian assets, net operating assets decreased by 4.3% from R271 million to R259 million
- › The return on net operating assets for the financial year increased by 6.9% from 28.4% to 35.3%

Capital Equipment and related parts and services ("CE")

CE consists of businesses previously reported under the CEG segment that sell capital equipment, spare parts and provide the related services to the earthmoving, construction, mining and logistics industries.

The year under review will be the first full year of trading without the agricultural companies sold to CNHi last year. The remaining companies have performed well and have produced excellent results.

Demand for, and sales of earthmoving equipment continued to decline because of high price increases from factories, resulting in customers extending the life of their equipment. This has resulted in a significant increase in the demand for spare parts. Spare parts

coverage and inventory holdings were accordingly increased to accommodate the extended lead times and to ensure availability, which helped to improve the aftermarket services provided to customers.

The forklift market has shown modest signs of an upturn in activity. Sales volumes have been consistent year-on-year and, there is a continuous programme to refresh units in the rental fleet, to ensure low operating costs and continued profitability of this part of the business.

Spare parts sales have shown remarkable growth in the OEM market and continue to do so. Spare parts contribute a significant part of the annual gross profit of this segment.

Due to the reluctance of the banks to provide asset-based finance, we have continued to provide short- and long-term finance to customers, building on our existing asset finance book to stimulate sales and assist customers, without taking undue risk.

In respect of the year under review:

- › Revenue of CE increased by 16.8%, from R909.4 million to R1.06 billion
- › Sustainable operating profit increased by 2.8% from R108 million to R111.7 million, after adjustments for impairments and once-off items
- › The net operating assets in this segment were R384 million and the return on net operating assets was 29.1%

ACQUISITIONS AND DISPOSALS

We continue to focus on strengthening our portfolio of replacement parts businesses.

KMP

In January this year, we acquired KMP Holdings Ltd ("KMP") for GBP12.7 million. KMP has its head office in Chertsey England and offices in Houston and Miami in the USA. The KMP brand is widely recognised and is a highly respected name in the aftermarket engine spare parts industry and, is as a reliable source of quality replacement parts in over 100 countries. KMP is involved in procuring and selling aftermarket engine spare parts for Komatsu, Caterpillar, Cummins, Detroit Diesel as well as Perkins & Massey, Cash IH, Ford and John Deere.

Reflections from our CEO continued

In the three months since acquiring KMP, revenue and operating profit exceeded our expectations. However, many provisions, such as obsolescence, dilapidation and other costs, had to be raised to comply with IFRS in line with Group policies.

KAG

On August 2021, the Group concluded the disposal of KAG for an amount of S\$28.4 million. These funds were used to repay an offshore loan in Mauritius during February 2022.

Samrand Property

In March 2022, we closed the sale of erfs 5434 and 859 Samrand Business Park to Pathisa Properties Two (Proprietary) Limited. We have received R110.5 million by year end and we will receive the remaining R40.5 million, which has been secured by bank guarantees, over the next three years.

Repurchase of Shares

We repurchased 5 225 845 ordinary shares in Invicta at an average price of R28.34 per share including costs. The total consideration of the repurchase was R148.1 million.

DIVIDEND

We are pleased to increase our dividend declaration by 50% from 60 cents to 90 cents per share for the year.

STRATEGY

The Group distributes world leading industrial products, often exclusively, which are always available and are overlaid with a technical and solution service. We add value through our distribution chain, inventory holdings, product availability and by providing technical support. Technical support helps prevent disintermediation and is a key part of our strategy to add value to our customers.

We aim to grow a diversified sustainable replacement parts 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 (50% of the Group income outside of South Africa) and a sectorial diverse Group within four years.

To realise our Group strategy, we focus on the following key strategic objectives:

- 1 Constantly review and restructure our existing businesses to ensure they achieve the desired returns
- 2 Geographically diversify into markets that meet the Group's investment criteria such that, 50% of the Group's income is from outside of South Africa within the next four years
- 3 Diversify into aligned sectors which leverage off the Group's skill set within the next four years

OUR OBJECTIVES THIS YEAR WILL INCLUDE:

- 1 Managing the supply chain challenges
- 2 Managing working capital and optimising operations
- 3 Integrating KMP into the Group
- 4 Growing BMG China
- 5 Looking for appropriate acquisitions

LOOKING FORWARD

The world is in a precarious position. The zero-Covid strategy in China and the associated lockdowns will have a detrimental impact on the world's supply chain. The war in the Ukraine and its associated impacts on commodity and food prices will be felt worldwide. Rising inflation worldwide will result in borrowing costs increasing, thus creating more pressure on the consumer. Lastly, the Covid-19 pandemic is not done, with South Africa entering its fifth wave.

With so much uncertainty in the world, we will continue to work hard on reducing our net debt position. When we think of net debt, we include the listed preference shares. Having a relatively debt free business, strategically positions us to respond to difficult situations and, at the same time, provide the capacity for us to implement our acquisition strategy should the opportunities arise.

Our replacement parts businesses are resilient and generate good cash, with many of the sectors that we service performing very well. As a result of our relative financial strength, we are able to hold appropriate inventory levels to ensure that we can continue to service our customers without stockouts and delays. Accordingly, we are cautiously optimistic about the 2023 year.

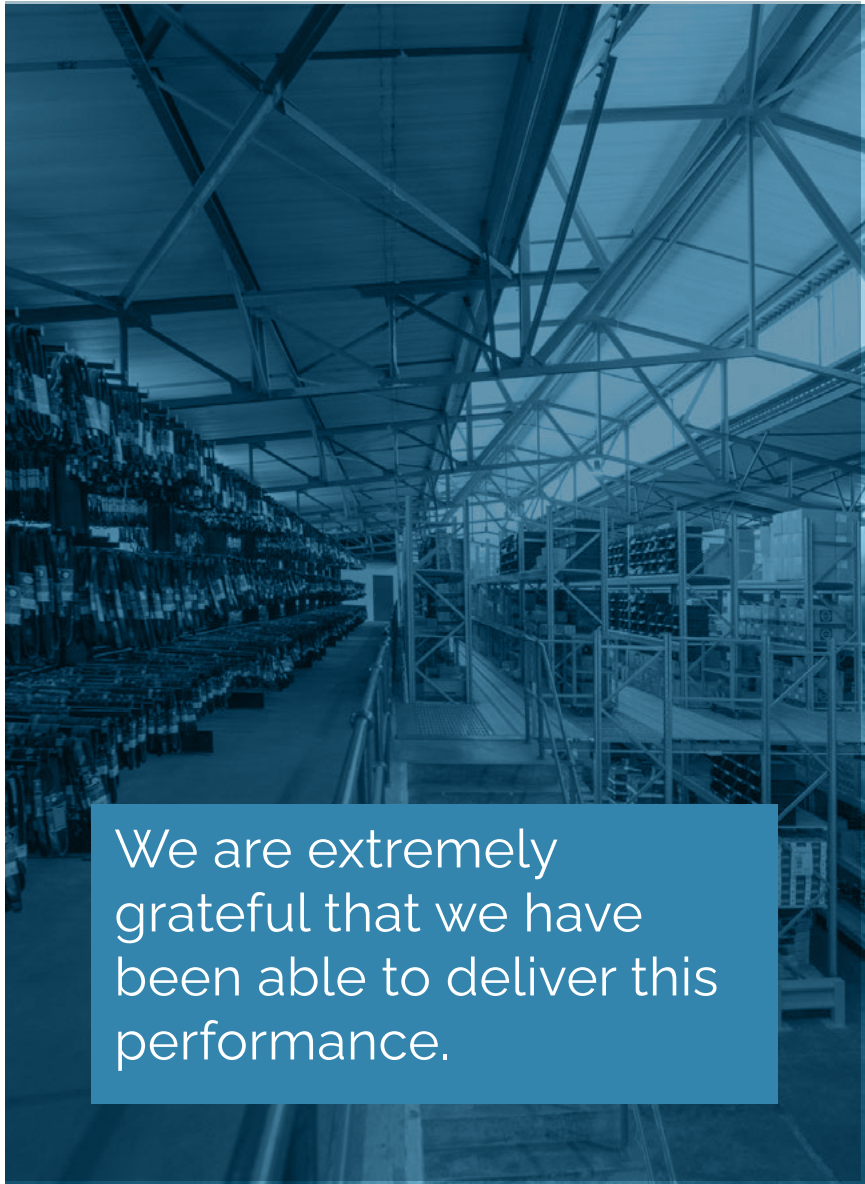
APPRECIATION

We are extremely grateful that we have been able to deliver this performance, having regard to all the challenges we faced. Thank you to our loyal suppliers, customers, and advisors for their continued partnership with the Group. Our incredible, experienced, diligent, and dedicated team from the factory floors to the boardrooms, we thank you for all your efforts this year.

Finally, we wish to thank our chairman and the non-executives for their guidance and advice. Their scrutiny of our thinking has helped make for better decision-making.

VALUE-ADDED STATEMENT

Continuing operations	2022 R'000	2021 R'000	% change
Revenue	7 188 991	6 251 484	15%
Cost of goods and services	(5 413 489)	(4 496 046)	20%
Value added	1 775 502	1 755 438	1%
Income from investments	146 510	78 734	86%
Wealth created	1 922 012	1 834 172	5%
Wealth distribution:			
Employees			
Salaries, wages and benefits	1 075 159	896 710	20%
Providers of capital			
Dividends to shareholders	130 989	68 375	92%
Finance costs	113 666	302 394	(62%)
	244 655	370 769	(34%)
Government			
Corporate tax	166 836	160 686	4%
Wealth retained for future expansion and growth			
Amortisation of intangibles and depreciation of property, plant and equipment	158 557	178 924	(11%)
Retained income	276 805	227 083	22%
	435 362	406 007	7%
Wealth distributed	1 922 012	1 834 172	5%



We are extremely grateful that we have been able to deliver this performance.

Our **SUSTAINABILITY** Journey



Invicta regards environmental, social and governance factors as information that is integral to its business model. Invicta believes that relevant and material ESG factors can help identify business and operational risks and opportunities. An integrated ESG approach provides important insights into how the Group leverages its assets to create stakeholder value.

During the year under review, Invicta developed a sustainability framework aligned with the 17 United Nations Sustainable Development Goals ("**SDG Framework**"). The SDG Framework formalises Invicta's integrated approach and informs the process of incorporating ESG issues into our investment decisions and the management of the Group.

The development and adoption of the SDG Framework represents an important step forward in the Group's sustainability journey. While ESG-related initiatives have always been undertaken, this is the Group's first attempt to consolidate the various initiatives and to formally adopt a consistent standard against which to measure its activities.

Invicta's sustainability targets are modest and reflect the infancy of the Group's sustainability journey. The Group will, however, over the next three years develop the systems and processes required to enable it to quantify the impact of its operations on ESG factors and set more meaningful targets for each operating segment.

Sustainability Report

For purposes of reporting our FY2022 sustainability journey, we have grouped each of the SDGs under the three ESG topics to reflect the focus of the Group in respect of such topic in the year under review:

Our **SUSTAINABILITY** Journey



Our **SUSTAINABILITY** Journey continued

1. Environment



Invicta defines environmental sustainability as its efforts to reduce energy consumption, water usage, waste generation, and carbon emissions, and the promotion of strategies that progress towards encouraging these reductions. Managing the Group's environmental impacts starts by better managing its direct environmental impacts such as its consumption of limited resources and its generation of waste, and endeavouring to influence broader change in the environmental practices of its subsidiaries.

Category	Relevance to Group	Identify initiatives	Targets	Applicable SDGs and capitals
Sustainable water management	<ul style="list-style-type: none"> Water efficiency has a direct effect on operational costs. Using water more efficiently is essential for lowering the Group's overall environmental footprint. 	<ul style="list-style-type: none"> Oil separators at wash bays are installed Sludge is contained and removed every three months 	<ul style="list-style-type: none"> Collect records of water usage and related costs, including utility bills, equipment operation and treatment costs Reduce water consumption by 10% by 2025 	
Energy efficiency and consumption	<ul style="list-style-type: none"> Energy efficiency has a direct effect on operational costs and exposure to fluctuations in energy supply and prices. Using energy more efficiently and opting for renewable energy sources is essential for combating climate change and for lowering the Group's overall environmental footprint. 	<ul style="list-style-type: none"> Installation of solar panels has already taken place. 440kW of solar has been installed and 50% of daytime usage is covered by solar at BMG World. Replacement of normal lighting with LEDs has taken place in a number of our operations. 	<ul style="list-style-type: none"> Take all reasonable endeavours to use equipment that optimally uses energy without significantly impacting on the business operations. BMG World to be covered by solar by 2022 50% of lights to be replaced by LEDs by 2023 within ESG 	
Paper and packing Waste management	<ul style="list-style-type: none"> Inefficient waste management has a direct effect on operational costs. Effectively managing waste is also essential for lowering the Group's overall environmental footprint. 	<ul style="list-style-type: none"> Packaging has been refined and plastic use has been greatly reduced Digital and automation is fast replacing paper usage and waste. All waste within the manufacturing process (steel offcuts and plastic waste) is recycled to reduce impact on environment 	<ul style="list-style-type: none"> Waste sent to landfill to be reduced by 10% by 2025 	
Commitment to climate change	<p>The Group commits to:</p> <ul style="list-style-type: none"> reducing carbon emissions across the Group's operations by 2030. This work includes: <ul style="list-style-type: none"> drawing on more renewable energy sources; enhancing the energy efficiency of production process; promoting the usage of environmentally friendly products used in manufacturing, where possible; and making use of registered IT Equipment waste disposal company. <p>A target will be determined as the Group matures in its sustainability journey and develops the systems required to measure and account for carbon emissions.</p>			

2. Social



Invicta understands social responsibility as the obligation to make decisions and take actions that will enhance the welfare of its stakeholders and to act in the interests of society as a whole. The Group's commitment to social responsibility addresses human rights, workplace, community and societal issues.

Category	Relevance to Group	Identify initiatives	Targets	Applicable SDGs and capitals
Socio-economic development	Invicta's investment philosophy looks for and takes into account, the need for a positive socio-economic impact in the communities where its operations are located.	Some of the key initiatives include: <ul style="list-style-type: none"> > SME empowerment drive > Blanket drives > Soup drive for surrounding community > "Boer Slim" initiative aimed at promoting agricultural sustainability 	1% of Net Profit After Tax of South African operations to be contributed towards socio-economic development initiatives per annum	
Local community employment and procurement	Including members from the local community as employees and management demonstrate the Group's positive market presence. It can also increase the economic benefit to the local community and improve the Group's ability to understand local needs through these various interactions.	<ul style="list-style-type: none"> > The Group employs and upskills the local community to co-create a more inclusive work environment for all > 146 new jobs were created by ESG 	No defined target but, where possible, the Group endeavours to employ and procure goods and services from members of the local community	
	By supporting local suppliers, the Group can indirectly attract additional investment to the local economy and entrench itself within the community/market. Local sourcing can be a strategy to help ensure supply, support a stable local economy, and maintain community relations.	<ul style="list-style-type: none"> > The Group has operations in South Africa, Eswatini, Botswana, Namibia, Mauritius, Mozambique, Zambia, Tanzania, DR Congo and Ghana and in each of these jurisdictions the Group employs predominantly local people and where possible also uses local suppliers. 		
Skills development	<ul style="list-style-type: none"> > Programmes for upgrading employee skills ensures that the Group has employees equipped to meet its strategic targets in a changing work environment. > More skilled employees enhance the Group's human capital and contribute to employee satisfaction, which correlates strongly with improved performance. 	<ul style="list-style-type: none"> > The Group runs leadership programmes, bursary programmes and other educational programmes are implemented on a business division level to promote learning opportunities for all. > Customers and their employees are likewise included in the Group's various divisions, e-Learning and onsite formal accredited training programmes. > Continued career development plans are offered to encourage life-long learning. 	1.5% of payroll of relevant operations to be contributed towards this goal per annum.	

Our **SUSTAINABILITY** Journey continued

Category	Relevance to Group	Identify initiatives	Targets	Applicable SDGs and capitals																								
Health and safety	Health and safety at work involves both the prevention of harm, and the promotion of health and well-being. By ensuring healthy and safe work environments, the Group empowers employees in meeting the strategic targets of the Group.	<ul style="list-style-type: none">› Contribution to employees' medical aid› On-site health checkups, Covid and flu vaccine shots for employees› Adoption of Covid preventive measures and the Group actively tracks positive employees to establish their well-being.› Partners with medical aid which can provide mental health support for employees and their families.› Encourages annual checkups by bringing various health initiatives and service on-site.	No specific targets, however, the Group remains committed to maintaining health and safety compliance at the workplace.	<div></div> <div></div> <div></div>																								
Consumer relations	Maintaining a good reputation is critical for defining the way the market and stakeholders perceive the Group.	<ul style="list-style-type: none">› Annual audits in place for major overseas suppliers looking at their processes and work policies› Suppliers code of conduct in place› Customer code of conduct in place	Zero tolerance policy for any stakeholders found to be breach any of the relevant codes and regulations. The Group remains committed to maintaining a good reputation.	<div></div> <div></div> <div></div>																								
BEE compliance	Compliance with the Broad-Based Black Economic Empowerment Act, 2003 (" BEE Act ") is part of our social licence to operate in South Africa	<ul style="list-style-type: none">› Compliance with the BEE Act is measured through Invicta South Africa Holdings Proprietary Limited ("Invicta South Africa"), a subsidiary of Invicta.› Invicta South Africa is currently a Level 7 Contributor. The BEE status of key subsidiaries are:<table><tr><td>BMG</td><td>Level 2</td></tr><tr><td>Industri Tools & Equipment</td><td>Level 2</td></tr><tr><td>Universal Parts Group</td><td>Level 2</td></tr><tr><td>Screen Doctor</td><td>Level 2</td></tr><tr><td>Oscillating Systems Technology</td><td>Level 2</td></tr><tr><td>Belt Brokers</td><td>Level 2</td></tr><tr><td>Abrasive Flow Solutions</td><td>Level 2</td></tr><tr><td>Criterion Equipment</td><td>Level 8</td></tr><tr><td>Disa Equipment</td><td>Level 8</td></tr><tr><td>Equipment Spare Parts</td><td>Level 8</td></tr><tr><td>High Power Equipment Africa</td><td>Level 8</td></tr><tr><td>Shamrock Handling Concepts</td><td>Level 8</td></tr></table>	BMG	Level 2	Industri Tools & Equipment	Level 2	Universal Parts Group	Level 2	Screen Doctor	Level 2	Oscillating Systems Technology	Level 2	Belt Brokers	Level 2	Abrasive Flow Solutions	Level 2	Criterion Equipment	Level 8	Disa Equipment	Level 8	Equipment Spare Parts	Level 8	High Power Equipment Africa	Level 8	Shamrock Handling Concepts	Level 8	The Group will endeavour to comply with the BEE Act.	<div></div> <div></div> <div></div> <div></div> <div></div> <div></div> <div></div> <div></div>
BMG	Level 2																											
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Equipment Spare Parts	Level 8																											
High Power Equipment Africa	Level 8																											
Shamrock Handling Concepts	Level 8																											



3. Governance

Good governance results in economic growth and stable organisations. Through its policies and practices which are informed by prevailing legislation and regulation, Invicta ensures compliance not only with corporate governance principles, but also all laws, specifically those that seek to enforce human rights and protect society's most marginalised.

Category	Relevance to Group	Identify initiatives	Targets	Applicable SDGs and capitals
Promote diversity	<ul style="list-style-type: none"> When an organisation actively promotes diversity and equality at work, it can generate significant benefits for both the organisation and workers. These benefits also flow through to society in general, as greater equality promotes social stability and supports further economic development and upliftment. 	<ul style="list-style-type: none"> The qualifying divisions within the Group have Employment Equity Plans ('EE Plans') which were prepared in accordance with the national EAP targets and in consultation with the applicable divisions' Equity and Training Committees. The Group has achieved substantial compliance with its EE Plans. The Group has an Employment Equity Forum in place to monitor recruitment in accordance with the Employment Equity Act, 1998 requirements. Zero-tolerance policy in place regarding violence, discrimination and sexual harassment at the workplace. BMG continues to support the Ruth First Jeppe Memorial Trust, thereby pledging full scholarships for five girls, amounting R1.4 million over the next five years. 	30% female workers within the next three years currently 27%.	
	Promoting ownership by previously disadvantaged groups, including women.	<ul style="list-style-type: none"> 25% of Invicta South Africa Holdings is owned by previously disadvantaged groups, including women. During FY2022 we concluded the rollout of the Africa Maintenance Equipment ("AME") empowerment model in terms of which specific BMG and Industri branches were sold to B-BBEE entities. A total of 12 AMEs have been established to date. 	No specific targets. The Group remains committed to driving value for all stakeholders, including its empowerment partners.	
Sustainable development	The Group has operations in South Africa, Eswatini, Botswana, Namibia, Mauritius, Ghana, Poland and Ukraine. Where the Group elects to expand further into other developing nations, it will seek to invest in new, resilient infrastructure or retrofit existing infrastructure to make it more sustainable.			
	<ul style="list-style-type: none"> The Group goes beyond standard building maintenance, striving to improve on the physical working environment, buildings, surrounds and gardens. Environmental considerations are incorporated into our establishments. The Group employs and upskills the local community to co-create a greener environment for all, where possible 			
	The Group routinely seeks opportunities to collaborate with local government to ensure alignment between company objectives and the needs of the community			

PERFORMANCE OUTCOMES

The Group continues to
perform well in difficult
circumstances

Reflections from our CFO

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Reflections from the CFO

The Group aims to provide its shareholders with a sustainable above-market return from the industrial consumable and parts businesses, from both existing operations and targeted acquisitions.

Our investor presentation will identify some of the one-off items which we believe should be adjusted out to arrive at sustainable earnings, as some of these items are still embedded in headline earnings per share number.

The focus of our operational and management efforts remains, however, on correct capital allocation as well as efficient working capital management.

Capital allocation

The restructure of our investment in Kian Ann to a 48.81% joint venture with our Chinese partners (previously 100% shareholding), has allowed us to free up capital and enhance our return on our remaining investment from low single digits seen in the prior few years, to just over 10% in Singapore Dollars. Given the Covid lockdown and other short-term market disruptions being experienced globally, we expect this return to be maintained in the medium term, rather than increased.

Diversification into growth markets in South Africa, and into aligned markets in other jurisdictions with our traditional products, remains part of our growth and acquisition strategy.



The Group aims to provide its shareholders with a sustainable above-market return from the industrial consumable and parts businesses

Revenue*
**15% to
R7.2 billion**

HEPS*
**99%
343 cents**

* Results from continuing operations

Reflections from our **CFO** continued

Furthermore, our investment in KMP of approximately GBP12.7 million should generate a sustainable Pound-based yield of over 12.5% in the year ahead, before incorporating the transaction financing benefit into the calculation.

Working capital management

- > Inventory turnover, as an indicator to monitor that the correct inventory turns are generated on working capital, remains a key management focus area. Inventory value increased by R421 million which includes the acquisition of the KMP inventory of R223 million plus price increases of at least 8%, means that in real terms inventory levels were kept constant.
- > Trade receivables continue to be well managed as seen in the improvement in the overall doubtful debt provision to R65 million representing 6.3% of trade receivables, compared to the prior year provision of R78.7 million representing 7.5%.
- > Trade payables and other payables have increased by R255 million, and to a large extent this neutralises the cash outflow to fund higher inventory levels.
- > Please note that as the cash flow statement incorporates the discontinued operations which are not reflected in the balance sheet values as per IFRS, a direct reconciliation between the cash flow and the balance sheet is not possible, the analysis above using the balance sheet values reflects the best picture of the continuing operations.

Trading performance

While revenue grew by 15%, gross profit was approximately 1% lower year-on-year, partially due to rising product costs which were not immediately passed on to customers and, partially due to the disposal of the controlling interest in certain businesses (AMEs). The impact of the lower gross profit percentage was largely recovered, as reflected in the 9.3% margin at the level of operating profit before net finance income on financing transactions and foreign exchange movements, compared to 9.4% in the prior year.

Net finance costs which have reduced by R61 million to R80 million from R141 million, remain well under control despite interest rates increases. The Group has paid down its older debt and has secured revolving credit lines with RMB and Nedbank to the value of R1.5 billion on better terms.

Equity accounted earnings from joint ventures of R102 million arises from the restructured Kian Ann investment, which has resulted in an increased interest in the KKB roller manufacture business, which together with the USA distribution business represent the key profit drivers of this investment. This earnings line shows the performance from August 2021, so effectively for only eight months, with the holding in Kian Ann and lower percentage holding in KKB shown as discontinued operation to July, and in the comparative period.

Basic earnings per share are inflated by the R400 million fair value gain on re-measurement of joint ventures, (effectively this is the accounting for the deemed disposal of old Kian Ann and the reacquisition of a 48.81% shareholding in the new Kian Ann, which holds 100% of the KKB roller manufacture business.

Conclusion

The Group continues to perform well in difficult circumstances with headline earnings per share up 99% from the prior year of 172 cents to 343 cents.

Net cash and cash equivalents at R529 million, and the facilities in place, provide a sound footing for the Group to take advantage of any opportunities that comes its way, and to withstand any challenges.

Diversification into growth markets in South Africa and into aligned markets in other jurisdictions with our traditional products remains part of our growth and acquisition strategy.





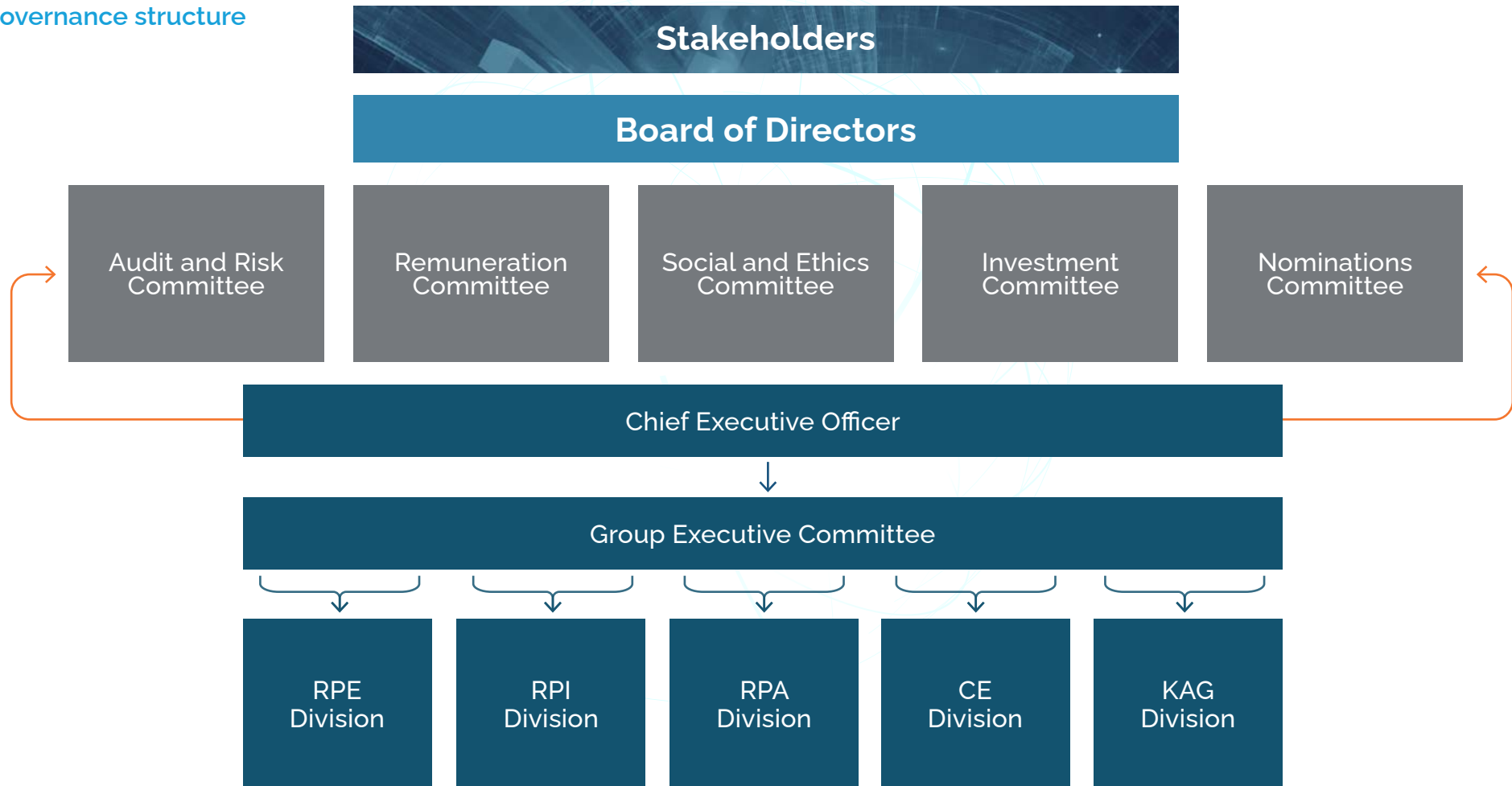
CORPORATE GOVERNANCE

We use an integrated approach to governance to produce sustainable outcomes for all our stakeholders

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Our **APPROACH TO GOVERNANCE**

Our governance structure



The Board is responsible for the success and continued sustainability of the Group and provides strategic direction and management to the Group taking into account, inter alia, the six capitals, the interests of stakeholders and risk management.

Our **APPROACH TO GOVERNANCE** continued

The Board delegates certain responsibilities to committees without relinquishing accountability. This delegation is formalised through Board-approved committee charters to the Audit and Risk Committee, Remuneration Committee, Nominations Committee, Social and Ethics Committee and Investment Committee. The Board receives reports from each committee. The composition, mandate and performance of the various committees are reviewed at least annually and contribute to the effective discharge of the Board's duties and responsibilities.

Responsibility for the day to day running of the Group is delegated to the Group Executive Committee under the leadership of the Chief Executive Officer.

We adopt a divisionalised approach to Group management, with each division having its own chief executive officer, who is supported by a complete finance and administration infrastructure. Divisions do however, make use of shared services, as appropriate.

The Group Chief Executive Officer, Group Chief Financial Officer and Commercial Director are actively involved in the divisional executive committees and actively participate on the boards of divisional subsidiary companies.

Our Governance Philosophy and Framework

Governing Sustainable Value Creation

The complex nature of our operating context has rendered environmental, social and governance considerations fundamental to the ongoing sustainable operation of our Group. The Board recognises that environmental, social and governance considerations need to be more fully integrated into the operations of the Group and has accordingly adopted an integrated approach to sustainability, governance, risk management and monitoring business performance.

The Board seeks to give effect to the principle of "sustainable value creation" by growing the operations and earnings per share on a sustainable basis, whilst ensuring maximum possible cash generation.

The Board regards sustainability as a business opportunity that guides strategy formulation and the Board is accordingly committed to:

- > developing and improving the strategy on an ongoing basis;
- > satisfying itself that the strategy and business plans do not give rise to risks that have not been thoroughly assessed;
- > identifying key performance and risk areas;
- > ensuring that the strategy will result in sustainable outcomes.

The Board remains committed to adhering to the highest standards of corporate governance, ethical leadership and sound judgment, all of which are fundamental to the sustainability of our business. Our business practices are directed to ensure that the best interests of the stakeholders are upheld and are in accordance with the principles of good corporate governance. The Board values openness and transparency and directors are encouraged to raise any concerns regarding Board functioning as they arise.

A Board charter is in place, which is periodically reviewed. The Board has confirmed that it is satisfied that it has fulfilled its responsibilities in accordance with its charter for the reporting period. The Board confirms that it complies with the provisions of the Companies Act, No. 71 of 2008 and is operating in terms of the laws relating to its incorporation and is in conformity with its memorandum of incorporation.

The Board is responsible for the ethical and effective leadership of the Group and the directors are expected to set the tone from the top by maintaining high ethical standards. Directors are required to fulfil their fiduciary duties to the Company at all times, while considering and balancing the interests of the Group's various stakeholders. The directors are bound by the same gift policy and code of ethics applicable to all Group employees.

The Board's share dealing policy reinforces the requirements of the Financial Markets Act and the JSE Listings Requirements. The Board further recognises that this responsibility extends beyond the letter of the law and voluntarily imposes additional restrictions on trading as required.

Directors disclose their other business interests in terms of the Companies Act, No. 71 of 2008 and our conflict of interest disclosure policy. The Group Company Secretary maintains a register of their interests and directors disclose at each meeting any interests they may have regarding agenda items, and recuse themselves as necessary.

We provide detailed disclosure on the application status of the King IV™ principles on www.invictaholdings.co.za

Key Board Discussions

There are no restrictions placed on a director's access to Company information, records, documents, and property. Non-executive directors have access to management if required.

The Board met six times and considers the business and strategy of the Company during the year. The Board also had the following important discussions during the year:

Operations

- > Trading update
- > Covid-19
- > Working capital
- > Restructuring of certain divisions

Treasury

- > Covenants, which have been standardised across all banks, were comfortably met throughout the period
- > The impact of Covid-19 has eased and no specific Covid-related measures were required
- > New bank facilities totalling R1.5 billion were put in place with RMB and Nedbank to cover all onshore operating and strategic requirements

Our Board Profile

Tenure and succession

Over the past five years, the capability of our experienced and knowledgeable Board has been bolstered by the appointment of new directors. Whilst we believe that the retention of valuable skills and experience is important for maintaining continuity, we acknowledge the need to invigorate the capabilities of the Board and establish succession plans by introducing new members, when appropriate.

Independence

Our Board comprises of twelve directors of whom three are independent. Despite the independent non-executive directors being in the minority, the Board is of the view that there was a balance of power and authority on the Board reflected in its discussions.

Additionally, although the Chairperson is not an independent non-executive director, a strong lead independent director ensures that the necessary independence is maintained in the functioning of the Board. The Board is comfortable that its lead independent director as a non-executive director and its Company Secretary remain independent as required by King IV™.

Board Diversity

The Group recognises that Board diversity is important for remaining relevant and maintaining a sustainable entity into the future. In making decisions on the appointment of a director, the Board and Nominations Committee are guided by the Board's Diversity Policy and considers candidate's culture, age, field of knowledge, skills and experience.

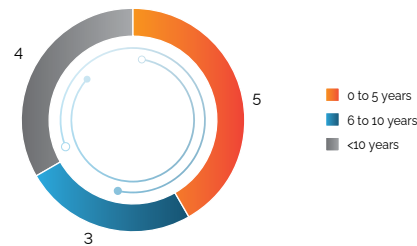
While the Board has not set any quantitative targets for the time being, the Diversity Policy provides that preference will be given to candidates from under-represented groups and candidates that will contribute to the skills mix of the Board.

Board Skills and Experience

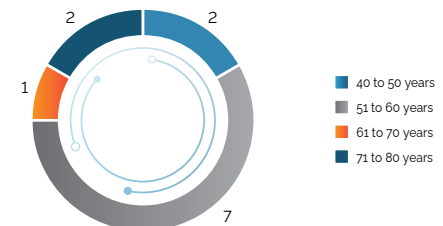
In an increasingly complex, competitive and innovation-driven environment, embracing a diversity of thinking, competencies, and backgrounds is a business imperative. We believe that having a diversity of experience within a leadership team helps it to remain agile, innovative, better at navigating risk management and more adaptable to its ever-changing environment.

We look at diversity in a lot of different ways – experience, age, ethnicity, gender

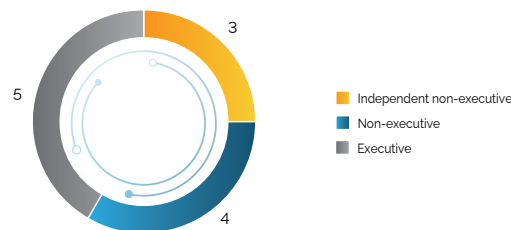
Tenure



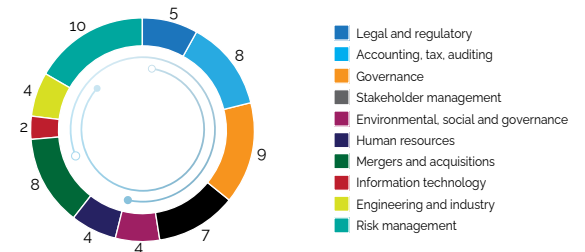
Age



Independence



Board skills



COMMITTEE Reports

Audit Committee	Remuneration Committee	Social and Ethics Committee	Investment Committee	Nominations Committee
Rashid Wally (Chairperson) Frank Davidson Mpho Makwana	Mpho Makwana (Chairperson) Christo Wiese Rashid Wally laan van Heerden	Mpho Makwana (Chairperson) Rashid Wally Lance Sherrell Steven Joffe	Jacob Wiese (Chairperson) Frank Davidson laan van Heerden Steven Joffe	Christo Wiese (Chairperson) Mpho Makwana Rashid Wally laan van Heerden
<p>The topics covered by the Audit and Risk Committee's mandate include:</p> <ul style="list-style-type: none"> > the review of financial information > legal and regulatory compliance > internal audit plans and findings > internal controls and the oversight of the Group finance functions > monitoring the adequacy of insurance and IT governance > combined assurance and the quality and independence of the external auditors > risk management 	<p>Mandated to contribute to the long-term financial and commercial viability of the Group by reviewing and maintaining compensation policies and plans, to enable the Company and Group to attract and retain employees, managers and executive directors and maintain an effective Board.</p>	<p>Mandated to monitor the Group's activities in terms of Regulation 43 of the Companies Act, No. 71 of 2008. The Committee further guides the Board as to ways to build and sustain an ethical corporate culture within the Group.</p>	<p>The Investment Committee advises the Board on criteria and hurdle rates for both acquisitions and disposals during the financial year.</p>	<p>Mandated to assist the Board with the nomination, election and appointment of directors and to ensure a transparent and accountable process to determine an optimally diverse Board and Committee composition.</p>
Key matters dealt with and focus areas for 2022				
<p>Refer to the Audit and Risk Committee Report in the Audited Summarised Consolidated Annual Financial Statements booklet, which is available on our website.</p>	<p>Refer to the Remuneration Report on page 46.</p>	<p>The Social and Ethics Committee adopted the United Nations Sustainable Development Goals and developed a framework in accordance thereto to guide and monitor the activities of the Group.</p> <p>Refer to page 30 for the Group Sustainability Report.</p>	<p>The Investment Committee was constituted in 2020 and had its first inaugural meeting on 12 July 2021. The committee does not have any routine meetings but instead meets as and when the need arises.</p> <p>The Investment Committee adopted a set of broad investment principles to guide the Group's investment decisions.</p> <p>The Investment Committee recommended to the Board for approval the transactions noted in the Reflections from our CEO section.</p>	<p>The Nominations Committee did not meet in FY2022.</p>

Board and Board Committee Mandates and Attendance

	Board		Audit Committee		Remuneration Committee		Nominations Committee		Social and Ethics Committee		Investment Committee	
Number of members	12		3		3		3		4		4	
Number of meetings per workplan or Charter	4		4		2		As required		3		As required	
Number of meetings held in the FY2022	6		6		2		0		3		4	
	Meetings attended	%	Meetings attended	%	Meetings attended	%	Meetings attended	%	Meetings attended	%	Meetings attended	%
Christo Wiese	5/6	83			2/2	100	n/a					
Steven Joffe	6/6	100							3/3	100	4/4	100
Nazlee Rajmohamed	6/6	100										
Mpho Makwana	4/6	67	4/6	67	2/2	100	n/a		3/3	100		
Rashid Wally	6/6	100	6/6	100	2/2	100	n/a		3/3	100		
Frank Davidson	6/6	100	6/6	100							4/4	100
Iaan van Heerden	6/6	100			2/2	100					3/4	75
Jacob Wiese	6/6	100									4/4	100
Lance Sherrell	5/6	83							3/3	100		
Craig Barnard	6/6	100										
Tony Sinclair	5/6	83										
Gavin Pelser	6/6	100										

There have been no changes to the Board during FY2022.

The Company Secretary

The Board is supported by the Group Company Secretary, Lebohang Mpumlwana, who provides independent guidance on corporate governance and related matters. Lebohang was appointed on 1 January 2022 in accordance with the Companies Act, No. 71 of 2008. Lebohang is a member of the group executive committee and reports to the Chief Executive Officer. She is not a director. The Board is comfortable that an arms-length relationship between the Board and the Company Secretary is in place.

The Board has considered and are satisfied with her competence, experience, qualifications and independence. The Board is also able to access professional independent legal and/or governance services as required. The Board has confirmed that it believes that these arrangements are effective.

REMUNERATION Report



This Remuneration Report has been prepared in line with the King IV™ code and guidelines on corporate governance and sets out the approach to remuneration applied within the Group.

The Remuneration Report ("Remco Report") is presented by the Remuneration Committee ("Remcom") and focuses primarily on the remuneration of executive directors. The overall remuneration philosophy which is aligned to the Group's strategic objectives will assist in achieving the Group's goals over the short to long term.

The report is structured as follows:

Section One

- > Background statement:**
 A background statement setting the context for remuneration consideration and decisions as well as the material issues considered during the year.

Section Two

- > Remuneration policy:**
 An overview of the remuneration policy as it relates to our employees, executive committee members, executive directors, and non-executive directors.

Section Three

- > Implementation report:**
 An Implementation Report for executive directors, executive committee members, and non-executive directors.

Section One

Background statement

Against a backdrop of ongoing economic uncertainty occasioned by, amongst others, the impact of the Covid-19 pandemic, social unrest in South Africa and geo-political tensions, the Group continues to grapple with the challenges of remaining competitive and retaining critical skills. Notwithstanding the above, the measures adopted by the Group in the prior financial year – which included the benchmarking of executive salaries, aligning long-term and short-term incentives with market practice and updating of the Company's remuneration policy – have been instrumental in assisting the Group to navigate and manage these challenges.

Remcom focus in 2022

The focus of the Remcom in FY2021 was to implement the measures referred to above and further enhance our remuneration policies to:

- › ensure fair and consistent remuneration at the executive level; and
- › align our policies with market practice.

To this end, in respect of FY2022, the Remcom revised the grant conditions of the long-term share incentive scheme to include 'malus' and 'clawback' provisions so as to:

Enable the Company to adjust a grant under the Group's Long Term Bonus and Share Incentive Scheme (a "Grant"), to nil if appropriate, at any time, as a result of:

- › an executive having misrepresented the financial position or financial performance of the Company (or any subsidiary of the Company) to the Board or a shareholder at any time before the vesting date of the Grant; or
- › an executive's actions having directly resulted in the Company (or any subsidiary of the Company) suffering a material failure of risk management before the vesting date of the Grant; and/or

Enable the Company to recover from the executive any amount which has already been paid by the Company in respect of the Grant if, amongst others, any of the following circumstances are present:

- › the executive is found to have deliberately misrepresented the financial position or financial performance of the Company to the Board or shareholders; or
- › the executive's actions amount to misconduct in the form of gross dishonesty, theft, fraud, corruption and/or a conflict of interest at any time before the vesting date.

Remuneration Committee focus in 2023

The Remcom will continue with the process of reviewing and revising all remuneration policies and processes, as appropriate. Where necessary, further benchmarking exercises will be undertaken.

A continuing area of focus is to evaluate the Group's performance measures in the various incentive schemes implemented, to ensure they are aligned with the Group's environment and social responsibility strategies. This aligns with the Group's strategic intent to integrate environmental, social and governance considerations into its operations.

An area that the Remcom will investigate is the philosophy of updating the Share Incentive Scheme in order to ensure executive directors to maintain a minimum shareholding after receiving awards.

Shareholder engagement

The Group initiates on-going dialogue with shareholders to keep them abreast of affairs and to reassure them that remuneration decisions taken support the expectations of both shareholders and employees.

Where required, individual discussions are held with major shareholders to address any concerns they may have.

At the annual general meeting held in 2021, all resolutions pertaining to both the remuneration report and non-executive directors' fees were passed with the requisite support.

Shareholders will be asked to pass resolutions at the annual general meeting approving the fees of the non-executive directors, as well as separate non-binding advisory votes on the remuneration policy and remuneration implementation report. Should the aforementioned advisory votes on the policy and implementation report not pass with more than 75% of votes at the next annual general meeting, shareholders will be requested to explain their reasons for voting against the policy and/or its implementation and these responses will be discussed by the Remcom and the Board. The Board will then decide on the best way to address the responses and if necessary identify where amendments to the policy are required. A report will be provided to shareholders regarding the engagements and actions taken.

REMUNERATION Report continued

Section Two

Remuneration policy

Remuneration philosophy

The underlying philosophy is to ensure that the Group can attract, retain and reward high-quality staff in order that the Group can grow its business, meet and exceed the business strategy objectives and grow value for its shareholders. This philosophy will be carried through in a responsible manner and with due concern to all stakeholders, which include employees and the social environment in which the Group operates.

The Group rewards for contributions to value creation and performance. The concept of equal pay for work of equal value is recognised and driven within the Group. Our reward philosophy strives to enable flexibility in terms of the utilisation and reward of the workforce, and to provide choices for individuals in respect of the structuring of their rewards where possible.

The remuneration philosophy further tries to establish accountability and ownership of the reward process with line management, by enabling them to link the total reward process to their business unit objectives and manage it in a fair and equitable way, ensuring a balance between remuneration and quality of life for employees.

Reward strategy

The Group strategy defines the objectives that need to be met in the short, medium and long term. These objectives are reviewed on an annual basis. The reward strategy is designed to be aligned with the Group's business strategy and the execution of that strategy. The implementation of the strategy is aimed at maximising the performance and effectiveness of the Group.

Our approach to remuneration is one in which all benefits, guaranteed remuneration, allowances and variable pay are paid after considering several factors, such as Group performance and the performance of the individual employee, as well as market forces and the economic environment. This approach recognises that the ability to attract, retain and motivate executives and all other employees is not wholly dependent upon remuneration, but also considers the overall employee satisfaction and engagement. Our remuneration strategy is guided by the following four forces:

- > Group needs and values;
- > Individual needs and values;
- > Internal relativities (parity and equity);
- > External relativities (salary surveys and benchmarking).

Elements of remuneration

The Group seeks to accomplish various objectives through the different elements of remuneration.

Reward	Target employees	Target percentile	Objective
Guaranteed remuneration	All employees receive monthly remuneration.	As a fair and responsible employer, Invicta targets the median of the relevant market for its employees. High performing employees and those with critical skills can be remunerated at the 75th percentile and above.	Ensure fair remuneration is paid to all employees.
Short term incentives	All non-scheduled permanent employees qualify for participation.	The incentive targets are set at a level that rewards superior performance and are affordable and fair to the Group. The incentive schemes are performance-based, however, some scheduled employees are part of the industry collective agreement.	Drive Group and business unit performance.
Long term incentives	Executives, senior management and other selected employees who possess key skills.	Market median. High performing employees and those with critical skills can be remunerated at the 75th percentile and above.	Attract and retain executives and key employees. Align with shareholders with a long-term outlook.

Guaranteed remuneration

Guaranteed remuneration is reviewed annually and increases are made as per the guidelines of the remuneration policy. Pay ranges are created that cater for progression and to recognise superior performance by employees. The Group uses third party consultants to assist with benchmarking and the supply of survey data. Employee guaranteed remuneration is impacted by:

- > Job complexity;
- > Level of responsibility, skills, effort and, if relevant, the conditions under which work is performed in the Company;
- > Relevant market benchmark surveys;
- > The Company's defined market position;
- > Individual performance and contribution;
- > Remuneration bands that are determined for each level, based on prevailing market benchmarks that will determine the ranges of remuneration applicable to each employee grouping; and
- > Benefits include contributions to retirement funds and medical aids schemes.

Short and long-term incentives

Variable remuneration is competitive and market related and schemes are designed so as to not put the Group at risk. The underlying principles guiding variable remuneration are as follows:

- > **Defensible differentiation:** this means that where employees stand to gain differing amounts, these are based on clearly evident, pre-determined performance measures and contribution levels.
- > **Frequent review:** this means the design of performance targets are reviewed periodically to effect continuous improvement in line with market conditions and business strategy;
- > **Clarity of performance contract:** this means there is clarity around which performance targets and measures need to be managed as part of the day-to-day performance contracts of teams and individuals, against which performance bonuses will be paid (standard performance goals vs. stretch goals).

Executive remuneration

With the exception of Tony Sinclair, who is the executive director responsible for CEG and has passed the normal retirement age but whose services have been retained on a 12-month notice rolling contract, and Gavin Pelser, who has been appointed on a 12-month fixed term contract, all the executives have been appointed on a permanent basis.

Guaranteed remuneration for the executives in general is set at a level which is competitive and market related. External benchmarking was conducted for each executive role and has guided the decision-making going forward.

There are no post-retirement benefits for executives.

Short-term incentive – with the exception of Gavin Pelser who is the executive director responsible for ESG, the executives participate in a performance based short-term incentive scheme which ranges from 60% to 120% based on achieving various KPIs.

The short-term incentive is calculated by multiplying the executive's cost to company by the maximum percentage bonus multiplied by the score from their performance against the measures.

Long-term incentive – the executives qualify to participate in the Group's Long Term Bonus and Share Incentive Scheme ("LBSIR") in terms of which they are granted a bonus share incentive right calculated with reference to a specified number of shares at a price equal to the five-day volume weighted average market price at the date of grant.

The bonus right quantum is aligned to the performance of the executive.

Management and general staff

Guaranteed Remuneration

The target percentile is the 50th percentile of the relevant market. Employees who fall under the Metal Industries Bargaining Council and other industry wide agreements, negotiate their benefits annually on an industry wide basis. Employees are remunerated on either a cost to company or basic plus benefits basis, differentiated by various job grade levels.

Short-term incentive

The employees participate in performance-based incentives and can earn between 8.33% and 50% of cost to company or basic. The divisional measures are operational and include working capital ratios, profitability and cost control.

Non-executive directors

Non-executive directors are remunerated for their services as directors. They do not participate in any of the incentive schemes. When required, the fees are benchmarked against comparable organisations in terms of size and complexity, which has resulted in the fees being aligned to market rates. The Company seeks to adopt a retainer fee structure for non-executive directors (as opposed to the per-meeting fee structure which the Company has historically followed). This fee structure will enable the Company to derive maximum value from its non-executive directors in a manner that is efficient, fair and reasonable.

Performance management

The Group evaluates individual performance on an annual basis. The outcomes can be used for:

- > Annual increase
- > Incentives
- > Identifying training needs
- > Identifying employees with promotion potential

REMUNERATION Report continued

Section Three

Implementation report

The implementation report sets out the remuneration basis of executive and non-executive Directors for 2021 financial year.

Guaranteed Remuneration

The executive directors are remunerated on an all-inclusive cost to company methodology which includes contributions to retirement and medical aid.

The remuneration of the executives was reviewed and as part of the implementation of a consistent remuneration structure.

Short-term incentive

The performance of executives are evaluated against a scorecard which includes the following:

- > Group net profit versus budget
- > Group return on net assets
- > Group revenue growth
- > Individual performance and key performance targets

LBSIRs

The following grants were made during the year:

Recipient	Number of LBSIRs	Estimated Rand value of LBSIRs
Steven Joffe	616 082	6 444 218
Nazlee Rajmohamed	223 315	2 335 875
Craig Barnard	237 306	2 482 221
Tony Sinclair	253 532	2 651 945
Gavin Pelser	344 941	3 608 083
Lebohang Mpumlwana	114 323	1 195 819

These LBSIRs vest after three years on 26 January 2025 subject to performance criteria having been met. Thereafter the participants have 180 days to exercise their right to the vested LBSIRs. Any unexercised LBSIRs after this period will lapse.

The performance vesting conditions attached to these awards are as follows:

- > 75% will be based on growth in adjusted headline earnings per share at a rate of CPI plus 2% per annum over the three-year period, from the base of continuing headline earnings being 302 cents per share for the financial year 2021.
- > 25% will be based on the achievement of a 12% return on ordinary shareholders equity for the financial year 2024.

Retention

No specific cash-based retention awards were made. The Group have embarked on a talent management campaign including a focus on trainees and learners.

Succession planning is in place for senior managers.

Non-executive director fees

The fees paid to each director are determined on a per routine meeting basis. The Chairpersons of the Board and Board Committee received a combination of retainer and fee per routine meeting.

Non-executive director	Fees in Rand
CH Wiese	1 026 769
JD Wiese	421 476
LR Sherrell	258 946
RA Wally	759 857
M Makwana	642 035
F Davidson	413 320
I van Heerden	371 563
	3 893 966



ANNEXURE

The Group substantively complies with the governance principles contained in King IV™

King IV™ Report

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KING IV™ Report

King IV™ Compliance

Invicta applies the King IV™ principles to ensure that the governance outcomes relating to an ethical culture, effective control, good performance, and legitimacy are firmly embedded within the Group.

The Board is of the opinion that the Group substantively complies with the governance principles contained in King IV™ and fully complies with all requirements of the Company's Memorandum of Incorporation, the Companies Act, and the JSE Listings Requirements. Details on the manner in which the King IV™ governance principles have been applied in the Group are provided below.

King IV™ application statement

Principle	King IV™ Principle	Application of Recommended Practices
Principle 1	The governing body should lead ethically and effectively	<p>The Board, as governing body, hold one another accountable for decision-making and ethical behaviour. The Board Chairperson oversees this on an ongoing basis. This responsibility is contained in the Board Charter.</p> <p>The Board's role and responsibilities as set out in the Board Charter include, amongst other things, ensuring that the Company's ethics are managed effectively. Pursuant thereto, directors are required to fulfil their fiduciary duties to the Company at all times, while considering and balancing the interests of the Group's various stakeholders. The directors are bound by the same gift policy and code of ethics applicable to all Group employees.</p> <p>Directors disclose their other business interests in terms of the Companies Act and Invicta's conflict of interest disclosure policy. The Group Company Secretary maintains a register of their interests and directors disclose at each meeting any interests they may have regarding agenda items, and recuse themselves as necessary.</p>
Principle 2	The governing body should govern the ethics of the organisation in a way that supports the establishment of an ethical culture.	<p>The Board, through the Social and Ethics Committee, is responsible for the monitoring and governance of the ethics of the Group. This is contained in the Social and Ethics Committee Charter. The Social and Ethics Committee reports on an ongoing basis to the Board on the general state of the ethics within the Group.</p> <p>Management is responsible for the management of ethics operationally, including the implementation of applicable ethics policies and practices. The executive directors ensure that the focus on ethics and governance is lived operationally at every opportunity. There is no tolerance for unethical behaviour at any level in the Group and every instance is investigated and dealt with in a consistent manner. A code of ethics is in place for staff and the messages are reiterated on an ongoing basis through electronic platforms.</p> <p>The Group is in the process of extending the existing anonymous 'whistle-blowing' service to its operations outside of South Africa to promote an open and ethical culture throughout its operations.</p>
Principle 3	The governing body should ensure that the organisation is and is seen to be a responsible corporate citizen	<p>The Board oversees the Group's conduct as a good corporate citizen. In terms of the Board Charter, it is the responsibility of the Board to ensure that it is and it is seen to be a responsible citizen by having regard to not only the financial aspects of the Group, but also the impact that business operations have on the environment and communities in which they operate.</p> <p>To ensure effective oversight and monitoring, the Board delegates this responsibility to the Social and Ethics Committee which reviews the Group's performance as a responsible corporate citizen as well as the impact of its operations and activities on the Group's status as a responsible corporate citizen.</p> <p>In respect of the year under review, the Social and Ethics Committee adopted an "ESG Framework" which guides the Group's integration of social, environmental and governance considerations into the strategy and operations. This framework will, amongst other things, provides the Board with a standard against which to monitor Group's activities as a responsible social citizen.</p>

KING IV™ Report continued

Principle	King IV™ Principle	Application of Recommended Practices
Principle 4	The governing body should appreciate that the organisation's core purpose, its risk and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value creation process	<p>The Board recognises that the Group's strategy, risk, performance and sustainability are inseparable. This principle is enshrined in the Board Charter. To give effect to this principle, the Board must (i) satisfy itself that the strategy and business plans do not give rise to risks that have not been thoroughly assessed by management, (ii) identify key performance and risk areas, (iii) ensure that the strategy will result in sustainable outcomes and (iv) consider sustainability as a business opportunity that guides strategy formation.</p> <p>The Audit Committee assists the Board with the governance of risk by continuously monitoring risks and the implementation of various mitigating controls. Additionally, the Audit Committee and the Board review the risk assessment and ranking methodology.</p> <p>The Group strategy is developed by management in consultation with the Board. The Group strategy is reviewed annually by the Board taking into account existing and new opportunities, related risks, the availability of capital and resources, sustainability, and stakeholder interests. Management is responsible for the implementation of the strategic plan and achievement of the performance targets contained therein. Any acquisitions, investments or disposals take place in terms of an approved Approvals Framework (delegation of authority).</p>
Principle 5	The governing body should ensure that reports issued by the organisation enable stakeholders to make informed assessments of the organisation's performance, and its short, medium and long-term prospects	<p>The Company's Integrated Annual Report provides an assessment of its performance. In addition, the Company issues unaudited interim results and audited consolidated financial statements for the year-end results. The publication of external reports, press releases and releases on the Stock Exchange News Services on the Company's website, enable stakeholders to make informed assessments of the Company's performance in the short, medium, and long-term.</p> <p>The Board, through the Audit Committee, ensures that the necessary controls are in place to verify and safeguard the integrity of the Integrated Annual Report and any other disclosures. Reporting frameworks and materiality are approved by the Audit Committee to ensure compliance with legal requirements with regard to reporting. The Audit Committee oversees the integrated reporting process and reviews the audited financial statements.</p> <p>The Board expects the management team to continuously enhance its systems of internal control, and to provide assurance to the Board on the effectiveness of such controls. The Board, assisted by its Committees, oversees that the various reports are compliant with legal reporting requirements and meet the reasonable and legitimate needs of the stakeholders. The Committee Chairmen provide feedback to the Board on relevant matters. The Chairmen of the Audit Committee, Investment Committee, Remuneration Committee, Nominations Committee and Social and Ethics Committee report back to shareholders at each annual general meeting of the Company.</p> <p>In respect of the year under review, as an additional level of assurance, the Company commissioned an independent review of the Integrated Annual Report to assess compliance with reporting standards and market practice. The Board, together with management, remain committed to upholding the integrity of all reports issued by the Company.</p>
Principle 6	The governing body should serve as the focal point and custodian of corporate governance in the organisation	<p>The Board is the focal point and custodian of corporate governance within the Group. The Board Charter, the Company's Memorandum of Incorporation, the requirements of the JSE Listings Requirements, Companies Act, and King IV™, guide the Board in the execution of its role and responsibilities in an ethical manner and based on principles of good corporate governance. The Board is supported by various sub-Committees which have a delegated responsibility to assist the Board in fulfilling specific functions. They are governed by Charters and provide a report to the Board at every Board meeting.</p>

Principle	King IV™ Principle	Application of Recommended Practices
Principle 7	The governing body should comprise an appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively	<p>The Board's composition provides for diversity to enable it to discharge its duties effectively and objectively.</p> <p>The division of responsibilities of the Chairman and chief executive officer ("CEO") has been documented and approved by the Board to ensure a balance of power. There is a clear division between the role of the Chairman and the CEO, the latter being fully responsible and accountable for the operations of the Company, and whose role and function are formalised.</p> <p>The Board and Board Committee Charters also ensure that a balance of power exists and that conflicts of interest are detected and managed appropriately. Declarations of interest are tabled at every Board and Board Committee meetings. The declaration of interests is also a formal item on the agenda at all Board and Board Committee meetings. Should a matter arise in which a director has an interest, the director is not permitted to vote and is required to recuse himself/herself from any meeting where the matter is discussed.</p> <p>As at 31 March 2022, the Board comprised of five executive directors and seven non-executive directors, of whom three were independent. Despite the number of independent non-executive remaining in the minority, given the diversity in knowledge, skills and experience, the Board is of the view that there was a balance of power and authority on the Board reflected in its discussions. As the chairman, Dr Christo Wiese, is not considered to be independent as he is also a major shareholder, Mr Mpho Makwana is appointed as the lead independent non-executive director to take up the role of the chairman should there be a conflict.</p>
Principle 8	The governing body should ensure that its arrangements for delegation within its own structures promote independent judgement and assist with balance of power and the effective discharge of its duties.	<p>The Board and its sub-Committees comply with the requirements of King IV™. There is a clear balance of power to ensure that no individual/s have undue decision making powers. A lead independent non-executive director has been appointed.</p> <p>Committees have been established to assist the Board in discharging its responsibilities. The Committees of the Board comprise the Audit Committee, the Remuneration Committee, Nominations Committee, the Social and Ethics Committee and the Investment Committee.</p> <p>The Audit Committee is satisfied that the auditor is independent and that the audit firm has been appointed with the designated audit partner having oversight of the audit.</p> <p>The Chief Financial Officer oversees the finance function and is assisted by suitably qualified staff. An effective internal audit function is in place. An assessment of the effectiveness of the Chief Financial Officer's performance is conducted annually by the Audit and Risk Committee and confirmed in the Integrated Report.</p> <p>As and when required, the Nomination Committee reviews the composition of Board committees and makes recommendations to the Board with regard to their composition, including appointment of the chairman of each committee, taking into account factors such as diversity and skills and the need to create an even spread of power and authority.</p> <p>External advisors, executive directors and members of management attend Audit Committee meetings by invitation. The Audit Committee and Social and Ethics Committee reports have been constituted in compliance with the recommended practices of King IV™ and both these committees have issued more detailed reports in the Integrated Report.</p>
Principle 9	The governing body should ensure that the evaluation of its own performance and that of its committees, its chair and its individual members, support continued improvement in its performance and effectiveness	<p>The Board values openness and transparency and directors are encouraged to raise any concerns regarding Board functioning as they arise. As the Board has recently appointed several new directors, a board evaluation will be considered once they have sufficient opportunity to observe the functioning of the Board and its committees.</p>

KING IV™ Report continued

Principle	King IV™ Principle	Application of Recommended Practices
Principle 10	The governing body should ensure that the appointment of, and delegation to, management contribute to role clarity and the effective exercise of authority and responsibilities.	<p>The Board is overall responsible for the Company and delegates authority to the executive management to manage the day-to-day business and affairs of the Group. The CEO has a clearly defined role, and is assisted by the Executive committee under his leadership.</p> <p>The Board has approved and implemented the Approvals Framework (delegation of authority), which details the powers and matters reserved for itself and those delegated to management via the CEO, which is annually reviewed by the Board. The Board Charter and the Company's Memorandum of Incorporation also address the Board's and executive management's responsibilities and powers.</p> <p>The Approvals Framework (delegation of authority) addresses all operational aspects of the business and details the levels of authority and required approvals for these aspects. The delegation of authority by the CEO to the members of the executive committee ensures the delivery, implementation, and management of the Group's strategy. The Board is satisfied that the Company is appropriately resourced and that its delegation to management contributes to an effective arrangement by which authority and responsibilities are exercised.</p>
Principle 11	The governing body should govern risk in a way that supports the organisation in setting and achieving its strategic objectives	<p>The Board is ultimately responsible for ensuring that risks are managed effectively. The Board accepts that it is responsible for the governance of risk, and has the ultimate responsibility for risk management as well as for developing the risk appetite and monitoring risk tolerance levels assisted by the Audit Committee and management.</p> <p>The Audit Committee implements processes by which the risks to the sustainability of the Group are identified and managed within acceptable parameters. It regularly reviews the risk register and reports to the Board on the risk management principles in the Group.</p> <p>The Audit Committee delegates to management to continuously identify, assess, mitigate, and manage risks within the existing operating environment. Mitigating controls are in place to address these risks which are monitored on a continuous basis.</p>
Principle 12	The governing body should govern technology and information in a way that supports the organisation setting and achieving its strategic objectives	<p>The Board, through the Audit Committee, oversees the governance of information technology. The Board is aware of the importance of technology and information in relation to the Company's strategy. The executive committee manages related risks which it reports to the Audit Committee.</p>
Principle 13	The governing body should govern compliance with applicable laws and adopted, non-binding rules, codes and standards in a way that supports the organisation being ethical and a good corporate citizen.	<p>The Board is ultimately responsible for the governance of compliance with applicable laws and adopted, non-binding rules, codes, and standards. Compliance with laws, rules, regulations, and relevant codes is integral to the Company's risk management process. The Audit Committee assumes oversight of the compliance function within the Group and, is assisted by the Company Secretary to monitor compliance with the various regulations to which the Company is subject. Assessments of legal compliance are regularly undertaken by independent legal experts in key areas of the business in order to provide additional assurance.</p> <p>Directors are required to fulfil their fiduciary duties to the Company at all times, while considering and balancing the interests of the Group's various stakeholders. The directors are bound by the same gift policy and code of ethics applicable to all Group employees.</p> <p>The Board's share dealing policy reinforces the requirements of the Financial Markets Act and the JSE Listings Requirements. The Board further recognises that this responsibility extends beyond the letter of the law and voluntarily imposes additional restrictions on trading as required.</p>

Principle	King IV™ Principle	Application of Recommended Practices
Principle 14	The governing body should ensure that the organisation remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objectives and positive outcomes in the short, medium and long-term	<p>The Company is committed to remunerate fairly, responsibly and transparently to achieve the strategic objectives of the Company in the short, medium and long-term. The Remuneration Committee, on behalf of the Board, annually reviews the Remuneration Policy and Implementation Report, which are approved by the Board and tabled at the annual general meeting for a non-binding shareholder advisory vote. This helps to ensure that shareholders are able to express their views on the implementation of the Company's remuneration policy. The Remuneration Policy and Implementation Report are published online as a part of the 2021 Remuneration Report.</p> <p>Should 25% or more of the votes exercised in respect of the Remuneration Policy and Implementation Report be against either resolution, the Company will issue an invitation to the dissenting shareholders to engage with the Company.</p>
Principle 15	The governing body should ensure that assurance services and functions enable an effective control environment, and that these support the integrity of information for internal decision-making and of the organisation's external reports.	The Board has delegated the oversight of the internal audit to the Audit Committee. The Audit Committee's Charter provides for internal and external audit responsibilities, which are in line with good practice and the principles of combined assurance and is responsible for ensuring that the Group's internal audit function is independent and has the necessary resources, standing, and authority in the organisation to discharge its duties.
Principle 16	In the execution of its governance role and responsibilities, the governing body should adopt a stakeholder-inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interests of the organisation over time	The Company is committed to a stakeholder inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interests of the organisation.
Principle 17	The governing body of an institutional investor organisation should ensure that responsible investment is practiced by the organisation to promote the good governance and the creation of value by the companies in which it invests.	The Company is not an institutional investor and the principle is not applicable.



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