



Strategic growth,  
with a global vision.

**2023 AUDITED ANNUAL CONSOLIDATED  
FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 MARCH



# Approval of the consolidated financial statements

## To the shareholders of Invicta Holdings Limited

The directors of Invicta Holdings Limited (“Invicta” or “the Company”) or, together with subsidiaries, associates and joint ventures (“the Group”) are responsible for the preparation of the audited annual consolidated financial statements and related financial information that fairly presents the results of the Group for the period 1 April 2022 to 31 March 2023 (“the Report”).

The Report set out herein has been prepared under the supervision of Ms. Nazlee Rajmohamed CA(SA), the Group financial director, in accordance with the International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and IFRS Interpretations Committee (“IFRIC”) interpretations, the Companies Act No. 71 of 2008 (“Companies Act (2008)”), the JSE Listings Requirements (“Listings Requirements”) and the SAICA Financial Reporting Guides and financial pronouncements as issued by the Accounting Practices Committee. These are based on appropriate accounting policies, consistently applied, which are supported by reasonable and prudent judgements and estimates.

The external auditors are responsible for carrying out an independent examination of the Report in accordance with International Standards on Auditing and in compliance with the Companies Act (2008) and reporting their findings thereon. The Independent Auditors’ Report is set out on pages 9 to 12 of the Report.

In order for the directors to discharge their responsibilities, management has developed and continues to maintain a system of internal control aimed at reducing the risk of error or loss in a cost-effective manner. The external and internal auditors have unrestricted access to all records, property and personnel as well as to the Audit and Risk Committee. The Audit and Risk Committees, together with the internal auditors, play an oversight role in matters relating to financial and internal control, accounting policies, reporting and disclosures.

Each of the directors, whose names are stated below, hereby confirm that –

- (a) The audited annual consolidated financial statements set out on pages 13 to 94, fairly present in all material respects the financial position, financial performance and cash flows of the issuer in terms of IFRS;
- (b) To the best of our knowledge and belief, no facts have been omitted or untrue statements made that would make the audited annual consolidated financial statements false or misleading;
- (c) Internal financial controls have been put in place to ensure that material information relating to the issuer and its consolidated subsidiaries have been provided to effectively prepare the financial statements of the issuer;
- (d) The internal financial controls are adequate and effective and can be relied upon in compiling the audited annual consolidated financial statements, having fulfilled our role and function as executive directors with primary responsibility for implementation and execution of controls;
- (e) Where we are not satisfied, we have disclosed to the audit committee and the auditors any deficiencies in design and operational effectiveness of the internal financial controls and taken steps to remedy the deficiencies; and
- (f) We are not aware of any fraud involving directors.

The directors have reviewed the Group and Company’s financial budgets for the year to 31 March 2023 and consider it appropriate that the Group and Company audited annual financial statements continue to be prepared on the going concern basis. Refer to note 47 and the directors’ report for further details.

The Report for the period ended 31 March 2023, was approved by the board on 22 June 2023 for publication on 26 June 2023 and is signed on its behalf by:

**N. Rajmohamed**

*Director*

*Johannesburg*

22 June 2023

**S. Joffe**

*Director*

*Johannesburg*

22 June 2023

## Certification by the Group company secretary

In accordance with the provisions of section 88(2) of the Companies Act (2008), I certify that, to the best of my knowledge and belief, the Company has filed for the reporting period ended 31 March 2023, all such returns and notices as are required of a public company in terms of the said Act, and that all such returns and notices appear to be true, correct and up to date.

**L. Mpumlwana**

*Group company secretary*

*Johannesburg*

22 June 2023

# Audit and Risk Committee report

for the year ended 31 March 2023

## Background

The Audit and Risk Committee “ARC” is guided by a charter and amendments thereto are approved by the Board. The charter incorporates the specific responsibilities outlined in the Companies Act (2008) and the JSE Listings Requirements. Audit committees of the major operating divisions meet on a quarterly basis and report back to the Invicta ARC through the Group Directors who chair the divisional audit committees.

The purpose of the ARC is:

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

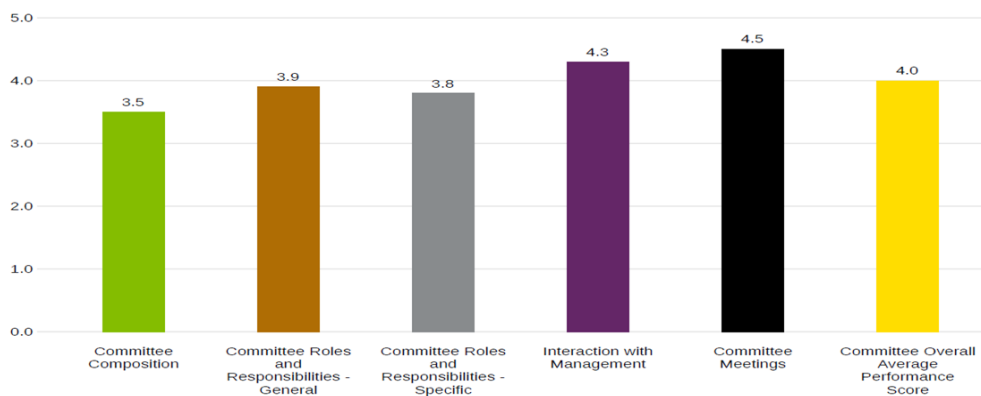
## Membership

The ARC members were re-appointed at the Annual General Meeting “AGM” of the Company on 13 September 2022.

The members during the 2023 financial year were Rashid Wally (Chairman), Mpho Makwana and Frank Davidson.

The ARC members were independent of executive management during the year under review. The Group CEO, Group Financial Director and Commercial Director attend the meeting by invitation. Shareholders will be requested to approve the appointment and/or reappointment of the members of the ARC at the AGM scheduled for 13 September 2023.

The Institute of Directors in South Africa were appointed to independently facilitate a self-evaluation of the overall performance of the committee. An overall rating of “Good” was achieved based on the assessment of the following elements:



Poor = 0.0 - 1.4 Needs Improvement = 1.5 - 2.4 Satisfactory = 2.5 - 3.4 Good = 3.5 - 4.4 Excellent = 4.5 - 5.0

Attendance at meetings by ARC members during the reporting period were as follows:

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

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

# Audit and Risk Committee report (continued)

for the year ended 31 March 2023

## Compliance

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

In this regard the ARC:

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

## Information, Communication and Technology

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

- Appraise major information, communication, and technology ("ICT") related projects and technology architecture decisions.
- Ensure that the Group's ICT programs effectively support the Group's business objectives and strategies.
- Monitor the overall performance of the Group's senior information technology ("IT") management teams.
- Advises the Audit and Risk Committee and Board on strategic or material ICT-related matters.
- Monitors the identifying and assessing of cyber risks to prevent the occurrence of successful cyber related attacks.

The ICT Committee consists of the Group Financial Director and the divisional IT managers, who meet quarterly. Regular reports are provided to the ARC on projects and IT management activities.

## Internal audit

The internal audit and risk management function is outsourced to BDO. At present the Group does not have a Chief Audit Executive; the interaction with BDO is managed by the Group Financial Director. The adequacy and effectiveness of the key financial reporting controls operating over the reporting period were tested and it was determined that the controls provided a sound Internal Control Framework. The controls were either determined to be adequate and effective or were covered by compensating controls that mitigated the risk of a material misstatement.

BDO maintained the risk database, held workshops, and provide guidance on the evolution of the combined assurance model.

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

## External audit

Ernst & Young Inc. ("audit firm") were reappointed independent external auditor. Ms. Amelia Young, who is a registered independent auditor, is the designated partner for the audit of the 2023 reporting period. In line with mandatory partner rotation, Mr Derek Engelbrecht will be the designated partner for financial year 2024.

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

The ARC, in consultation with executive management, agreed to the engagement letter, audit scope and audit plan for the 2023 reporting period. The budgeted fee was considered appropriate for the work that could reasonably have been foreseen at that time. The final fee will be agreed on completion of the audit. The Group is compliant with all regulations relating to audit firm rotation.

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

---

# Audit and Risk Committee report (continued)

for the year ended 31 March 2023

## External audit (continued)

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

## Key audit matters

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

## Consolidated financial statements

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

## Group Financial Director and financial reporting procedures

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

## Risk management

Responsibility for managing Group risk ultimately lies with the Board. The Board manages risk through the ARC and Executive Committee (supported by the boards of subsidiary companies, executive committees, and management at operational level) which assist the Board in discharging its responsibility for the governance of risk by identifying, monitoring, and managing risks on an ongoing basis.

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

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

The key risk areas listed were rated as likely and were assessed to have a high or significant residual risk rating. Details may be found in the Integrated Annual Report:

- South Africa's electricity supply
- Political and labour instability
- De-industrialisation of South Africa
- Global supply chain disruptions
- Acquisition risk
- Working capital management and currency volatility
- Information Technology risk
- Reputational damage
- Geo-political conflict and trade embargoes
- Loss of key management skills

## Rashid Wally

Chairman of the Audit Committee

22 June 2023

---

# Directors' report

for the year ended 31 March 2023

## Invicta Holdings Limited

The directors have pleasure in presenting their report, which forms part of the consolidated financial statements of the Group, for the period ended 31 March 2023.

## Nature of business

The Invicta Group consists of five operational segments, namely: 1. Replacement parts, Services, & Solutions: Industrial ("RPI: Industrial"); 2. Replacement parts, Services & Solutions: Auto-agri (RPA: Auto-agri"); 3. Capital Equipment ("CE: Capital equipment"); 4. Replacement parts, Services & Solutions: Earthmoving equipment (RPE: Earthmoving"); and 5. Kian Ann Group.

The various segments of the Group are described below.

## Invicta South Africa Holdings Proprietary Limited ("Invicta SA")

Invicta SA is the operational holding company of all the South African operations of the Invicta Group with 25% of its ordinary shares under the control of B-BBEE parties.

20% of Invicta SA's ordinary shares are held by Theramanzi Investments Proprietary Limited ("Theramanzi"), a wholly owned subsidiary of the Humulani Empowerment Trust ("HET"). The HET was established by Invicta in 2011 to promote the broad-based socio and economic advancement of black women, black broad-based groups and black designated groups in areas surrounding the operations of the Invicta Group. The disbursements made by the HET will be in the areas of education in projects that are considered to create sustainable community improvements. The HET is structured in the form of a broad-based trust, with an enhanced empowerment status. In terms of IFRS 10, HET and Theramanzi, its wholly owned subsidiary, are consolidated into the Group results.

5% of Invicta SA's ordinary shares are held by the Humulani Employee Investment Trust ("Employee Trust"). The beneficiaries of the Employee Trust are the historically disadvantaged South African employees of the Group, who do not participate in any other share incentive scheme of the Group.

RPI: Industrial completed its planned disposal of shareholdings in the Africa Maintenance Equipment ("AME") companies during the year to Africa Maintenance Equipment South Africa Proprietary Limited, a wholly owned subsidiary of the Employee Trust. The AMEs were set up in prior years to develop the customer supply chain in a manner that meets the requirements of the mining charter. The shares in each of the AMEs are now partly held by the independent B-BBEE partners, and the balance are held either by the Employee Trust or its wholly owned subsidiary. In terms of IFRS 10 *Consolidated Financial Statements*, the Employee Trust and Africa Maintenance Equipment South Africa Proprietary Limited are consolidated, and the AME entities are equity accounted into the Group's results.

## Replacement parts, Services & Solutions: Industrial (RPI: Industrial)

This segment is the leading wholesale and retail distributor in Africa of engineering consumable products, technical services and 360-degree solutions. It has a global network consisting of 108 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.

The following products and services are provided:

- Technical services including on-site installation, maintenance work, breakdown repair, condition monitoring, failure analysis, design engineering and manufacturing. It supplies both imported and local product ranges:
  - Engineering consumables including bearings, seals and gaskets, power transmission, light and heavy materials handling, fasteners, geared and electric drives and motors;
  - Fluid technology products and solutions including hydraulic, pneumatic, valves, pumps, filtration, hose, fittings, and lubrication;
- Supply of tools and equipment, cutting, welding, lifting, personal protective equipment, locks and machine tools;
- Supply of imported and local vibrator motors, tensioning, and suspension systems;
- Supply of vibrating equipment and material handling solutions;
- Manufacture and supply of heavy-duty belting components and imported conveyor belting to the mining industry.

## Replacement parts, Services & Solutions: Auto-agri (RPA: Auto-agri)

This segment supplies imported and locally sourced automotive and agricultural after-market replacement parts and kits in South Africa, the United Kingdom, Poland and Ukraine.

# Directors' report (continued)

for the year ended 31 March 2023

## Capital Equipment & related parts and services (CE: Capital equipment)

This segment holds a leading position in the wholesale and retail distribution of earthmoving and materials-handling equipment and the supply and distribution in Southern Africa of Original Equipment Manufacturer ("OEM") branded parts and components.

The following product ranges are supplied:

- TCM materials-handling equipment and related spare parts;
- Moffett forklifts, Combilift forklifts, other material-handling brands, as well as the supply of related spare parts;
- Doosan heavy earthmoving machinery, Everdigm hammers and Tonly off road dump trucks for construction and mining applications, and related spare parts;
- Hyundai earthmoving machinery and Soosan Hammers, and related spare parts.

## Replacement parts, Services & Solutions: Earthmoving equipment (RPE: Earthmoving)

The underlying businesses hold a leading position in the supply of the following after-market spare parts:

- ESP supplies after-market replacement spare parts, ground engaging tools, and undercarriage parts for earthmoving equipment in South Africa; and
- KMP is an independent wholesale supplier of aftermarket heavy-duty diesel engine parts for industrial and agricultural machinery which it exports to over 160 countries from the UK and USA.

## 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.

- Kunshan Kensetsu Buhin Co. Ltd and Jiangsu Kensetsu Buhin Co. Ltd are wholly owned subsidiaries which manufacture rollers for undercarriage of the heavy machinery and are based in China;
- European truck and bus parts are distributed through its subsidiary Kian Chue Hwa Pte Ltd;
- 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 dealers; and
- 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.

## Compliance with accounting standards

The Group's audited annual consolidated financial statements comply with International Financial Reporting Standards ("IFRS"), the Companies Act No. 71 of 2008, the JSE Listings Requirements, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, and Financial Pronouncements as issued by the Financial Reporting Standards Council.

## Group results

	2023 R'000	2022 R'000
Revenue	7,769,948	7,188,991
Operating profit before net finance income on financing transactions and foreign exchange movements	649,299	670,648
Profit for the year from continuing operations	587,245	520,816

While revenue grew by 8% year-on-year, and the gross profit margin increased by 1.8%, from 30.7% to 32.5%, selling, administration and distribution costs were 21% higher. This was due to the prior year numbers including the net profit on disposal of businesses namely the sale of AMEs and the partial disposal of the Invicta's interest in the Kian Ann Group. Excluding these profits from the comparative year, these costs increased by 16.2%. Following the acquisition of the KMP group on 1 January 2022, the prior year includes three months of expenses while the current year includes a full year. Further adjusting for this, selling, administration and distribution costs increased by 8% reflecting good cost management under the economic circumstances. The operating profit before net finance income from financing transactions and foreign exchange movements, after adjusting for the net profit on disposal of business, was R42 million higher. The growth in profit for the year from continuing operations of R66 million was delivered from the growth of R57 million in equity accounted earnings, largely from the investment in the Kian Ann joint venture.

## Going concern

Refer to note 47 for an assessment of the applicability of the going concern principle as a basis for the preparation of the audited annual consolidated financial statements.



# Directors' report (continued)

for the year ended 31 March 2023

## Events after the reporting date

Refer to note 48 for a detailed description of the events after reporting date.

## Significant disposals and other transactions

The control and consolidation of Keletso Imare Bindzue Procurement Services (Pty) Ltd in terms of IFRS 10 *Consolidated Financial Statements* ceased effective 1 April 2022, as the Group ended the outsourcing of procurement services.

The term loan of R75 million advanced to the Dartcom Group in the prior financial year, was repaid by 31 March 2023.

## Management philosophy

Each division is self-contained and has its own executive team which is supported by a complete finance and administration infrastructure. The Invicta Group CEO and Invicta executives are actively involved in the executive committees of all operating segments, with executive directors of the Group actively controlling and participating on the Boards of subsidiaries. Invicta aims to add value by providing expertise and guidance to subsidiary management teams, and by pooling best practices and resources within the Group.

## Ordinary share capital

The authorised ordinary share capital of the Company was reorganised by the conversion of all of the existing par value ordinary shares of R0.05 (five cents) each in the issued and authorised share capital into no-par value ordinary shares. The conversion became effective on 2 June 2022. All the shares rank parri passu with one another, on the basis that each no-par value ordinary share has the rights and privileges equivalent to the rights and privileges which were attached to such par value shares immediately prior to its conversion. In addition, a further 151,000,000 ordinary no-par value shares were created in the ordinary share capital of Invicta Holdings Limited, increasing the authorised ordinary share capital from 134,000,000 to 285,000,000 shares.

During the current financial year, the Group purchased 4,882,481 ordinary shares on the open market for R131 million and they were subsequently cancelled on 6 October 2022. A further 1,242,789 ordinary shares were purchased on the open market on 8 March 2023 for R34 million by Humulani Marketing (Pty) Ltd, a subsidiary company of Invicta Holdings Limited. On 31 March 2023, 110 821 of those shares were issued bringing the total shares in issue at the reporting date to 99,844,589 and leaving 1,131,968 treasury shares.

## Preference share capital

The authorised preference share capital of the Company remained unchanged at 18 000 000 cumulative non-participating preference shares of no-par value.

During the current financial year, the Company purchased 375 000 preference shares on the open market for R36 million. The shares were cancelled on 6 October 2022.

## Unissued share capital

The unissued ordinary shares are the subject of a general authority granted to the directors in terms of the Companies Act (2008) and the JSE Listings Requirements. In terms of the Company's memorandum of incorporation ("MOI") this general authority remains valid only until the next AGM, to be held on 13 September 2023. Members will be requested at the meeting to consider an ordinary resolution placing the said ordinary shares under the control of the directors until the 2024 AGM.

## Repurchase of shares

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

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

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

## Dematerialising of shares (STRATE)

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

## Auditors

Ernst & Young Inc. ("EY") was appointed as auditors of the Company and its major subsidiaries for the year ended 2023. Shareholders will be requested to reappoint EY as auditors of Invicta and the Group, at the Annual General Meeting ("AGM"), and to confirm that Mr. Derek Engelbrecht will be the designated audit partner for the 2024 reporting period.

---

# Directors' report (continued)

for the year ended 31 March 2023

## Sponsor

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

## Transfer secretaries

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

## Subsidiaries, associates and joint ventures

Details of the Company's interests in its material subsidiaries, associates and joint ventures are set out in the attached audited annual consolidated financial statements in notes 12, 13 and 14 on pages 44 to 49 of the Report.

## Directors

Details of the directors and Group Company Secretary during the reporting period and at the date of the audited annual consolidated financial statements are reflected in the integrated report.

## Directors' contracts

A loan has been previously given to a director of a subsidiary and the terms of the loan are market related, an amount remains as outstanding at the end of the period. No other contracts have been entered into between the Company or the Group and the Group directors, or directors of material Group companies, during the reporting period under review.

## Directors' interest in shares of the Company

The total direct and indirect interest declared by the directors in the issued ordinary share capital of the Company at 31 March 2023 was 54% (2022:52%).

The total direct and indirect interest declared by the directors in the preference share capital of the Company at 31 March 2023 was 33% (2022:28%).

The details of the directors' shareholding are reflected in note 42 on page 84.

## Directors' fees

Directors' payments for services as directors and other emoluments for the past reporting period are set out in note 41 on pages 81 to 83 of the Report. Members will be requested to consider a special resolution approving the remuneration of each non-executive director for the 2024 reporting period as required by the Companies Act (2008) and ordinary resolutions to endorse the remuneration policy and the remuneration implementation report at the AGM.

## Dividends

### Preference share dividends

It is the Group's policy to make two dividend payments each year, an interim in November and a final in June/July.

A cash dividend of 666.36 cents per preference share (2022: 470.10 cents per share) will be paid on 3 July 2023 to shareholders registered on 27 June 2023.

A cash dividend of 415.09 cents per preference share (2022: 322.16 cents per share) was paid on 5 December 2022 to shareholders registered on 2 December 2022.

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

### Ordinary share dividends

A cash dividend of 100 cents per ordinary share (2022: 90 cents per share) will be paid on 7 August 2023 to shareholders registered on 4 August 2023.

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

## Notice of annual general meeting

Notice to shareholders detailing all necessary resolutions relating to the Company affairs is set out in the Notice of AGM.

Signed on behalf of the board of directors

**Dr Christo Wiese**

*Chairman*

Cape Town

22 June 2023

**Steven Joffe**

*Chief executive officer*

Johannesburg

22 June 2023

---

# Independent auditor's report

*for the year ended 31 March 2023*

To the shareholders of Invicta Holdings Limited

## Report on the Audit of the Annual Consolidated Financial Statements

### Opinion

We have audited the annual consolidated financial statements of Invicta Holdings Limited and its subsidiaries ('the group') set out on pages 13 to 94, which comprise the consolidated statement of financial position as at 31 March 2023, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the annual consolidated financial statements present fairly, in all material respects, the consolidated financial position of the group as at 31 March 2023, and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the consolidated financial statements* section of our report. We are independent of the group in accordance with the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements of the Group and in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits of the Group and in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the annual consolidated financial statements of the current period. These matters were addressed in the context of our audit of the annual consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the annual consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

# Independent auditor's report (continued)

for the year ended 31 March 2023

Key Audit Matter	How the matter was addressed in the audit
<b>Inventory valuation</b>	
<p>The Inventory balance as at 31 March 2023 is R 2,892 million (2022: R2,570 million).</p> <p>As described in note 16 to the annual consolidated financial statements, the cost of finished goods and goods in transit, for both equipment and parts, is the landed cost of the goods plus the costs incurred to bring it to a selling location and is calculated using the weighted average method.</p> <p>In order to calculate the costs incurred to bring the inventory to a selling location, management performs various calculations to correct the IT system weighted average cost.</p> <p>Inventory valuation is considered a key audit matter due to the adoption of a new computer based automated calculation technique for the calculation of the inventory valuation adjustments which necessitated extended audit procedures to ensure that management's valuation policy is being accurately applied by the computer based automated technique calculation.</p>	<p>We performed the following procedures:</p> <ul style="list-style-type: none"><li>• Held discussions with management to understand their methodology for the cost adjustment calculations;</li><li>• Evaluated managements policy for inventory costing to assess compliance with IAS 2 – Inventories;</li><li>• Evaluated the reasonableness of the methodologies applied by management through comparison with prior years for consistency and our knowledge of industry practice;</li><li>• Tested the design and implementation of controls relating to the calculation of the inventory costing adjustments;</li><li>• Recalculated the arithmetical accuracy of management's computations in accordance with their policy; and</li><li>• Assessed the appropriateness and completeness of the related disclosures in the consolidated financial statements against the requirements of IAS 2 – Inventories.</li></ul>

## Other information

The directors are responsible for the other information. The other information comprises the information included in the 97-page document titled "2023 Audited Annual Consolidated Financial Statements for the year ended 31 March" and in the 36-page document titled "2023 Invicta Holdings Limited Audited Annual Financial Statements for the year ended 31 March", which includes the Approval of the annual consolidated financial statements, Directors responsibilities and approval, Certification by the Group company secretary, Certification by the Company secretary, Audit and Risk Committee report, Shareholder Information and the Directors' Report, as required by the Companies Act of South Africa, which we obtained prior to the date of this report, and the "2023 Integrated Report for the year ended 31 March" which is expected to be made available to us after that date. The other information does not include the annual consolidated financial statements and our auditor's reports thereon.

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

In connection with our audit of the annual consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the annual consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

---

# Independent auditor's report (continued)

for the year ended 31 March 2023

## Responsibilities of the directors for the consolidated financial statements

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

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

## Auditor's responsibilities for the audit of the consolidated financial statements

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

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

- Identify and assess the risks of material misstatement of the annual consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual consolidated financial statements, including the disclosures, and whether the annual consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the annual consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

---

# Independent auditor's report (continued)

*for the year ended 31 March 2023*

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

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

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

## Report on other legal and regulatory requirements

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

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

23 June 2023

# Consolidated statement of financial position

as at 31 March 2023

	Notes	31 March		
		2023 R'000	Reclassified* 2022 R'000	Reclassified* 2021 R'000
<b>Assets</b>				
<b>Non-current assets</b>				
Property, plant and equipment	4	1,023,842	1,048,581	887,574
Investment property	5	115,768	116,198	116,198
Right-of-use assets	6.1	248,989	220,751	245,782
Financial investments		–	–	972
Goodwill	7	48,316	42,560	3,391
Other intangible assets	8	48,463	68,629	41,539
Net investment in finance leases	9.1	33,958	24,019	75,915
Loan and other receivables	10	117,787	157,037	112,431
Derivatives	11.1	11,262	11,008	6,205
Investments in associates	13	67,747	50,636	8,059
Investments in joint ventures	14	1,687,437	1,298,853	–
Deferred taxation	15.1	198,230	155,282	174,842
<b>Total non-current assets</b>		<b>3,601,799</b>	<b>3,193,554</b>	<b>1,672,908</b>
<b>Current assets</b>				
Inventories	16	2,891,906	2,569,733	2,149,182
Trade and other receivables	17	1,278,695	1,288,443	1,102,727
Net investment in finance leases	9.1	40,383	59,904	85,946
Loan and other receivables	10	67,870	128,327	110,939
Derivatives	11.1	1,940	–	–
Current taxation		34,938	69,268	32,498
Cash and cash equivalents	18	799,957	582,354	896,900
<b>Total current assets</b>		<b>5,115,689</b>	<b>4,698,029</b>	<b>4,378,192</b>
Assets classified as held for sale	19	60,625	6,251	2,623,205
<b>Total assets</b>		<b>8,778,113</b>	<b>7,897,834</b>	<b>8,674,305</b>
<b>Equity and liabilities</b>				
<b>Equity</b>				
Ordinary share capital	20	–	5,236	5,574
Ordinary share premium	20	–	2,516,172	2,679,310
Stated capital	20	2,403,858	–	–
Treasury shares	20	(30,874)	–	(49,406)
Preference shares	22	712,500	750,000	750,000
Other reserves	23	(27,002)	(29,883)	(98,147)
Foreign currency translation reserve		218,009	(205,540)	381,498
Retained earnings		1,977,802	1,593,958	931,823
<b>Equity attributable to owners of the parent</b>		<b>5,254,293</b>	<b>4,629,943</b>	<b>4,600,652</b>
Non-controlling interests		84,842	62,742	125,436
<b>Shareholders' equity</b>		<b>5,339,135</b>	<b>4,692,685</b>	<b>4,726,088</b>

# Consolidated statement of financial position

as at 31 March 2023

	Notes	31 March		
		2023	Reclassified*	Reclassified*
		R'000	2022	2021
			R'000	R'000
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Borrowings	24	1,196,819	976,959	737,634
Right-of-use lease liabilities	6.2	222,605	201,457	237,632
Finance lease liabilities	9.2	24,990	22,201	46,286
Deferred taxation	15.1	29,408	26,045	24,716
Employee benefit bonus incentive	26	32,558	–	–
<b>Total non-current liabilities</b>		<b>1,506,380</b>	<b>1,226,662</b>	<b>1,046,268</b>
<b>Current liabilities</b>				
Trade and other payables*	25	1,318,200	1,328,654	1,091,215
Derivatives*	11.2	3,613	24,320	10,995
Employee benefit bonus incentive and provision	26	222,358	208,910	139,421
Current taxation		17,125	25,946	16,807
Borrowings	24	118,491	165,644	548,836
Right-of-use lease liabilities	6.2	81,154	74,831	71,761
Finance lease liabilities	9.2	23,885	33,911	69,917
Profit share liability	27	77,779	62,892	79,624
Bank overdrafts	18	69,676	53,379	253,926
<b>Total current liabilities</b>		<b>1,932,281</b>	<b>1,978,487</b>	<b>2,282,502</b>
Liabilities classified as held for sale	19	317	–	619,447
<b>Total liabilities</b>		<b>3,438,978</b>	<b>3,205,149</b>	<b>3,948,217</b>
<b>Total equity and liabilities</b>		<b>8,778,113</b>	<b>7,897,834</b>	<b>8,674,305</b>

\*The derivatives liability was previously included in trade and other payables and disclosed in the note thereto whilst dividends payable were separately disclosed on the face of the Consolidated Statement of Financial Position. To improve presentation and note disclosure, these balances have been reclassified in the current financial year. The derivatives liability is now separately disclosed on the face of the Consolidated Statement of Financial Position and dividends payable are included in trade and other payables. The comparatives and related notes have been presented on the same basis and a third Consolidated Statement of Financial Position presented above in line with IAS 1.40, to present the reclassifications at the beginning of the preceding year.



# Consolidated statement of profit or loss and other comprehensive income

for the year ended 31 March 2023

	Notes	31 March	
		2023 R'000	2022 R'000
<b>Continuing operations</b>			
<b>Revenue</b>	28	<b>7,769,948</b>	7,188,991
Cost of sales		<b>(5,246,005)</b>	(4,981,775)
<b>Gross profit</b>		<b>2,523,943</b>	2,207,216
Expected credit gains recognised on loan receivables	10	–	5,178
Expected credit (losses)/gains recognised on trade receivables	17	<b>(4,189)</b>	4,800
Selling, administration and distribution costs		<b>(1,870,455)</b>	(1,546,546)
<b>Operating profit before net finance income on financing transactions and foreign exchange movements</b>	29	<b>649,299</b>	670,648
Finance income from financing transactions	9.3	<b>8,140</b>	11,809
Finance cost on financing transactions	9.3	<b>(2,873)</b>	(7,637)
Foreign exchange gains	30	<b>289,038</b>	118,769
Foreign exchange losses and costs	30	<b>(297,016)</b>	(134,609)
<b>Operating profit</b>		<b>646,588</b>	658,980
Equity accounted earnings from investment in associates	13	<b>12,817</b>	6,378
Equity accounted earnings from investment in joint ventures	14	<b>152,851</b>	101,887
Finance income	31	<b>43,017</b>	26,436
Finance cost	32	<b>(131,222)</b>	(106,029)
<b>Profit before taxation</b>		<b>724,051</b>	687,652
Taxation expense	15.2	<b>(136,806)</b>	(166,836)
<b>Profit for the year from continuing operations</b>		<b>587,245</b>	520,816
<b>Discontinued operations</b>			
Profit for the year from discontinued operations	34	–	385,330
<b>Profit for the year</b>		<b>587,245</b>	906,146
<b>Other comprehensive income/(loss)</b>			
<i>Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods (net of tax):</i>			
Exchange differences on translation of foreign operations		<b>439,044</b>	(37,225)
<b>Other comprehensive income/(loss)</b>		<b>439,044</b>	(37,225)
<b>Total comprehensive income for the year</b>		<b>1,026,289</b>	868,921

# Consolidated statement of profit or loss and other comprehensive income

for the year ended 31 March 2023

	Notes	31 March	
		2023 R'000	2022 R'000
<b>Profit attributable to:</b>			
Owners of the parent - ordinary shares (continuing)		489,523	440,278
Owners of the parent - ordinary shares (discontinued operations)		–	385,330
Non-controlling interests		24,546	23,285
Owners of the parent - preference shares		73,176	57,253
<b>Profit for the year</b>		<b>587,245</b>	<b>906,146</b>
<b>Total comprehensive income attributable to:</b>			
Owners of the parent - ordinary shares (continuing)		913,072	402,630
Owners of the parent - ordinary shares (discontinued operations)		–	385,330
Non-controlling interests		40,041	23,708
Owners of the parent - preference shares		73,176	57,253
<b>Total comprehensive income for the year</b>		<b>1,026,289</b>	<b>868,921</b>
<b>Basic earnings per share from continuing operations (cents)</b>			
	33	481	408
<b>Basic earnings per share (cents)</b>			
	33	481	764
<b>Diluted earnings per share from continuing operations (cents)</b>			
	33	479	395
<b>Diluted earnings per share (cents)</b>			
	33	479	741

# Consolidated statement of changes in equity

for the year ended 31 March 2023

	31 March										
	Stated capital	Ordinary share capital	Share premium	Treasury shares	Preference shares	Other reserves*	Foreign currency translation reserve	Retained earnings	Attributable to equity shareholders	Non-controlling interests	Total
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Balance at 31 March 2021	–	5,574	2,679,310	(49,406)	750,000	(98,147)	381,498	931,823	4,600,652	125,436	4,726,088
<b>Total comprehensive income for the year</b>	–	–	–	–	–	–	(37,648)	882,861	845,213	23,708	868,921
Profit for the period	–	–	–	–	–	–	–	882,861	882,861	23,285	906,146
Other comprehensive (loss)/income for the	–	–	–	–	–	–	(37,648)	–	(37,648)	423	(37,225)
<b>Transactions with owners of the Company</b>											
<b>Contributions and distributions</b>											
Ordinary shares purchased	–	(338)	(163,138)	(21,618)	–	–	–	(34,052)	(219,146)	–	(219,146)
Ordinary shares cancelled	–	–	–	71,024	–	–	–	–	71,024	–	71,024
Preference dividends declared	–	–	–	–	–	–	–	(57,253)	(57,253)	–	(57,253)
Ordinary dividends declared	–	–	–	–	–	–	–	(69,657)	(69,657)	(1,107)	(70,764)
Other reserve movements	–	–	–	–	–	(46)	–	(630)	(676)	–	(676)
Equity-settled share-based payments	–	–	–	–	–	10,775	–	–	10,775	–	10,775
Equity-settled share-based payments cancelled	–	–	–	–	–	(8,370)	–	8,370	–	–	–
Transfer between reserves	–	–	–	–	–	–	–	4,463	4,463	(4,463)	–
<b>Changes in ownership interests</b>											
Disposal of subsidiary	–	–	–	–	–	71,967	(549,390)	(71,967)	(549,390)	(287,455)	(836,845)
Non-controlling interest arising on the issue of additional share capital in a subsidiary	–	–	–	–	–	–	–	–	–	209,427	209,427
Acquisition of non-controlling interests	–	–	–	–	–	(6,062)	–	–	(6,062)	(2,804)	(8,866)
<b>Balance at 31 March 2022</b>	–	5,236	2,516,172	–	750,000	(29,883)	(205,540)	1,593,958	4,629,943	62,742	4,692,685

# Consolidated statement of changes in equity

for the year ended 31 March 2023

	31 March										
	Stated capital	Ordinary share capital	Share premium	Treasury shares	Preference shares	Other reserves*	Foreign currency translation reserve	Retained earnings	Attributable to equity shareholders	Non-controlling interests	Total
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Balance at 31 March 2022	–	5,236	2,516,172	–	750,000	(29,883)	(205,540)	1,593,958	4,629,943	62,742	4,692,685
<b>Total comprehensive income for the year</b>	–	–	–	–	–	–	423,549	562,699	986,248	40,041	1,026,289
Profit for the period	–	–	–	–	–	–	–	562,699	562,699	24,546	587,245
Other comprehensive income for the period	–	–	–	–	–	–	423,549	–	423,549	15,495	439,044
<b>Transactions with owners of the Company</b>											
<b>Contributions and distributions</b>											
Ordinary par value shares converted to ordinary no par value shares	2,521,408	(5,236)	(2,516,172)	–	–	–	–	–	–	–	–
Ordinary shares purchased	–	–	–	(151,416)	–	–	–	(13,331)	(164,747)	–	(164,747)
Ordinary shares cancelled	(117,550)	–	–	117,550	–	–	–	–	–	–	–
Ordinary shares disposed to director S.B. Joffe - options exercised	–	–	–	2,992	–	–	–	–	2,992	–	2,992
Preference shares purchased	–	–	–	(37,500)	–	–	–	1,489	(36,011)	–	(36,011)
Preference shares cancelled	–	–	–	37,500	(37,500)	–	–	–	–	–	–
Ordinary dividends declared	–	–	–	–	–	–	–	(99,002)	(99,002)	(16,016)	(115,018)
Preference dividends declared	–	–	–	–	–	–	–	(73,176)	(73,176)	–	(73,176)
Equity-settled share-based payments exercised	–	–	–	–	–	(4,239)	–	–	(4,239)	–	(4,239)
Equity-settled share-based payments issued	–	–	–	–	–	13,112	–	–	13,112	–	13,112
Equity-settled share-based payments cancelled	–	–	–	–	–	(5,992)	–	5,001	(991)	–	(991)
Transfer between reserves	–	–	–	–	–	–	–	164	164	(164)	–
<b>Changes in ownership interests</b>											
Disposal of subsidiary	–	–	–	–	–	–	–	–	–	(1,761)	(1,761)
<b>Balance at 31 March 2023</b>	<b>2,403,858</b>	<b>–</b>	<b>–</b>	<b>(30,874)</b>	<b>712,500</b>	<b>(27,002)</b>	<b>218,009</b>	<b>1,977,802</b>	<b>5,254,293</b>	<b>84,842</b>	<b>5,339,135</b>
<b>Notes</b>	<b>20</b>	<b>20</b>	<b>20</b>	<b>20</b>	<b>22</b>	<b>23</b>					

\* Consists of a common control reserve, share-based payment reserve and other statutory reserves (note 23).

# Consolidated statement of cash flows

for the year ended 31 March 2023

	Notes	31 March	
		2023 R'000	2022 R'000
<b>Cash flows from operating activities</b>			
Cash generated from operations	35	639,099	978,121
Finance costs paid		(128,296)	(106,413)
Finance cost on financing transactions paid		(1,076)	(7,739)
Dividends paid to Group shareholders	36	(163,831)	(130,989)
Dividends paid to non-controlling interests		(16,016)	(1,107)
Taxation paid	37	(152,890)	(183,489)
Finance income received		42,099	24,791
Finance income from financing transactions received		8,140	11,809
<b>Net cash inflow from operating activities</b>		<b>227,229</b>	<b>584,984</b>
<b>Cash flows from investing activities</b>			
Proceeds on disposal of property, plant and equipment and other intangible assets		38,898	126,225
Additions to property, plant and equipment		(78,092)	(122,544)
Additions to other intangible assets	8	(1,603)	(8,263)
Acquisition of subsidiaries and businesses	39	–	(267,574)
Additional investment in associate	13	(38)	(37,389)
Proceeds on disposal of subsidiaries (net of cash and cash equivalents disposed)	40	(391)	(296,585)
Dividend received from associate	13	3,679	1,465
Dividend received from joint venture	14	83,893	24,821
Funds lent in relation to long term receivables		(9,811)	(75,230)
Payments received from long term receivables		125,249	108,888
<b>Net cash inflow/(outflow) from investing activities</b>		<b>161,784</b>	<b>(546,186)</b>
<b>Cash flows from financing activities</b>			
Funding received in respect of borrowings	38	185,000	1,300,134
Principal repayment of borrowings	38	(129,686)	(1,501,824)
Funding received in respect of finance lease liabilities	38	47,671	44,169
Principal repayment of finance lease liabilities	38	(46,228)	(104,190)
Principal repayment of right-of-use lease liabilities	6.2	(82,315)	(75,807)
Payment of profit share liability	27	(5,007)	(6,350)
Ordinary shares repurchased	20	(164,747)	(148,122)
Preference shares repurchased	22	(36,011)	–
Proceeds from issue of shares to non-controlling interests		–	1,790
Acquisition of non-controlling interests		–	(8,866)
<b>Net cash outflow from financing activities</b>		<b>(231,323)</b>	<b>(499,066)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>			
Cash and cash equivalents at the beginning of the year		528,975	998,966
Effect of foreign exchange rate movement on cash balance		43,659	(9,723)
<b>Cash and cash equivalents at the end of the year</b>		<b>730,324</b>	<b>528,975</b>
<b>Cash and cash equivalents</b>			
Bank and cash balances	18	799,957	582,354
Bank overdrafts	18	(69,676)	(53,379)
Cash and cash equivalents of continuing operations	18	730,281	528,975
Cash and cash equivalents classified as held-for-sale	19	43	–
<b>Total</b>		<b>730,324</b>	<b>528,975</b>

# Notes to the audited annual consolidated financial statements

for the year ended 31 March 2023

## Corporate information

Invicta Holdings Limited (the “Company”), registration number 1966/002182/06, is a company incorporated and domiciled in South Africa. The registered address of the Company is 3 Droste Crecent, Droste Park Extension 7, Jeppestown, Johannesburg, 2001. The Company’s shares are publicly traded on the Johannesburg Securities Exchange and the A2X. The audited annual consolidated financial statements of the Company for the year ended 31 March 2023 comprise the Company, its subsidiaries, associates and joint ventures (together referred to as the “Group”). The Company is the ultimate parent company of the Group.

The Group’s principal activities include the wholesale and distribution of engineering consumable goods, earthmoving and material-handling equipment, the supply and distribution of branded parts and equipment as well as the provision of technical services through its operating segments.

The audited annual consolidated financial statements were authorised for issue by the directors on 22 June 2023.

## 1. Accounting framework

The Group applies all applicable International Financial Reporting Standards (IFRS) to prepare the audited annual consolidated financial statements. Consequently, all IFRS statements that were effective as of 31 March 2023 and are relevant to the Group’s operations have been applied.

The principal accounting policies applied in preparing these audited annual consolidated financial statements are set out in each of the respective notes. Any accounting policies that are general in nature and that are applicable to more than one specific note have been disclosed below under significant accounting policies.

In preparation of these audited annual consolidated financial statements, the Group has assessed materiality for each item on the statement of comprehensive income and statement of financial position. In assessing the materiality of the Group, quantitative and qualitative factors were considered.

### New and amended standards and interpretations:

The accounting policies applied are consistent with those adopted and disclosed in the audited annual consolidated financial statements for the year ended 31 March 2022, unless otherwise stated. The Group has adopted the following amendments which became effective for the current financial year:

Standards and amendments	Effective date	Impact
Annual improvements to IFRS Standards (cycle 2018 – 2020)	1 January 2022	No material impact
Amendments to IAS 37 <i>Provisions, Contingent Liabilities and Contingent Assets</i> : Costs of Fulfilling a Contract	1 January 2022	No material impact
Amendments to IFRS 3 <i>Business Combinations</i> : Reference to the Conceptual Framework	1 January 2022	No material impact
Amendments to IAS 16 <i>Property, Plant and Equipment</i> : Proceeds before Intended Use	1 January 2022	No material impact

### Standards issued but not yet effective

The standards and interpretations that are issued but not yet effective up to the date of issuance of the Group’s audited annual consolidated financial statements, are disclosed below. The Group intends to adopt these amendments, if applicable, when they become effective.

Standards and amendments	Effective date	Possible impact
Amendments to IFRS 10 <i>Consolidated Financial Statements</i> and IAS 28 <i>Investments in Associates and Joint Ventures</i> : Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	The effective date of this amendment has been deferred indefinitely until further notice	Unlikely there will be a material impact
Amendments to IAS 1 <i>Presentation of Financial Statements</i> : Classification of Liabilities as Current or Non-current	Annual periods beginning on or after 1 January 2023	Unlikely there will be a material impact

# Notes to the audited annual consolidated financial statements (continued)

for the year ended 31 March 2023

## 1. Accounting framework (continued)

### Standards issued but not yet effective (continued)

Standards and amendments	Effective date	Possible impact
Amendments to IAS 1 <i>Presentation of financial statements</i> and IFRS Practice Statement 2 <i>Making Materiality Judgements: Disclosure of Accounting Policies</i>	Annual periods beginning on or after 1 January 2023	Unlikely there will be a material impact
Amendments to IAS 8 <i>Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates</i>	Annual periods beginning on or after 1 January 2023	Unlikely there will be a material impact
Amendments to IAS 12 <i>Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>	Annual periods beginning on or after 1 January 2023	Unlikely there will be a material impact
Amendments to IAS 12 <i>Income Taxes: International Tax Reform – Pillar Two Model Rules*</i>	Annual periods beginning on or after 1 January 2023*	No impact
Amendments to IFRS 16 <i>Leases: Lease Liability in a Sale and Leaseback</i>	Annual periods beginning on or after 1 January 2024	Unlikely there will be a material impact

\*Effective immediately in countries which have adopted and enacted the Pillar Two Model Rules.

## 2. Significant accounting policies

### 2.1. Basis of preparation and statement of compliance

The audited annual consolidated financial statements have been prepared in accordance with IFRS and its interpretations as issued by the International Accounting Standards Board (IASB) and IFRS Interpretations Committee (IFRIC) interpretations, the Companies Act No. 71 of 2008, the Listing Requirements and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council.

The audited annual consolidated financial statements are presented in Rand, which is also the functional currency of the Group, rounded to its nearest thousand (R'000) unless otherwise indicated.

The audited annual consolidated financial statements were compiled under the supervision of Ms. N Rajmohamed, the Financial Director.

The audited annual consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments measured at fair value. These accounting policies are consistent with those of the comparative financial year unless otherwise stated.

### Fair value measurement and valuation processes

The Group measures certain financial instruments at fair value at each reporting date (note 11 derivatives and note 27 profit share liability). Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date regardless of whether that price is directly observable or estimated using a valuation technique. In estimating the fair value of an asset or liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the audited annual consolidated financial statements are categorised within the fair value hierarchy described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – inputs are quoted prices (unadjusted) in active markets for identical assets and liabilities that the Group can access at the measurement date.
- Level 2 – inputs are inputs, other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 – inputs are unobservable inputs for the asset or liability.

# Notes to the audited annual consolidated financial statements (continued)

for the year ended 31 March 2023

## 2. Significant accounting policies (continued)

### Fair value measurement and valuation processes (continued)

For assets and liabilities that are recognised on a recurring basis, the Group determines whether transfers have occurred between the levels in the hierarchy by reassessing the categorisation at the end of each reporting period. Information about the valuation techniques and inputs used in determining the fair value is disclosed in note 43 financial instruments measured at fair value.

### 2.2. Basis of consolidation

The audited annual consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power over the investee to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities when decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and non-controlling interests even if this results in the non-controlling interests having a deficit balance.

All intragroup assets and liabilities, equity, income, expenses, and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture, or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets and liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

The profit or loss realised on disposal or termination of an entity is calculated after taking into account the carrying amount of any related goodwill.



# Notes to the audited annual consolidated financial statements (continued)

for the year ended 31 March 2023

## 2. Significant accounting policies (continued)

### 2.3. Associates and joint ventures

Associates and joint ventures are accounted for using the equity method.

An associate is an entity over which the Group exercises significant influence, but does not control or jointly control the financial and operating policies of the investee.

A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for liabilities. Joint control is a contractually agreed sharing of control of an arrangement that requires unanimous consent by the contractual parties on decisions about the relevant activities.

In applying the equity method, the investment in the associate or joint venture is measured at cost, which includes transaction costs, with the Group's share of post-acquisition earnings recognised in profit or loss and other comprehensive income in accordance with the Group's accounting policies and is separately presented in the statement of profit or loss and other comprehensive income. The Group's share of the investee's reserves is recognised in the statement of changes in equity per the relevant reserve category.

At initial recognition, the principles for business combinations are applied and any resulting notional goodwill arising on the acquisition is included in the carrying amount of the investment. Any gain on bargain purchase is included as income in the Group's share of the associate or joint venture's profit or loss in the period in which the investment is acquired.

Similarly, associates or joint ventures are equity accounted from acquisition date and cease to be equity accounted when significant influence or joint control ceases.

Dividend income from associates or joint ventures reduces the carrying value of the investment. If the associates or joint ventures are loss-making, the carrying value is reduced until it is carried at Rnil.

When additional investments are made while maintaining significant influence or joint control, the cost of the additional investment is added to the carrying value of the investee. Notional goodwill that arises from this additional acquisition is added to the carrying value of the investee. When the ownership interest in an investee is reduced without affecting the classification as an associate or joint venture, the Group reclassifies to profit or loss the proportionate gain or loss that had previously been recognised in other comprehensive income relating to the reduction in ownership interest if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets and liabilities.

### 2.4. Foreign currency

Each entity in the Group determines its own functional currency and transactions included in the financial statements of each entity are measured using the functional currency.

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Subsequent to initial recognition, monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are recognised in profit or loss.

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. The profit or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the profit or loss on change in fair value of the item (i.e., translation differences on items whose fair value profit or loss is recognised in other comprehensive income, or, profit or loss, are also recognised in other comprehensive income or profit or loss, respectively).

# Notes to the audited annual consolidated financial statements (continued)

for the year ended 31 March 2023

## 2. Significant accounting policies (continued)

### 2.4. Foreign currency (continued)

#### **Foreign currency translations**

For the purposes of presenting the audited annual consolidated financial statements, the presentation currency is the South African Rand. On consolidation, the assets and liabilities of foreign operations, with a functional currency other than the Rand, including goodwill and fair value adjustments arising on acquisition, are translated from local currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated from local currency at the exchange rates at the dates of the transactions.

All resulting foreign currency exchange differences are recognised in other comprehensive income (OCI) and accumulated in the foreign currency translation reserve, except to the extent that the translation difference is allocated to non-controlling interests (NCI).

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to NCI. When the Group disposes of only part of an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

### 2.5. Financial instruments

#### **Initial recognition and measurement**

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instrument, and these are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss ("FVTPL")) are added to or deducted from the fair value of the financial assets and financial liabilities, as appropriate on initial recognition. Transaction costs directly attributable to the acquisition of financial assets and financial liabilities at FVTPL, are recognised immediately in profit or loss.

If the fair value of the financial asset or financial liability at initial recognition differs from the transaction price, the Group recognises the difference as a gain or loss, in profit or loss if, that fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e., level 1 input) or based on a valuation technique that uses data only from observable markets. In all other cases, the difference is deferred at initial recognition and subsequently, that deferred difference is recognised as a gain or loss only to the extent that it arises from a change in a factor (such as time) that market participants would take into account when pricing the asset or liability.

#### **Subsequent measurement of financial assets**

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value depending on their classification of the financial asset. Financial assets at amortised cost include loan receivables (note 10), trade and other receivables (note 17), net investment in finance leases (note 9.1) and cash and cash equivalents (note 18) as the business model is to collect payment of principal and interest.

Financial assets at fair value through profit or loss include derivative interest rate swaps and forward exchange contracts (note 11.1).

The Group currently does not recognise any financial assets through other comprehensive income.

#### **Subsequent measurement of financial liabilities**

All financial liabilities are measured subsequently at amortised cost using the effective interest rate method or at fair value through profit or loss.

Financial liabilities at amortised cost includes interest-bearing borrowings (note 24), trade and other payables (note 25), lease liabilities (note 9.2), right-of-use lease liabilities (note 6.2) and bank overdrafts (note 18).

Financial liabilities classified as at fair value through profit or loss includes derivative forward exchange contracts (note 11.2) and the profit share liability (note 27).

# Notes to the audited annual consolidated financial statements (continued)

for the year ended 31 March 2023

## 2. Significant accounting policies (continued)

### 2.5. Financial instruments (continued)

#### **Financial asset write-offs**

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

#### **Derecognition of financial assets and financial liabilities**

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains all the risks and rewards of ownership substantially and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains all the risks and rewards of ownership of a transferred financial asset substantially, the Group continues to recognise the financial asset and recognises a collateralised borrowing for the proceeds received. On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

The Group derecognises a financial liability when, and only when, the Group's obligations are discharged, cancelled, or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

When the Group exchanges with the existing lender one debt instrument into another one with substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Group accounts for substantial modification of terms of an existing liability or part of it, as an extinguishment of the original financial liability and recognises a new financial liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. Any costs or fees incurred are recognised as part of the profit or loss on extinguishment. If the modification is not substantial, the difference between the carrying amount of the liability before the modification and the present value of the cash flows after the modification are recognised in profit or loss as the modification profit or loss within other profits and losses and any costs or fees incurred adjust the carrying amount of the financial liability and are amortised over the remaining term of the modified liability.

#### **Amortised cost and effective interest rate method**

Interest income is recognised in profit or loss and presented in the finance income line item. Interest expense is recognised in profit or loss and presented in the finance cost line item.

### 2.6. Change in accounting policy

During the current financial year there have been no changes to accounting policies made by management as a result of new and amended IFRS's which are applicable in the current financial year.

# Notes to the audited annual consolidated financial statements (continued)

for the year ended 31 March 2023

## 3. Operating segments

### Accounting policy

The determination of operating segments is based on components of the Group that engage in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. Each operating segment's operating results excluding foreign exchange, and finance income and costs which, are managed centrally, is reviewed regularly by the Group's Executive Committee to make decisions about resources to be allocated to the segment and assess its performance. In addition, corporate assets which are not directly attributable to the business activities of any operating segment are not allocated to a segment. Business operations considered to be immaterial to the Group (less than 10% of revenues, profit or loss and assets and liabilities), are aggregated within the reportable segments identified, as described below, based on the economic characteristics of the products and services offered.

All segments are operating within South-Africa, Asia, North America and some parts of Africa and Europe.

Transactions between segments follow the Group's accounting policies.

The Group has the following reportable operational segments:

Reportable segments	Operations
Replacement parts, Services, & Solutions: Industrial (RPI: Industrial)	Wholesaler of engineering consumables, tools & equipment and belting and provider various technical services operating in Africa and Asia.
Replacement parts, Services & Solutions: Auto-agri (RPA: Auto-agri)	Supplier of imported and local automotive components operating in South Africa and Europe.
Capital equipment (CE: Capital equipment)	Wholesale and retail distributor of construction equipment, forklifts and related OEM parts and components operating in South Africa.
Replacement parts, Services & Solutions: Earthmoving equipment (RPE: Earthmoving)	Suppliers of after-market replacement spare parts for earthmoving equipment, ground engaging tools and undercarriage parts, as well as spare parts for heavy-duty diesel engine for industrial and agricultural machinery operating in South Africa, Europe and America.
Kian Ann Group (Joint Venture)	Manufacture and distributor of heavy machinery parts and diesel engine components operating in Asia, America and Canada.
Corporate Group	Comprises MacNeil Plastics and Group support services including financing, investment, and property operating in South Africa.

### 3.1 Segment revenue

The following is an analysis of the Group's revenue and results from operations by reportable segments:

	31 March			
	Sale of goods	Rendering of services	Rental income	Total
	R'000	R'000	R'000	R'000
<b>2023</b>				
RPI: Industrial	4,767,461	8,430	–	4,775,891
RPA: Auto-agri	550,426	688	–	551,114
CE: Capital equipment	875,014	101,032	81,471	1,057,517
RPE: Earthmoving	985,544	–	–	985,544
Corporate Group	389,597	–	20,713	410,310
Inter-segment elimination	(10,428)	–	–	(10,428)
<b>Total</b>	<b>7,557,614</b>	<b>110,150</b>	<b>102,184</b>	<b>7,769,948</b>
<b>2022</b>				
RPI: Industrial	4,431,150	5,470	–	4,436,620
RPA: Auto-agri	517,825	528	–	518,353
CE: Capital equipment	779,041	68,608	214,445	1,062,094
RPE: Earthmoving	547,397	–	–	547,397
Corporate Group	600,906	–	35,732	636,638
Inter-segment elimination	(12,111)	–	–	(12,111)
<b>Total continuing operations</b>	<b>6,864,208</b>	<b>74,606</b>	<b>250,177</b>	<b>7,188,991</b>
Discontinued operations	461,233	–	–	461,233
<b>Total</b>	<b>7,325,441</b>	<b>74,606</b>	<b>250,177</b>	<b>7,650,224</b>

# Notes to the audited annual consolidated financial statements (continued)

for the year ended 31 March 2023

## 3. Operating segments (continued)

3.2		31 March			
		Operating profit/(loss) before interest on financing transactions and foreign exchange movements		Profit/(loss) before taxation	
		2023	2022	2023	2022
	R'000	R'000	R'000	R'000	
	<b>Profit or loss</b>				
	RPI: Industrial*	369,110	332,208	256,815	240,389
	RPA: Auto-agri	114,871	94,222	104,698	83,851
	CE: Capital equipment	84,050	113,393	89,815	122,113
	RPE: Earthmoving	108,164	68,988	105,372	67,475
	Kian Ann Group	–	–	152,851	77,065
	Corporate Group*	(26,896)	61,837	14,500	96,759
	<b>Total continuing operations</b>	<b>649,299</b>	<b>670,648</b>	<b>724,051</b>	<b>687,652</b>
	Discontinued operations	–	411,768	–	390,892
	<b>Total</b>	<b>649,299</b>	<b>1,082,416</b>	<b>724,051</b>	<b>1,078,544</b>

For the purposes of monitoring segment performance, impairments and/or impairment reversals on property, plant and equipment, investment property, goodwill, and other intangible assets when applicable, are presented in the applicable operating segment where the return on those assets are realised.

\*RPI: Industrial includes R0.4 million (2022: R6.4 million) share of profits from associates. In the current financial year, this segment disposed of its AME investments in associates to Africa Maintenance Equipment South Africa (Pty) Ltd which forms part of the corporate segment. The Corporate Group includes R12.5 million (2022: Rnil million).

3.3	Segment assets and liabilities	31 March			
		Segment assets		Segment liabilities	
		2023	2022	2023	2022
	R'000	R'000	R'000	R'000	
	RPI: Industrial*	3,862,146	3,527,709	1,560,526	1,416,828
	RPA: Auto-agri	444,655	379,378	93,611	113,407
	CE: Capital equipment	922,772	899,191	438,630	346,379
	RPE: Earthmoving	883,642	705,779	282,785	279,823
	Kian Ann Group	1,687,437	1,298,853	–	–
	Corporate Group**	916,836	1,080,673	1,063,109	1,048,712
	<b>Total continuing operations</b>	<b>8,717,488</b>	<b>7,891,583</b>	<b>3,438,661</b>	<b>3,205,149</b>
	Assets/liabilities classified as held for sale	60,625	6,251	317	–
	<b>Total assets and liabilities</b>	<b>8,778,113</b>	<b>7,897,834</b>	<b>3,438,978</b>	<b>3,205,149</b>

\*The segment assets of RPI: Industrial include an investment in associate of R45.3 million (2022: R50.6 million). In the current financial year, this segment disposed of its AME investments in associates to Africa Maintenance Equipment South Africa (Pty) Ltd which forms part of the corporate segment.

\*\* The Corporate Group assets, includes investments in associates of R22.5 million (2022: Rnil million) acquired from the RPI: Industrial segment during the current financial year.

Goodwill, financial assets, deferred and current taxation assets and liabilities and, investments in associates, are presented in the operating segment assets and liabilities where the return on the asset will be realised and obligation settled.

3.4	Other segment information	31 March			
		Depreciation and amortisation		Non-current asset additions*	
		2023	2022	2023	2022
	R'000	R'000	R'000	R'000	
	RPI: Industrial	142,768	146,983	92,221	41,467
	RPA: Auto-agri	9,784	8,709	4,299	3,596
	CE: Capital equipment	48,807	44,618	25,823	7,910
	RPE: Earthmoving	30,213	14,231	12,871	2,458
	Corporate Group	(11,232)	(22,484)	9,736	194,812
	<b>Total continuing operations</b>	<b>220,340</b>	<b>192,057</b>	<b>144,950</b>	<b>250,243</b>
	Discontinued operations	–	10,826	–	2,049
	<b>Total</b>	<b>220,340</b>	<b>202,883</b>	<b>144,950</b>	<b>252,292</b>

\*Includes additions to property, plant and equipment and other intangible assets.

# Notes to the audited annual consolidated financial statements (continued)

for the year ended 31 March 2023

## 3. Operating segments (continued)

### Asset impairments and reversals

In the current financial year, the RPA: Auto-agri segment recognised an impairment reversal on property, plant and equipment of R0.4 million (2022: impairment R0.4 million). The impairment in the prior financial year related to assets located in the Ukraine, impacted by the war following the invasion of Russia. These assets were secured and relocated in the current financial year and the impairment reversed. The Corporate Group segment recognised an impairment reversal on property of R5.0 million (2022: Rnil million) in the current financial year as circumstances which led to the impairment no longer exist. The property was subsequently classified as held for sale (note 5) and a buyer has been identified. In addition, the Corporate Group segment recognised impairments of R6.7 million (2022: Rnil million) of which R0.4 million relates to investment property impaired to the lower of cost or estimated fair value less costs to sell (note 5) and R6.3 million relates to properties classified as held for sale (note 19) measured at the lower of the carrying amount or fair value less costs to sell.

### Customers

The Group has not reported segment information by customer as no customer contributes more than 2% of the Group's total revenue.

## 3.5 Geographical information

Revenue and non-current assets by geographical area is presented in the table below. The "Rest of Africa" aggregates operations in Mauritius, Ghana, Botswana, Namibia, Swaziland, Zambia, Democratic Republic of Congo, Mozambique, and Tanzania while, "Europe" aggregates operations in the United Kingdom, Spain, Ukraine, and Poland. Revenue from discontinued operations in the prior financial year is aggregated in Asia and includes operations in Malaysia, Indonesia, Singapore, and China from the Kian Ann Group which, was disposed in the prior financial year.

	31 March			
	Revenue		Non-current assets*	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
South Africa	6,047,249	6,055,232	1,145,683	1,242,581
Rest of Africa	920,283	771,264	97,333	72,614
Europe**	660,976	334,246	190,818	136,601
United States of America	141,440	28,249	51,544	44,923
<b>Total continuing operations</b>	<b>7,769,948</b>	7,188,991		
Asia discontinued operations	–	461,233		
<b>Total</b>	<b>7,769,948</b>	7,650,224		

\*Includes property, plant and equipment, investment property, right-of-use assets, goodwill, and other intangible assets from continuing operations.

\*\*Europe includes goodwill of R45 million (2022: R39 million) and South Africa includes goodwill of R3 million (2022: R3 million).

# Notes to the audited annual consolidated financial statements (continued)

for the year ended 31 March 2023

## 4. Property, plant and equipment

### Accounting policy

Property, plant and equipment (excluding capital work-in-progress (“WIP”) and land) are initially measured at cost which includes capitalised borrowing costs where applicable and thereafter stated at cost less accumulated depreciation and any accumulated impairment losses. Borrowing costs are capitalised as part of the cost of a qualifying asset when it is probable that they will result in future economic benefits to the Group and the costs can be measured reliably. All other borrowing costs are recognised as an expense in profit or loss in the period in which they are incurred. Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets and is recognised in profit or loss.

Capital WIP which comprises of items of property, plant and equipment either under construction or being assembled at the reporting date which are not yet ready for their intended use is initially measured at cost and thereafter stated at cost less any accumulated impairment losses. When the relevant item of property, plant and equipment is completed and ready for its intended use it is transferred to the appropriate class of property, plant and equipment.

Land is initially measured at cost and thereafter is stated at cost less accumulated impairment losses. Land and capital work-in-progress are not depreciated.

All repair and maintenance costs are recognised in profit or loss as incurred.

The profit or loss arising on the disposal or retirement of an asset is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in the statement of comprehensive income in profit or loss. Property, plant and equipment is derecognised when disposed or when no future economic benefits are expected to flow from the continued use of the assets.

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

At the end of each reporting period, the Group reviews the carrying value of property, plant and equipment to determine whether there is an indication of impairment or a reversal of an impairment loss previously recognised. If there is an indication of impairment or, a reversal of an impairment previously recognised, the recoverable amount is estimated to determine the extent of the impairment loss or reversal. An impairment reversal is recognised only when the indications that gave rise to the impairment no longer exist. The recoverable amount is the higher of its fair value less costs to sell, and its value-in-use. An impairment loss and reversal of a previous impairment is recognised in profit or loss.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

# Notes to the audited annual consolidated financial statements (continued)

for the year ended 31 March 2023

## 4. Property, plant and equipment (continued)

	Land and buildings	Plant and equipment	Leasehold improvements	Motor vehicles	Furniture, fittings & office equipment	Capital work-in-progress	Computer equipment	Operating lease assets * *	Total
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Carrying amount at 31 March 2021	531,969	109,914	11,186	21,448	59,260	18,315	34,334	101,148	887,574
Additions	41,695	20,361	722	9,556	1,734	111,295	3,962	52,655	241,980
Acquisition through business combinations	39,741	12,685	3,620	–	1,627	–	1,611	–	59,284
Disposal of subsidiary	–	(1,145)	(295)	635	(308)	–	(1,063)	–	(2,176)
Impairment	–	(50)	–	(348)	–	–	–	–	(398)
Depreciation*	(1,712)	(27,148)	(5,217)	(13,055)	(13,192)	–	(6,999)	(25,830)	(93,153)
Reclassification to other intangible assets	–	–	–	–	–	(3,245)	(20,953)	–	(24,198)
Disposals	(1,117)	(164)	(105)	(903)	(2,080)	(4)	(764)	(6,110)	(11,247)
Reclassification between classes	(241)	2,058	3,713	69,798	2,980	(82,749)	4,441	–	–
Foreign currency translation	(6,501)	(1,336)	(340)	93	(143)	(645)	(213)	–	(9,085)
<b>Carrying amount at 31 March 2022</b>	<b>603,834</b>	<b>115,175</b>	<b>13,284</b>	<b>87,224</b>	<b>49,878</b>	<b>42,967</b>	<b>14,356</b>	<b>121,863</b>	<b>1,048,581</b>
Additions***	720	17,924	14,229	69,295	9,998	7	11,443	19,731	143,347
Disposal of IFRS 10 consolidated entity (note 10)	–	–	(5)	–	(8)	–	–	–	(13)
Impairment reversed/(recognised)	5,000	50	–	321	(3)	–	–	–	5,368
Depreciation*	(6,458)	(29,238)	(9,358)	(21,275)	(12,219)	–	(8,015)	(26,182)	(112,745)
Classified as assets held for sale	(65,863)	–	–	–	–	–	–	–	(65,863)
Reclassification to other intangible assets	–	–	–	–	–	(25)	–	–	(25)
Disposals	–	(1,441)	(22)	(2,530)	(434)	–	(729)	(21,920)	(27,076)
Reclassification between classes	(305)	(34)	3,766	(7)	(377)	(4,606)	1,563	–	–
Foreign currency translation	18,676	2,289	886	1,134	1,302	7,545	436	–	32,268
<b>Carrying amount at 31 March 2023</b>	<b>555,604</b>	<b>104,725</b>	<b>22,780</b>	<b>134,162</b>	<b>48,137</b>	<b>45,888</b>	<b>19,054</b>	<b>93,492</b>	<b>1,023,842</b>
<b>2022</b>									
Cost	636,085	278,889	43,308	154,965	158,749	42,967	83,975	215,434	1,614,372
Accumulated depreciation and impairment	(32,251)	(163,714)	(30,024)	(67,741)	(108,871)	–	(69,619)	(93,571)	(565,791)
<b>Total</b>	<b>603,834</b>	<b>115,175</b>	<b>13,284</b>	<b>87,224</b>	<b>49,878</b>	<b>42,967</b>	<b>14,356</b>	<b>121,863</b>	<b>1,048,581</b>
<b>2023</b>									
Cost	594,065	284,390	57,632	216,296	163,884	45,888	86,753	186,178	1,635,086
Accumulated depreciation and impairment	(38,461)	(179,665)	(34,852)	(82,134)	(115,747)	–	(67,699)	(92,686)	(611,244)
<b>Total</b>	<b>555,604</b>	<b>104,725</b>	<b>22,780</b>	<b>134,162</b>	<b>48,137</b>	<b>45,888</b>	<b>19,054</b>	<b>93,492</b>	<b>1,023,842</b>

\* The depreciation charge relating to plant and equipment and rental assets disclosed in cost of sales amounts to R35.1 million (2022: R33.5 million).

\*\* Operating lease assets include forklift and machinery rental assets.

\*\*\* Additions include non-cash additions amounting to R65.2 million (2022: R121.5 million).



# Notes to the audited annual consolidated financial statements (continued)

for the year ended 31 March 2023

## 4. Property, plant and equipment (continued)

### Details of the land and buildings and encumbrances

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

The Group has encumbered land and buildings having a carrying value of R202 million (2022: R207 million) to secure mortgage bonds detailed in note 24.

### Key accounting judgements, estimates and assumptions

#### Impairment

Management determines the recoverable amount by performing a value-in-use and fair value less cost of disposal calculation. These calculations require the use of judgement, estimates and assumptions.

The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value-in-use calculation is based on a discounted cash flow (DCF) model. The cash flows are derived from the forecasts and budgets and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the performance of the assets being tested.

When it is not possible to determine the recoverable amount for an individual asset, management assesses the recoverable amount for the cash generating unit to which the asset belongs.

#### Residual values

The estimation of residual values of assets is based on what the Group would receive currently for the asset if the asset were already of the age and in the condition expected at the end of its useful life.

#### Depreciation

The useful lives of property, plant and equipment are based on management's estimation. On an annual basis management considers the impact of changes in technology, customer service requirements, availability of capital funding and required return on assets and equity to determine the optimum useful life expectation of each individual item of property, plant and equipment.

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

---

Land	–
Freehold buildings	20 years
Plant and equipment	5 to 10 years
Leasehold improvements	Over the term of the lease
Motor vehicles	4 to 5 years
Furniture, fittings and office equipment	3 to 10 years
Computer equipment	3 years
Operating lease assets	4 years

---

The residual values are considered negligible for all assets other than buildings.

# Notes to the audited annual consolidated financial statements (continued)

for the year ended 31 March 2023

## 5. Investment property

### Accounting policy

Investment property is initially recognised at cost and transaction costs are included in the initial measurement.

After initial recognition, the Group applies the cost model to all investment property and investment property is subsequently carried at cost less any accumulated depreciation and any accumulated impairment losses. Depreciation is calculated to write off the cost of items of investment property less their estimated residual values using the straight-line method over their estimated useful lives and is recognised in profit or loss.

Investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. Gains or losses are determined as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss in the period of the retirement or disposal.

At the end of each reporting period, the Group reviews the carrying value of investment property to determine whether there is an indication of impairment. If there is an indication of impairment, the recoverable amount is estimated to determine the extent of the impairment loss. The recoverable amount is the higher of its fair value less costs to sell, and its value-in-use. An impairment loss is recognised in profit or loss.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

	31 March	
	2023 R'000	2022 R'000
Balance at the beginning of the year	116,198	116,198
Impairment	(430)	–
<b>Balance at the end of the year</b>	<b>115,768</b>	<b>116,198</b>
<b>Comprising:</b>		
Cost*	132,345	132,345
Accumulated depreciation and impairment*	(16,577)	(16,147)
<b>Total</b>	<b>115,768</b>	<b>116,198</b>

The residual values are estimated to approximate cost and as a result the depreciation is negligible.

\*The comparatives presented above, were not disclosed in the audited consolidated financial statements in the prior financial year. For improved disclosure, the carrying value comprising cost and accumulated depreciation and impairment have been separately disclosed and the comparatives presented.

Investment property comprises of five properties located in Isando, Camperdown, Elandsfontein, Kroonstad and Standerton. Valuations are performed at year end with a fair value (using level 3) estimated at R189.3 million (2022: R215.8 million). The valuations have been performed internally and are not based on that of an independent valuer who holds a recognised and relevant professional qualification.

The estimated fair value has been determined by annualising the rental income of each property and applying a capitalisation rate based on the property location for prime industrial park buildings as published by Rode & Associates. The key inputs to the valuations were as follows:

Key inputs*	31 March	
	2023	2022
Estimated rental value per month:		
Range (R'000)	57 - 818	53 - 1,170
Weighted average (R'000)	302	366
Capitalisation rate:		
Range (%)	9.8 - 10.8	10.1 - 10.9
Weighted average (%)	10.3%	10.5

\*The key inputs to the fair value determined were not previously disclosed in the prior year audited consolidated financial statements. To improve disclosure in the current year, the key inputs have been disclosed and the comparatives presented on the same basis.

Rental on the property of R18.0 million (2022: R19.5 million) was recognised and included in revenue (note 28).

The direct operating expenses, including repairs and maintenance, from investment property that generated rental income amounted to R7.9 million (2022: R5.1 million).

# Notes to the audited annual consolidated financial statements (continued)

for the year ended 31 March 2023

## 5. Investment property (continued)

### Key accounting judgements, estimates and assumptions

#### *Impairment*

Management determines the recoverable amount by performing a value-in-use and fair value less cost of disposal calculation. These calculations require the use of judgement, estimates and assumptions.

The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value-in-use calculation is based on a discounted cash flow (DCF) model. The cash flows are derived from the forecasts and budgets and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the performance of the assets being tested.

When it is not possible to determine the recoverable amount for an individual asset, management assesses the recoverable amount for the cash generating unit to which the asset belongs.

#### *Depreciation*

Depreciation is calculated to write off the cost of investment property less their estimated residual values using the straight-line method over their estimated useful lives and is recognised in profit or loss. The estimated useful lives of investment property for the current period are as follows:

Investment property	20 years
---------------------	----------

The residual values are estimated to approximate cost and as a result the depreciation thereof is negligible.

## 6. Right-of-use leases

The Group primarily leases property, equipment, and motor vehicles on right-of use leases. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component based on its relative stand-alone prices. However, for the leases of property the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

### Accounting policy

The Group assesses whether a contract is, or contains a lease, at the inception of the contract. A contract is or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

#### *Group as lessee*

The Group recognises a right-of-use asset and a corresponding right-of-use lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases and leases of low-value assets, at the date at which the leased asset is available for use. Short-term leases have a term of 12 months or less and low-value assets comprise assets with a value less than R70 000. For short-term and low value leases the Group applies the permitted exceptions under IFRS 16 *Leases*. The Group recognises the lease payments for short-term and low-value leases as an operating expense in profit or loss on a straight-line basis over the lease term (note 29).

#### *Right-of-use assets*

Right-of-use assets are initially measured at cost, which comprises the initial amount of the right-of-use lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. Right-of-use assets are subsequently measured at cost less any accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liability.

Right-of-use assets are depreciated over the shorter of the lease term of the underlying asset on a straight-line basis or the asset's useful life. Depreciation starts at the commencement date of a lease.

The Group applies IAS 36 *Impairment of Assets* to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss. The Group tests for impairment of the right-of-use assets on an annual basis or when there are indicators of impairment.

# Notes to the audited annual consolidated financial statements (continued)

for the year ended 31 March 2023

## 6. Right-of-use leases (continued)

The terms for property leases range from 3 to 10 years and the terms for motor vehicles and equipment range from 2 to 3 years. On expiry or exit of the lease arrangement, the right-of-use asset's cost and accumulated depreciation are derecognised to the profit or loss as no future economic benefits are expected to flow to the Group.

### Right of use lease liability

The right-of-use lease liability is initially measured at the net present value of the lease payments that are not paid at the commencement date, discounted by using the incremental borrowing rate. The right-of-use lease liability is subsequently measured at amortised cost. Lease payments included in the measurement of the right-of-use lease liability comprise the following:

- Fixed payments, including in-substance fixed payments, less any lease incentives receivable;
- Lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option; and
- Penalties for early termination of a lease if the lease term reflects the exercise of an option to terminate the lease.

Each lease payment is allocated between the right-of use lease liability and the finance cost. The finance cost is recognised in profit or loss over the lease period to produce a constant periodic rate of interest on the remaining balance of the right-of-use lease liability for each period. The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) when: there has been a change to the lease term, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate and a lease contract has been modified and the lease modification is not accounted for as a separate lease, in which case the right-of-use lease liability is remeasured by discounting the revised payments using a revised discount rate.

### 6.1 Right-of-use assets

	Land and buildings	Motor Vehicles	Equipment	Total
	R'000	R'000	R'000	R'000
Carrying amount at 31 March 2021	217,315	24,046	4,421	245,782
Right-of-use asset recognised	44,578	5,349	1,678	51,605
Acquisition of subsidiaries	21,379	–	–	21,379
Lease modification*	(1,043)	(190)	1,174	(59)
Depreciation	(59,698)	(13,875)	(1,992)	(75,565)
Right-of-use asset derecognised	(21,805)	(187)	(340)	(22,332)
Foreign currency translation	(59)	–	–	(59)
<b>Carrying amount at 31 March 2022</b>	<b>200,667</b>	<b>15,143</b>	<b>4,941</b>	<b>220,751</b>
Right-of-use asset recognised	78,017	414	5,240	83,671
Lease modification*	23,373	2,929	(74)	26,228
Depreciation	(71,136)	(9,733)	(2,452)	(83,321)
Right-of-use asset derecognised	(5,941)	(218)	(530)	(6,689)
Foreign currency translation	8,349	–	–	8,349
<b>Carrying amount at 31 March 2023</b>	<b>233,329</b>	<b>8,535</b>	<b>7,125</b>	<b>248,989</b>
<b>2022</b>				
Cost	398,095	43,526	12,248	453,869
Accumulated depreciation	(197,428)	(28,383)	(7,307)	(233,118)
<b>Total</b>	<b>200,667</b>	<b>15,143</b>	<b>4,941</b>	<b>220,751</b>
<b>2023</b>				
Cost	476,199	40,496	13,439	530,134
Accumulated depreciation	(242,870)	(31,961)	(6,314)	(281,145)
<b>Total</b>	<b>233,329</b>	<b>8,535</b>	<b>7,125</b>	<b>248,989</b>

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

\*Relates to a change in the lease terms extending the use of the leased asset.

# Notes to the audited annual consolidated financial statements (continued)

for the year ended 31 March 2023

## 6. Right-of-use leases (continued)

### 6.2 Right-of-use lease liabilities

	31 March	
	2023 R'000	2022 R'000
Carrying amount at the beginning of the year	276,288	309,393
Right-of-use lease liability recognised	83,672	51,605
Interest accrued	26,117	26,586
Lease modification*	26,228	(59)
Payments of capital	(82,315)	(74,394)
Payments of interest	(24,806)	(26,287)
Acquisition of subsidiary	–	21,379
Right-of-use lease liability derecognised	(9,650)	(28,925)
Foreign currency translation	8,225	(3,010)
<b>Total right-of-use lease liabilities</b>	<b>303,759</b>	<b>276,288</b>
<b>Less: Current portion of right-of-use lease liabilities</b>	<b>(81,154)</b>	<b>(74,831)</b>
<b>Non-current right-of-use lease liabilities</b>	<b>222,605</b>	<b>201,457</b>
<i>Gross carrying amount of right-of-use lease liabilities is as follows:</i>		
Due within one year	106,432	96,720
Due in the second to fifth years inclusive	236,333	206,425
Due in more than five years	27,111	42,411
	<b>369,876</b>	<b>345,556</b>
Unearned interest costs	(66,117)	(69,268)
<b>Total</b>	<b>303,759</b>	<b>276,288</b>
<i>Net carrying amount of right-of-use lease liability is as follows:</i>		
Due within one year	81,154	74,831
Due in the second to fifth years inclusive	198,946	165,770
Due in more than five years	23,659	35,687
<b>Total</b>	<b>303,759</b>	<b>276,288</b>

\*Relates to a change in the lease terms extending the use of the leased asset.

### Key accounting judgements, estimates and assumptions

#### *Extension and termination options on right-of-use leases*

Consideration of whether extension options should be included in determining the lease term is a significant area of judgement. The Group has considered such extension and termination options within a lease where it is reasonably certain to exercise such extension and termination options. In determining the lease term, the Group considers all facts and circumstances that create economic incentive to exercise an extension option. The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and is within the control of the Group.

#### *Incremental borrowing rate*

The determination of the incremental borrowing rate applied to lease transactions is a significant area of judgement and management estimation. In determining the incremental borrowing rate, the Group makes use of recent third-party financing received as a starting point or obtains interest rates from various external financing sources. Adjustments are made to the cost of borrowing for recent third-party financing received to reflect changes in financing conditions since third-party financing was received including adjustments for entity-specific risk within the Group. Interest rates obtained from various external financing sources are adjusted to reflect the type of asset leased, along with terms of the lease in a similar economic environment and with similar security.

# Notes to the audited annual consolidated financial statements (continued)

for the year ended 31 March 2023

## 7. Goodwill

### Accounting policy

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

Goodwill arising on the acquisition of a business is measured on initial recognition at cost and is subsequently measured at cost less any accumulated impairment losses.

For impairment testing, goodwill is allocated to each of the Group's cash generating units (CGU's (or groups of CGUs)) that are expected to benefit from the synergies of the combination. A CGU to which goodwill has been allocated is tested for impairment annually or more frequently when there is an indication that the CGU may be impaired. An impairment exists when the carrying value of the CGU exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value-in-use calculation is based on a discounted cash flow (DCF) model. Impairment losses recognised in the comparative financial year were based on the value in use of the relevant cash-generating units.

If the recoverable amount of the CGU is less than its carrying amount, the impairment loss is allocated first to reduce the amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata, based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss for goodwill is not reversed in subsequent periods.

On disposal of the relevant CGU, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Goodwill is not amortised.

	31 March	
	2023 R'000	2022 R'000
<b>Reconciliation of carrying amount</b>		
Balance at the beginning of the year	42,560	3,391
Acquisition of subsidiary (note 39)	–	44,072
Foreign currency translation	5,756	(4,903)
<b>Balance at the end of the year</b>	<b>48,316</b>	<b>42,560</b>
<b>Comprising:</b>		
Cost	756,771	748,892
Accumulated impairment	(708,455)	(706,332)
<b>Total</b>	<b>48,316</b>	<b>42,560</b>
The carrying amount of goodwill was allocated to cash-generating units ("CGUs"), within the operating segments, as follows:		
<b>RPI: Industrial</b>	<b>3,391</b>	<b>3,391</b>
Individually non-significant CGUs	3,391	3,391
<b>RPE: Earthmoving</b>	<b>44,925</b>	<b>39,169</b>
KMP Holdings Limited	44,925	39,169
<b>Total</b>	<b>48,316</b>	<b>42,560</b>

# Notes to the audited annual consolidated financial statements (continued)

for the year ended 31 March 2023

## 7. Goodwill (continued)

The inputs and assumptions used to calculate the recoverable amounts for the CGUs (grouped based on segments) at the reporting date are as follows:

Segment	31 March				
	Pre-tax discount rate	Terminal value growth rate	Year 1 annual growth rate	Year 2 annual growth rate	Year 3 - 5 annual growth rate
<b>2023</b>					
RPI: Industrial	15.6% - 17.4%	3.0%	(3.25%) - 5.8%	5.6%	5.6%
RPE: Earthmoving	12.1%	0.5%	10.2%	10.8%	10.8%
<b>2022</b>					
RPI: Industrial	15.6% - 17.4%	3.0%	3.7% - 7.2%	5.6% - 6.0%	5.6% - 6.0%
RPE: Earthmoving	10.3%	19.4%	(30.0%)	2.3%	2.0%

The headroom in the Group's operating segments with goodwill after all impairments have been taken into account at the reporting date was as follows:

Description	31 March		
	Value in use R'000	Carrying value R'000	Headroom R'000
<b>2023</b>			
Based on documented assumptions:			
RSS: Industrial	436,505	3,391	433,115
RPE: Earthmoving	55,059	44,925	10,134
Growth rate reduced by 1%			
RPI: Industrial	432,290	3,391	428,899
RPE: Earthmoving	41,097	44,925	(3,828)
1% increase in WACC			
RPI: Industrial	414,232	3,391	410,842
RPE: Earthmoving	19,283	44,925	(25,642)
<b>2022</b>			
Based on documented assumptions:			
RPI: Industrial	249,108	3,391	245,717
RPE: Earthmoving	198,753	39,169	159,584
Growth rate reduced by 1%			
RPI: Industrial	245,553	3,391	242,162
RPE: Earthmoving	132,537	39,169	93,368
1% increase in WACC			
RPI: Industrial	231,526	3,391	228,135
RPE: Earthmoving	145,872	39,169	106,703

### Key accounting judgements, estimates and assumptions

#### Impairment testing

The Group calculates the value-in-use by estimating the future cash flows from the CGU and applying a suitable discount rate in order to arrive at the present value of such future cash flows.

To calculate value-in-use, the discount rate is based on current observable market data including interest rates, equity risk premiums, debt to capital ratios and income taxation rates for similar assets in similar regions that reflect the time value of money and the risks specific to the CGU. Estimated inputs for cashflows relating to the revenue and expense forecasts require a significant amount of estimation as to the future performance of CGU's. Growth rates are based on objective assessments of external observable inflation data and long-term market forecast of growth rates.

The Group based its cash flow calculations on the five-year budgeted and forecast information. The long-term average growth rates were used to extrapolate cash flows from year 2 to year 5. The pre-tax discount rates used reflect specific risks relating to the relevant cash-generating units whilst maximising the use of market observable data. Other assumptions included in cash flow projections are closely linked to entity-specific key performance indicators i.e., product supply and margin pressures.

The inputs and assumptions used to calculate the recoverable amounts for the CGUs is disclosed above.

# Notes to the audited annual consolidated financial statements (continued)

for the year ended 31 March 2023

## 8. Other intangible assets

### Accounting policy

*Other Intangible assets acquired separately:*

Other intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of the intangible assets. The estimated useful lives and amortisation methods are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Subsequent expenditure incurred to maintain other intangible assets are recognised in profit or loss as incurred.

*Internally generated other intangible assets:*

Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is recognised in profit or loss in the period in which the expenditure is incurred.

An internally generated intangible asset arising from development (or from the development phase of an internal project) is recognised when all the following can be demonstrated:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- The intention to complete the intangible asset and use or sell it;
- The ability to use or sell the intangible asset;
- How the intangible asset will generate probable future economic benefits;
- The availability of adequate technical, financial, and other resources to complete the development and to use or sell the intangible asset; and
- The ability to measure the expenditure attributable to the intangible asset reliably during its development.

The amount initially recognised for internally generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally generated intangible asset can be recognised, development expenditure is charged to profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately.

Other intangible assets with finite lives are assessed for impairment whenever events or changes in circumstances suggest that the carrying amount may not be recoverable. In these instances, management determines the recoverable amount by performing a value-in-use and fair value less cost of disposal calculation. Impairment losses are recognised in profit or loss.

Profits or losses arising from the derecognition of other intangible assets is measured as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in profit or loss when the asset is derecognised.

The Group does not currently have any internally generated other intangible assets recognised.



# Notes to the audited annual consolidated financial statements (continued)

for the year ended 31 March 2023

## 8. Other intangible assets (continued)

	31 March					Total R'000
	Computer software R'000	Reacquired agency rights R'000	Distribution agreements R'000	Trademarks, brands and non-competes agreements R'000	Customer relationships and other R'000	
Carrying amount at 31 March 2021	33,848	6,370	749	163	409	41,539
Additions	1,766	6,497	–	–	–	8,263
Acquisition of subsidiary	–	–	–	–	21,284	21,284
Impairment	(11)	–	–	–	–	(11)
Amortisation*	(20,349)	(1,773)	(372)	(50)	(795)	(23,339)
Transfer from property, plant and equipment capital work-in-progress	24,198	–	–	–	–	24,198
Disposals	(957)	–	–	–	–	(957)
Foreign currency translation	–	–	–	–	(2,348)	(2,348)
<b>Carrying amount at 31 March 2022</b>	<b>38,495</b>	<b>11,094</b>	<b>377</b>	<b>113</b>	<b>18,550</b>	<b>68,629</b>
Additions	353	–	–	–	1,250	1,603
Amortisation*	(16,262)	(4,360)	(290)	(37)	(3,325)	(24,274)
Transfer from property, plant and equipment capital work-in-progress	25	–	–	–	–	25
Foreign currency translation	22	–	–	–	2,458	2,480
<b>Carrying amount at 31 March 2023</b>	<b>22,633</b>	<b>6,734</b>	<b>87</b>	<b>76</b>	<b>18,933</b>	<b>48,463</b>
<b>2022</b>						
Cost	121,262	26,208	11,617	457	70,917	230,461
Accumulated amortisation	(82,767)	(15,114)	(11,240)	(344)	(52,367)	(161,832)
<b>Total</b>	<b>38,495</b>	<b>11,094</b>	<b>377</b>	<b>113</b>	<b>18,550</b>	<b>68,629</b>
<b>2023</b>						
Cost	120,950	26,208	11,617	457	74,947	234,179
Accumulated amortisation	(98,317)	(19,474)	(11,530)	(381)	(56,014)	(185,716)
<b>Total</b>	<b>22,633</b>	<b>6,734</b>	<b>87</b>	<b>76</b>	<b>18,933</b>	<b>48,463</b>

\*Recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income in selling, administration, and distribution costs (note 29).

# Notes to the audited annual consolidated financial statements (continued)

for the year ended 31 March 2023

## 8. Other intangible assets (continued)

### Key accounting judgements, estimates and assumptions

#### Impairment

Value-in-use and fair value less cost of disposal calculations require the use of estimates and assumptions.

The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value-in-use calculation is based on a discounted cash flow (DCF) model. The cash flows are derived from the forecasts and budgets and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the performance of the assets being tested.

When it is not possible to determine the recoverable amount for an individual asset, management assesses the recoverable amount for the cash generating unit to which the asset belongs.

#### Amortisation

The estimated useful lives for the current and comparative financial year are as follows:

Computer software	3 to 5 years
Re-acquired agency rights	Remaining contractual term
Distribution agreements	5 to 7 years
Trademarks, brand names, non-compete agreements	5 to 7 years
Customer relationships	5 to 7 years

#### Business combination determination identification of other intangible assets and fair value

Other intangible assets acquired through a business combination at the date of acquisition, are identified and valued by management based on the purchase agreement. The fair values determined are based on future cash flows, applicable to each category of other intangible assets identified, discounted at an appropriate discount rate.

## 9. Finance leases

The Group finances certain capital equipment transactions on finance lease from the bank for the purpose of leasing to customers at market related interest rates, recognised as a net investment in finance leases, matched by a finance lease liability. A proportion of these lease transactions are discounted with the Group's external banking partners. The financed asset consequently serves as security for these lease transactions. The terms of these leases entered range from 2 to 47 months. The interest rate implicit in the lease is fixed at the contract date, for the entire lease term, with the effective interest rate contract prime-linked.

### Accounting policy

#### Group as lessor

The Group determines at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

Amounts due from leases when the Group acts as lessor are recognised as receivables being the net investment in finance leases as presented in the consolidated statement of financial position. Finance lease income is allocated to reporting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

If an arrangement contains a lease and non-lease components, then the Group applies IFRS 15 *Revenue from Contracts with Customers*, to allocate the consideration in the contract.

The Group applies the derecognition and impairment requirements in IFRS 9 *Financial Instruments*, to the net investment in the lease. The Group further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of "Other revenue".

# Notes to the audited annual consolidated financial statements (continued)

for the year ended 31 March 2023

## 9. Finance leases (continued)

### 9.1 Net investment in finance leases

	31 March	
	2023 R'000	2022 R'000
<i>Gross investment in finance leases are classified as follows:</i>		
Due within one year	46,126	65,211
Due within two to three years*	31,433	24,295
Due within four to five years*	9,718	1,447
	87,277	90,953
Unearned finance income	(12,936)	(7,030)
<b>Net investment in finance lease</b>	<b>74,341</b>	<b>83,923</b>
<i>Net investment in finance leases are classified as follows:</i>		
Current	40,383	59,904
Non-current	33,958	24,019
<b>Net investment in finance lease</b>	<b>74,341</b>	<b>83,923</b>

\*The comparatives were grouped in due in the second to fifth year inclusive in the prior year audited consolidated financial statements. To provide more useful information, the lease payments receivable for the first five years have been disaggregated into due within two to three years and due within four to five years and the comparative amounts presented on the same basis.

### 9.2 Finance lease liabilities

<i>Gross carrying amount of the finance lease liabilities is as follows:</i>		
Due within one year	27,984	36,708
Due in the second to fifth years inclusive	27,648	23,675
	55,632	60,383
Unearned interest on finance lease liabilities	(6,757)	(4,271)
<b>Total</b>	<b>48,875</b>	<b>56,112</b>
<i>Net carrying amount of the finance lease liabilities is as follows:</i>		
Due within one year	23,884	33,911
Due in the second to fifth years inclusive	24,990	22,201
<b>Total</b>	<b>48,874</b>	<b>56,112</b>

The finance lease liabilities bear interest at a variable interest rate of between 9.75% and 10.4% and these liabilities are repayable over a period varying from 2 to 47 months.

Refer to note 38 for a reconciliation of the movement in the finance lease liabilities.

### 9.3 Finance income and finance costs on financing transactions

<b>Finance income from financing transactions</b>		
Finance income on finance lease assets	8,140	11,809
<b>Finance costs on financing transactions</b>		
Finance costs on finance lease liabilities	(2,873)	(7,637)

## 10. Loan and other receivables

### Accounting policy

#### Initial recognition and subsequent measurement

Refer to note 2.5 Financial instruments.

#### Impairment

The Group recognises a loss allowance for ECLs applying the general approach and measures the ECL at an amount equal to lifetime expected credit losses when there has been a significant increase in credit risk since initial recognition.

# Notes to the audited annual consolidated financial statements (continued)

for the year ended 31 March 2023

10. Loan and other receivables (continued)	31 March	
	2023 R'000	2022 R'000
<i>Loan and other receivables</i>	<b>185,657</b>	285,364
Loan receivable from business partners*	<b>20,534</b>	21,878
Loan receivables from associates	<b>70,582</b>	64,324
Loan receivables from shareholders of associates*	<b>4,128</b>	4,780
Loan receivables from profit share partners*	<b>13,593</b>	10,220
Loan receivable from Dartcom	–	76,138
Loan receivable from Samrand - disposal proceeds	<b>22,848</b>	36,729
Loan receivable from CNH - disposal proceeds	<b>52,035</b>	70,245
Other receivable in relation to lease smoothing asset	<b>1,937</b>	1,050
Loan and other receivables after expected credit losses	<b>185,657</b>	285,364
<b>Current loan and other receivables</b>	<b>(67,870)</b>	(128,327)
<b>Non-current loan and other receivables</b>	<b>117,787</b>	157,037
<i>Carrying amount of loan and other receivables are as follows:</i>		
Within one year	<b>67,870</b>	128,327
In second to fifth year inclusive	<b>104,109</b>	156,833
After five years	<b>13,678</b>	204
<b>Total</b>	<b>185,657</b>	285,364
<i>Unearned finance income</i>	<b>3,144</b>	13,707
<i>Gross carrying amount of loan and other receivables are as follows:</i>		
Within one year	<b>70,411</b>	140,335
In second to fifth year inclusive	<b>104,712</b>	158,532
After five years	<b>13,678</b>	204
<b>Total</b>	<b>188,801</b>	299,071

\*Loan receivable from business partners in the prior financial year included an amount of R10.2 million for loans to profit share partners in terms of the Group's profit share scheme and R4.8 million being loans receivable from shareholders of associates. To improve disclosures, the comparative for loan receivable from business partners has been represented and R10.2 million separately disclosed as loan receivables from profit share partners and R4.8 million disclosed as loan receivables from shareholders of associates.

Set out below is the movement in the allowance for expected credit losses loans to third parties:

Balance at the beginning of the year	–	5,178
Amounts written off during the year	–	–
Remeasurement of loss allowance	–	(5,178)
<b>Balance at the end of the year</b>	<b>–</b>	<b>–</b>

The carrying values of loan receivables approximates the fair value at the reporting date.

## Key accounting judgements, estimates and assumptions

### Measurement of expected credit loss allowance

The Group uses judgement in the assessment of the ECL for loan and other receivables, based on the Group's past history with and specific knowledge of each debtor. In determining a probability of default, credit quality, market conditions and any available forward-looking estimates are considered.

No ECL allowance has been raised on the loan from a business partner in the current and prior financial year as security is provided by the business partner. The ECL allowance which was raised in the 2021 financial year, was reversed in the prior financial year.

No ECL allowance has been raised on loan receivables from shareholders of associates and loan receivables from profit share partners as the risk of default of these loans is considered to be low and security has been provided on these loans.

The CNH - disposal proceeds receivable, comprise amounts due 2024 (USD3 million). No ECL allowance is required as historical evidence suggests payment will be made in advance of the due date. These amounts are non-interest bearing and have been discounted at 2.58% based on current USD inflation and prevailing USD interest rates.

# Notes to the audited annual consolidated financial statements (continued)

for the year ended 31 March 2023

## 11. Derivatives

### Accounting policy

Refer to note 2.5.

	31 March	
	2023 R'000	2022 R'000
<b>11.1 Derivative financial assets</b>		
Interest rate swaps	13,174	11,008
Forward exchange contracts	28	–
<b>Total derivative financial assets</b>	<b>13,202</b>	<b>11,008</b>
Less: Current derivative assets	(1,940)	–
<b>Non-current derivative assets</b>	<b>11,262</b>	<b>11,008</b>

### Interest rate swaps

Three interest rate swap agreements were entered into between Nedbank and Bearing Man Group (Pty) Ltd (BMG) on 9 September 2020 for the notional amount of R100 million each. The fixed rates paid to receive a floating rate of 3-month JIBAR, and the termination dates of each agreement are set out below:

- Swap 53014578 had a fixed rate of 3.99% and is terminating on 11 September 2023	1,912	2,415
- Swap 53014582 had a fixed rate of 4.48% and is terminating on 9 September 2024	4,884	3,932
- Swap 53014781 had a fixed rate of 5.03% and is terminating on 9 September 2025	6,378	4,661
<b>Total - interest rate swap</b>	<b>13,174</b>	<b>11,008</b>
Less: Current derivatives - interest rate swaps terminating 11 September 2023	(1,912)	–
<b>Non-current derivatives - interest rate swaps</b>	<b>11,262</b>	<b>11,008</b>
<b>Reconciliation of movements:</b>		
Balance at the beginning of the year	11,008	6,205
Fair value adjustment recognised in profit or loss	2,166	4,803
<b>Balance at the end of the year</b>	<b>13,174</b>	<b>11,008</b>

The South African Reserve Bank (SARB) has designated ZARONIA as the successor rate to JIBAR however no formal date for JIBAR cessation has been announced. At this stage, JIBAR continues to be made available. Management continues to stay abreast of the changes and will continue to assess impacts on the interest rate swaps.

### Forward exchange contracts

The Group uses forward exchange contracts to reduce its foreign currency exposure arising from imports. These contracts are marked-to-market, classified as held-for-trading financial assets and measured at fair value. The fair value is determined as the difference between the contract price of the forward exchange contracts entered by the Group and the price of the market traded forward exchange contracts with similar maturity profiles at the reporting date.

	31 March	
	2023 R'000	2022 R'000
Forward exchange contract assets	28	–
<b>Total - current asset</b>	<b>28</b>	<b>–</b>

## 11.2 Derivative financial liabilities

Forward exchange contract liabilities	3,613	24,320
<b>Total - current liability</b>	<b>3,613</b>	<b>24,320</b>

# Notes to the audited annual consolidated financial statements (continued)

for the year ended 31 March 2023

## 12. Investment in subsidiaries

### Accounting policy

Refer to note 2.2 Basis of consolidation.

Details of the Group's subsidiaries at 31 March 2023 are as follows:

Name of subsidiary	Principal activity	Place of operation	31 March	
			Effective holding of ownership interest and voting power held	
			2023	2022
<b>Direct holdings</b>				
Invicta Offshore Holdings	Investment holding company	Mauritius	100%	100%
Invicta Africa (Pty) Ltd	Investment holding company	South Africa	100%	100%
Invicta Finance (Pty) Ltd*	Financial company	South Africa	0%	100%
Invicta South Africa Holdings (Pty) Ltd	Investment holding company	South Africa	100%	100%
Invicta Treasury Holdings (Pty) Ltd	Treasury company	South Africa	100%	100%
October Winds Trading 48 (Pty) Ltd	Investment holding company	South Africa	100%	100%
Invicta Properties (Pty) Ltd	Property holding company	South Africa	100%	100%
<b>Indirect holdings</b>				
Abrasive Flow Solutions (Pty) Ltd	Trading company	South Africa	51%	51%
Arc Eng Since 1934 (Pty) Ltd	Trading company	South Africa	100%	100%
Bearing Man (Botswana) (Pty) Ltd	Trading company	Botswana	100%	100%
Bearing Man (Maputo) (Pty) Ltd	Trading company	Mozambique	66%	66%
Bearing Man (Mozambique) Lda	Dormant	Mozambique	100%	100%
Bearing Man (Namibia) (Pty) Ltd	Trading company	Namibia	100%	100%
Bearing Man (Swaziland) (Pty) Ltd	Trading company	Swaziland	100%	100%
Bearing Man Zambia Ltd	Trading company	Zambia	83%	83%
Bearing Man Group Tanzania Ltd	Trading company	Tanzania	100%	100%
BMG Congo SARL	Trading company	Democratic Republic of Congo	70%	70%
Bearing Man Group (Pty) Ltd	Trading company	South Africa	100%	100%
BMG Dar Es Salaam	Trading company	Tanzania	99.99%	99.99%
BMG Ghana Properties (Mauritius)	Trading company	Mauritius	100%	100%
BMG Properties Ltd	Trading company	Ghana	100%	100%
BMG Offshore Holdings	Investment holding company	Mauritius	100%	100%
BMG West Africa Ltd	Trading company	Ghana	70%	70%
Commercial Car Components Logistics Ltd	Trading company	United Kingdom	50.1%	50.1%
Compact Computer Solutions (Pty) Ltd	Trading company	South Africa	100%	100%
Criterion Equipment (Pty) Ltd	Trading company	South Africa	100%	100%
Disa Equipment (Pty) Ltd	Trading company	South Africa	100%	100%
Driveshaft Parts Ltd	Dormant	United Kingdom	100%	100%
Driveshaft Parts S.L.	Trading company	Spain	100%	100%
Equipment Spare Parts (Africa) (Pty) Ltd	Trading company	South Africa	100%	100%
ESG Exports (Pty) Ltd	Trading company	South Africa	100%	100%
ESG EUROPE Spółka z ograniczoną odpowiedzialnością	Property holding company	Poland	100%	100%
Euro Driveshafts Ltd Sp. z o.o. (Poland)	Trading company	Poland	100%	100%
Euro Driveshafts Ltd	Trading company	United Kingdom	100%	100%
Euro Driveshafts - Ukraine LLC	Trading company	Ukraine	100%	100%
Fidelio Properties (Pty) Ltd	Trading company	South Africa	100%	100%
General Electrical Mechanical Tool & Engineering (Pty)	Dormant	South Africa	100%	100%

# Notes to the audited annual consolidated financial statements (continued)

for the year ended 31 March 2023

## 12. Investment in subsidiaries (continued)

Name of subsidiary	Principal activity	Place of operation	31 March	
			Effective holding of ownership interest and voting power held	
			2023	2022
<b>Indirect holdings (continued)</b>				
Hansen Transmissions South Africa (Pty) Ltd	Dormant	South Africa	100%	100%
High Power Equipment Africa (Pty) Ltd	Trading company	South Africa	100%	100%
Humulani Marketing (Pty) Ltd	Trading company	South Africa	100%	100%
Humulani Marketing Mozambique Lda	Dormant	Mozambique	100%	100%
Hyflo Namibia (Pty) Ltd	Dormant	Namibia	100%	100%
Hyflo Southern Africa (Pty) Ltd	Trading company	South Africa	100%	100%
Industri Tools & Equipment (Pty) Ltd	Trading company	South Africa	100%	100%
Invicta Asian Holdings (Pte) Ltd	Investment holding company	Singapore	100%	100%
Invicta Cape Town (Pty) Ltd	Property holding company	South Africa	60%	60%
Invicta International Investments Limited**	Investment holding company	United Kingdom	100%	0%
KMP Holdings Limited***	Investment holding company	United Kingdom	100%	100%
KMP Products Europe Limited***	Trading company	United Kingdom	100%	100%
KMP USA LLC***	Trading company	United States	100%	100%
MacNeil Plastics (Pty) Ltd	Trading company	South Africa	60%	60%
MRO Produtos Industriais Lda	Trading company	Mozambique	99%	99%
Northmec Equipment Zambia Ltd	Dormant	Zambia	100%	100%
Nova Vida Lda	Trading company	Mozambique	99%	99%
Oscillating Systems Technology Africa (Pty) Ltd	Trading company	South Africa	100%	100%
Propshaft Rebuilders (Pty) Ltd	Trading company	South Africa	100%	100%
Salestalk 452 (Pty) Ltd	Property holding company	South Africa	50%	50%
Screen Doctor (Pty) Ltd	Trading company	South Africa	100%	100%
Shamrock Handling Concepts (Pty) Ltd	Trading company	South Africa	100%	100%
Sibuyile Industrial Supplies (Pty) Ltd	Dormant	South Africa	100%	100%
Trendy Property Investments (Pty) Ltd	Property holding company	South Africa	100%	100%
Universal Parts Group (Pty) Ltd	Trading company	South Africa	100%	100%
<b>Entities controlled in terms of IFRS 10</b>				
Africa Maintenance Equipment South Africa (Pty) Ltd	Investment holding company	South Africa		
Theramanzi Investments (Pty) Ltd	Investment holding company	South Africa		
Humulani Employee Investment Trust	Trust	South Africa		
Humulani Empowerment Trust	Trust	South Africa		

\*The company was liquidated during the current financial year.

\*\*The company was established during the current financial year.

\*\*\*The companies were acquired in the prior financial year (note 39).

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

Funding within the Group is managed centrally and is supported as appropriate by cross guarantees from Group companies.

## Key accounting judgements, estimates and assumptions

### Entities controlled in terms of IFRS 10 Consolidated Financial Statements

Africa Maintenance Equipment South Africa Proprietary Limited is an investment holding company owned 100%, by the Humulani Employee Investment Trust which, owns 5% of the issued ordinary share capital of Invicta South Africa (Pty) Ltd. The Humulani Empowerment Trust owns 100% of Theramanzi Investments (Pty) Ltd, which owns 20% of the issued ordinary share capital of Invicta South Africa (Pty) Ltd. The Group has assessed in terms of IFRS 10 *Consolidated Financial Statements*, that the Group controls these entities, and they are therefore consolidated. The Group has the ability to direct the relevant activities of the trusts through their establishment and drafting of the trust deeds which, sets out the decision-making powers relevant to the trusts which, are pre-determined in the trust deeds. As a result, the Group has exercised power to direct the relevant activities of the trusts. The Group obtains variable returns through access to future resources or future contracts from maintaining the Group's B-BBEE credentials and the beneficiaries of the trusts are employees of the Group which, exposes the Group to variable returns through their employment services and therefore, the Group has exposure from its involvement with these entities and can use its power over the trusts to affect the amount of returns.

# Notes to the audited annual consolidated financial statements (continued)

for the year ended 31 March 2023

## 13. Investment in associates

### Accounting policy

Refer to note 2.3 Associates and joint ventures.

Name of associate (unlisted)	Principal activity	Place of operation	Functional currency	Reporting date	31 March	
					Ownership interest held	
					2023	2022
Africa Maintenance Equipment eMalahleni (Pty) Ltd	Distributor of engineering consumables	South Africa	ZAR	March	29%	29%
Africa Maintenance Equipment Kathu (Pty) Ltd	Distributor of engineering consumables	South Africa	ZAR	March	49%	49%
Africa Maintenance Equipment Lephale (Pty) Ltd	Distributor of engineering consumables	South Africa	ZAR	March	49%	49%
Africa Maintenance Equipment Mogale (Pty) Ltd	Distributor of engineering consumables	South Africa	ZAR	March	29%	29%
Africa Maintenance Equipment Rustenburg (Pty) Ltd	Distributor of engineering consumables	South Africa	ZAR	March	39%	39%
Africa Maintenance Equipment Thabazimbi (Pty) Ltd	Distributor of engineering consumables	South Africa	ZAR	March	49%	29%
Africa Maintenance Equipment Sekhukhune (Pty) Ltd	Distributor of engineering consumables	South Africa	ZAR	March	49%	29%
Africa Maintenance Equipment Amajuba (Pty) Ltd	Distributor of engineering consumables	South Africa	ZAR	March	49%	49%
Africa Maintenance Equipment Matjabeng (Pty) Ltd	Distributor of engineering consumables	South Africa	ZAR	March	39%	39%
Africa Maintenance Equipment Umhlathuze (Pty) Ltd	Distributor of engineering consumables	South Africa	ZAR	March	39%	39%
Makona Hardware and Industrial (Pty) Ltd	Distributor of engineering consumables	South Africa	ZAR	March	49%	49%
Africa Maintenance Equipment Madibeng (Pty) Ltd	Distributor of engineering consumables	South Africa	ZAR	March	29%	29%
Zhejiang Beienji Industrial Products Co. Ltd ("BMG China")	Wholesaler and retailer of engineering consumables	China	CNY	December	40%	40%



# Notes to the audited annual consolidated financial statements (continued)

for the year ended 31 March 2023

## 13. Investments in associates (continued)

Summarised financial information of the Group's associates as set out below:

	31 March				Total
	BMG China	Africa Maintenance Equipment Kathu	Africa Maintenance Equipment eMalahleni	Insignificant associates	
2023	R'000	R'000	R'000	R'000	R'000
Non-current assets	9,365	7,260	30,738	65,136	112,499
Cash and cash equivalents	31,932	3,100	7,411	35,325	77,768
Non-current liabilities	–	(3,814)	(25,662)	(58,668)	(88,144)
Other current liabilities	–	(178)	(1,902)	(2,939)	(5,019)
Trade and other payables	(37,456)	(13,778)	(49,612)	(70,232)	(171,078)
<b>Net assets</b>	<b>59,899</b>	<b>12,227</b>	<b>(8,453)</b>	<b>33,288</b>	<b>96,961</b>
Revenue	54,916	124,014	179,731	420,929	779,590
Finance income	48	–	–	1,128	1,176
Finance costs	–	(191)	(496)	(1,818)	(2,505)
Depreciation and amortisation	(29)	(1,284)	(2,176)	(9,441)	(12,930)
Taxation expense	(88)	(1,952)	(232)	(8,348)	(10,620)
Profit for the year	889	5,593	467	22,165	29,114
Group's share of profit of associates	355	2,741	135	9,586	12,817
<b>Reconciliation of carrying amount:</b>					
Balance as at 31 March 2022	36,982	6,762	415	6,477	50,636
Acquisition of associates	–	–	–	–	–
Additional investment in associates	–	–	–	38	38
Share of profit of associates, net of taxation*	355	2,741	135	9,586	12,817
Dividends declared by associates	–	(2,167)	–	(1,512)	(3,679)
Foreign currency translation	7,935	–	–	–	7,935
<b>Carrying value at 31 March 2023</b>	<b>45,272</b>	<b>7,336</b>	<b>550</b>	<b>14,589</b>	<b>67,747</b>

\*This equals the share of equity accounted earnings from investment in associates per the statement of profit or loss. The Group's share of losses in associates not recognised amount to R0.8 million (Matjhabeng), R0.5 million (Makona) and R0.1 million (Madibeng). The cumulative losses not recognised amount to R0.9 million (Matjhabeng) and R8.4 million (eMalahleni).

The difference between the Group's proportionate share in the net asset value of BMG China and its carrying value relates to goodwill of R37.4 million offset by foreign exchange movements of R16.1 million.

# Notes to the audited annual consolidated financial statements (continued)

for the year ended 31 March 2023

## 13. Investments in associates (continued)

	31 March				Total
	BMG China	Africa Maintenance Equipment Kathu	Africa Maintenance Equipment eMalahleni	Insignificant associates	
2022	R'000	R'000	R'000	R'000	R'000
Non-current assets	47,571	1,305	31,209	66,087	146,172
Other current assets	76,256	13,516	26,749	62,018	178,539
Cash and cash equivalents	70,811	6,663	3,645	13,526	94,645
Non-current liabilities	–	(841)	(26,943)	(63,204)	(90,988)
Other current liabilities*	(23,851)	(110)	(688)	(2,243)	(26,892)
Trade and other payables*	(90,873)	(1,937)	(42,892)	(61,365)	(197,067)
<b>Net assets</b>	<b>79,914</b>	<b>18,596</b>	<b>(8,920)</b>	<b>14,819</b>	<b>104,409</b>
Revenue	32,192	89,696	102,372	177,608	401,868
Finance income	2	–	–	128	130
Finance costs	2	(121)	(522)	(1,274)	(1,915)
Depreciation and amortisation	(70)	(986)	(1,957)	(6,529)	(9,542)
Taxation expense	(114)	(1,327)	3,570	(3,239)	(1,110)
Profit for the year	1,598	3,410	(10,116)	9,527	4,419
Group's share of profit of associates	571	1,671	–	4,136	6,378
<b>Reconciliation of carrying amount:</b>					
Balance as at 31 March 2021	–	6,556	415	1,088	8,059
Acquisition of associates	37,389	–	–	–	37,389
Associates raised on disposal of subsidiaries and businesses	–	–	–	1,253	1,253
Share of profit of associates, net of taxation**	571	1,671	–	4,136	6,378
Dividends declared by associates	–	(1,465)	–	–	(1,465)
Foreign currency translation	(978)	–	–	–	(978)
<b>Carrying value at 31 March 2022</b>	<b>36,982</b>	<b>6,762</b>	<b>415</b>	<b>6,477</b>	<b>50,636</b>

\*Trade and other payables has been presented separately in the table above for improved disclosure. These amounts were included in other current liabilities in the prior year audited consolidated financial statements.

\*\*This equals the share of equity accounted earnings from investment in associates per the statement of profit or loss. The Groups share of losses in associates not recognised in the prior financial year amount to R3.0 million (eMalahleni) and R0.8 million (Rustenburg). The cumulative losses not recognised in the prior financial year amount to R3.0 million (eMalahleni) and R0.8 million (Rustenburg).

### Key accounting judgements, estimates and assumptions

#### Assessment of Control

Africa Maintenance Equipment eMalahleni (Pty) Ltd ("eMalahleni"), Africa Maintenance Equipment Kathu (Pty) Ltd ("Kathu"), Africa Maintenance Equipment Lephalale (Pty) Ltd ("Lephalale"), Africa Maintenance Equipment Mogale (Pty) Ltd ("Mogale"), Africa Maintenance Equipment Rustenburg (Pty) Ltd ("Rustenburg"), Africa Maintenance Equipment Thabazimbi (Pty) Ltd ("Thabazimbi"), Africa Maintenance Equipment Sekhukhune (Pty) Ltd ("Sekhukhune"), Africa Maintenance Equipment Amajuba (Pty) Ltd ("Amajuba"), Africa Maintenance Equipment Matjhabeng (Pty) Ltd ("Matjhabeng"), Africa Maintenance Equipment Umhlathuze (Pty) Ltd ("Umhlathuze"), Makona (Pty) Ltd ("Makona") and Africa Maintenance Equipment Madibeng (Pty) Ltd ("Madibeng") are collectively known as the "AMEs".

In terms of a control assessment in terms of IFRS 10 *Consolidated Financial Statements*, the Group concluded it does not have power over the AMEs and therefore the AMEs are not controlled or consolidated by the Group. The assessment considered the following which included contractual arrangements in place:

- No Group entity has majority voting rights directly or indirectly in the AMEs that will result in control of the AMEs.
- Supply contracts of the AME are negotiated directly with customers by the AMEs.
- Selling prices are determined by the AMEs.
- Shareholder appointments of directors in terms of the shareholder agreements.
- Decisions over the relevant activities of the AMEs require 75% approval which exceeds the Group's interest in each AME.
- The Group is not required to provide support services however, where applicable, the AMEs have elected to use the Group for specific support services for which the Group charges a fee in terms of the agreement.

The investments in these AMEs have therefore been recognised as interests in associates and are equity accounted in the Group's results.

# Notes to the audited annual consolidated financial statements (continued)

for the year ended 31 March 2023

## 14. Investment in joint ventures

### Accounting policy

Refer to note 2.3 Associates and joint ventures.

Name of joint venture (unlisted)	Principal activity	Place of operation	Functional currency	Reporting date	31 March	
					Ownership interest held	
					2023	2022
Kian Ann Engineering Pte Ltd and its subsidiaries (KAG)	Distributor of heavy machinery parts and diesel engine components	Singapore	SGD	March	48.81%	48.81%

Summarised financial information of the Group's joint ventures as set out below:

	31 March	
	2023	2022
	R'000	R'000
Non-current assets	1,749,363	1,414,685
Other current assets	2,045,823	1,982,200
Cash and cash equivalents	627,170	503,529
Non-current liabilities	(317,476)	(308,163)
Trade and other payables*	(685,615)	(867,876)
Other current liabilities*	(97,322)	(186,418)
<b>Net assets</b>	<b>3,321,943</b>	<b>2,537,957</b>
Revenue	3,606,263	2,764,212
Finance income	3,896	2,848
Finance costs	(11,058)	(9,085)
Depreciation and amortisation	(80,956)	(61,468)
Taxation expense	(94,027)	(26,277)
Profit for the year	313,155	589,504
Group's share of profit in joint ventures	152,851	101,887
<b>Reconciliation of carrying amount:</b>		
Balance at the beginning of the year	1,298,853	–
Interest acquired on disposal of a subsidiary	–	1,226,259
Share of profit of joint venture, net of taxation	152,851	101,887
Dividends declared by joint venture	(83,893)	(24,821)
Foreign currency translation	319,626	(4,472)
<b>Balance at the end of the year</b>	<b>1,687,437</b>	<b>1,298,853</b>

The difference between the Group's proportionate share in the net asset value of Kian Ann Engineering Pte Ltd and its carrying value is a result of notional goodwill.

\*Other current liabilities were disclosed in the prior year audited consolidated financial statements as current liabilities and included R867.9 million which related to trade and other payables. To improve disclosures, trade and other payables has been separately disclosed in the table above, and the comparatives for other current liabilities previously narrated as current liabilities represented on the same basis.

### Key accounting judgements, estimates and assumptions

#### Assessment of Control

Based on a control assessment performed in accordance with IFRS 11 *Joint Arrangements*, the following was determined:

- The Group participates in the policy making processes including the appointment and remuneration of key management, the approval of the Kian Ann Group's business plan and the approval of the annual budget; and
- No single party to the arrangement has control over the relevant activities based on the split of shareholding and directorships arrangements per the shareholder agreement.

The Group concluded that it met the conditions required for joint control in accordance with IFRS 11 *Joint Arrangements*, as decisions about the relevant activities require the unanimous consent of the parties sharing control. Therefore, the KAG is accounted for as an investment in joint venture applying the equity method.

# Notes to the audited annual consolidated financial statements (continued)

for the year ended 31 March 2023

## 15. Taxation

### Income taxes

The Group has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and are therefore accounted for as interest and penalties under IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* and uncertain tax treatments under IFRIC 23 *Uncertainty Over Income Tax Treatments*.

### Accounting policy

#### Current taxation

Current taxation assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income.

Current taxation relating to items recognised directly in other comprehensive income or equity is also recognised in other comprehensive or equity.

The income taxation expense represents the sum of the current taxation and deferred taxation.

#### Dividends withholding tax (DWT)

Dividends withholding tax is a tax levied on the beneficial owner of the shares instead of the company. The tax is withheld by the company and is paid over to the South African Tax Authority on the beneficiaries' behalf. The resultant tax expense and liability has been transferred to the shareholder and is no longer accounted for as part of the tax charge for the Group. Amounts not yet paid over to the South African Tax Authority are included in trade and other payables and the measurement of the dividend amount is not impacted by the withholding tax.

#### Deferred taxation

Deferred taxation is recognised using the liability method on temporary differences at the reporting date between the tax base of the assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred taxation liabilities are generally recognised for all taxable temporary differences and deferred taxation assets are recognised to the extent that it is probable that sufficient taxable profits will be available against which deductible temporary differences, carry forward of unused taxation credits and unused taxation losses can be utilised. Such deferred taxation assets and liabilities are not recognised if the temporary differences arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the taxable profit or loss nor the accounting profit or loss and those deferred taxation liabilities in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

Deferred taxation assets and liabilities are measured at the tax rates that are expected to apply in the period in which the asset will be realised or the liability will be settled, based on enacted or substantively enacted rates at the reporting date.

Deferred taxation assets and liabilities are offset when they arise from the same tax reporting entity and relate to the same authority and when there exists a legal right to offset.

The carrying amount of deferred taxation assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Unrecognised deferred taxation assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred taxation asset to be recovered.

Deferred taxation is charged or credited to profit or loss, except when it relates to items charged or credited directly to other comprehensive income, in which case the deferred tax is also recognised in other comprehensive income.

# Notes to the audited annual consolidated financial statements (continued)

for the year ended 31 March 2023

## 15. Taxation (continued)

	31 March	
	2023 R'000	2022 R'000
<b>15.1 Deferred taxation</b>		
Balance at the beginning of the year	129,237	150,126
Acquisition of subsidiaries	–	(5,218)
Foreign currency translation	778	1,760
Disposal of subsidiaries	(29)	(3,531)
Charge from the statement of comprehensive income - standard tax rate	39,783	(8,241)
Charge from the statement of comprehensive income - change in tax rate	–	(5,029)
Charged directly to equity	(991)	(630)
Classified as assets held for sale	44	–
<b>Balance at the end of the year</b>	<b>168,822</b>	<b>129,237</b>
<b>Comprising:</b>		
Capital allowances	(44,324)	(37,444)
Tax losses available for set off against future taxable income	63,063	16,128
Trade and other payables	118,754	126,817
Other temporary differences*	31,329	23,736
<b>Total</b>	<b>168,822</b>	<b>129,237</b>
<b>Presented as:</b>		
Deferred taxation asset	198,230	155,282
Deferred taxation liability	(29,408)	(26,045)
<b>Total</b>	<b>168,822</b>	<b>129,237</b>

\*Other temporary differences comprise right of use lease liabilities, foreign currency adjustments, legal allowances, finance lease receivables and liabilities.

	31 March	
	2023 R'000	2022 R'000
<b>15.2 Taxation expense</b>		
Current taxation		
– current year	103,711	102,481
– prior year	–	(169)
Deferred taxation		
– current year	(220)	6,048
– previously unrecognised tax asset recognised	(39,563)	–
– prior year	–	2,193
– tax rate change	–	5,029
Withholding tax	8,829	1,839
Share transfer tax	320	497
Current taxation in foreign jurisdictions	63,729	48,918
<b>Taxation expense for continuing operations</b>	<b>136,806</b>	<b>166,836</b>

# Notes to the audited annual consolidated financial statements (continued)

for the year ended 31 March 2023

## 15. Taxation (continued)

### 15.2 Taxation expense (continued)

	31 March	
	2023	2022
<b>Reconciliation of effective tax rate</b>	%	%
Tax rate using the Group's domestic tax rate	27.0	28.0
Changes in tax rates	–	0.9
Profit on disposal of subsidiary	–	(1.3)
Share in profit of associates and joint ventures	(6.2)	(4.4)
<i>Tax effect of exempt / non-taxable income:</i>		
Employee tax incentive	–	(0.1)
Profit share liability revaluation	0.6	(0.4)
Other permanent differences and exempt income**	0.4	0.1
<i>Taxation effect of non-deductible expenses:</i>		
Consulting, legal and secretarial fees	0.1	0.5
Amortisation of agency rights	0.2	0.1
Leasehold depreciation	–	0.1
Penalties and interest	0.2	0.1
Impairment	(0.5)	0.5
<i>Foreign taxation:</i>		
Effect of tax rates in foreign jurisdictions	(0.2)	1.9
Capital gains tax differential	(0.1)	(1.9)
Learnership allowances	(0.3)	(0.6)
Taxation adjustments	1.5	0.1
Dividend withholding tax	1.2	0.3
Tax losses where no deferred taxation asset has been recognised	1.6	1.2
Tax losses utilised where no deferred taxation asset previously recognised	(6.6)	(0.8)
<b>Effective tax rate</b>	<b>18.9</b>	<b>24.3</b>

\*\*Other permanent differences and exempt income comprise foreign statutory disallowed expenses and exempt income, value added tax disallowed and capital costs of the disposal of going concern.

The corporate income tax rate changed from 28% to 27% with effect for all years of assessment ending on or after 31 March 2023.

## Key accounting judgements, estimates and assumptions

### Deferred taxation assets

Management judgement is required to determine the amount of deferred taxation assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

In evaluating the Group's ability to recover deferred taxation assets in the jurisdiction from which they arise, all available evidence is considered, including projected future taxable income and results of the operations.

In projecting future taxable income, historical results are adjusted for the results of discontinued operations where applicable and incorporate assumptions about the amount of future operating income, adjusted for items that do not have taxation consequences. The assumptions about future taxable income requires the use of significant judgement and are consistent with the plans and estimates the Group is using to manage the underlying businesses. The assumptions take into account historical performance of the Group as well as future expected growth.

The estimates of the future taxable income used for determining the recognition of deferred taxation assets, are based on forecast cash flows from operations, assumptions regarding economic growth, inflation rates and the application of existing tax laws. Judgement is applied with regard to the timing of the utilisation of the deferred taxation assets. Estimated tax losses within the Group amount to R233.6 million (2022: R57.6 million). A deferred taxation asset of R63.1 million (2022: R16.1 million) has been recognised with respect to these tax losses. The directors are of the opinion that based on the cash forecasts, the entities will make sufficient taxable profits to utilise the tax losses in the foreseeable future. The unrecognised taxation losses amount to R43.8 million (2022: R29.9 million) at the end of the financial year.

# Notes to the audited annual consolidated financial statements (continued)

for the year ended 31 March 2023

## 16. Inventories

### Accounting policy

Inventories are valued at the lower of cost and net realisable value. The cost of finished goods and goods in transit, for both equipment and parts, is the landed cost of the goods plus the costs incurred to bring it to a selling location and is calculated using the weighted average method. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion (where applicable) and costs necessary to make the sale.

The Group policy has been applied by the operating segments as follows:

- Raw materials are valued at average cost.
- The cost of finished goods and goods in transit, for both equipment and parts, is the landed cost of the goods plus the costs incurred to bring it to a selling location, calculated using the weighted average method.
- Work in progress is valued at actual cost including direct material costs, labour costs and manufacturing overheads.

Write-downs to net realisable value and inventory losses are recognised in profit or loss in the reporting period in which the write-down or losses occur. Inventories are physically verified at least once a year through the performance of inventory counts and shortages identified are written off immediately.

	31 March	
	2023 R'000	2022 R'000
Raw materials	35,310	41,071
Finished goods	3,200,849	2,877,937
- Capital equipment	257,881	224,941
- Spares and accessories	770,014	660,445
- Engineering consumables and tools*	1,795,734	1,654,436
- Conveyor belt and related components*	317,656	305,668
- Other inventory including plastic pipe ware and components	59,564	32,447
Work in progress	34,042	30,231
Goods in transit	87,780	70,940
Right of return assets	2,113	1,419
Write-down of finished goods to net realisable value	(468,188)	(451,865)
<b>Total</b>	<b>2,891,906</b>	<b>2,569,733</b>
The cost of inventories recognised as cost of sales in respect of write-downs of inventory to net realisable value	16,323	8,654
Inventory recognised as cost of sales in profit or loss	5,064,995	4,790,515

\*The Group redefined its product categories to improve disclosures by product line and the comparatives has been represented to include R41.5 million previously disclosed separately as tools and equipment and R219.4 million has been reclassified to conveyor belt and related equipment.

# Notes to the audited annual consolidated financial statements (continued)

for the year ended 31 March 2023

## 16. Inventories (continued)

### Key accounting judgements, estimates and assumptions

#### **Write-down of inventory to net realisable value**

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

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

When the circumstances that previously caused inventories to be written down below cost no longer exist or when there is clear evidence of an increase in net realisable value because of changed economic circumstances, the amount of the write down is reversed, so that the new carrying amount is the lower of the cost and the revised net realisable value. The reversal is recognised in profit or loss.

#### *For CE and RPE: Earthmoving*

- New and used equipment inventory is aged annually, based on the receipt date of the items on hand. All new capital equipment inventory is fully provided for over a period of 6 years, with no provision taken over the first two years, and provision raised over the next 4 years. All second-hand equipment inventory is fully provided for within 5 years of the receipt date.
- Parts are aged annually, based on the quantity of the various product categories on hand, relative to their life expectancy and relevant turnover indicators.

#### *For RPI: Industrial and RPA: Auto-agri*

- Parts are aged annually, based on the quantity of the various product categories on hand, relative to their life expectancy and relevant turnover indicators. Items that have not moved in 3 years are provided for in full.



# Notes to the audited annual consolidated financial statements (continued)

for the year ended 31 March 2023

## 17. Trade and other receivables

### Accounting policy

#### Initial recognition and subsequent measurement

Refer to note 2.5 Financial instruments.

#### Impairment and write-off

The Group recognises a loss allowance for expected credit losses (ECLs) applying the simplified approach and measures the loss allowance at an amount equal to the lifetime ECLs. As there is no significant financing component to trade and other receivables, the Group uses a specific identification and provision matrix when measuring ECL. The simplified approach is forward looking and takes into account historical credit loss experience, time value of money and future economic factors including, inflation, interest and exchange rates, state infrastructure spend, expected GDP growth and extended payment terms granted. Losses are recognised in the statement of profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the statement of comprehensive income in profit or loss. Approximately 13.8% (2022: 10.1%) of the gross carrying amount of the trade receivables are insured. All trade receivables which are not insured are provided in the ECL determination.

Receivables other than trade receivables are assessed individually based on their specific credit profile and business performance. Expected credit losses have not been identified in relation to these receivables.

When a trade or other receivable is uncollectible, it is written off and recognised in profit or loss. For individual customers, the gross carrying amount is written off when the financial asset is past due based on historical experience of recoveries of similar assets. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of the write-off based on whether there is a reasonable expectation of recovery. Amounts that are written off are subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

	31 March	
	2023 R'000	2022 R'000
Trade receivables	1,067,674	1,031,853
Loss allowance	(71,165)	(65,010)
Prepaid expenses*	45,028	19,940
Receivables from associates	47,130	60,805
Dividend receivable	20,365	60,198
Value added taxation	71,128	43,316
Other receivables **	98,535	137,341
<b>Total</b>	<b>1,278,695</b>	<b>1,288,443</b>

\*Included in prepaid expenses is software license renewals, maintenance, import clearing duties on inventory and other prepaid expenses.

\*\* Included in other receivables is supplier warranty claims, rebates receivable, trade creditors with debit balances, sundry debtors and miscellaneous receivables. To improve disclosures, value added taxation previously included in other receivables, is now presented separately in the note above and, the comparatives have been represented by R43 million.

The directors consider that the carrying value of trade and other receivables approximates fair value at the reporting date.

#### Movement in loss allowance

Balance at the beginning of the year	65,010	78,755
Acquisition of subsidiary	–	(36)
Derecognition on disposal of subsidiaries	–	(3,106)
Amounts written off during the year, net of recoveries	(1,700)	(5,702)
Net remeasurement of loss allowance	4,189	(4,800)
Foreign currency translation	3,666	(101)
<b>Balance at the end of the year</b>	<b>71,165</b>	<b>65,010</b>

# Notes to the audited annual consolidated financial statements (continued)

for the year ended 31 March 2023

## 17. Trade and other receivables (continued)

	31 March		
	Weighted average expected credit loss rate	Gross carrying amount <sup>^</sup>	Expected credit loss
<i>Expected credit loss assessment for trade receivables</i>	%	R'000	R'000
<b>2023</b>			
Less than 30 days	2%	596,381	10,124
31 to 60 days	7%	198,916	13,278
61 to 90 days	23%	32,533	7,383
91 to 120 days	14%	17,779	2,461
More than 120 days	33%	52,885	17,701
Debtors handed over to legal	92%	21,885	20,218
<b>Closing balance</b>	<b>8%</b>	<b>920,379</b>	<b>71,165</b>
<b>2022</b>			
Less than 30 days	2%	665,478	14,414
31 to 60 days	11%	168,723	17,969
61 to 90 days	13%	26,928	3,579
91 to 120 days	14%	12,330	1,780
More than 120 days	31%	33,929	10,617
Debtors handed over to legal	83%	20,147	16,651
<b>Closing balance</b>	<b>7%</b>	<b>927,535</b>	<b>65,010</b>

<sup>^</sup> This amount differs from total trade receivables as insured receivables are excluded from the table above.

Set out above is the information about the credit risk exposure on the Group's trade receivables using an assessment matrix.

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customer. Limits and scoring attributed to customers are reviewed. No one customer represents more than 9% (2022: 6%) of the total balance of trade receivables.

## Key accounting judgements, estimates and assumptions

### Measurement of expected credit loss allowance

The Group considered changes in risk and the fact that no material write-offs have been made on other receivables in the past and raised no expected credit loss on these financial assets.

To measure the ECLs for trade receivables, the trade receivables are grouped based on shared credit risk characteristics, coverage by letters of credit and other forms of credit insurance, and the days past due. The probability of a customer defaulting and the realised loss with defaulted accounts has been determined using historical data.

The ECL is determined for all trade receivables which are not insured. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors when affecting the ability of customers to settle the amount receivable.

Historical estimated losses are calculated as the average losses using historical data. The estimated loss value is adjusted to be forward-looking by considering the Group's credit control measures and collection policies. When measuring ECLs the Group uses reasonable and supportable forward-looking information based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. The Group has considered quantitative forward-looking information such as the core inflation rate, economic growth (GDP), state infrastructure spend, interest and exchange rates and extended payment terms granted. The forward-looking adjusted loss rate is applied to each receivables terms' bucket based on the unpaid balance by the total estimated loss rate. The expected loss rate is applied to the outstanding buckets to derive the allowance for ECLs. A qualitative assessment of the impact of forward-looking information has been performed and found to be immaterial.

There have not been any changes in the estimation techniques or significant assumptions applied during the current financial year.

# Notes to the audited annual consolidated financial statements (continued)

for the year ended 31 March 2023

## 18. Cash and cash equivalents

Cash and cash equivalents include cash on hand and short-term, highly liquid investments that are readily convertible to known amounts of cash which are subject to an insignificant risk of change in value. Cash and cash equivalents comprises cash on hand, bank balances and bank overdrafts.

### Accounting policy

Refer to note 2.5 Financial instruments.

	31 March	
	2023 R'000	2022 R'000
Bank and cash balances	799,957	582,354
Bank overdrafts	(69,676)	(53,379)
<b>Cash and cash equivalents in the statement of cash flows</b>	<b>730,281</b>	<b>528,975</b>

	31 March			
	Bank		Trading	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
<b>Banking and trading facilities</b>				
Gross facility balances	255,954	4,382,654	235,151	4,152,562
Facilities utilised	(69,676)	(2,001,808)	(53,379)	(1,641,649)
Facilities available	186,278	2,380,846	181,772	2,510,913

Banking facilities include overdrafts and overnight loans. Trade facilities include letters of credit, vehicle and asset financing, trade financing commitments, forward exchange contract commitments and non-recourse facilities. These facilities may be cancelled by notice from the relevant facility provider and are secured by cross-sureties and/or cross-guarantees from Group companies. The directors are of the view that there are adequate facilities in place to operate for the next 12 months.

## 19. Assets held for sale

### Accounting policy

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. The condition is regarded as met only when the sale is highly probable, and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets (or disposal groups) held for sale (distribution to owners) are measured at the lower of their carrying amount and fair value less cost to sell (distribute).

A non-current asset is not depreciated (or amortised) while it is classified as held for sale (distribution to owners), or while it is part of a disposal group classified as such.

Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale (distribution to owners) are recognised in profit or loss.

# Notes to the audited annual consolidated financial statements (continued)

for the year ended 31 March 2023

## 19. Assets held for sale (continued)

### Fidelio Properties (Pty) Ltd classified as held for sale (Subsidiary)

On 17 February 2023, the Group entered a sale agreement with Rustenburg Engineering & Foundry Pty Ltd for the sale of the Group's 100% shareholding in Fidelio Properties (Pty) Ltd (Fidelio) for a purchase consideration of R7.2 million. The sale is not effective at 31 March 2023, as the suspensive sale conditions included in the sale agreement have not yet been fulfilled. Management considers the sale to be highly probable and the assets and liabilities of Fidelio have been classified as held for sale. Fidelio is a property holding company which generates rental income and forms part of the corporate operating segment. The assets and liabilities classified as held for sale are measured at fair value less costs to sell determined from the purchase price included in the signed sale agreement (level 3). On classification to held for sale, the property of Fidelio was impaired by R1.8 million and recognised in profit for the current financial year.

### Non-core properties classified as held for sale (Properties)

The Group classified properties with a carrying value of R57.6 million (2022: RNil) (note 4) as held for sale in the current financial year. The properties consist of four properties located at Airport City, Kosmosdal, Belville and Rustenburg. An impairment of R4.5 million has been recognised on classification as held for sale on the Kosmosdal property, based on the purchase offer price (level 3) which was lower than the carrying value of the property and R53.1 million recognised at the lower of the carrying value and fair value less costs to sell. All the properties form part of the corporate operating segment and are available for immediate sale which management considers to be highly probable, with buyers identified for these properties. The sales are expected to be concluded within 12 months subject to the timely completion and transfer of the title deeds.

The R6.3 million property classified as held for sale in the prior financial year, relates to a property located at Bethlehem which was sold during the current financial year for R9.5 million and a gain of R3.3 million has been recognised in profit for the current financial year.

The value of the assets and liabilities classified as held for sale are disclosed below:

	31 March			Properties 2022 R'000
	Properties	Subsidiary	Total	
	2023 R'000	2023 R'000	2023 R'000	
<b>Assets:</b>				
Property, plant and equipment	53,108	6,462	59,570	6,251
Investment property	–	–	–	–
Loan and other receivables	–	165	165	–
Trade and other receivables	–	833	833	–
Current taxation	–	14	14	–
Cash and cash equivalents	–	43	43	–
<b>Assets classified as held for sale</b>	<b>53,108</b>	<b>7,517</b>	<b>60,625</b>	<b>6,251</b>
<b>Liabilities:</b>				
Deferred taxation	–	45	45	–
Trade and other payables	–	272	272	–
<b>Liabilities classified as held for sale</b>	<b>–</b>	<b>317</b>	<b>317</b>	<b>–</b>
<b>Net assets classified as held for sale</b>	<b>53,108</b>	<b>7,200</b>	<b>60,308</b>	<b>6,251</b>

# Notes to the audited annual consolidated financial statements (continued)

for the year ended 31 March 2023

## 20. Stated capital, ordinary share capital and share premium

### Accounting policy

#### Stated capital, ordinary share capital and ordinary share premium

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

#### Treasury shares

Own equity instruments that are reacquired (treasury shares) are recognised at cost and deducted from equity and is recognised in the treasury shares reserve. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued or sold, is recognised in the share premium.

#### Conversion of par value ordinary shares to no par value

The authorised ordinary share capital of Invicta Holdings Limited has been increased in the current financial year, through special resolution number 1 and shareholder approval at a general meeting, where it was resolved and approved that the ordinary share capital be reorganised by the conversion of all of the existing par value ordinary shares of R0.05 (five cents) each in the issued and authorised share capital into no par value ordinary shares. The conversion became effective on 2 June 2022. All the shares rank parri passu with one another, on the basis that each no par value ordinary share has the rights and privileges equivalent to the rights and privileges which were attached to such par value shares immediately prior to its conversion. In addition, through special resolution number 2, the Board resolved the creation of a further 151 000 000 ordinary no par value shares in the ordinary share capital of Invicta Holdings Limited, increasing the authorised ordinary share capital from 134 000 000 to 285 000 000 shares.

#### Share repurchases and cancellations

During the current financial year, the Group purchased 4,882,481 ordinary shares on the open market for R131 million which were subsequently cancelled on 6 October 2022. A further 1,242,789 ordinary shares were purchased on the open market by Humulani Marketing (Pty) Ltd, a subsidiary company of Invicta Holdings Limited on 8 March 2023 for R34 million.

During the prior financial year, the Group cancelled 6 767 668 ordinary par value shares which comprised the repurchase of 5 225 845 ordinary par value shares (repurchased for R148.1 million) and 1 541 823 treasury shares (repurchased for R48.9 million) previously held.

	31 March	
	2023	2022
	R'000	R'000
<b>Authorised and issued ordinary share capital</b>		
<b>Authorised</b>		
2023: 285 000 000 ordinary shares with no par value	–	–
2022: 134 000 000 ordinary shares of 5 cents each	–	6,700
<b>Issued and fully paid</b>		
2023: 99 844 589 ordinary shares with no par value	2,403,858	–
2022: 104 727 070 ordinary shares of 5 cents each	–	5,236
<b>Unissued shares</b>		
185 155 411 (2022: 29 272 930) Unissued ordinary shares are under the control of the		
<b>Ordinary share premium</b>		
2022: 104 727 070 ordinary shares of 5 cents each	–	2,516,172
<b>Treasury shares</b>		
2023: 1 131 968 ordinary shares with no par value	(30,874)	–
2022: nil ordinary shares of 5 cents each	–	–

# Notes to the audited annual consolidated financial statements (continued)

for the year ended 31 March 2023

## 20. Stated capital, ordinary share capital and share premium (continued)

	31 March	
	2023 R'000	2022 R'000
<b>Reconciliation of movements</b>		
<b>Ordinary par value share capital and share premium</b>		
Balance at the beginning of the year	2,521,408	2,684,884
Ordinary par value shares converted to ordinary no par value shares	(2,521,408)	–
Ordinary par value shares repurchased and cancelled	–	(163,476)
<b>Balance at the end of the year</b>	<b>–</b>	<b>2,521,408</b>
<b>Stated capital</b>		
Balance at the beginning of the year	–	–
Ordinary par value shares converted to ordinary no par value shares	2,521,408	–
Ordinary no par value shares cancelled	(117,550)	–
<b>Balance at the end of the year</b>	<b>2,403,858</b>	<b>–</b>
<b>Treasury shares</b>		
Balance at the beginning of the year	–	(49,406)
Ordinary shares purchased	(151,416)	(21,618)
Ordinary no par value shares disposed to director S.B. Joffe - options exercised	2,992	–
Ordinary shares cancelled	117,550	71,024
Preference shares purchased	(37,500)	–
Preference shares cancelled	37,500	–
<b>Balance at the end of the year</b>	<b>(30,874)</b>	<b>–</b>
<b>Reconciliation of movements in issued shares (number of issued shares)</b>		
<b>Ordinary par value shares</b>		
Balance at the beginning of the year	104,727,070	111,494,738
Ordinary par value shares converted to ordinary no par value shares	(104,727,070)	–
Ordinary par value shares repurchased and cancelled	–	(6,767,668)
<b>Balance at the end of the year</b>	<b>–</b>	<b>104,727,070</b>
<b>Stated capital - ordinary no par value shares</b>		
Balance at the beginning of the year	–	–
Ordinary par value shares converted to no par value shares	104,727,070	–
Ordinary no par value shares repurchased	(4,882,481)	–
<b>Balance at the end of the year</b>	<b>99,844,589</b>	<b>–</b>
<b>Treasury shares</b>		
Balance at the beginning of the year	–	1,541,823
Par value ordinary shares cancelled	–	(1,541,823)
Ordinary no par value shares purchased	6,125,270	–
Ordinary no par value shares disposed to director S.B. Joffe - options exercised	(110,821)	–
Ordinary no par value shares cancelled	(4,882,481)	–
<b>Balance at the end of the year</b>	<b>1,131,968</b>	<b>–</b>

# Notes to the audited annual consolidated financial statements (continued)

for the year ended 31 March 2023

21. Ordinary dividends	31 March	
	2023 R'000	2022 R'000
<b>Final</b>		
A dividend of 90 cents per share was declared and paid during the current year (2022: 60 cents)	94,278	66,897
Dividends received on treasury shares held	–	(925)
Dividends distributed by The Humulani Employee Investment Trust	4,724	3,685
<b>Total ordinary dividends paid</b>	<b>99,002</b>	<b>69,657</b>

Refer to note 48 with respect to ordinary dividends declared after the reporting period.

## 22. Preference shares

### Accounting policy

Non-redeemable preference shares are classified as equity because they do not contain any obligations to deliver cash or other financial assets and do not require settlement in a variable number of the Group's equity instruments.

Cumulative dividends thereon are recognised as equity distributions on approval by the Company's directors. The preference shares do not have any voting rights.

### Share repurchases and cancellations

During the current financial year, the Group purchased 375 000 preference shares on the open market for R36 million. The shares were cancelled on 6 October 2022.

	31 March	
	2023 R'000	2022 R'000
<b>Authorised</b>		
18 000 000 (2022: 18 000 000) cumulative, non-participating preference shares with a par value of R100 each	1,800,000	1,800,000
<b>Issued and fully paid</b>		
7 125 000 (2022: 7 500 000) cumulative, non-participating preference shares of R100 each	712,500	750,000

### Reconciliation of movements

#### Preference shares

Balance at the beginning of the year	750,000	750,000
Preference shares repurchased and cancelled during the year	(37,500)	–
<b>Balance at the end of the year</b>	<b>712,500</b>	<b>750,000</b>

### Reconciliation of movements in issued shares (number of issued shares)

#### Preference shares

Balance at the beginning of the year	7,500,000	7,500,000
Preference shares repurchased and cancelled during the year	(375,000)	–
<b>Balance at the end of the year</b>	<b>7,125,000</b>	<b>7,500,000</b>

The Group declared a final preference dividend of 666.36 cents (note 48), (2022: 470.10 cents) per share and an interim preference dividend of 415.09 cents (2022: 322.16 cents) per share.

# Notes to the audited annual consolidated financial statements (continued)

for the year ended 31 March 2023

## 23. Other reserves

### Long-term bonus and share incentive right scheme

The Group enters equity-settled share-based payments awards with executive directors who are beneficiaries of the long-term bonus and share incentive right scheme ("LBSIR scheme").

Full share grants awarded is determined based on the difference between the grant price and the five-day volume weighted average market price on the exercise date and may be settled by way of a purchase of shares in the market, use of treasury shares or issue of new shares.

All Tranches issued under the LBSIR scheme are equity settled with Tranches 13 to 16 based on share appreciation, while Tranches 17 to 19 additionally includes performance targets. The performance target vesting conditions applicable to Tranches 17 to 19 include 75% based on growth in headline earnings per share at a rate of CPI plus 2% per annum, over a three-year period (cumulative), from a base of continuing sustainable headline earnings per share and, 25% based on the achievement of a sustainable 12% return on ordinary shareholders' equity, over the three-year period. In all instances, the recipient must be in the employment of the Group at vesting.

At settlement the net settlement arrangement is designed to meet the Group's obligation under tax laws and regulations to withhold a certain amount to meet the employee's tax obligation associated with the share-based payment. This amount is then transferred, normally in cash, to the tax authorities on the employee's behalf. The employees in each instance will pay tax on vesting at the maximum marginal rate.

To fulfil this obligation, the terms of the LBSIR scheme may permit or require the entity to withhold the number of equity instruments that are equal to the monetary value of the employee's tax obligation from the total number of equity instruments that otherwise would have been issued to the employee upon exercise (or vesting) of the share-based payment ('net share settlement feature'). Where transactions meet the criteria, they are not divided into two components but are classified in their entirety as equity-settled share-based payment transactions if they would have been so classified in the absence of the net share settlement feature. Refer to note 41 for additional details of share-based payments.

### Additional information – diluted EPS & HEPS

The effect of all full share grants issued under the share-based payment plans are taken into account when calculating diluted earnings and diluted headline earnings per share, unless they are anti-dilutive (note 33).

### Accounting policy

#### Share based payments

Equity-settled share-based payments are measured at the fair value (excluding the effect of non-market-based vesting conditions) of the equity instruments issued at the date of the grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed in profit or loss on a straight-line basis over the vesting period with a corresponding increase in share-based payment reserve included in equity, based on the Group's estimate of equity instruments that will eventually vest and adjusted for the effect of non-market-based vesting conditions. The cumulative expense is recognised at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest.

If new shares are issued to equity-settle full share grants, the proceeds received net of any directly attributable transaction costs are credited to stated capital (nominal value).



# Notes to the audited annual consolidated financial statements (continued)

for the year ended 31 March 2023

## 23. Other reserves (continued)

	31 March	
	2023 R'000	2022 R'000
<b>Common control reserve</b>	<b>(45,715)</b>	(45,715)
This relates to the buy-out of minority interests in various entities.		
<b>Share based payment reserve</b>	<b>17,942</b>	15,061
This relates to the executive director long-term share incentive schemes.		
<b>Other statutory reserves</b>	<b>771</b>	771
This relates to historic reserves recognised on past acquisitions by the Group.		
<b>Total</b>	<b>(27,002)</b>	(29,883)
<b>Reconciliation of other reserves</b>		
Balance at the beginning of the year	<b>(29,883)</b>	(98,147)
<b>Share based payment reserve</b>		
Equity-settled share-based payments expense	<b>13,112</b>	10,775
Equity-settled share-based payments cancelled	<b>(5,992)</b>	(8,370)
Equity-settled share-based payments exercised	<b>(4,239)</b>	–
<b>Common control reserves</b>		
Disposal of subsidiary	–	85,888
Acquisition of non-controlling interest	–	(6,062)
<b>Other statutory reserves</b>		
Disposal of subsidiary	–	(13,921)
Other reserves movement	–	(46)
<b>Balance at the end of the year</b>	<b>(27,002)</b>	(29,883)

# Notes to the audited annual consolidated financial statements (continued)

for the year ended 31 March 2023

## 24. Borrowings

### Accounting policy

Refer to note 2.5 Financial instruments.

Borrowings	Interest rate	Maturity	31 March	
			2023 R'000	2022 R'000
<b>Secured borrowings</b>				
Mortgage bonds*	Prime	120 months tenor	151,822	173,658
Standard Bank GBP revolving credit facility**	SONIA	December 2024	175,678	153,183
Nedbank revolving credit facility**,***	JIBAR overnight deposit	February 2025	582,432	582,432
RMB revolving credit facility**,***	JIBAR overnight deposit	February 2025	100,000	35,000
ABSA USD term loan**	3.80% fixed	February 2026	127,611	105,286
Asset financing loan**	Prime	48 to 60 months tenor	102,188	55,961
<b>Unsecured borrowings</b>				
Overnight credit facility	Prime		45,000	–
Other borrowings	0% to 9.23%	On demand to April 2026	30,579	37,083
<b>Total borrowings</b>			<b>1,315,310</b>	<b>1,142,603</b>
<b>Less: Current borrowings</b>			<b>(118,491)</b>	<b>(165,644)</b>
<b>Non-current borrowings</b>			<b>1,196,819</b>	<b>976,959</b>

\*The mortgage bonds are secured by the related land and buildings (note 4).

\*\*These loans and revolving credit facilities are secured by cross-sureties provided by Group companies.

\*\*\*Total facility available on the Nedbank and RMB revolving credit facility is R750 million respectively.

The SARB has designated ZARONIA as the successor rate to JIBAR however no formal date for JIBAR cessation has been announced. At this stage, JIBAR continues to be made available. Management continues to stay abreast of the changes and will continue to assess impacts on the borrowings.

	31 March	
	2023 R'000	2022 R'000
<i>Gross carrying amount of borrowings are repayable as follows:</i>		
Due within one year	220,138	223,349
Due in the second to fifth years inclusive	1,261,610	1,033,140
Due in more than five years	64,378	55,957
	<b>1,546,126</b>	<b>1,312,446</b>
Unearned finance costs	<b>(230,816)</b>	<b>(169,843)</b>
<b>Total</b>	<b>1,315,310</b>	<b>1,142,603</b>
<i>Net carrying amount of borrowings are repayable as follows:</i>		
Due within one year	118,491	165,644
Due in the second to fifth years inclusive	1,140,950	927,627
Due in more than five years	55,869	49,332
<b>Total</b>	<b>1,315,310</b>	<b>1,142,603</b>

There is no limit on the Group's borrowings and guarantees in terms of the Company's memorandum of incorporation.

Refer to note 38 for a reconciliation of the movement in borrowings.

The fair value of borrowings approximates the carrying value at the reporting date.

# Notes to the audited annual consolidated financial statements (continued)

for the year ended 31 March 2023

## 25. Trade and other payables

### Accounting policy

Refer to note 2.5 Financial instruments.

	31 March	
	2023 R'000	2022 R'000
Trade payables	994,416	941,648
Sundry payables and accrued expenses*	200,696	233,183
Value added taxation	38,735	25,673
Deferred income	–	30,622
Payables to associates	5,956	30,897
Refund liabilities	2,952	1,791
Dividends payable**	31,654	23,307
Employee benefit accruals - leave pay accrual	43,791	41,533
<b>Total**</b>	<b>1,318,200</b>	<b>1,328,654</b>

\*Sundry payables and accrued expenses include accruals for transport, agency commissions, royalties, audit fees, employee taxes, rebates and other accruals as well as debtors with credit balances. Sundry payables and accrued expenses were disclosed as other payables in the 2022 consolidated financial statements and included value added taxation of R26 million. To improve disclosures, other payables is now disclosed as sundry payables and accrued expenses and, the comparatives represented by R26 million relating to value added taxation, disclosed separately in the table above.

\*\*The 31 March 2022 audited annual consolidated financial statements included forward exchange contract liabilities and excluded dividends payable which were presented separately on the face of the Consolidated Statement of Financial Position. In the current financial year, to improve presentation and disclosures, forward exchange contract liabilities and dividends payable have been reclassified such that, derivative liabilities are separately presented on the face of the Consolidated Statement of Financial Position and additional information included in note 11.2 and dividends payable are presented and included in trade and other payables. The comparatives have been presented on the same basis.

The directors are of the opinion that trade and other payables approximate fair value as at the reporting date.

*Set out below is the movement in deferred income:*

Balance at the beginning of the year	30,622	–
Revenue recognised during the year	(30,622)	–
Increase in deferred income	–	30,622
<b>Balance at the end of the year</b>	<b>–</b>	<b>30,622</b>

In the prior financial year, KMP pre-invoiced customers to facilitate the customs clearing process to international customers and such deferred income was recognised as revenue within 60 days, subject to the inco terms. The invoicing process was amended in the current year and customers are no longer pre-invoiced.

# Notes to the audited annual consolidated financial statements (continued)

for the year ended 31 March 2023

## 26. Employee benefit bonus incentives and provision

### Accounting policy

#### Employee benefit bonus incentives

A liability for bonus incentives is recognised when the Group has a legal or constructive obligation to pay the amount as a result of past services provided by employees and the obligation can be estimated reliably. The liability is calculated at undiscounted amounts based on current wage and salary rates. Employee benefit bonus incentives not expected to be settled wholly before twelve months after the year-end are recognised as long-term employee benefit bonus incentives.

#### Warranty provision

Provisions are recognised when the Group has a present (legal or constructive) obligation as a result of a past event, it is probable that the Group will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The warranty provision relates to assurance warranties which provides the customer with assurance that the related product will function as the parties intended because it complies with agreed-upon specifications. A provision for warranties is recognised when the underlying products are sold, based on historical warranty data and a weighting of possible outcomes against their associated probabilities.

The expected future cash flows are discounted at the pre-tax rate that reflects current market assessments of the time value of money and the specific risks of the liability. The unwinding of the discount is recognised in finance costs.

	31 March	
	2023 R'000	2022 R'000
Employee benefit bonus incentives - non-current	32,558	–
Employee benefit bonus incentives - current	222,358	205,872
<b>Total employee benefit bonus incentives</b>	<b>254,916</b>	205,872
Warranty provision	–	3,038
<b>Total employee benefit bonus incentives and provision</b>	<b>254,916</b>	208,910
<b>Reconciliation of provisions:</b>		
<b>Employee benefit bonus incentives</b>		
Balance at the beginning of the year	205,872	132,496
Recognised in profit or loss*	203,420	184,858
Utilised during the current year	(155,609)	(110,346)
Disposal of subsidiary	–	(874)
Foreign currency translation	1,233	(262)
<b>Balance at the end of the year</b>	<b>254,916</b>	205,872
<b>Warranty provision</b>		
Balance at the beginning of the year	3,038	6,925
Recognised in profit or loss*	–	(2,669)
Utilised during the current year	(3,038)	(1,218)
<b>Balance at the end of the year</b>	<b>–</b>	3,038

\*Recognised in selling, administration and distribution costs on the Consolidated Statement of Profit or Loss and Other Comprehensive Income (note 29).

### Key accounting judgements, estimates and assumptions

#### Warranty provision

The warranty provision is recognised on specific products sold during the past 3 financial periods, based on projections of expected warranty claims. Management judgement is required to determine the value of the provision as the amount of the provision is uncertain, but a reasonable estimate has been made. The expected timing of the utilisation of the provision is uncertain, but it is estimated to be within the next 3 reporting periods. Due to the timing of the utilisation of this provision being uncertain, it has been classified as current.

# Notes to the audited annual consolidated financial statements (continued)

for the year ended 31 March 2023

## 27. Profit share liability

The profit share liability relates to the Group's obligation to purchase notional shares from certain branch managers, in the event that the branch managers' employment with the Group is terminated for any reason whatsoever or wish to dispose of their notional shares. The liability recognised at fair value through profit or loss is determined as the amount equal to three times the average annual profit after taxation achieved by the branch in the 24 months prior to the date of the event, multiplied by the notional percentage shareholding.

### Accounting policy

Refer to note 2.5 Financial instruments.

	31 March	
	2023	2022
	R'000	R'000
<b>Reconciliation of profit share liability</b>		
Balance at the beginning of the year	62,892	79,624
Fair value adjustment recognised in profit or loss	15,233	(9,266)
Paid during the financial period	(5,007)	(6,350)
Other adjustments	4,434	(1,161)
Foreign currency translation	227	45
<b>Balance at the end of the year</b>	<b>77,779</b>	<b>62,892</b>

## 28. Revenue

The Group generates revenue primarily from the sale of goods which includes equipment, spare parts, engineering consumables and tools, and plastic pipe-ware and hardware and from the provision of services which includes the maintenance and servicing of capital equipment, and the installation of gearboxes and pressure pumps to its customers. Other sources of revenue include rental income from leasing investment property, forklifts and machinery equipment. The Group retains the rights to the underlying leased assets and usage in excess of specified limits is received through variable lease charges to the customer.

### Accounting policy

#### Revenue from contracts with customers

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts received on behalf of third parties. The Group recognises revenue when the performance obligations are met.

#### Sale of goods

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

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

The right to recover returned goods asset is measured at the former carrying amount of the inventory less any expected costs to recover goods. The refund liability is included in trade and other payables (note 25) and the right to recover returned goods is included in inventory (note 16). The Group reviews its estimate of expected returns at each reporting date and updates the amounts of the asset and liability accordingly.

# Notes to the audited annual consolidated financial statements (continued)

for the year ended 31 March 2023

## 28. Revenue (continued)

### Rendering of services

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

Revenue from a contract to provide services is recognised when the performance obligations have been met, this could be as the services are rendered over a period of time or upon completion of the services. The performance obligations are determined as follows:

- installation fees are recognised during the period of time that the installation occurs;
- rendering of equipment servicing or repairs is recognised once the service or repair has been completed;
- contract maintenance revenue is recognised over the term of the contract;
- servicing fees included in the price of products sold are recognised in reference to the proportion of the total cost of providing the servicing for the product sold; and
- revenue from time and material contracts is recognised at the contractual rates as labour hours and direct expenses are incurred and is recognised based on the stage of completion of the transaction, based on the proportion that costs incurred to date bear to the total costs of the project and cost-based input measure is in line with the performance obligations of IFRS 15 *Revenue from Contracts with Customers*.

### Revenue from leases with customers

The Group, as lessor, enters operating leases with customers which includes the leasing of investment property (note 5), machinery equipment and forklifts (note 4). Rental income from operating leases is recognised in profit or loss on a straight-line basis over the lease term and is included in revenue below as other revenue.

	31 March	
	2023 R'000	2022 R'000
<b>Type of products and service</b>		
<i>Revenue from contracts with customers</i>		
<b>Sale of goods</b>	<b>7,557,614</b>	6,864,208
-Equipment and parts	<b>2,100,660</b>	1,543,169
-Engineering consumables and tools	<b>5,067,358</b>	4,882,751
-Plastic pipe ware and hardware	<b>389,596</b>	438,288
<b>Rendering of services</b>	<b>110,150</b>	74,606
<i>Other revenue</i>		
Rental income	<b>102,184</b>	250,177
<b>External revenue</b>	<b>7,769,948</b>	7,188,991
<b>Timing of revenue recognition</b>		
Goods and services transferred at a point in time	<b>7,566,732</b>	6,870,206
Services transferred over time	<b>101,032</b>	68,608
Rental income	<b>102,184</b>	250,177
<b>External revenue</b>	<b>7,769,948</b>	7,188,991

Refer to note 3 for disclosures of revenue by operating segment and geographic area.

## 29. Operating profit before net finance income on financing transactions and foreign exchange movements

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

# Notes to the audited annual consolidated financial statements (continued)

for the year ended 31 March 2023

## 29. Operating profit before net finance income on financing transactions and foreign exchange movements (continued)

	31 March	
	2023 R'000	2022 R'000
Operating profit from continuing operations includes the following:		
<b>Income</b>		
Profit on disposal of property, plant and equipment	9,545	11,443
Profit on disposal of a business/investment	–	68,714
Profit on derecognition of right-of-use assets and right-of-use lease liabilities	2,961	6,593
Fair value adjustment on profit share liability	–	9,266
Fair value adjustment - interest rate swaps	2,166	4,803
Impairment reversal of property, plant and equipment	5,368	–
<b>Expenses</b>		
Depreciation	112,745	93,153
– Buildings	6,458	1,712
– Plant and equipment	29,238	27,148
– Leasehold improvements	9,358	5,217
– Motor vehicles	21,275	13,055
– Furniture, fittings and office equipment	12,219	13,192
– Computer equipment	8,015	6,999
– Operating lease assets	26,182	25,830
Amortisation of other intangible assets	24,274	23,339
– Computer software	16,262	20,349
– Reacquired agency rights	4,360	1,773
– Distribution agreements	290	372
– Trademarks, brand names and non-compete agreements	37	50
– Contractual and non-contractual customer relationships	3,325	795
Depreciation of right-of-use assets	83,321	75,565
– Land and buildings	71,136	59,698
– Motor vehicles	9,733	13,875
– Equipment	2,452	1,992
Expenditure resulting from the lease of short-term assets	5,804	9,471
Expenditure resulting from the lease of low value assets	366	1,407
Expenditure resulting from the leases with variable lease payments	4,617	6,990
Impairment of property, plant and equipment	–	398
Impairment of property classified to held for sale	6,293	–
Impairment of investment property	430	–
Fair value adjustment on profit share liability	15,233	–
Loss on disposal of a business/investment	–	5,660
Loss on disposal of property, plant and equipment	3,974	3,189
Auditors' remuneration*	22,770	17,987
– Current year	22,747	17,285
– Prior year	23	702
Employment benefit expense	1,223,791	1,085,934
– Short-term employee benefit expense	1,143,500	1,018,503
– Defined contribution plan expense	65,978	56,656
– Equity settled share-based payment expenses - equity settled	13,112	10,775
– Equity settled share-based payment expenses - options exercised	1,201	–

\*Includes remuneration to Ernst & Young, the Group auditor, of R17.6 million (2022: R12.3 million) for audit fees and R0.9 million (2022: R0.9 million) relating to non-audit services.

The Group had total cash outflows from right-of-use lease liabilities of premises, motor vehicles and equipment amounting to R107 million (2022: R101 million).

The Group had total cash outflows from short term, variable and low value leases of premises, motor vehicles and equipment amounting to R10.8 million (2022: R17.8 million) from operations.

# Notes to the audited annual consolidated financial statements (continued)

for the year ended 31 March 2023

30. Foreign exchange gains, losses and costs	31 March	
	2023 R'000	2022 R'000
<b>Foreign exchange gains</b>		
Foreign exchange gains on trade assets and liabilities	282,382	118,211
Foreign exchange gains on foreign exchange contracts	4,368	–
Foreign exchange gains on borrowings	2,288	558
<b>Total</b>	<b>289,038</b>	<b>118,769</b>
<b>Foreign exchange losses and costs</b>		
Foreign exchange losses on trade assets and liabilities*	(287,039)	(124,524)
Foreign exchange losses on foreign exchange contracts*	(3,460)	(3,004)
Foreign exchange losses on borrowings	–	(552)
Foreign exchange contract costs	(6,517)	(6,529)
<b>Total</b>	<b>(297,016)</b>	<b>(134,609)</b>

\*Foreign exchange losses on trade assets and liabilities previously included R3 million relating to foreign exchange losses on foreign exchange contracts. To improve disclosures, the foreign exchange losses on foreign exchange contracts are disclosed separately and the comparatives have been presented on the same basis.

## 31. Finance income

Bank*	17,332	16,165
Derivatives - interest rate swaps	3,685	–
Loans, trade and other receivables*	22,000	10,271
<b>Total</b>	<b>43,017</b>	<b>26,436</b>

\*Finance income is determined using the effective interest rate method.

## 32. Finance cost

Bank overdrafts and loans	(10,693)	(7,996)
Borrowings	(94,412)	(71,569)
Right-of-use lease liabilities	(26,117)	(26,464)
<b>Total</b>	<b>(131,222)</b>	<b>(106,029)</b>

## 33. Earnings per share

Basic earnings per share is calculated by dividing the profit for the year attributable to owners of the parent by the weighted average number of ordinary shares in issue during the year.

Headline earnings per share is calculated by dividing the headline earnings, calculated in terms of Circular 1/2021 issued by the SAICA, by the weighted average number of ordinary shares in issue during the year.

The dilution of the basic and headline earnings per share is calculated by adjusting the weighted average number of ordinary shares in issue during the year for the options granted which are “in the money” at the reporting date.

	31 March	
	2023 cents	2022 cents
Basic earnings per share from continuing operations	481	408
Basic earnings per share	481	764
Diluted earnings per share from continuing operations	479	395
Diluted earnings per share	479	741
Headline earnings per share from continuing operations	488	343
Headline earnings per share	488	330
Diluted headline earnings per share from continuing operations	486	333
Diluted headline earnings per share	486	320
Dividends per share	90	60



# Notes to the audited annual consolidated financial statements (continued)

for the year ended 31 March 2023

## 33. Earnings per share (continued)

	31 March	
	2023 '000	2022 '000
<b>Ordinary shares ('000)</b>		
In issue	99,845	104,727
Weighted average	101,828	108,020
Diluted weighted average	102,228	111,425
<b>Weighted average number of ordinary shares</b>		
Issued shares (net of treasury shares) at the beginning of the year	104,727	109,953
Ordinary shares repurchased during the year	(2,899)	(1,933)
<b>Balance at the end of the year</b>	<b>101,828</b>	<b>108,020</b>

### Diluted weighted average number of ordinary shares

Weighted average number of ordinary shares for the year	101,828	108,020
Add: Dilutive effect of equity settled share-based payments	400	3,405
<b>Balance at the end of the year</b>	<b>102,228</b>	<b>111,425</b>

The share-based payment options (note 23 and 41) relating to tranches 14, 15 and 18 (2022: tranches 16,17 and 18) are non-dilutive, as the options are 'out of the money' and as a result are excluded from the dilutive effect of equity settled share-based payments in the table above.

	31 March	
	2023 R'000	2022 R'000
<b>Headline earnings</b>		
Profit from continuing operations attributable to owners of the parent	489,523	440,278
Adjusted for: Profit for the year from discontinued operations	–	385,330
<b>Profit attributable to owners of the parent - ordinary shares</b>	<b>489,523</b>	<b>825,608</b>
<b>Headline earnings</b>		
Profit from continuing operations attributable to owners of the parent - ordinary shares	489,523	440,278
<b>Headline earnings adjustments from continuing operations</b>		
Adjustments for:		
Profit on disposal of property, plant and equipment	(9,545)	(11,443)
Less: Taxation thereon	1,621	(6,861)
Less: Other shareholders interest thereon	56	47
Loss on disposal of property, plant and equipment	3,974	3,189
Less: Taxation thereon	(1,065)	(848)
Less: Other shareholders interest thereon	(16)	–
Profit on disposal of a business/investment	–	(68,714)
Less: Taxation thereon	–	9,168
Loss on disposal of business/investment	–	5,660
Reversal of impairment - property, plant and equipment	(5,368)	–
Impairment of investment property	430	–
Less: Taxation thereon	(93)	–
Impairment of property, plant and equipment	–	398
Impairment of property classified to held for sale	6,293	–
Less: Taxation thereon	(972)	–
Loss on disposal of investment included in equity-accounted earnings, post taxation	12,244	–
<b>Headline earnings from continuing operations</b>	<b>497,082</b>	<b>370,874</b>
Profit for the year from discontinued operations	–	385,330
<b>Headline adjustments from discontinued operations</b>		
Adjustments for:		
Fair value gain on re-measurement of joint ventures	–	(399,919)
<b>Headline earnings</b>	<b>497,082</b>	<b>356,285</b>

# Notes to the audited annual consolidated financial statements (continued)

for the year ended 31 March 2023

## 34. Discontinued operations

### Accounting policy

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:

- Represents a separate major line of business or geographic area of operations
- Is part of a single co-ordinated plan to dispose of a separate major line of business or geographic area of operations, or
- Is a subsidiary acquired exclusively with a view to resale

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held-for-sale. When an operation is classified as a discontinued operation, the comparative statement of profit or loss and other comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative year.

### The Kian Ann Group

In the prior financial year, the Group entered a series of inter linked transactions which decreased the Group's 100% interest in the KAG to 48.81%. The effective loss of control triggered a deemed disposal effective 1 August 2021 in the prior financial year (note 40).

2022	31 March The Kian Ann Group R'000
<b>Profit for the year from discontinued operations</b>	
Revenue	461,233
Cost of sales	(360,711)
<b>Gross profit</b>	100,522
Expected credit losses recognised on trade receivables	5,969
Fair value adjustment on put and call options*	(17,235)
Fair value gain on remeasurement of investment in joint venture	399,919
Selling, administration and distribution costs	(77,407)
<b>Operating profit before net finance income on financing transactions and foreign exchange movements</b>	411,768
Finance costs from financing transactions	(84)
Foreign exchange losses and costs	(6,522)
<b>Operating profit/(loss)</b>	405,162
Finance costs	(2,556)
Equity accounted earnings from investment in joint ventures	(12,587)
Finance income & dividends received	873
<b>Profit before taxation</b>	390,892
Taxation expense	(5,562)
Profit for the year from discontinued operations	385,330
<b>Total comprehensive income for the year from discontinued operations</b>	385,330
* The put and call options lapsed on the acquisition of the subsidiaries of the KAG in the prior financial year and as a result, were recognised in profit or loss.	
	<b>cents</b>
<b>Basic earnings/(loss) per share from discontinued operations</b>	357
<b>Diluted earnings/(loss) per share from discontinued operations</b>	346
2022	R'000
<b>Cash flows from discontinued operations</b>	
Net cash outflow from operating activities	(94,834)
Net cash outflow from investing activities	(286,558)
Net cash inflow from financing activities	34,992
Effect of foreign exchange rate movement on cash balance	(8,999)
Net cash outflows attributable to discontinued operations	(355,399)

# Notes to the audited annual consolidated financial statements (continued)

for the year ended 31 March 2023

35. Reconciliation of profit before taxation to cash generated from operations	Notes	31 March	
		2023 R'000	2022 R'000
Profit before taxation		724,051	1,078,544
From continuing operations		724,051	687,652
From discontinued operations	34	–	390,892
Adjusted for:			
Finance income from financing transactions	9.3	(8,140)	(11,809)
Finance cost on financing transactions		2,873	7,721
Expected credit losses on loan receivables	10	–	(5,178)
Finance income		(43,017)	(27,309)
Finance costs		131,222	108,585
Share of profits of associate	13	(12,817)	(6,378)
Share of profits of joint venture*	14	(152,851)	(89,300)
Fair value adjustment on profit share liability	27	15,233	(9,266)
Profit on disposal of property, plant and equipment	29	(9,545)	(11,443)
Profit on disposal of investments and businesses	40	–	(68,714)
Profit on derecognition of right-of-use asset and right-of-use lease liabilities		(2,988)	(12,654)
Loss on derecognition of right-of-use asset and right-of-use lease liabilities		27	6,035
Depreciation		196,066	178,853
Amortisation		24,274	24,030
Lease smoothing		(569)	2,563
Reversal of impairment - property, plant and equipment	4	(5,368)	–
Impairment of property, plant and equipment and other intangible assets		–	409
Impairment of property classified to held for sale		6,293	–
Impairment of investment property	5	430	–
Loss on disposal of a business/investments	40	–	5,660
Loss on disposal of property, plant and equipment		3,974	3,189
Share-based payment expenses - equity settled	29	13,112	10,775
Share-based payment expenses - options exercised	29	1,201	–
Distributable reserve recognised**		–	(46)
Remeasurement gain on fair value of investment in joint venture previously held	34	–	(399,919)
Revaluation of derivatives		(2,166)	12,432
Retirement obligation accrual		117	(81)
Other non-cash adjustments		4,295	–
Elimination of unrealised losses in associates and joint ventures		–	602
Cash generated before movements in working capital (carried forward)		885,707	797,301
Working capital changes:		(246,608)	180,820
Increase in inventories		(327,516)	(240,512)
Increase in trade and other receivables		(44,573)	(23,546)
Increase in trade and other payables		73,074	346,157
Increase in employee benefit bonus incentives and provision		44,043	70,607
Decrease in net investment in finance leases***		8,364	28,114
<b>Cash generated from operations</b>		<b>639,099</b>	<b>978,121</b>

\*The prior financial year excludes R12.6 million relating to discontinued operations.

\*\*Statutory reserve raised in China where a portion of the loss is taken to a reserve.

\*\*\*The Group finances certain capital equipment transactions to customers at market related interest rates, resulting in the recognition of a net investment in finance leases (note 9.1). The financed asset consequently serves as security for the lease transactions. As a result, the cash flow implications of the net investment in finance leases are considered to be cash flows from operations.

# Notes to the audited annual consolidated financial statements (continued)

for the year ended 31 March 2023

## 36. Dividends paid to Group shareholders

	31 March	
	2023	2022
	R'000	R'000
Amounts unpaid at the beginning of the year	(23,307)	(27,386)
Ordinary dividends accrued	(99,002)	(69,657)
Preference dividends accrued	(73,176)	(57,253)
Amounts unpaid at the end of the year	31,654	23,307
<b>Total</b>	<b>(163,831)</b>	<b>(130,989)</b>

## 37. Taxation paid

Amounts unpaid at the beginning of the year	43,322	5,883
Acquisition of subsidiary	–	(42,339)
Recognised in profit or loss	(176,589)	(158,958)
Derecognised on disposal of subsidiary	147	55,775
Foreign currency translation	(1,943)	(528)
Amounts unpaid at the end of the year classified as held for sale assets	(14)	–
Amounts unpaid at the end of the year	(17,813)	(43,322)
<b>Total</b>	<b>(152,890)</b>	<b>(183,489)</b>

# Notes to the audited annual consolidated financial statements (continued)

for the year ended 31 March 2023

	Borrowings	Finance lease liability	Profit share liability	Total
	R'000	R'000	R'000	R'000
<b>38. Changes in liabilities arising from financing activities</b>				
<b>Carrying amount at 31 March 2021</b>	1,286,477	116,203	79,624	1,482,304
Funds raised	1,300,135	44,169	–	1,344,304
Interest accrued	72,534	5,807	–	78,341
Payments of capital	(1,501,824)	(104,190)	(6,350)	(1,612,364)
Payments of interest	(70,667)	(5,824)	–	(76,491)
Fair value adjustment	–	–	(9,266)	(9,266)
Acquisition of subsidiaries	36,297	–	–	36,297
Liabilities held for sale reinstated*	187,796	4,463	–	192,259
Disposal of subsidiary/businesses	(222,082)	(4,422)	–	(226,504)
Vehicle asset financing non-cash item	68,130	–	–	68,130
Other non-cash items	442	–	(1,161)	(719)
Foreign currency translation	(14,635)	(94)	45	(14,684)
<b>Carrying amount at 31 March 2022</b>	<b>1,142,603</b>	<b>56,112</b>	<b>62,892</b>	<b>1,261,607</b>
Funds raised	185,000	47,671	–	232,671
Interest accrued	94,412	4,414	–	98,826
Payments of capital	(129,686)	(46,228)	(5,007)	(180,921)
Payments of interest	(92,797)	(2,616)	–	(95,413)
Fair value adjustment	–	–	15,233	15,233
Other non-cash items	6,975	(12,175)	4,434	(766)
Vehicle asset financing non-cash item	56,800	1,589	–	58,389
Foreign currency translation	52,003	108	227	52,338
<b>Carrying amount at 31 March 2023</b>	<b>1,315,310</b>	<b>48,875</b>	<b>77,779</b>	<b>1,441,964</b>
<b>2022</b>				
Non-current	976,959	22,201	–	999,160
Current	165,644	33,911	62,892	262,447
<b>Total</b>	<b>1,142,603</b>	<b>56,112</b>	<b>62,892</b>	<b>1,261,607</b>
<b>2023</b>				
Non-current	1,196,819	24,990	–	1,221,809
Current	118,491	23,885	77,779	220,155
<b>Total</b>	<b>1,315,310</b>	<b>48,875</b>	<b>77,779</b>	<b>1,441,964</b>

\*The liabilities classified as held for sale in the prior year were reinstated to better illustrate the impact of the disposal of the subsidiary in this note.

# Notes to the audited annual consolidated financial statements (continued)

for the year ended 31 March 2023

## 39. Acquisition of subsidiaries

In the prior financial year, the Group acquired KMP Holdings Limited ("KMP") and a controlling interest in Modesty Investment Group Pte Ltd ("MIH") and Kunshan Kensetsu Buhin Co. Ltd ("KKB") which were simultaneously disposed (note 40) as a part of a series of transactions which led to a loss of control in the Kian Ann Group ("KAG") in the prior financial year.

### KMP Holdings Limited ("KMP")

KMP is a leading independent supplier of aftermarket heavy-duty diesel engine parts for industrial and agricultural machinery. KMP's main distribution facilities are located in Chertsey (UK) as well as Houston and Miami (USA). KMP was established more than 20 years ago and has a global customer base actively selling in more than 150 countries worldwide. KMP-branded products include aftermarket parts sourced from over 300 regular suppliers which are suitable for Komatsu®, Caterpillar®, Cummins®, Perkins®, Detroit Diesel® and John Deere® engines. KMP has been a specialist provider of diesel engine spare parts suitable for Komatsu® since 1994, Caterpillar® since 1996, Cummins® since 1994 and Perkins® since 2014. KMP-branded parts are widely recognised in the global aftermarket industry for their high quality, reliability, and value.

Part of Invicta's strategic focus is to diversify into new geographical areas in the industries and markets in which Invicta has significant experience and strong management capabilities. As such, KMP fits this profile. The Invicta subsidiary, Equipment Spare Parts Africa (Pty) Ltd, is a major customer of KMP and, as such, the acquisition will provide cross training and skilling opportunities, as well as potential economies of scale.

Subsidiary	Previous	Acquisition type	Acquisition date	Purchase
KMP Holdings Limited	0.00%	Acquisition of 100% of issued share capital	Saturday, January 1, 2022	R273 million
Modesty Investment Group Pte Ltd ("MIH")	50.01%	Acquisition of 49.99% of issued share capital to increase holding to 100%	Sunday, August 1, 2021	R323 million
Kunshan Kensetsu Buhin Co. Ltd ("KKB")	27.60%	Acquisition of 72.396% of issued share capital to increase holding to 100%	Sunday, August 1, 2021	R63 million

The acquisition of the above share capital resulted in the Group acquiring control over the subsidiaries.

# Notes to the audited annual consolidated financial statements (continued)

for the year ended 31 March 2023

## 39. Acquisition of subsidiaries (continued)

### Identifiable assets acquired and liabilities

2022	31 March			Total R'000
	KMP Holdings Limited R'000	Modesty Investment Group Pte Ltd R'000	Kunshan Kensetsu Buhin Co. Ltd R'000	
<b>Fair value of net assets acquired:</b>				
Property, plant and equipment	59,284	9,655	60,229	129,168
Right-of-use assets	21,379	–	–	21,379
Other intangible assets	21,284	79,236	82,978	183,498
Loan receivables	–	–	2,175	2,175
Bank and cash	6,282	59,039	71,057	136,378
Inventories	222,685	69,483	210,245	502,413
Trade and other receivables	89,183	67,152	302,829	459,164
Current taxation assets	–	–	17,584	17,584
Deferred taxation	(5,218)	(19,600)	(17,849)	(42,667)
Borrowings	(33,302)	(2,995)	–	(36,297)
Right-of-use lease liabilities	(21,378)	–	–	(21,378)
Trade and other payables	(128,325)	(118,492)	(494,708)	(741,525)
Shareholders for dividends	–	–	(85,199)	(85,199)
Current taxation liabilities	(3,179)	(56,744)	–	(59,923)
<b>Fair value of net assets acquired</b>	<b>228,695</b>	<b>86,734</b>	<b>149,341</b>	<b>464,770</b>
Cash purchase price	272,767	67,737	63,448	403,952
Non-cash purchase consideration - loan account	–	255,171	–	255,171
Fair value of investments in joint ventures	–	363,417	191,095	554,512
Fair value of net assets acquired	(228,695)	(86,734)	(149,341)	(464,770)
<b>Goodwill</b>	<b>44,072</b>	<b>599,591</b>	<b>105,202</b>	<b>748,865</b>
Cash purchase price	(272,767)	(67,737)	(63,448)	(403,952)
Bank and cash acquired	6,282	59,039	71,057	136,378
<b>Cash (outflow)/inflow on acquisitions of</b>	<b>(266,485)</b>	<b>(8,698)</b>	<b>7,609</b>	<b>(267,574)</b>
Profit after taxation since acquisition date included in the consolidated results for the year	452	–	–	452
Revenue since acquisition date included in the consolidated results for the year	110,810	–	–	110,810
Profit after taxation should the business combinations have been included for the entire year	27,180	30,217	139,224	196,621
Revenue should the business combinations have been included for the entire year	528,995	729,392	1,735,288	2,993,674

### Goodwill

The fair value of the investments and purchase consideration paid for MIH and KKB exceeded the “at acquisition” fair value of the net assets of MIH and KKB, resulting in the goodwill recognised. The consideration paid for these combinations included amounts in relation to expected synergies, revenue growth and future market development. The KMP goodwill arose from the expected benefit from cross training and skilling opportunities as well as economies of scale the Group expects to achieve.

# Notes to the audited annual consolidated financial statements (continued)

for the year ended 31 March 2023

## 39. Acquisition of subsidiaries (continued)

### Key accounting judgements, estimates and

#### Fair value of MIH and KKB joint venture investments previously held

The simultaneous acquisition and disposal in the prior financial year of the previously equity accounted investments in MIH and KKB required the Group to determine the fair value of the equity accounted investments to re-measure the investments to fair value before the acquisition of MIH and KKB as subsidiaries of the Group. The fair value of the investments in the previously held joint ventures were determined by using the discounted cash flow method. The Group based its cash flow calculations on the five-year forecasted information. The forecast average growth rates were used to extrapolate cash flows from year 2 to year 5 and the long-term average growth rate was used to calculate the terminal value. The post-tax discount rates used reflect specific risks relating to the relevant joint ventures whilst maximising the use of market observable data. Assumptions of growth rates were closely linked to entity-specific key performance indicators i.e., product supply and margin pressures. The respective fair value measurements had an impact on the acquisition fair value gains of the investments in MIH and KKB as noted above and the subsequent profit recognised on the disposal of the KAG, refer to note 40 Disposal of businesses and subsidiaries.

2022	31 March			
	Post-tax discount rate	Terminal value growth rate	Year 1 -3 annual growth rate	Year 4 - 5 annual growth rate
<b>Joint venture</b>	%	%	%	%
MIH	7.43%	0.30%	1.00%	0.50%
KKB	9.26%	0.30%	1.00%	0.50%

#### Sensitivity analysis

The fair values of the investments in the joint ventures previously held are sensitive to the growth rates and weighted average cost of capital used. The effect of changes in these inputs will result in the valuations noted below:

2022	31 March			
	Fair value of the investment in joint ventures previously held	Consideration	Net asset value including intangible assets	Goodwill*
Description	R'000	R'000	R'000	R'000
Based on documented assumptions:				
MIH	363,417	322,908	86,734	599,591
KKB	191,095	63,448	149,341	105,202
Growth rate increased by 50% of the original factor				
MIH	376,117	322,908	86,734	612,291
KKB	199,048	63,448	149,341	113,155
Growth rate reduced by 50% of the original factor				
MIH	350,020	322,908	86,734	586,194
KKB	183,434	63,448	149,341	97,541
1% increase in WACC				
MIH	323,742	322,908	86,734	559,916
KKB	165,810	63,448	149,341	79,917
1% decrease in WACC				
MIH	414,552	322,908	86,734	650,726
KKB	222,727	63,448	149,341	136,834

\*Goodwill is calculated by deducting the net asset value from the sum of the fair value of the investment in the joint ventures previously held and the consideration values.

#### Purchase price allocations for the acquisitions of KMP, MIH and KKB

The purchase price allocation to customer relationships were subject to estimates relating to forecasted revenue from customers (including assessment of attribution/attrition factors and assumptions regarding margins) and the calculation of appropriate discount rates. The value of patents was based on the replacement cost of the technology that used estimates of fees relating to professional services, documentation, and registration renewals.



# Notes to the audited annual consolidated financial statements (continued)

for the year ended 31 March 2023

## 40. Disposal of businesses and subsidiaries

### Keletso Imare Bindzue Procurement Services (Pty) Ltd (KIB)

This entity was consolidated at 31 March 2022 as an entity controlled in terms of IFRS 10 *Consolidated Financial Statements*. Due to a change in the nature of the relationship with the Group ending the outsourcing of procurement services to KIB, control and consolidation ceased effective 1 April 2022.

	31 March
	Total
	2023
	R'000
<b>Net assets disposed of:</b>	
Property, plant and equipment	13
Deferred taxation asset	29
Trade and other receivables	38,204
Bank and cash	391
Trade and other payables	(36,729)
Current taxation liability	(147)
Non-controlling interest	(1,761)
Cash and cash equivalents disposed	(391)
<b>Total cash outflow on disposal</b>	<b>(391)</b>

### Kian Ann Group (KAG)

In the prior financial year, the Group entered a series of transactions which resulted in the Group reducing its shareholdings in the KAG from 100% to 48.81% on 1 August 2021 and the KAG increasing its interest in MIH and KKB to 100% (note 39). MIH and KKB became fully owned subsidiaries of the KAG.

The transactions resulted in a disposal of the KAG as a subsidiary, due to loss of control and the 48.81% retained was accounted for as an investment in joint venture applying the equity method (note 14).

The transactions occurred concurrently and were accounted for using a bottom-up approach in terms of IFRS 10 Consolidated Financial Statements, with the entries affecting the lower levels of the consolidation recorded before those affecting the higher levels. This resulted in the acquisition of MIH and KKB as subsidiaries of KAG (note 39) before the disposal of the controlling interest in the KAG. These disposal steps resulted in a fair value gain on remeasurement of joint ventures of R399 million recognised in profit or loss from discontinued operations.

### Minor subsidiaries

In the prior financial year, the Group disposed of a controlling interest in AME Rustenburg (Pty) Ltd and AME Thabazimbi (Pty) Ltd on 1 May 2021 and 1 November 2021 respectively and disposed of a number of branches over the prior financial year. The loss of control transaction of AME Rustenburg (Pty) Ltd and AME Thabazimbi (Pty) Ltd was recognised as a disposal of subsidiary and subsequently recognised as an investment in associates due to the Group retaining significant influence over that investment. The branches were sold to companies in which the Group holds a minority share investment with significant influence and have been recognised as investments in associates (note 13).

### Rustenburg Engineering and Foundry (Pty) Ltd

In the prior financial year, the Group entered a Sale of Shares Agreement for the disposal of its 100% shareholding in Rustenburg Engineering and Foundry Proprietary Limited for a discounted purchase consideration of R9 million effective 1 October 2021. The disposal was in line with the Group's rationalisation to focus on core businesses. Rustenburg Engineering and Foundry Proprietary Limited was reported in the RPI: Industrial segment up until the disposal date.

The purchase consideration of R9 million was partially settled with R3 million received on 12 November 2021 and the outstanding balance was payable in eight equal monthly instalments with the option to be settled at an earlier date. As at 31 March 2022, R2.2 million remained outstanding with the outstanding balance attracting interest at the prime rate plus 3%. Amongst other protections, the shares were pledged as security to the Group until the outstanding purchase consideration was settled in full.

The Group did not account for the disposal as a discontinued operation in the prior financial period as the transaction was deemed to be immaterial.

# Notes to the audited annual consolidated financial statements (continued)

for the year ended 31 March 2023

## 40. Disposal of businesses and subsidiaries (continued)

	31 March			Total
	Rustenbur g Engineering and Foundry (Pty) Ltd	The Kian Ann Group	Minor subsidiaries	
A summary of the financial impact of the disposal is disclosed below:				
		2022		
	R'000	R'000	R'000	R'000
<b>Net assets disposed</b>				
Property, plant and equipment	1,089	651,078	1,087	653,254
Right-of-use assets	–	76,293	–	76,293
Goodwill	–	704,793	–	704,793
Other intangible assets	–	166,555	–	166,555
Loan receivables	–	(74,689)	–	(74,689)
Investment in joint venture	–	(698)	–	(698)
Deferred taxation asset	2,415	39,891	1,116	43,422
Inventories	4,704	995,942	3,473	1,004,119
Trade and other receivables	10,599	952,037	15,182	977,818
Current taxation assets	–	17,591	1,087	18,678
Bank and cash	5,554	725,704	15,108	746,366
Finance lease liabilities	–	(4,422)	–	(4,422)
Borrowings	–	(222,082)	–	(222,082)
Right-of-use lease liabilities	–	(110,914)	–	(110,914)
Trade and other payables	(8,863)	(1,088,933)	(25,307)	(1,123,103)
Provisions	(838)	(16,918)	(36)	(17,792)
Deferred taxation liability	–	(66,861)	–	(66,861)
Current taxation liability	–	(74,077)	(376)	(74,453)
Shareholders for dividends	–	(146,898)	–	(146,898)
Bank overdraft	–	(5,399)	–	(5,399)
Reserves	–	(549,390)	–	(549,390)
Non-controlling interests	–	(287,455)	–	(287,455)
<b>Net assets disposed of</b>	<b>14,660</b>	<b>1,681,148</b>	<b>11,334</b>	<b>1,707,142</b>
Cash proceeds received	6,750	436,885	3,187	446,822
Payment of liability on disposal	–	–	(2,440)	(2,440)
Non-cash proceeds - loan account settlement	–	46,661	–	46,661
Interest in joint venture/associate raised	–	1,226,259	1,252	1,227,511
Proceeds receivable	2,250	–	49,392	51,642
Net assets disposed	(14,660)	(1,681,148)	(11,334)	(1,707,142)
<b>(Loss)/profit on disposal*</b>	<b>(5,660)</b>	<b>28,657</b>	<b>40,057</b>	<b>63,054</b>
Cash proceeds received	6,750	436,885	747	444,382
Bank and cash disposed	(5,554)	(720,305)	(15,108)	(740,967)
<b>Total cash outflow on disposal</b>	<b>1,196</b>	<b>(283,420)</b>	<b>(14,361)</b>	<b>(296,585)</b>

\*Recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income in selling, administration and distribution costs (note 29).

### Key accounting judgements, estimates and assumptions

#### **Fair value determination on disposal of controlling interest in the KAG**

Furthermore, to the fair value determination of MIH and KKB as detailed in note 39, the Group was required to measure and recognise the remaining investment in Kian Ann Engineering (Pte) Ltd, after the loss of control at fair value. The fair value measurements were subject to estimates relating to the future EBITDA, capital expenditure and working capital of which the estimated future working capital requirements were assessed to be significant unobservable estimates. The valuations were significantly sensitive to changes in the working capital requirements relating to inventory, trade receivables and trade creditor days. The fair value measurements had an impact on the profit on the disposal as set out above.

# Notes to the audited annual consolidated financial statements (continued)

for the year ended 31 March 2023

## 41. Directors' and prescribed officers emoluments

### Fees and employment benefits

	31 March					
	Directors' fees	Audit and Remuneration committee fees	Salary and benefits	Retirement benefits	Performance related remuneration	Total
2023	R'000	R'000	R'000	R'000	R'000	R'000
<b>Executive directors*</b>						
S. Joffe	–	–	6,832	471	8,970	16,273
C. Barnard	–	–	3,717	353	2,613	6,683
A.M. Sinclair	–	–	4,298	333	3,260	7,891
G.M. Pelser**	–	–	6,052	127	7,273	13,452
N. Rajmohamed	–	–	3,455	274	2,000	5,729
<b>Prescribed officer*</b>						
L. Mpumlwana	–	–	2,274	156	269	2,699
	–	–	26,628	1,714	24,385	52,727
<b>Non-executive</b>						
C.H. Wiese	1,151	131	–	–	–	1,282
J.D. Wiese	539	–	–	–	–	539
L.R. Sherrell	339	–	–	–	–	339
R.A. Wally	453	680	–	–	–	1,133
M. Makwana	490	529	–	–	–	1,019
F. Davidson	417	198	–	–	–	615
I. van Heerden	417	131	–	–	–	548
	3,806	1,669	–	–	–	5,475
<b>Total</b>	<b>3,806</b>	<b>1,669</b>	<b>26,628</b>	<b>1,714</b>	<b>24,385</b>	<b>58,202</b>

\*The executive directors and prescribed officer emoluments are paid by a subsidiary of Invicta Holdings Limited.

\*\*Resigned as a director effective 31 March 2023.

\*\*\*Fees paid to non-executive directors includes value added taxation where applicable.

### 2022

<b>Executive directors*</b>						
S. Joffe	–	–	6,473	484	7,697	14,654
C. Barnard	–	–	3,509	355	3,502	7,366
A.M. Sinclair	–	–	4,071	339	4,961	9,371
G.M. Pelser	–	–	5,503	538	2,479	8,520
N. Rajmohamed	–	–	3,300	247	1,913	5,460
<b>Prescribed officer*</b>						
L. Mpumlwana**	–	–	559	42	–	601
	–	–	23,415	2,005	20,552	45,972
<b>Non-executive</b>						
C.H. Wiese	973	54	–	–	–	1,027
J.D. Wiese	421	–	–	–	–	421
L.R. Sherrell	259	–	–	–	–	259
R.A. Wally	277	483	–	–	–	760
M. Makwana	326	316	–	–	–	642
F. Davidson	276	137	–	–	–	413
I. van Heerden	317	54	–	–	–	371
	2,849	1,044	–	–	–	3,893
<b>Total</b>	<b>2,849</b>	<b>1,044</b>	<b>23,415</b>	<b>2,005</b>	<b>20,552</b>	<b>49,865</b>

\*The executive directors and prescribed officer emoluments are paid by a subsidiary of Invicta Holdings Limited.

\*\* Company secretary and Group legal counsel appointed 1 January 2022.

\*\*\*Fees paid to non-executive directors includes value added taxation where applicable.

# Notes to the audited annual consolidated financial statements (continued)

for the year ended 31 March 2023

## 41. Directors' and prescribed officer emoluments (continued)

### Equity-settled share-based payments

2023	31 March							
	Outstanding rights beginning of year	Exercise price	Granted during the year	Lapsed and cancelled during the year	Exercised during the year	Outstanding rights end of year	Date granted/adjusted	Option fair value - Black Scholes (Rands)
<b>S. Joffe</b>	<b>2,201,082</b>		<b>734,900</b>	<b>–</b>	<b>(600,000)</b>	<b>2,335,982</b>		
	985,000	17.93	–	–	–	985,000	17 Feb 21	7.60
	600,000	17.93	–	–	(600,000)	–	17 Feb 21	7.06
	616,082	30.44	–	–	–	616,082	31 Jan 22	10.46
	–	26.50	734,900	–	–	734,900	23 Mar 23	10.23
<b>C. Barnard</b>	<b>690,303</b>		<b>254,653</b>	<b>(74,505)</b>	<b>–</b>	<b>870,451</b>		
	39,013	54.30	–	(39,013)	–	–	27 Jun 17	16.02
	70,984	37.90	–	(35,492)	–	35,492	25 Jun 18	10.46
	343,000	17.93	–	–	–	343,000	17 Feb 21	7.60
	237,306	30.44	–	–	–	237,306	31 Jan 22	10.46
	–	26.50	254,653	–	–	254,653	23 Mar 23	10.27
<b>A.M. Sinclair</b>	<b>771,872</b>		<b>–</b>	<b>(95,847)</b>	<b>–</b>	<b>676,025</b>		
	41,354	54.30	–	(41,354)	–	–	27 Jun 17	16.02
	108,986	37.90	–	(54,493)	–	54,493	25 Jun 18	10.46
	368,000	17.93	–	–	–	368,000	17 Feb 21	7.60
	253,532	30.44	–	–	–	253,532	31 Jan 22	10.46
<b>N. Rajmohamed</b>	<b>575,232</b>		<b>234,302</b>	<b>(18,959)</b>	<b>–</b>	<b>790,575</b>		
	37,917	35.82	–	(18,959)	–	18,958	06 Jul 18	9.89
	314,000	17.93	–	–	–	314,000	17 Feb 21	7.60
	223,315	30.44	–	–	–	223,315	31 Jan 22	10.46
	–	26.50	234,302	–	–	234,302	23 Mar 23	10.27
<b>G.M. Pelsler*</b>	<b>948,854</b>		<b>–</b>	<b>(948,854)</b>	<b>–</b>	<b>–</b>		
	31,211	54.30	–	(31,211)	–	–	27 Jun 17	16.02
	71,702	37.90	–	(71,702)	–	–	25 Jun 18	10.46
	501,000	17.93	–	(501,000)	–	–	17 Feb 21	7.60
	344,941	30.44	–	(344,941)	–	–	31 Jan 22	10.46
<b>L. Mpumlwana</b>	<b>114,323</b>		<b>132,979</b>	<b>–</b>	<b>–</b>	<b>247,302</b>		
	114,323	30.44	–	–	–	114,323	31 Jan 22	10.46
	–	26.50	132,979	–	–	132,979	23 Mar 23	10.27
<b>2022</b>								
<b>S. Joffe</b>	<b>1,585,000</b>		<b>616,082</b>	<b>–</b>	<b>–</b>	<b>2,201,082</b>		
	985,000	17.93	–	–	–	985,000	17 Feb 21	7.60
	600,000	17.93	–	–	–	600,000	17 Feb 21	7.06
	–	30.44	616,082	–	–	616,082	31 Jan 22	10.46
<b>C. Barnard</b>	<b>562,996</b>		<b>237,306</b>	<b>(109,999)</b>	<b>–</b>	<b>690,303</b>		
	78,027	54.30	–	(39,014)	–	39,013	27 Jun 17	16.02
	141,969	37.90	–	(70,985)	–	70,984	25 Jun 18	10.46
	343,000	17.93	–	–	–	343,000	17 Feb 21	7.60
	–	30.44	237,306	–	–	237,306	31 Jan 22	10.46
<b>A.M. Sinclair</b>	<b>668,682</b>		<b>253,532</b>	<b>(150,342)</b>	<b>–</b>	<b>771,872</b>		
	82,709	54.30	–	(41,355)	–	41,354	27 Jun 17	16.02
	217,973	37.90	–	(108,987)	–	108,986	25 Jun 18	10.46
	368,000	17.93	–	–	–	368,000	17 Feb 21	7.60
	–	30.44	253,532	–	–	253,532	31 Jan 22	10.46
<b>N. Rajmohamed</b>	<b>389,834</b>		<b>223,315</b>	<b>(37,917)</b>	<b>–</b>	<b>575,232</b>		
	75,834	35.82	–	(37,917)	–	37,917	06 Jul 18	9.89
	314,000	17.93	–	–	–	314,000	17 Feb 21	7.60
	–	30.44	223,315	–	–	223,315	31 Jan 22	10.46
<b>G.M. Pelsler</b>	<b>706,825</b>		<b>344,941</b>	<b>(102,912)</b>	<b>–</b>	<b>948,854</b>		
	62,422	54.30	–	(31,211)	–	31,211	27 Jun 17	16.02
	143,403	37.90	–	(71,701)	–	71,702	25 Jun 18	10.46
	501,000	17.93	–	–	–	501,000	17 Feb 21	7.60
	–	30.44	344,941	–	–	344,941	31 Jan 22	10.46
<b>L. Mpumlwana</b>	<b>–</b>		<b>114,323</b>	<b>–</b>	<b>–</b>	<b>114,323</b>		
	–	30.44	114,323	–	–	114,323	31 Jan 22	10.46

There were 600,000 share options exercised by the directors in 2023 (2022: nil).

# Notes to the audited annual consolidated financial statements (continued)

for the year ended 31 March 2023

## 41. Directors' and prescribed officer emoluments (continued)

### Equity-settled share-based payments (continued)

	31 March					
	Number of awards	Weighted average exercise price - Rand	Weighted average incentive rights cost (Black Scholes) Rand	Weighted average incentive rights cost (Black Scholes) Rand	Weighted average exercise price - Rand**	Weighted average incentive rights cost (Black Scholes) Rand
	2023					
Outstanding at the beginning of the year	5,301,666	23.99	8.83	3,913,337	22.92	8.41
Awarded during the year*	1,543,680	26.50	10.25	1,789,499	30.44	10.46
Lapsed and cancelled during the year	(1,138,165)	28.42	9.74	(401,170)	42.26	11.95
Exercised during the year	(600,000)	17.93	7.06	–	–	–
Outstanding at the end of the year*	5,107,181	24.48	9.27	5,301,666	23.99	8.83

	Tranche 13	Tranche 14	Tranche 15	Tranche 16	Tranche 17	Tranche 18	Tranche 19
Number of grants*	680,399	761,471	75,834	600,000	2,511,000	1,789,499	1,543,680
Cancelled	(680,399)	(671,486)	(56,876)	–	(501,000)	(344,941)	–
Exercised***	–	–	–	(600,000)	–	–	–
Grant date	27 Jun 17	25 Jun 18	06 Jul 18	17 Feb 21	17 Feb 21	26 Jan 22	23 Mar 23
Grant price	R 54.30	R 37.90	R 35.82	R 17.93	R 17.93	R 30.44	R 26.50
Average remaining contractual term (months)	–	–	–	–	11	22	36
Option fair value - Black Scholes	R 16.02	R 10.46	R 9.89	R 7.06	R 7.60	R 10.46	R 10.25

\*Includes 186,846 tranche 19 share options issued to key management personnel in the current financial year.

\*\*The weighted average exercise price was not disclosed in the prior financial year audited consolidated financial statements although values could be determined from information that was presented in those financial statements. To improve presentation and disclosure, the weighted average exercise prices have been disclosed and the comparatives presented and disclosed on the same basis.

\*\*\* The share price on the date of exercise of these options was R27.00.

#### Valuation inputs:

Vesting period	Within 3 years		2 years	3 years	3 years	3 years
Expected volatility (daily) (%)	2,3	2,1	2,1	4,4	4,0	3,8
Dividend yield (%)	3,0	3,1	3,1	1,65	2,18	2,88
Risk free rate (%)	7,5	7,9	7,8	6,97	6,97	7,74
Share price at grant date - Rand	55.48	37.50	34.32	18.51	18.51	30.85

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

All Tranches are equity settled with Tranches 13 to 16 based on share appreciation, while Tranches 17 to 19 additionally includes performance targets. In all instances the recipient must be in the employment of the Group at vesting. The employees in each instance will pay tax on vesting at the maximum marginal rate.

Options exercisable at year end	Tranche 13	Tranche 14	Tranche 15	Tranche 16	Tranche 17	Tranche 18	Tranche 19
Number	–	89,985	18,958	–	–	–	–
Exercise price	–	R 37.90	R 35.82	–	–	–	–

The weighted average exercise price of the options exercisable at year end is R37.54 (2022: R44.89).

## Key accounting judgements, estimates and assumptions

### Fair value of share-based payments at grant date

Fair value at grant date is measured by use of the Black-Scholes model. The expected life used in these models has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

# Notes to the audited annual consolidated financial statements (continued)

for the year ended 31 March 2023

## 42. Directors' interest in the shares of the Company

	31 March					
	Direct interest	Indirect interest	Associates	Direct interest	Indirect interest	Associates
	Number of shares held 2023			Number of shares held 2022		
<b>Ordinary shares</b>						
C. Barnard	–	511,536	511,536	–	511,536	511,536
S.B. Joffe	–	3,959,580	3,989,580	–	3,399,402	3,424,402
L.R. Sherrell	30,801	6,162,723	6,162,723	30,801	6,112,723	6,112,723
A.M. Sinclair	602,329	–	–	602,329	–	–
J.D. Wiese	–	1,809,043	1,809,043	–	1,691,531	1,691,531
G.M. Pelser*	65,536	–	–	65,536	–	–
C.H. Wiese	–	42,424,740	42,424,740	–	42,307,228	42,307,228
<b>Preference</b>						
C. Barnard	–	26,140	36,140	–	20,090	30,090
S.B. Joffe	–	36,123	36,123	–	17,123	17,123
A.M. Sinclair	10,000	–	–	10,000	–	–
J.D. Wiese	–	2,112,813	2,112,813	–	1,394,339	1,394,339
I. van Heerden**	33,000	–	–	–	–	–
C.H. Wiese	–	92,735	92,735	–	645,598	645,598

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

There have been no changes in directors' shareholding between 31 March 2023 and the date of this Report.

\*Resigned as a director effective 31 March 2023.

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

## 43. Capital and financial risk management and financial instruments

The Group is exposed, directly and indirectly, to market risk, including, primarily, changes in interest rates and currency exchange rates and uses derivatives and other financial instruments in connection with its risk management activities. The Board of Directors carries the ultimate responsibility for the overseeing of the Group's risk management framework and is accountable for designing, implementing and monitoring the process of risk management and integrating it into the daily activities of the Group.

### Capital risk management

Capital is managed to ensure that operations are able to continue as a going concern, whilst maximising return to stakeholders through an appropriate debt and equity structure. The capital structure of the Group consists of debt, which includes borrowings, cash and cash equivalents, preference shares and equity. Capital risk is continuously reviewed by the board and risks are mitigated accordingly. The treasury function is administered at Group level where strategies for the funding of working capital requirements and capital expenditure projects are implemented, considering cash flow projections and expected movements in interest rates.

	31 March	
	2023	2022
	R'000	R'000
Total interest-bearing debt	1,667,944	1,475,003
Less: Cash and cash equivalents	(730,281)	(528,975)
Net interest-bearing debt	937,663	946,028
Total equity	5,339,135	4,692,685
<b>Net debt to equity ratio</b>	<b>18%</b>	<b>20%</b>

# Notes to the audited annual consolidated financial statements (continued)

for the year ended 31 March 2023

## 43. Capital and financial risk management and financial instruments (continued)

### Categories for financial instruments

	31 March	
	2023	2022
	R'000	R'000
<b>Financial assets</b>		
Net investment in finance lease - amortised cost	74,341	83,923
Loan and other receivables - amortised cost	185,657	285,364
Derivatives - forward exchange contracts - mandatory fair value through profit or loss	28	-
Derivatives - interest rate swaps - mandatory fair value through profit or loss	13,174	11,008
Trade and other receivables - amortised cost	1,162,539	1,225,187
Cash and cash equivalents - amortised cost	799,957	582,354
<b>Financial liabilities</b>		
Borrowings - amortised cost	1,315,310	1,142,603
Right-of-use liabilities - amortised cost	303,759	276,288
Finance lease liabilities - amortised cost	48,875	56,112
Trade and other payables - amortised cost	1,232,722	1,229,036
Derivates - forward exchange contracts - mandatory fair value through profit or loss	3,613	24,320
Profit share liability - mandatory fair value through profit or loss	77,779	62,892
Bank overdrafts - amortised cost	69,676	53,379

# Notes to the audited annual consolidated financial statements (continued)

for the year ended 31 March 2023

## 43. Capital and financial risk management and financial instruments (continued)

### Interest rate risk management

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

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

	Carrying amount at year end	31 March	
		Change in interest rate %	Effect on profit before tax R'000
<b>2023</b>			
Variable interest rate borrowings	1,187,699	1%	11,877
<b>2022</b>			
Variable interest rate borrowings	1,037,316	1%	10,373

Details of interest rate derivatives at the reporting date:

	Swap maturity	31 March		
		Nominal Amount R'000	Fixed swap rate %	Fair value R'000
<b>2023</b>				
Swap 53014578 had a fixed rate of 3.99%	11 September 2023	100,000	3.99%	1,912
Swap 53014582 had a fixed rate of 4.48%	9 September 2024	100,000	4.48%	4,884
Swap 53014781 had a fixed rate of 5.03%	9 September 2025	100,000	5.03%	6,378
<b>2022</b>				
Swap 53014578 had a fixed rate of 3.99%	11 September 2023	100,000	3.99%	2,415
Swap 53014582 had a fixed rate of 4.48%	9 September 2024	100,000	4.48%	3,932
Swap 53014781 had a fixed rate of 5.03%	9 September 2025	100,000	5.03%	4,661

	31 March	
	2023 %	2022 %
The applicable interest rates during the period were as follows:		
<b>Average</b>		
Prime interest rate	7.94%	7.04%
Three-month JIBAR	6.34%	3.85%
<b>Closing</b>		
Prime interest rate	11.25%	7.75%
Three-month JIBAR	7.96%	4.37%

### Credit risk management

Potential areas of credit risk consist of trade accounts receivable, loan receivables, net investment in finance leases and short-term cash investments. Trade accounts receivable consist of a widespread customer base. Group companies monitor the financial position of their customers on an ongoing basis. Where considered appropriate, use is made of credit guarantee insurance. The granting of credit is controlled by application and account limits. Allowance is made for expected credit losses and at the year-end management did not consider there to be any material credit risk exposure that was not already covered by credit guarantee or a loss allowance therefore a 12 month has been used for the expected credit loss assessment. It is Group policy to deposit short-term cash investments with only the major banks. The credit rating is BB- for cash and cash equivalents which are invested across the major South African banks.



# Notes to the audited annual consolidated financial statements (continued)

for the year ended 31 March 2023

## 43. Capital and financial risk management and financial instruments (continued)

### Currency risk management

The majority of the Group's monetary assets and liabilities are denominated in South African Rand. The monetary assets and liabilities of the entity that holds the investment in joint venture (Kian Ann Group) are denominated in Singapore Dollar. There are investment holding companies in Mauritius that are denominated in US dollar, together with the assets and liabilities of the RSS: Industrial segment's foreign entities which are denominated in various foreign currencies.

	31 March					
	ZAR	GBP	SGD	USD	Other	Total
2023	R'000	R'000	R'000	R'000	R'000	R'000
<b>Foreign currency monetary assets and liabilities</b>						
Total assets	5,486,067	432,717	1,809,106	420,460	629,763	8,778,113
Total liabilities	(2,754,605)	(339,792)	(3,655)	(241,182)	(99,744)	(3,438,978)
<b>Total</b>	<b>2,731,462</b>	<b>92,925</b>	<b>1,805,451</b>	<b>179,278</b>	<b>530,019</b>	<b>5,339,135</b>
2022						
<b>Foreign currency monetary assets and liabilities</b>						
Total assets	5,600,752	338,411	1,222,112	253,734	482,825	7,897,834
Total liabilities	(2,594,861)	(307,017)	(3,079)	(176,130)	(124,062)	(3,205,149)
<b>Total</b>	<b>3,005,891</b>	<b>31,394</b>	<b>1,219,033</b>	<b>77,604</b>	<b>358,763</b>	<b>4,692,685</b>

The companies denominated in USD and GBP include an investment holding company where investments have been eliminated to show the Group's true exposure to foreign currency.

The following table details the Group's sensitivity to a reasonable increase or decrease in South African Rand against the foreign currencies, at the reporting date, on the profit or loss before taxation of the Group's major foreign operation.

	31 March					
	Profit/(loss) before taxation					
	Value in foreign currency	Spot rate at year-end to ZAR	Increase in foreign currency rate	Effect on profit before	Decrease in foreign currency rate	Effect on profit before
2023	000		%	R'000	%	R'000
USD	1,788	17.72	10.00%	3,169	(10.00%)	(3,169)
GBP	636	21.96	10.00%	1,397	(10.00%)	(1,397)
SGD	11,896	13.33	10.00%	15,863	(10.00%)	(15,863)
2022						
USD	(2,316)	14.58	10.00%	(3,376)	(10.00%)	3,376
GBP	(270)	19.15	10.00%	(517)	(10.00%)	517
SGD	7,955	10.77	10.00%	8,564	(10.00%)	(8,564)

# Notes to the audited annual consolidated financial statements (continued)

for the year ended 31 March 2023

## 43. Capital and financial risk management and financial instruments (continued)

### Currency risk management (continued)

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

	31 March		ZAR R'000
	Foreign currency '000	Average exchange rate	
<b>2023</b>			
US Dollar	23,660	17.8561	422,475
Euro	4,961	19.4479	96,481
Yen*	250,486	7.3714	33,981
British Pound	269	21.6394	5,821
<b>2022</b>			
US Dollar	21,649	15.0471	325,754
Euro	6,214	16.5970	103,134
Yen*	343,578	7.5800	45,327
British Pound	645	19.1519	12,353

\*The contract price is quoted as ZAR to Yen, whereas all others are quoted foreign currency to ZAR.

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

	31 March			
	Value in ZAR R'000	Spot rate at reporting ZAR	Change in currency rate %	Effect on profit before taxation R'000
<b>2023</b>				
US Dollar	422,475	17.72	22%	92,945
Euro	96,481	19.31	19%	18,331
Yen	33,981	7.37	(12%)	(4,078)
British Pound	5,821	21.96	15%	873
<b>2022</b>				
US Dollar	325,754	14.58	(1%)	(3,258)
Euro	103,134	16.17	(7%)	(7,219)
Yen	45,327	8.41	13%	5,893
British Pound	12,353	19.15	(6%)	(741)

# Notes to the audited annual consolidated financial statements (continued)

for the year ended 31 March 2023

## 43 Capital and financial risk management and financial instruments (continued)

### Financial instruments measured at fair value

An analysis of the financial instruments that are measured subsequent to initial recognition at fair value is represented in the tables below:

	Note	31 March				
		Balance at reporting date R'000	Valuation techniques and key inputs	Level 1	Level 2	Level 3
<b>2023</b>						
<b>Financial assets at fair value</b>						
Derivatives - interest rate swaps	11.1	13,174	2	–	13,174	–
Derivatives - forward exchange contracts	11.1	28	1	28	–	–
<b>Financial liabilities at fair value</b>						
Profit share liability	27	77,779	3	–	–	77,779
Derivatives - forward exchange contracts	11.2	3,613	1	3,613	–	–
<b>2022</b>						
<b>Financial assets at fair value</b>						
Derivatives - interest rate swaps	11.1	11,008	2	–	11,008	–
<b>Financial liabilities at fair value</b>						
Profit share liability	27	62,892	3	–	–	62,892
Derivatives - forward exchange contracts	11.2	24,320	1	24,320	–	–

#### Valuation technique(s) and key inputs:

- 1.Expected settlement value.
- 2.Monte Carlo Simulation Technique along with the Geometric Brownian Motion Model.
- 3.Earnings multiple valuation based on three times the average annual profit before taxation over the past 24 months multiplied by the notional percentage holding. The weighted average earnings used in the valuation in the current financial year was R8.3 million.

The derivative interest rate swaps are sensitive to the change in interest rates. A 0.5% increase/decrease in the interest rate will increase/decrease the valuation by approximately R1.6 million (2022: R3.0 million).

The valuation of the profit share liability is based on historic earnings and contractually determined price earnings multiples; as such this valuation is not sensitive to a change in assumptions.

Movements in Level 3 financial assets and liabilities are as follows:

Financial assets/liability at fair value	31 March			
	Put option asset* R'000	Call option asset* R'000	Profit share liability R'000	
<b>2023</b>				
Fair value at the beginning of the year	–	–	62,892	
Fair value adjustment recognised in profit or loss	–	–	15,233	
Other adjustment	–	–	4,434	
Foreign currency translation	–	–	227	
Payments	–	–	(5,007)	
<b>Fair value at the end of the year</b>	<b>–</b>	<b>–</b>	<b>77,779</b>	
<b>2022</b>				
Fair value at the beginning of the year	1,048	16,529	79,624	
Fair value adjustment recognised in profit or loss	(1,028)	(16,207)	(9,266)	
Other adjustment	–	–	(1,161)	
Foreign currency translation	(20)	(322)	45	
Payments	–	–	(6,350)	
Disposal of business	–	–	–	
Fair value at the end of the year	–	–	62,892	
	<b>Note</b>	40	40	27

\* The put and call option assets were disposed, in the prior financial year (note 40).

# Notes to the audited annual consolidated financial statements (continued)

for the year ended 31 March 2023

## 43. Capital and financial risk management and financial instruments (continued)

### Liquidity risk management

The Group manages liquidity risk by monitoring forecast cash flows and ensuring that adequate unutilised borrowing facilities are maintained. Furthermore, the Group has access to a sufficient variety of sources of funding and debt maturing within 12 months can be rolled over with existing lenders.

### Maturity analysis of financial liabilities including derivative financial liabilities:

	31 March						
	Carrying amount	Total	Months 1-3	Months 4-12	Year 2	Years 3-5	More than 5 years
2023	R'000	R'000	R'000	R'000	R'000	R'000	R'000
<b>Non-derivative financial liabilities:</b>							
Borrowings	1,315,310	1,546,125	84,583	135,555	998,098	263,511	64,378
Right-of-use lease liabilities	303,759	369,876	28,435	77,997	88,405	147,928	27,111
Finance lease liabilities	48,874	55,632	10,890	17,094	14,478	13,170	–
Profit share liability	77,779	77,779	–	77,779	–	–	–
Bank overdrafts	69,676	69,676	69,676	–	–	–	–
Payables*	1,232,722	1,232,722	1,131,781	100,941	–	–	–
<b>Derivative financial liabilities:</b>							
Forward exchange contracts	3,613	3,613	3,613	–	–	–	–
<b>Total</b>	<b>3,051,733</b>	<b>3,355,423</b>	<b>1,328,978</b>	<b>409,366</b>	<b>1,100,981</b>	<b>424,609</b>	<b>91,489</b>
2022							
<b>Non-derivative financial liabilities:</b>							
Borrowings	1,142,603	1,312,445	130,146	93,202	102,508	930,632	55,957
Right-of-use lease liabilities	276,288	345,555	25,891	70,829	73,097	133,327	42,411
Finance lease liabilities	56,112	60,383	12,639	24,069	15,568	8,107	–
Profit share liability	62,892	62,892	–	62,892	–	–	–
Bank overdrafts	53,379	53,379	53,379	–	–	–	–
Payables*	1,229,035	1,229,035	1,058,253	170,782	–	–	–
<b>Derivative financial liabilities:</b>							
Forward exchange contracts	24,320	24,320	24,320	–	–	–	–
<b>Total</b>	<b>2,844,629</b>	<b>3,088,009</b>	<b>1,304,628</b>	<b>421,774</b>	<b>191,173</b>	<b>1,072,066</b>	<b>98,368</b>

\* Payables include trade payables, sundry payables and accrued expenses, payables to associates and dividends payable. The 2022 comparatives have been represented to exclude the forward exchange contract shown separately in the table above for improved disclosure.

## 44. Contingent liabilities

The banks have guaranteed R39.3 million (31 March 2022: R20.1 million) on behalf of the Group to creditors.

# Notes to the audited annual consolidated financial statements (continued)

for the year ended 31 March 2023

## 45. Related party transactions

### Relationships

Related parties in the case of the Group include any shareholder who is able to exert a significant influence on the operating policies of the Group. Directors, their close family members and any employee who is able to exert significant influence on the operating policies of the Group are also considered to be related parties.

The fellow subsidiaries in the Group are identified in note 12 and the associates and joint ventures in notes 13 and 14, respectively. The Group directors are set out on pages 10 to 11 of the integrated report.

The following related party transactions exist

- Loans to/from subsidiaries, associates, joint
- Interest on the loans to/from subsidiaries,
- Intercompany debtors and creditors
- Leases
- Administration fees
- Commission
- Dividends
- Sales and cost of sales

### Material related party balances and transactions:

	31 March	
	2023 R'000	2022 R'000
<b>Remuneration of key management personnel</b>		
Salary and benefits	59,240	67,450
Retirement benefits	2,006	3,930
<b>Total</b>	<b>61,246</b>	<b>71,380</b>

Salary and benefits include basic, fringe benefits and performance related remuneration.

Retirement benefits comprise the company contributions to employee retirement funds.

Refer to note 41 for the details of the director's remuneration.

### Loans, trade and other receivables and payables with associates:

	31 March			
	Loan receivables R'000	Trade receivables R'000	Other receivables R'000	Payables R'000
<b>2023</b>				
Africa Maintenance Kathu (Pty) Ltd	–	11,379	1,133	8
Africa Maintenance Lephalale (Pty) Ltd	289	2,886	404	–
Africa Maintenance Mogale (Pty) Ltd	2,363	2,561	598	2
Africa Maintenance Emalahleni (Pty) Ltd	19,630	20,706	26,902	1,331
Africa Maintenance Sekhukhune (Pty) Ltd	4,783	3,134	3,493	1,130
Africa Maintenance Amajuba (Pty) Ltd	1,147	1,266	202	855
Africa Maintenance Umhlathuze (Pty) Ltd	4,517	9,388	1,204	2,006
Africa Maintenance Matjabeng (Pty) Ltd	5,992	4,423	2,741	14
Africa Maintenance Rustenburg (Pty) Ltd	7,178	8,621	7,578	510
Africa Maintenance Thabazimbi (Pty) Ltd	6,757	4,633	358	98
Africa Maintenance Madibeng (Pty) Ltd	8,114	2,479	1,668	2
Makona Hardware and Industrial Supplies (Pty) Ltd	–	–	849	–
Zhejiang Beienji Industrial Products Co. Ltd	9,812	–	–	–
Shareholders of associates	4,128	–	–	–
<b>Total</b>	<b>74,710</b>	<b>71,476</b>	<b>47,130</b>	<b>5,956</b>

# Notes to the audited annual consolidated financial statements (continued)

for the year ended 31 March 2023

## 45. Related party transactions (continued)

Loans, trade and other receivables and payables with associates (continued):

	31 March			
	Loan receivables	Trade receivables	Other receivables	Payables
2022	R'000	R'000	R'000	R'000
Africa Maintenance Kathu (Pty) Ltd	–	8,000	978	43
Africa Maintenance Lephalale (Pty) Ltd	1,116	3,506	1,558	774
Africa Maintenance Mogale (Pty) Ltd	2,363	1,020	1,386	212
Africa Maintenance Emalahleni (Pty) Ltd	19,630	7,834	33,394	8,462
Africa Maintenance Sekhukhune (Pty) Ltd	4,783	524	4,800	5,009
Africa Maintenance Amajuba (Pty) Ltd	1,468	1,966	283	515
Africa Maintenance Umhlathuze (Pty) Ltd	6,447	4,057	3,880	9,687
Africa Maintenance Matjabeng (Pty) Ltd	5,992	2,549	1,451	389
Africa Maintenance Rustenburg (Pty) Ltd	7,178	7,881	12,336	2,559
Africa Maintenance Thabazimbi (Pty) Ltd	7,233	523	324	1,610
Africa Maintenance Madibeng (Pty) Ltd	8,114	2,146	345	1,637
Makona Hardware Industrial Supplies (Pty) Ltd	–	1,819	70	–
Shareholders of associates	4,780	–	–	–
<b>Total</b>	<b>69,104</b>	<b>41,825</b>	<b>60,805</b>	<b>30,897</b>
<b>Notes:</b>	<b>10</b>	<b>17</b>	<b>17</b>	<b>25</b>

### Shares purchased by subsidiary

Humulani Marketing (Pty) Ltd acquired 1,242,789 ordinary no par value shares in Invicta Holdings Limited for R34 million on the open market on 8 March 2023 (note 20).

### Shares purchased from subsidiary for issue to executive director

On 31 March 2023, Invicta Holdings Limited purchased 110,821 ordinary no par value shares for R3 million, from Humulani Marketing (Pty) Ltd for issue to S.B. Joffe in terms of the LBSIR scheme (note 23, 41 and 42).

### Loans to directors

A loan of R15.2 million (2022: R17.3 million) has been given to a director of a subsidiary and the terms of the loan are market related (note 10). The same director is owed commission of R13.2 million (2022: R12.4 million) reflected as sundry payables (note 25).

# Notes to the audited annual consolidated financial statements (continued)

for the year ended 31 March 2023

	31 March	
	2023 R'000	2022 R'000
<b>46. Commitments and minimum lease payments receivable - operating leases</b>		
<b>Commitments:</b>		
<i>Commitments in respect of unexpired rental agreements for office equipment:</i>		
Within 1 year	1,289	1,160
Within 2 to 5 years inclusive	2,410	1,726
<b>Total</b>	<b>3,699</b>	<b>2,886</b>
<b>Commitments for property, plant and equipment</b>	<b>9,619</b>	<b>–</b>
Expenditure will be financed from existing cash facilities.		
<b>Minimum lease payments receivable - operating leases:*</b>		
Within 1 year	37,059	79,476
Within 2 to 3 years	16,464	37,059
Within 3 to 4 years	12,116	16,464
Within 4 to 5 years	11,980	12,116
Over 5 years	1,762	12,877
<b>Total</b>	<b>79,381</b>	<b>157,992</b>

\*To provide more useful information, the lease payments receivable have been disaggregated to include amounts receivable within each of the first five years and over five years. The comparatives have been presented on the same basis.

## 47. Going concern as a basis for the preparation of the Audited Annual Financial Statements

In preparing these audited annual consolidated financial statements, the directors have confirmed the Group's ability to continue as a going concern for the foreseeable future. The following factors were considered:

### Financial performance

The Group has adequate resources with sufficient facilities and/or access to cash to meet future commitments and debt repayments as they fall due in the next 12 months and gearing levels remain low. There is an approved budget for the following 12 months indicating sustained performance. The Group has taken adequate measures to ensure it can quickly adapt where possible to constraints on its operating activities such as natural disasters and shipping delays.

### Liquidity and solvency

The Group is liquid and solvent.

### Debt covenants

The Group has met the bank covenants applicable at 31 March 2023.

Covenants	Requirement	Achieved
1 Net Debt to EBITDA Ratio	3.0 <	1.10
2 Interest Cover Ratio	3.5 >	10.31

The relevant contractual definitions are as follows:

- Net Debt to EBITDA Ratio: Net Debt divided by EBITDA.  
Net Debt is net of any Cash or Cash Equivalent Investments, excludes obligations to any other member of the Group and includes the capitalised value of finance leases.  
EBITDA means the consolidated operating profit before net finance income on financing transactions and foreign exchange movements, excluding results from discontinued operations, adding back depreciation and amortisation, and adjusting for the impact of foreign exchange. Non-recurring items are not included.
- Total Interest Cover Ratio is the EBITDA divided by Net Finance Charges.  
Finance Charges means finance payments in respect of Group borrowings less finance income.

---

# Notes to the audited annual consolidated financial statements (continued)

*for the year ended 31 March 2023*

## **48. Events after the reporting period**

### **Preference dividends declared**

The Board of directors has approved and declared a final preference dividend of 666.36 cents per share on 8 June 2023 which will be paid on 3 July 2023.

### **Ordinary dividends declared**

The Board of directors has approved and declared a final ordinary dividend of 100 cents per share on 22 June 2023 which will be paid on 7 August 2023.

### **KMP Far East Pte. Ltd**

Effective 1 April 2023, the Group acquired 50% of the ordinary share capital of KMP Far East Pte. Ltd (KMPFE) for a consideration of SGD2.2 million. The Group has assessed it jointly controls KMPFE as a joint operation through joint voting rights and the investment will be equity accounted by the Group. KMPFE is based in Singapore with a 100% owned subsidiary, K-Machinery Parts Sdn. Bhd which is registered in Malaysia and operates two branches in Kuala Lumpur. KMPFE distributes aftermarket parts for diesel engines for industrial and agricultural machinery and serves customers in more than 13 countries across the Asia-Pacific region. The acquisition is in line with the Group's strategic focus to diversify into new geographical areas in the industries and markets in which the Group has significant experience and strong management capabilities.



# 2023 SHAREHOLDERS INFORMATION

Strategic growth with a global vision.



# Shareholder information

for the year ended 31 March 2023

## Ordinary shareholder analysis

Shareholder Spread	31 March			
	Number of Shareholdings	%	Number of Shares	%
1 - 1 000 shares	2,664	71.57	491,744	0.49
1 001 - 10 000 shares	752	20.20	2,542,146	2.55
10 001 - 100 000 shares	234	6.29	7,630,363	7.64
100 001 - 1 000 000 shares	55	1.48	16,242,797	16.27
1 000 001 shares and over	17	0.46	72,937,539	73.05
<b>Totals</b>	<b>3,722</b>	<b>100.00</b>	<b>99,844,589</b>	<b>100.00</b>

## Distribution of shareholders

Assurance & Insurance Companies	1	0.03	85,613	0.09
Brokers & Nominees	16	0.43	2,998,437	3.00
Close Corporations	28	0.75	122,386	0.12
Collective Investment Schemes	44	1.18	20,413,928	20.45
Control Accounts and Unclaimed Shares	2	0.05	1,890	–
Lending & Collateral Accounts	1	0.03	468,679	0.47
Non-SA Custodians	12	0.32	513,361	0.51
NPO & Charity Funds	12	0.32	287,067	0.29
Organs of State & Public Entities	3	0.08	90,089	0.09
Pooled & Mutual Funds	25	0.67	2,023,082	2.03
Private Companies	138	3.71	52,213,233	52.29
Public Companies	1	0.03	15,001	0.02
Retail Individuals	3,010	80.87	8,944,319	8.96
Retirement Benefit Funds	269	7.23	4,665,471	4.67
Treasury Holdings	1	0.03	1,131,968	1.13
Trusts & Investment Partnerships	159	4.27	5,870,065	5.88
<b>Totals</b>	<b>3,722</b>	<b>100.00</b>	<b>99,844,589</b>	<b>100.00</b>

## Public / Non-public shareholders

<b>Non-public shareholders</b>	<b>17</b>	<b>0.46</b>	<b>55,069,213</b>	<b>55.15</b>
Directors and Associates	16	0.43	53,937,245	54.02
Treasury Holdings	1	0.03	1,131,968	1.13
<b>Public shareholders</b>	<b>3,705</b>	<b>99.54</b>	<b>44,775,376</b>	<b>44.85</b>
<b>Totals</b>	<b>3,722</b>	<b>100.00</b>	<b>99,844,589</b>	<b>100.00</b>

## Top 10 Beneficial Shareholders

Titan Premier Investments (Pty) Ltd	42,424,740	42.49
Coronation Fund Managers	6,007,998	6.02
Foord Asset Management	5,803,080	5.81
Sades Holdings (Pty) Ltd	3,959,580	3.97
PSG	3,338,915	3.34
The Sherrell Family Trust	3,083,400	3.09
Lanmar Investments (Pty) Ltd	3,079,323	3.08
Sherrell Delma Jean Mrs	3,043,838	3.05
Peresec Prime Brokers	1,586,435	1.59
Old Mutual	1,261,003	1.26
<b>Totals</b>	<b>73,588,312</b>	<b>73.70</b>

# Shareholder information

for the year ended 31 March 2023

## Preference shareholder analysis

Shareholder spread	31 March			
	Number of Shareholdings	%	Number of Shares	%
1 - 1,000	419	48.16	144,045	2.02
1,001 - 10,000	366	42.07	1,251,259	17.56
10,001 - 100,000	75	8.62	2,245,719	31.52
100,001 - 1,000,000	9	1.04	1,371,164	19.25
Over 1,000,000	1	0.11	2,112,813	29.65
<b>Totals</b>	<b>870</b>	<b>100.00</b>	<b>7,125,000</b>	<b>100.00</b>

## Distribution of shareholders

Assurance & Insurance Companies	3	0.35	271,926	3.82
Brokers & Nominees	2	0.23	5,077	0.07
Close Corporations	16	1.83	110,051	1.55
Collective Investment Schemes	20	2.29	1,231,541	17.28
Non-SA Custodians	1	0.12	2,000	0.03
NPO & Charity Funds	14	1.61	175,327	2.46
Organs of State & Public Entities	1	0.12	1,600	0.02
Pooled & Mutual Funds	1	0.12	2,000	0.03
Private Companies	63	7.24	3,049,426	42.80
Public Companies	1	0.12	3,100	0.04
Retail Individuals	646	74.25	1,733,993	24.34
Trusts & Investment Partnerships	102	11.72	538,959	7.56
<b>Totals</b>	<b>870</b>	<b>100.00</b>	<b>7,125,000</b>	<b>100.00</b>

## Public / Non-public shareholders

<b>Non-Public Shareholders</b>	<b>7</b>	<b>0.80</b>	<b>2,320,811</b>	<b>32.57</b>
Directors and Associates	7	0.80	2,320,811	32.57
<b>Public Shareholders</b>	<b>863</b>	<b>99.20</b>	<b>4,804,189</b>	<b>67.43</b>
<b>Totals</b>	<b>870</b>	<b>100.00</b>	<b>7,125,000</b>	<b>100.00</b>

## Top 10 Beneficial Shareholders

Mayborn Investments 143 (Pty) Ltd			2,112,813	29.65
Nedbank			540,763	7.59
Professional Provident Society			215,000	3.02
36One Asset Management			202,790	2.85
Sherrell Delma Jean Mrs			160,000	2.25
Blue Crest Holdings (Pty) Ltd			126,700	1.78
Atlantic Bridge (Pty) Ltd			126,300	1.77
Momentum Metropolitan			115,302	1.62
Prescient Investment Management			114,325	1.60
Merchant West Investments			100,000	1.40
<b>Totals</b>			<b>3,813,993</b>	<b>53.53</b>