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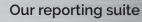


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Integrated Report



Annual Financial Statements



Summarised Audited Consolidated Results and Notice of AGM



To view the full suite visit our website: invictaholdings.co.za



About our report

Scope and materiality

This Integrated Annual Report for the financial year 1 April 2019 to 31 March 2020 ("FY 2020") is aimed to provide stakeholders a view of the most material matters relating to Group operating context, activities and performance during the financial year. The report further aims to provide a perspective on the structure and governance of the Group and the various factors that may materially affect the Group's future performance in the short-to medium-term (one to three years), and medium- to long-term (three to five years). In determining what is material, we considered our internal reporting arrangements and the relative contribution of our divisions to the Group's revenue. Caution has been applied when disclosing confidential information or information that may be used by competitors to the Group's detriment.

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

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

The King IV index, Remuneration Policy and Remuneration Implementation Report are included as annexures to this document.

The six capitals

The following icons will be used throughout the report to reference the six capitals:



Financial capital



Manufactured capital



Natural capital



Social and relationship capital



Intellectual capital



Human capital

Standards and assurance

In preparing this report and its supplements, we have received assurance from management throughout the Group, as well as our internal audit function and our external auditors. We have applied the requirements of South African Law, the JSE Listings Requirements and International Financial Reporting Standards (IFRS), as applicable.

We have further been guided by the International Integrated Reporting Framework and the King IV Report on Corporate Governance for South Africa, 2016™ ("King IV").

Board approval and responsibility

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

Signed on behalf of Invicta's Board by the Chairman,
Dr Christo Wiese and the Chief Executive Officer, Steven Joffe.

Dr Christo Wiese

Steven Joffe

Chairman

CEO

Financial highlights

LOSS BEFORE TAX

▼ 181%

to R496 million

TNAV PER ORDINARY SHARE

A 2%

to 3 486 cents

NAV PER ORDINARY SHARE

▼ 12%

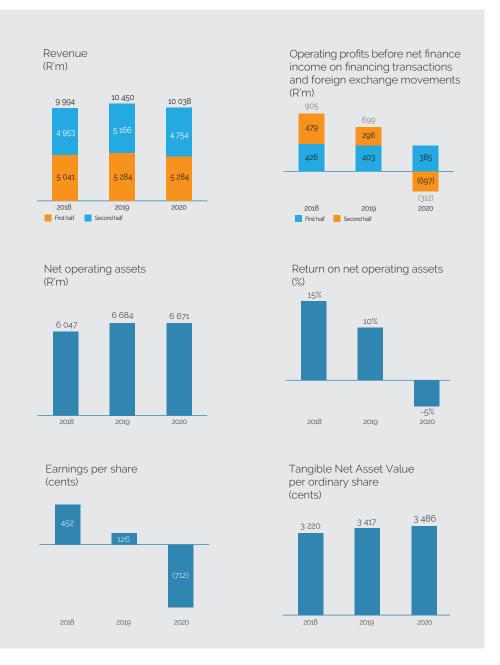
to 3 580 cents

SHARE PRICE AT 31 MARCH 2020

R7.01

80.4% discount to NAV 79.9% discount to TNAV

R'million	2020	2019	% change
(Loss)/Profit for the year attributable to owners of the Company	(761 462)	134 555	
Headline earnings adjustments			
Adjustments for:			
Gain from bargain purchase	-	(10 377)	
Profit on disposal of property, plant and equipment	(3 675)	(7 776)	
Less: Tax thereon	954	1 904	
Less: Other shareholders interest thereon	154	-	
Loss on disposal of property, plant and equipment	600	490	
Less: Tax thereon	(152)	(118)	
Profit on disposal of investment	(5 817)	(2 270)	
Less: Tax thereon	1 600	-	
Impairment of investment in associate	-	2 849	
Impairment of goodwill	639 588	-	
Impairment of property, plant and equipment	146 594	-	
Impairment of investment property	49 228		
Less: Tax thereon	(5 724)	-	
Headline earnings	61 888	119 257	(48%)





▼4% REVENUE

R₁₀ billion

▼48% HEPS

58 cents

▼665% LOSS ATTRIBUTABLE TO ORDINARY SHAREHOLDERS

R761 million

2019 %

Overview of the year

If I were writing this report in any normal environment, I would have started by indicating what a tough year 2020 was. A year which included load shedding, water restrictions as a result of drought in many parts of South Africa, massive currency volatility and hardly any growth. A year when previously giant construction companies went into business rescue and our sovereign debt was downgraded to "junk status". A year that included rising government debt and rising unemployment.

Having the benefit of reflecting on last year through the lens of COVID-19, I think, however tough, last year was a "normal" year for industrial South Africa.

I joined the Group in January and have been warmly received. I thank our Chairman Dr Wiese and all the other members of the Board for my reception. I was told there are no holy cows and I can have very frank discussions with our Chairman and the entire Board. I enjoy our engagements and the ability to learn from our Board members and our Chairman.

I found a committed and passionate executive team. I thank them too for welcoming me. The team consisting of Tony Sinclair, Gavin Pelser, Loy Soo-Chew, Craig Barnard, Nazlee Rajmohamed and Lize Dubery are experienced and I thank them for allowing me to ask the difficult questions and for teaching me about their business and indeed the entire Invicta Group. We are lucky to have such experience in our Group.

Group financial performance

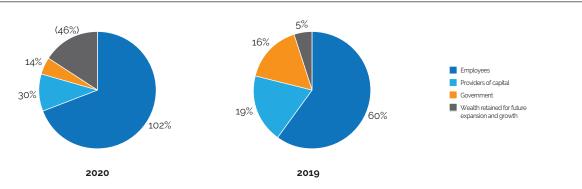
We reviewed the entire balance sheet, specifically goodwill, property values, inventory, debtors and deferred tax and made the appropriate provisions having regard to the current market conditions.

We reduced net interest-bearing debt by R261 million (excluding IFRS 16) and on top of this we paid R100 million of the SARS settlement. We have R200 million of the settlement to go, R100 million to be paid in September2020 and R100 million in September 2021.

We confirmed trading facilities with our bankers and extended term-facilities falling due in the short-term.

Lastly, we started to make progress on simplifying the balance sheet, redeeming R450 million of Invicta Finance (Pty) Ltd's preference shares during the year.

Distribution of wealth (absorbed)/created:



Financial Value Added Statement

for the year ended 31 March 2020

The Value Added Statement shows the wealth that the Group has (absorbed)/created through its activities and how this wealth has been distributed to stakeholders. The statement reflects the amounts retained and reinvested in the Group for the replacement of assets and the development of future operations.

	R'000	R.000	change
Revenue	10 037 636	10 449 704	(4%)
Cost of goods and services	(8 895 304)	(8 270 924)	8%
Value added	1 142 332	2 178 780	(48%)
Income from investments	166 093	183 531	(10%)
Wealth created	1 308 425	2 362 311	(45%)
Wealth distribution:			
Employees			
Salaries, wages and benefits	1 340 234	1 414 176	(5%)
Providers of capital			
Dividends to shareholders	84 421	194 116	(57%)
Finance costs	302 394	251 126	24%
	386 815	445 242	(11%)
Government			
Corporate tax	177 235	385 838	(54%)
Wealth retained for future expa	ansion and g	rowth	
Amortisation of intangibles and depreciation of property, plant and equipment	208 884	106 794	96%
Retained income	(804 743)	10 261	(7 943%)
	(595 859)	117 055	(609%)
Wealth distributed	1 308 425	2 362 311	(44%)

CEO report continued

COVID-19

In anticipation of COVID-19, pro-active measures were taken to ensure that the Group would have sufficient cashflow available to weather the storm. We drew down on available facilities and invested the funds as safely as possible. We prepared a rolling weekly, three-month cash flow forecast and set up a daily income statement reporting tool, enabling each manager to see how their division is doing in terms of covering their overheads. All efforts are made on a daily basis to conserve cash.

We further proactively engaged with our bankers to consider the potential covenants breaches which may occur as a consequence of COVID-19. Our bankers are helpful and understanding and have agreed to new covenants for the next six months, with an understanding that a revised budget will be furnished in September 2020, which will form the basis for the covenants to year end 2021.

Other major initiatives undertaken include:

- > Requesting suppliers to delay shipping or assisting us with delayed payment terms.
- > Cutting salaries for three months throughout the Group.
- Discussions with landlords and many other service providers to give us assistance, either by delaying payment terms or providing discounts, or both.

In April 2020, most of our employees were paid in full by utilising their leave. The Group lost R52 million during that month and unfortunately had to adopt a policy of "no work no pay" from May 2020. As trading improves, we are inviting more employees back to work (by mid-July, less than 70% of our staff were back at work). For the foreseeable future we do not anticipate trading returning to the pre COVID-19 levels. Accordingly, and with regret, we have embarked on a process to reduce staff in some of our businesses. At the time of writing this report, this process is still on-going.

CNH Industrial transaction

On 20 July 2020, subsequent to year-end, the Group announced that it has entered into an agreement with CNH Industrial whereby CEG will dispose of four businesses, namely:

- > Landboupart a distributor of agricultural spare parts.
- > Northmec a distributor of the Case agricultural equipment.
- > CSE a distributor of the Case earthmoving equipment.
- > NHSA a distributor of spare parts for the agricultural sectors.

The cash consideration will be equal to the unaudited tangible net asset value excluding interest-bearing debt (NAV) of the operations (the NAV Consideration), being approximately R507 million as at 31 March 2020, plus an additional US\$6 million of goodwill. The NAV Consideration will be payable over a period of 90 days from the effective date and the goodwill of US\$6 million will be payable over three years.

The deal is subject to certain suspensive conditions, including the approval of the Competition Commission, shareholder and Board approvals of both CNH Industrial and Invicta and the transfer of operational contracts to CNH Industrial. Subject to these conditions precedent, the transaction will be effective 1 January 2021.

These businesses have been steady producers of cash for many years. The buyer, CNH Industrial, is in many cases the supplier to these businesses and because of their desire to enter the market directly the deal was agreed. We believe that under the circumstances the deal is fair and, importantly, our staff will be looked after, whilst our customers will continue to be serviced by our staff backed up by the greater CNH Industrial Group.

The proceeds from the deal will be used to reduce debt in terms of our strategic objectives.

Dividends

The Board has resolved not to declare an ordinary dividend. It is anticipated that the normal dividend policy will be resumed once cash flow and gearing permit.

Looking Forward

This is a year to be agile as the full impact of the COVID pandemic is still uncertain. We may therefore adjust our business plan as the year evolves. We will focus on cash generation, right-sizing our business, reducing inventories and selling non-core properties. While the environment is challenging and uncertain, I am confident that we will emerge at the end of the storm with a better and more robust business.

Our strategic objectives include:

Focus on:

- > The CNH Industrial disposal
- > BMG e-Commerce platform
- > Oxygen Helmet and Ventilator project
- > Restructuring of the tool business INDUSTRI
- > Review of the KAG business model

Return on Equity:

- > Each business unit will be measured based on the returns they generate
- > Gross profit margins
- > Stock levels
- > Appropriate debt

Simplify:

- > Group structure needs to be simplified
- > Continued improvement in disclosure

Gearing:

- > Although the Group generates good cash flow, we would like to reduce gearing levels. The proposed sale to CNH Industrial helps greatly in this regard
- > Property portfolio can be geared conservatively. We would prefer to own strategic properties
- > Finance leases of R185 million of forklifts and other equipment can be conservatively geared

Word of thanks

COVID-19 has created a tremendously difficult period for our suppliers, our customers and other stakeholders. I thank you all for your support and dedication to Invicta.

It is in times like these that the experience and depth of the Chairman, the Board, management and particularly our staff really matter. A heartfelt thank you to each member of the Invicta team for the spectacular way you are dealing with the pandemic and the myriad of challenges being faced during a time when South Africa is in the midst of a deep recession.

Together we will emerge from this pandemic with a better business that we can all be proud of.



Engineering Solutions Group (ESG)

ESG faced lower customer demand for our products due to various economic and infrastructure challenges in the regions we operate in. ESG's revenue decreased by 1% from R5,24 billion to R5.18 billion year-on-year, but would have been flat year-on-year if it were not for the introduction of the countrywide lock-down because of COVID-19 that reduced our trading days by four days. A decline in the South African market was countered by increased revenue in our African entities and the contribution of the European acquisitions made late in the previous financial year. The economic slowdown resulted in a buvers' market where margins were put under strain. Due to these pressures. ESG's gross margin decreased marginally year-on-year.

All ESG businesses embarked on a cost cutting and savings programme to reduced expenses by a targeted 10% across ESG. As a result of the very strict cost containment measures by management, sustainable operating profit (after adding back impairments and once-off items) decreased by only 3,6% from R335 million to R323 million year-on-year.

The net impact of IFRS 16 resulted in a charge to the income statement of R23 million (R32 million positive on the Operating Profit level).

In the light of the economic downturn and the potential effect of the COVID-pandemic, all goodwill and investments were re-assessed and impairments were raised where appropriate. totalling R543 million.

After a refinement of our stock obsolescence model, an additional stock obsolescence provision was raised in the current financial vear, increasing our normal obsolescence provision by R135 million. A task team was constituted to focus on reducing obsolete and slow-moving stock, by offering it to our suppliers and other distributors both locally and internationally.

The downturn in demand was evident from early September 2019 and served as the catalyst for all ESG companies to commence an aggressive stock reduction program, where they reviewed all procurement commitments (imported and local) and delayed or cancelled these as required. As a result, management has reduced stock (before any stock provisions) in the second half of the year by R163 million (R90 million for the full year).

Strict credit control measures and collection policies remains in place across ESG, with a renewed focus on the collections of overdue debtors. All ESG companies continued to cover all debtors over R250 000 with credit insurance and to be cautious, an additional provision of R15 million was raised due to COVID-19 at year end.

Additionally, extended payment terms were successfully negotiated with suppliers.

The Department of Mineral Resources has put pressure on mining companies and local government has, in turn, pressurised State-Owned Companies to enforce purchasing from local previously disadvantaged individuals. This has had a major effect on our tool and equipment business. INDUSTRI, which underwent a major restructure during the financial year.

The automotive business and its newly acquired Drive Shaft Parts business performed satisfactorily and continue showing good growth opportunities, especially in its European operations.

BMG had a tough second half with declining activity in mining and general industry and volatile foreign exchange rates, resulting in pressure on gross margins and competitors driving down pricing. However, some divisions have shown market growth.

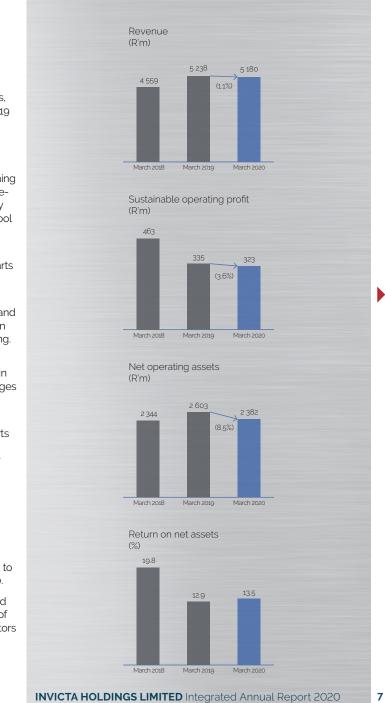
Rustenburg Engineering and Foundry faced major challenges in upgrading equipment and infrastructure related to power outages and water shortages.

ESG Exports once again showed double digit growth into the rest of Africa, with Mozambique its main contributor. ESG Exports also moved to a new facility. The opening of a bond store on its premises in the new year will further assist with cross border arowth.

The remaining businesses had an acceptable year and have restructured in anticipation of a tough year ahead.

We have over several years built the capacity and facility at the BMG premises in Johannesburg, to deliver inventory to our customers country wide on a next day delivery basis. We have furthermore invested in an online platform and are determined to have most of our products available online by September 2020.

BMG has deep and exceptional engineering skills. Our team, led by Gavin Pelser, engaged with Virgin Unite and BMG is as part of Global and African Philanthropists, who will help supply ventilators and oxygen helmets to the African continent.



Letter to Stakeholders

Financial Highlights

Governance

Risk Governance

Annexures

CEO report continued



Capital Equipment Group (CEG)

CEG imports and sells capital equipment, spare parts and services to the agriculture, construction and logistics industries. CEG has performed above expectations in the year under review, considering a significant drop in demand for capital equipment in all sectors.

Revenue decreased by only 2,6%, from R3,206 billion to R3,124 billion, well below the decrease in market volume unit sales in the year under review. The gross profit percentage achieved was the same as in the 2019 financial year. The sustainable operating profit decreased by 10,8% from R250 million to R223 million, after adjusting for impairments and once-off items. Expenses were flat on last year's, after ensuring all necessary provisions were accounted for, such as obsolescence on spare parts, older new equipment and used equipment, to align the values with the market.

In the last six months of trading, working capital was lowered by over R100 million. This was achieved by reducing margins to stimulate sales and improve cash flow. The demand for capital equipment reduced dramatically in the trading year, owing to the lack of government spending on infrastructure, big construction companies going into liquidation or business rescue, reduced demand for hard commodities from the international markets, as well as the drought that had a major impact on the farmers in the western part of the country where the majority of white maize is produced. The construction unit sales in the sectors in which CEG trades, reduced by 14%, with some sectors seeing sales volumes decrease to levels last seen 10 years ago. The agricultural market is split into three major sectors, being tractors down 22%, combine harvesters down 17% and mobile spray units down 18%. Despite the continuous decline in market volumes. CEG has increased its market share.

Due to the reluctance of the banks to provide asset-based finance, CEG has continued to provide short- and long-term finance to customers, building on its existing book to stimulate sales and assist customers, without taking undue risks.

Spare parts sales have shown remarkable growth in both the original equipment and aftermarket markets. Spare parts now make a meaningful contribution and cover CEG's overhead base.

Commercial Car Components Logistics (CCC), our United Kingdom company, which trades in agricultural wholesale aftermarket spare parts for competitive brands, has shown good signs of recovery and has established a strong e-commerce base.

The stock turns for equipment and spare parts have increased due to improved stock management and a focus on disposing of slow-moving stock, this in turn has resulted in improved cash flows.

We are very proud of Northmec, the CaselH equipment distributor, formed in 1869, which is still going strong after 150 years in business, having endured the best and worst market conditions in the agriculture sector. CSE, the Case construction equipment distributor, formed in 1960, celebrated 60 years in business, displaying a remarkable ability to withstand continuous fluctuating markets.

The CEG business is in a very strong position to take advantage of growth opportunities and to weather challenges in the future.





Sustainable operating profit (R'm)



Net operating assets (R'm)



Return on net assets



The Kian Ann Group (KAG)

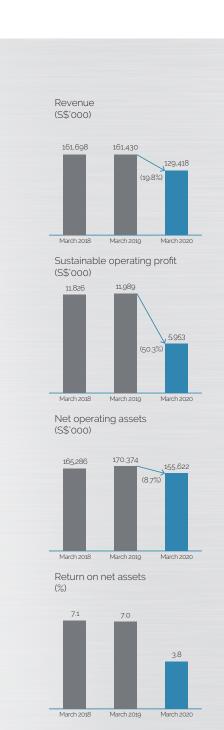
KAG continues to find trading conditions in South East Asia highly competitive, particularly in Malaysia, Indonesia and Singapore itself. This has been the primary reason for revenue decreasing 20% year-on-year, from S\$161,4 million to S\$129,4 million. KAG's strategy of diversifying its sales into other geographical locations has helped mitigate this decline. Sales to non-Asian regions now make up 27% of KAG's revenue.

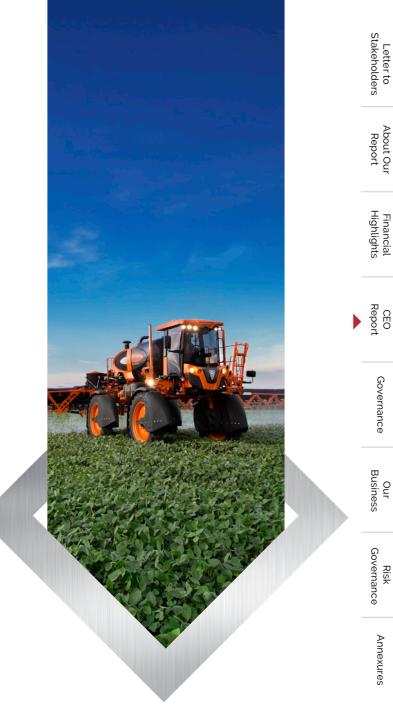
Gross profit for the 2020 financial year decreased 35% year-on-year, mainly due to decreased sales, compounded by an additional provision for slow moving stocks of \$\$5 million (\$\$4 million after-tax impact) arising from a refinement of our provisioning methodology during the year.

Total overhead expenses decreased by 9% year-on-year. The adoption of IFRS 16 has resulted in a decrease of rental expenses, which was partially offset by the increase in the depreciation of right-of-use assets.

The performance of KAG was enhanced through the strong performance of both its investment of 26% in Kunshan Kensetsu Buhin (KKB) the roller manufacturer in China, as well as its 50% shareholding in the parts distribution network in Canada and the USA, where profits rose from S\$3,7 million to S\$4,7 million, an improvement of 27%.

KAG's 2020 results should be considered after taking into account the exclusion of a once-off additional stock provision, due to the refinement of the stock policy (S\$4 million), impairment of goodwill (S\$0,7 million), fair value gains on derivative assets (S\$2,8 million) and an impairment of its investment in an associate (S\$0,3 million), compared to a gain on disposal of a subsidiary (S\$0,5 million) in FY2019, resulting in profit attributable to shareholders decreasing by 25% year-on-year, from S\$10,9 million in FY2019 to S\$8,2 million in FY2020.







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Management structure

Board Composition

As at 31 March 2020, Invicta's Board comprised of eleven directors in a unitary structure, with five executive directors and six non-executive directors, of whom two were independent. While the ratio of independent non-executive to non-executive directors fell short of the King IV recommendation, the Board feels that there was nonetheless a balance of power and authority on the Board.

During the 2020 financial year, Arnold Goldstone announced his early retirement, effective 31 December 2019, with Steven Joffe appointed 1 January 2020 as CEO

On 1 May 2020 the Board appointed Mpho Makwana and Frank Davidson as independent non-executive directors and laan van Heerden as non-executive director. Shareholders will be asked to confirm their appointments at the next AGM.

Byron Nichles resigned from the board, effective 1 May 2020 to pursue other interests and David Samuels will retire from the board after the release of the 2020 annual financial statements.

Per the requirements of the Company's MOI, a third of non-executives will retire by rotation and offer themselves for reelection. The directors retiring by rotation at this year's AGM are Dr Christo Wiese, Rashid Wally and Adv. Jacob Wiese. The Board has confirmed its support of each of these resolutions.

The non-executive chairman, Dr Christo Wiese, is not considered to be independent as he is also a major shareholder. Mr David Samuels is appointed as the lead independent non-executive director to take up the role of the chairman should there be a conflict. Mpho Makwana will take over this role upon David's retirement.

As recommended in terms of King IV, the Board evaluated the continued independence of Mr David Samuels, having served on the Board for longer than nine years. The Board agreed that David remained independent.

Subsequent to year-end, the Board resolved to appoint an investment committee and to reconstitute the composition of its committees. The membership of the committees will be as follows, effective 31 July 2020:

Audit Committee:

Rashid Wally Frank Davidson Mpho Makwana

Social and Ethics Committee:

Mpho Makwana Rashid Wally Lance Sherrell Steven Joffe

Remuneration Committee:

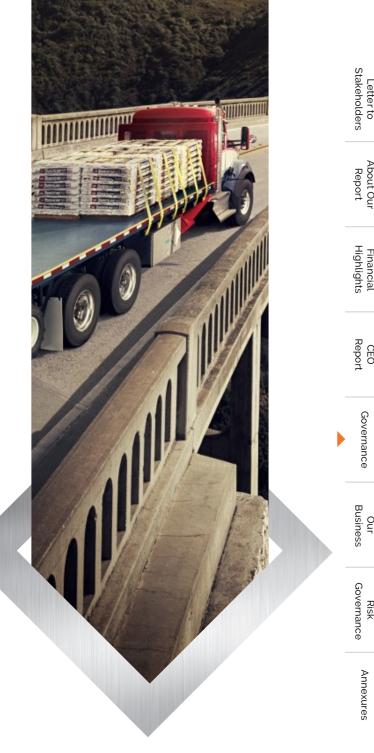
Mpho Makwana Christo Wiese Rashid Wally

Nominations Committee:

Christo Wiese Mpho Makwana Rashid Wally

Investment Committee:

Jacob Wiese laan van Heerden Frank Davidson Steven Joffe



Board of directors Invicta Holdings



Dr Christo Wiese (78) Non-executive chairman Years as a director: 22

BALLB DCom(hc)

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

Board meeting attendance 6/6



Steven Joffe (49) CEO

CA(SA), BCom (Hons Taxation) and HDip

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

Board meeting attendance 1/1



Craig Barnard (56) Commercial director Years of service as director: 13

CA(SA) MBA ACIS

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

Board meeting attendance 6/6



Nazlee Raimohamed (54) Financial director Years as a director: 2

BCom. PGDA, CA(SA)

Nazlee has over 24 years' experience, having held senior positions within the TOTAL Société Anonyme Group in South Africa, Nigeria and France and at MTN Group Limited where she served as the Executive Group Finance Operations. Nazlee joined Invicta on 1 July 2018 as Financial Director.

Board meeting attendance 6/6



Gavin Pelser (57) FSG CFO Years of service as director: 2

NTC 5 and various diplomas

Gavin has over 30 years' experience in the engineering sector, gaining experience through various managerial roles as well as running his own business. Oscillating Systems Technology, which was acquired by Invicta in 2005. Gavin was appointed as a divisional director of Bearing Man Group ("BMG") in 2008, forming part of their mergers and acquisitions team. He also played a lead role in BMG's Simplify for Success strategy. Gavin was appointed as CEO of ESG and MD of BMG in September 2016, and as a director of Invicta in September 2017. Gavin handed over the role of MD of BMG on 1 May 2019 and continues in his role as the CEO of ESG.

Board meeting attendance 5/6



David Samuels (80) Independent non-executive director Years as a director: 22

CA(SA)

David joined Trade and Industry Acceptance Corporation Limited in 1971 where he served as a director from 1980 to 1984. From 1989 to 2000 he was managing director of Stenham Proprietary Limited. In 1996 David was appointed as non-executive director of Invicta and served as lead independent director from 1 April 2014. He was a non-executive director and Chairman of Bearing Man Limited from 2001 to 2006, when that company was de-listed from the JSE. David has relocated to Israel and intends to retire from the board after the release of the 2020 annual financial statements.

Board meeting attendance 5/5



Byron Nichles (48) Non-executive director Years as a director: 5

CA(SA), CGMA

Byron gained 14 years' financial services and advisory experience with Deloitte & Touche and Bridge Capital. Byron was appointed as CEO of ARB Holdings in February 2009, tasked with driving the group's growth strategy. He was previously the group CFO of Amalgamated Appliance Holdings Limited and a founding shareholder and director of Bridge Capital Group Limited. Byron was appointed as CEO of BMG and director of Invicta in November 2014. Byron resigned as CEO of BMG in October 2016 but remained on Invicta's board as non-executive director until 1 May 2020.

Board meeting attendance 5/6



Rashid Wally (76) Independent non-executive director Years as a director: 5

Rashid has held various senior executive positions with IBM in Africa, Europe, the Middle East and South East Asia, including Lenovo in Africa. Rashid has over 38 years of experience in the Information Technology sector and was chairman of the board and member of the Audit Committee of Mango Airlines. Rashid is currently chairman of Fastjet PLC, a listed company on the London Stock Exchange AIM Section, and also serves on that company's Audit and Risk Committee. Rashid was appointed as an independent non-executive director of Invicta on 30 July 2013.

Board meeting attendance 6/6



Lance Sherrell (54)
Non-executive director
Years as a director: 9

Lance is a director and shareholder of the SMG Group (BMW). Lance studied commerce at the University of Cape Town and has been involved in the hospitality and motor trade industries for the past 15 years. He represented South Africa as a rugby player in the national team in 1994. Lance was appointed as alternate director to Reg Sherrell on 27 May 2009 and was nominated as non-executive director of on 29 July 2010, upon the retirement of Reg Sherrell.

Board meeting attendance 6/6



Lize Dubery (35)
Company Secretary
BA (Law), LLB, CIS

Lize was admitted as an attorney in 2011 after graduating with BA and LLB degrees. Lize has years of experience in corporate law, corporate governance and company secretarial practice and has completed the CIS qualification. Lize was appointed as Invicta's Group company secretary and legal advisor in January 2018.



Adv. Jacob Wiese (39) Non-executive director Years as a director: 5

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

Jacob obtained his BA degree, after which he worked at Lourensford Wine Estate, assisting in initiating event partnerships. After completing his Master's degree in International Economics and Management and LLB his degree, he completed his pupillage at the Cape Bar and was admitted as an advocate of the High Court. Jacob was appointed as non-executive director of Invicta in July 2010.

Board meeting attendance 5/6



Tony Sinclair (66) CEG CEO

Years of service as director: 13

Tony joined JIH Case in 1982 and was appointed as branch manager in 1986. He joined CSE Equipment Company in 1989 and was promoted to divisional managing director in 1993. Tony was appointed as managing director of CEG in 1998, a position which he still holds. He was appointed as an alternate director of Invicta in September 2006, and as an executive director in June 2007.

Board meeting attendance 5/6





Mpho Makwana (50)
Independent non-executive director

B.Admin, Post Graduate Diploma in Retailing Management

Mpho has 30 years' business leadership and serves as non-executive director for Nedbank Ltd, ArcelorMittal South Africa Ltd and Illovo SA (Pty) Ltd, amongst others, and is a trustee on the board of the Nelson Mandela Children's Fund and BRAND SA.



laan van Heerden (48)

Non-executive director

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

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



Frank Davidson (55) Independent non-executive director

CA(SA)

Frank is a chartered accountant with a career as business owner and executive spanning over 30 years. He has worked in the wealth management business for more than 20 years and is currently engaged in private equity. Frank is an independent non-executive director of Nu-World Industries Ltd and KayDav Group Ltd.

Invicta's governance structure

Board of Directors

The Board is responsible for the success and continued sustainability of the Group and provides strategic direction and management to the Group taking into account, *inter alia*, the six capitals, the interests of stakeholders and risk management. A Board charter is in place, which is periodically reviewed. The Board has confirmed that it is satisfied that it has fulfilled its responsibilities in accordance with its charter for the reporting period.

Central to the growth and sustainability of Invicta are the decisions on the best use of the Company's funds, balanced between acquisitions, capital expenditure and financial investments. Invicta's Board has extensive knowledge and experience in business, strategy and the industries we operate in. Our risk management processes, combined with the applied insight of senior management, further informs these decisions and the underlying strategy.

Responsibility for the day to day running of the Group is delegated to the executive directors, and the Board receives assurance from management, the Group's internal auditors and its external auditors. External assurance providers are appointed where required.

Some Board functions are delegated to the Audit Committee, Remuneration Committee and Social and Ethics Committee, with an Investment Committee being formed during the 2021 financial year. The Nominations Committee acts as an ad hoc Committee, meeting only when required. The Audit Committee has two sub-committees that report to it, namely the Risk Committee and the ICT Committee.

The Board receives regular reports from its committees and sets their terms of reference.

In making decisions on the appointment of a director, the Board and Nominations Committee are guided by the Board racial and gender diversity policy and considers candidate's culture, age, field of knowledge, skills and experience. While the Board has not set any quantitative targets for the time being, the policy provides that preference will be given to candidates from under-represented groups and candidates that will contribute to the skills mix of the Board.

The Board values openness and transparency and directors are encouraged to raise any concerns regarding Board functioning as they arise. As the Board has appointed several new directors, a board evaluation will be considered once they have sufficient opportunity to observe the functioning of the Board and its committees.

The Board is responsible for ensuring that the principles of corporate governance espoused in King IV are applied. The Board is supported by the Group Company Secretary, Lize Dubery, who provides independent guidance on corporate governance and related matters. Lize further assists with keeping the Board up to date with legal developments, regulatory updates and corporate governance best practice. The Board has considered and are satisfied with her competence, experience, qualifications and independence. The Board is also able to access professional independent legal and/or governance services as required. The Board has confirmed that it believes that these arrangements are effective.

The Board confirms that it complies with the provisions of the Companies Act, 2008 and is operating in terms of the laws relating to its incorporation and in conformity with its memorandum of incorporation.

Please refer to the CEO's report for a summary of the board's activities during the financial year.

Invicta Exco

Invicta favours a divisionalised approach to Group management, with a small head office, and operates in terms of delegated levels of authority that have been documented and approved by the Board and are regularly reviewed by the Audit Committee.

The executive directors implement the Group's strategies and policies and ensures that the operations adhere to the functional and governance standard. The executive committee ("Exco") is also closely involved in succession planning, risk management and finance. Succession plans are in place for all executive directors, high-level managers and employees with scarce skills. Regular meetings are held which enables the sharing of ideas across divisions and the development of strategy.



Divisional Excos

Each division is self-contained and has its own chief executive officer or managing director supported by a complete finance and administration infrastructure. Divisions make use of shared services as appropriate.

The Invicta Group CEO is actively involved in the executive committees of all operations, and executive directors of the Group actively participate 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.

Divisional Excos and Divisional Audit Committees both meet at least quarterly.



Divisional Management Committees

Monthly management meetings are held in each division, allowing managers to discuss the ground level successes and challenges of their areas of operation.

Audit Committee

Members	Attendance
David Samuels (chair)	6/6
Rashid Wally	6/6
Lance Sherrell	6/6

Mandate

The topics covered by the Audit Committee's mandate include the review of financial information, compliance, internal audit plans and findings, internal controls and the oversight of the Group finance functions. It also monitors adequacy of insurance, IT governance, legal matters, transfer pricing, tax, covenants and working capital.

The Audit Committee is responsible for the integrity of financial information and other reports released to the public, combined assurance and the quality and independence of the external auditors.

The Audit Committee is supported by the divisional audit committees, the Risk Sub-Committee and the ICT Committee.

The Committee is satisfied that it has fulfilled its statutory obligations and duties per its terms of reference during the financial year. During the year it approved policies related to non-audit fees, IFRIC23, stock obsolescence, IFRS 16 and reporting protocols.

During the 2020 financial year the Committee consisted of two independent non-executive director and one non-executive director. After the changes to membership on 31 July 2020, the composition of the Committee will be aligned with the recommendations of King IV that all members be independent non-executive directors.

For more information please refer to the Audit Committee Report on pages 2 to 4 of the Annual Financial Statements

Remuneration Committee and Nominations Committee

Members	Attendance
David Samuels (chair)	2/2
Dr Christo Wiese	2/2
Rashid Wally	2/2

Mandate

The Remuneration Committee is mandated to contribute to the long-term financial and commercial viability of the Group by reviewing and maintaining compensation policies and plans, to enable the Company and Group to attract and retain employees, managers and executive directors and maintain an effective Board.

The Committee is responsible for assisting the Board to ensure that the remuneration philosophy is applied consistently throughout the Group, that the Company remunerates its directors and executives fairly and responsibly and for ensuring that the disclosure of such remuneration is accurate, complete and transparent.

The Committee may request information from management or external consultants, but no director may take part in a decision on his or her own remuneration. The Committee is satisfied that it fulfilled its mandate during the reporting period.

During the year in review the Committee amended the terms of employment of certain executive directors, and approved bonuses and increases early in the 2020 financial year. Due to the COVID-19 pandemic, increases in the 2021 financial year have been put on hold. The Committee further recommended the reduction in the fees of the non-executive directors for 2020 and 2021 by 25%. This is in solidarity with staff having taken temporary pay cuts of up to 30% due to the COVID-19 pandemic.

Focus areas for 2021 include the regular monitoring of the impact of COVID-19 on staff salaries and benefits and reviewing the structure of the short-term and long-term incentives for executives.

Please also refer to the Remuneration Policy and the Remuneration Implementation Report.

The Nominations Committee, consisting of the same members as the Remuneration Committee, but chaired by Dr Christo Wiese, meets as and when required to discuss the composition of the board. During FY2020 the Committee interviewed and recommended the appointment of the new CEO and three new non-executive directors.

Social and Ethics Committee

Members	Attendance
Rashid Wally (chair)	3/3
Craig Barnard	3/3
Arnold Goldstone (until 31/12/2019)	2/2
Steven Joffe (from 01/01/2020)	1/1

Mandate

Invicta's Social and Ethics Committee is mandated to monitor the Group's activities in terms of Regulation 43 of the Companies Act (2008). The Committee further guides the Board as to ways to build and sustain an ethical corporate culture within the Group. The Committee's mandate is documented in a regularly reviewed charter, and includes, *inter alia*, Group ethics; the 10 UN Global Compact Principles; good corporate citizenship; environmental protection, labour and empowerment.

During FY2020 the Committee approved policies on anti-bribery and corruption, supply chain and environmental code of conduct. It further reviewed wage gap information, the wellbeing of employees during the COVID-19 pandemic and the Group BEE levels.

The Committee is satisfied that it fulfilled its mandate during the period and confirms that there are no instances of material non-compliance to disclose.

While the Committee's composition was short of the recommended majority of non-executive directors during FY2020, the membership changes that will become effective on 31 July 2020 will bring the composition in line with the King IV recommendation.



Group ethics

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

The Board's share dealing policy reinforces the requirements of the Financial Markets Act and the latest JSE Listings Requirements and was updated during the year to incorporate the latest changes to the JSE Listings Requirements. The Board further recognises that this responsibility extends further than the letter of the law and voluntarily imposes additional restrictions on trading when required.

Directors disclose their other business interests in terms of the Companies Act and Invicta's conflict of interest policy. Directors maintain a register through the Group Company Secretary of their interests and disclose any interests they may have regarding discussions to take place at each meeting.

While the Board sets the example and ethical tone, the executive directors spread this throughout the Group through behavioural leadership. There is no tolerance for unethical behaviour at any level in the Group and every instance is investigated and dealt with in a consistent manner. A code of ethics is in place for staff and is provided when joining the Group and on an ongoing basis through electronic platforms.

The Audit Committee and divisional audit committees receives quarterly reports of calls to the independent whistleblowing hotline, and reports of any fraudulent activities in the businesses. The Social and Ethics Committee monitors the Group's activities and initiatives on a broader level and approved a new antibribery and corruption policy during the year.

Environmental protection, public safety and employee wellness

Our businesses comply with the applicable environmental standards and are regularly monitored with a view to reducing any negative impact they may have on the environment.

As the Group is primarily engaged in supply and distribution of products, we have a relatively low direct environmental impact. We are nevertheless mindful of ways to minimise the effect our operations have on the environment and continually monitor elements such as the carbon footprint of products sourced from different suppliers and the efficiency of the distribution methods. Waste recycling occurs as a matter of course and measures are implemented to ensure no oils and chemicals are allowed to contaminate the water table and soil. Our businesses are increasingly moving to solar energy as the costs decrease.

A supply chain social and environmental responsibility code of conduct was adopted during the financial year.

Occupational health clinics are available to our staff at some of our facilities to conduct screenings and provide basic medical assistance. Free flu vaccines are made available at certain facilities

The Group has been proactive in addressing the Covid-19 pandemic, with staff education, temperature screening, sanitising and social distancing implemented at an early stage. Warehouses implemented shifts with a view to isolating smaller teams from each other and administrative staff were assisted to enable remote working wherever possible.

We are committed to continually maintaining the relevant ISO standards (including 9001, 14001 and 45001) and the OHSAS 18001 Health and Safety Management System as appropriate across our operations. Dedicated SHEQ officers in our divisions ensure that our staff's working environment remains safe.



Corporate social responsibility

The Humulani Employee Investment Trust and the Humulani Empowerment Trust were established in 2007 and 2011 respectively and is the main conduit for Invicta's social investments. The Trusts are funded from dividends from Invicta South Africa Holdings Proprietary Limited.

Projects are identified and vetted by the independent trustees, who play an active role in supporting the initiatives.

Our divisions further support several high school learners with bursaries and support organisations such as the Gerald Fitzpatrick Old Age Home and the Streetlight Foundation.



The Ruth First Jeppe Memorial Trust provides scholarships for girls to attend Jeppe Girls High School.

www.jeppegirls.co.za



Nampo Combined Agricultural School in Bothaville was started as a school for children of farm workers. The school teaches grades RR to 12 and is a "no school fees" establishment for learners of a disadvantaged community.

Namposchool.webs.com



Grow assists women to open highquality early childhood development centres in low income areas through their education franchise model, training, and mentoring.

www.growecd.co.za



LIV provides holistic care and education to vulnerable children who are placed into a family environment with trained foster mothers.

www.liv-village.com



FoodForward SA distributes surplus food from farmers, manufacturers, wholesalers and retailers to beneficiary organisations.

Foodforwardsa.org



A national initiative partnering business leaders with school principals for leadership development and hands-on support.

www.pfp4sa.org



Protec fosters STEM education in under-resourced schools through classes, workshops, student projects and career exposure initiatives.

Protec.org.za

Our employees

The continuous education and training of our staff remains a priority in the Group. During the year ESG launched their Siyakhula Learning Centre which offers high quality product training to our employees and customers. The centre also provides our employees with a learning platform containing resources, tools and learning paths to promote personal development, develop critical sales skills and enhance technical competence.



B-BBEE and empowerment

Invicta South Africa Holdings (Pty) Ltd received a B-BBEE rating of Level 7 in 2020 and Bearing Man Group (Pty) Ltd a rating of Level 4.

KIB and AME

ESG remains committed to providing quality industrial components, technical expertise and superior service to South African industry in conjunction with our country's objective of promoting and uplifting previously disadvantaged individuals (PDI's). Societies embattled by racial or ethnically defined wealth disparities are less likely to be socially and politically stable. ESG's B-BBEE strategy contributes by accelerating the balancing of the South African economy and fast-tracking the re-entry of PDI's into the market.

During FY2019/20 Invicta underwent one of its most transformative and dynamic years, with the step-change implementation of a 100% black-owned business known as AME Kathu in the place of one of ESG's most successful branches. With a full year of trade now under its belt, AME Kathu has achieved and exceeded its FY2019/20 targets by almost 50%. ESG provides pillars of support for this new B-BBEE company through systems infrastructure, finance, HR, training and marketing to ensure AME Kathu continues to succeed in the

long term.

Imminently, ESG will facilitate the establishment several new AME businesses to increase the number of PDI's who not only have ownership and equity in the business, but can, via their ownership, contribute to business in their respective areas, while

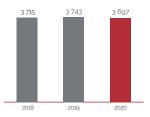
Another of ESG's B-BBEE initiatives for FY2019/20, is KIB. A purpose-built procurement company which in its very first year was able to secure the business from one of ESG's largest suppliers. With the intention again of uplifting PDI's from within the business, KIB now boasts 23 suppliers and a wide range of products. KIB has received their first customer referrals, prompting them to create a platform to onboard new customers. Already tendering on State-Owned-Enterprise (SOE) business and listed on many supplier portals, KIB is growing from strength to strength.

assisting ESG to retain its competitive edge in the market.



Labour

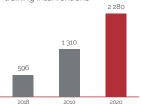
Total number of employees (excluding contractors)



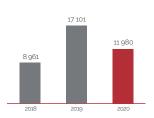
Total number of contractors/ non-permanent staff



Total number of employees trained, including internal and external training interventions



Rand value of training spend R'000





Stakeholder relationships

Invicta aims to promote consideration throughout the Group of the interests of stakeholders, opportunities for co-operation across businesses and departments, as well as an appreciation of the various factors that affect and are affected by our Group. In so doing, opportunities may be identified to expand the positive and reduce the negative effects, improve Group efficiency and strengthened the sustainability of the Group's business over time.

Stakeholder Engagement		Comr		Specific interests	How do we accommodate these?	
Employees	Regular meetings, performance reviews and engagement with trade unions.			Job certainty, training and development, good working environment, fair remuneration. Equal opportunity.	Attracting, developing and retaining quality employees. Providing training opportunities. Health and safety compliance.	
Governments and Regulators	Engagement with regulators on a regular basis and pre-emptively where appropriate.	compliance		Compliance with laws and regulations, social and environmental responsibility, transparency.	Compliance with all applicable laws and regulations.	
Shareholders, funders and creditors	Regular engagement with banks, investor presentations, AGMs, meetings with major shareholders and analysts.	ing business. e citizenship and	j.	Superior financial performance, transparency, strong management, sustained cashflow.	Regular updates, balance use of various forms of funding to facilitate growth. Ensuring adequacy of funding.	
Suppliers, agents and business partners	Trade shows, regular visits to suppliers. Regular meetings and sharing of information.	Sustainable and growing business. Good corporate corporate citizenship and compliance	Job creation.	Reliable distribution channels, promotion of their brand. Maintaining product visibility and market share.	Expanding our product and service offering, quality management, strengthening and expanding distribution channels and marketing. Building relationships.	
Customers	Ongoing interaction supported by visits from Company representatives.	Good corporate o		Meeting market needs, ease of doing business, reliable service, fair pricing.	Improving efficiency of order processing through technology, consistent focus on customer service. Social media interaction; evolving and adapting to world trends and applications.	
The public as a whole and the communities where we operate	Various corporate social investment initiatives.			Environmental responsibility, social responsibility.	Continued support of CSI projects. B-BBEE initiatives.	



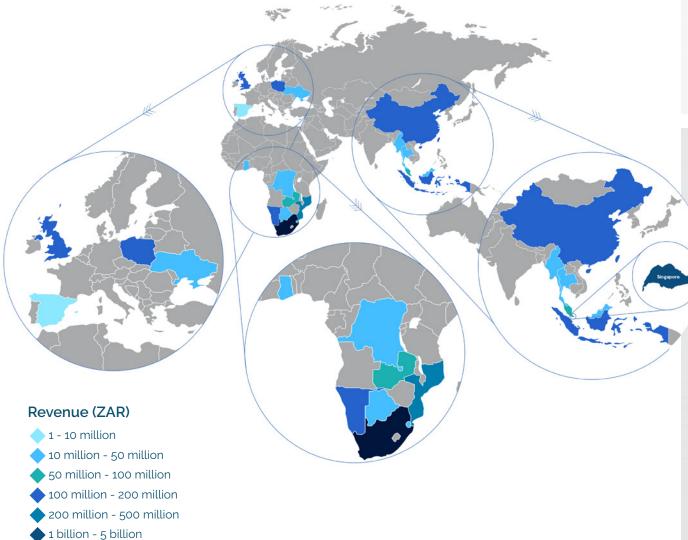
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ur business

Geographical presence	23
Contribution to revenue by revenue stream	23
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Contribution to revenue by industry/sector	24
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Geographic presence

> 5 billion

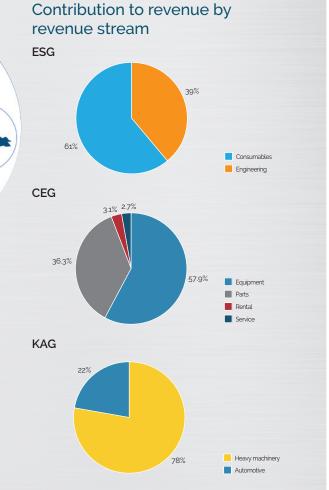


Vision

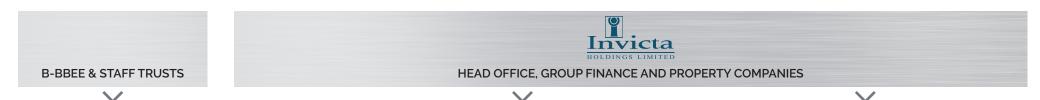
Our vision is to be the leading global distributor of industrial consumables.

Mission

Our mission is to be the foremost supplier within our relevant industries and thereby to create superior value for our stakeholders (including shareholders, suppliers, customers and employees).



Group operational structure



INVICTA SOUTH AFRICA HOLDINGS



ESG's activities include the international sourcing of leading brands, the distribution of premium engineering components and consumables, technical support, value-added assembly and the bespoke manufacturing of components into customised systems and solutions for end-user customers, with a widespread network. The ESG group comprises of the following companies, supported by shared services:









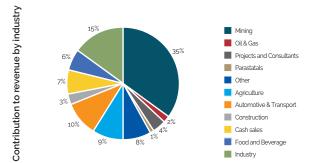














The Capital Equipment Group (CEG) consists of local and international companies and divisions which operate in the supply of agricultural. construction and forklift equipment with a strong original and after-market spare parts base.

All business units are supported and enhanced by strong, centralised services such as finance, administration, legal, merchandising, transport, training and human resources





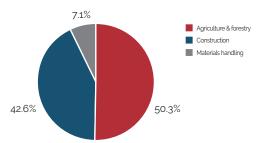




Shamrock 💝







INVICTA OFFSHORE HOLDINGS



Established in 1965, Kian Ann Engineering Pte Ltd is one of the world's largest independent distributors of heavy machinery parts and diesel engine components for excavators, bulldozers, wheel loaders, motor graders, trucks, trailers, power generation sets and marine engines.

Kian Ann is headquartered in Singapore and has subsidiary and associated companies in inter alia, China, Indonesia, Malaysia, Thailand, the United States of America, Canada and the United Kingdom.



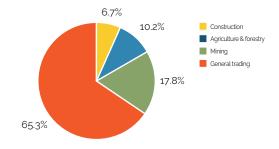












History of the group through the decades



60's to 80's

West Rand Organ Company (Pty) Ltd, the company that would become Invicta, was incorporated in 1966 and was listed on the JSE in 1987 under the name Skirtskip Clothing Limited. The Company disposed of its interest in clothing manufacture in 1989 and acquired companies involved in the engineering, textile and leisure industries. The Company's name was changed to Nova Constantia Limited and it acquired an interest in Invicta Bearing Company (Pty) Ltd.

90's

In 1990 the Company divested of its textile interest and in 1991 the retail bearing and transmission businesses of Invicta Bearing Company was acquired. At that time the Company's divisions included industrial consumables, engineering, sports goods and telecommunications, but bearings soon became the core business. In late 1991, the Company changed its name to Invicta Holdings Limited. Over the next few years Invicta acquired Autobax, CSE Equipment Company and

Engineparts.

2010's

In 2012. Invicta purchased MacNeil Distributors and created the Building Supply Group, which was sold in 2017.

Invicta acquired Kian Ann in 2013 and delisted it from the Singapore Stock Exchange. Kian Ann established subsidiaries in Thailand and acquired stakes in Steve Woods Ltd. in the UK, North American Tractor and Excavator Parts in Canada, Kunshan Kensetsu Buhin Co Ltd in China, and entered into a joint venture with SKL Equipment in India.

Meanwhile CEG established Landbou Agriculture After-Market Spare Parts and acquired ESP Construction After-Market Spares, HPE Hyundai Construction Equipment and Shamrock Handling Concepts.

> The ESG Group took form with acquisitions of Man-Dirk, Hansen and Hyflo, Rustenburg engineering, Forge Industrial Group; McCloskey crushing equipment, Driveshaft Parts and Europe Driveshafts.



During the 2000's, BMG became a part of Invicta and delisted from the JSE. During this decade BMG acquired OST and established its hydraulic business and fastener division, while CEG acquired New Holland SA, Doosan Construction Equipment and TCM Forklifts

> Invicta created a 25% BEE shareholding for South African operations and acquired a 60% stake in Tiletoria.





Invicta business model

Inputs

The six capitals

Financial capital

- ıııı
- > Cash generated from businesses
- > Investment framework
- > Balanced capital structure
- > Access to funding
- > Strong working capital and trade facilities in divisions
- > Established supplier network and facilities

Manufactured capital



- > Property portfolio, including assembly plant and BMG World
- Distribution network and branches across Africa, Asia, Europe and North America
- > Fleet
- > Base for global expansion
- > Inventory

Natural capital



- > Base materials used by suppliers and energy-providers (indirectly)
- > Productive agricultural sector (indirectly)
- > Food and water security

Social and relationship capital



- > Social licence to trade
- > Relationship with suppliers, customers and other stakeholders
- > Reputation in the market
- > Sole distributorship of leading international brands

Intellectual capital



- > Use of leading brands and agencies
- > Corporate culture
- > Industry experience
- > Design and engineering capabilities

Human capital



- > Experienced employees
- > Hands-on management of investments
- > Technical expertise and support centre, national product and sales support infrastructure

External environment

- > Volatile functional currency
- > Political and policy framework uncertainty
- > Regulated economic environment

SOURCE

FUND

Business cycle OPERATE

GROW

EXPAND

Primary business

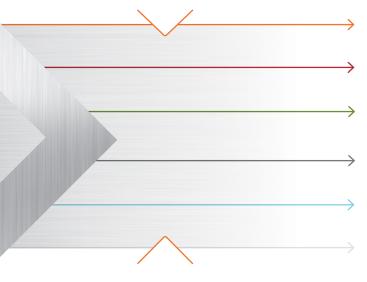
Invicta's primary business is managing our investments. We invest in industrial consumable businesses to create value for our stakeholders.

Our divisions are primarily involved in supply and distribution of industrial consumables, spare parts and capital equipment.



Strategy

- > Diversify portfolio and acquire talent and distributorships
- Optimise OEM distribution strategy
- > Restructure funding
- > Deliver compliant B-BBEE initiatives
- > Evolution of management skills to meet current and future business needs
- > Adopt fit for purpose platforms
- Implement appropriate structures to manage country diversification



- Instil confidence in reporting and compliance
- > Rapid strategic alignment to economic and political environment
- > Diversification into other industries
- Extensive learnership and SETA accredited training through inhouse learning academy and digital platform
- > Mentoring and formal succession planning processes

Outputs

Invicta:

- Dividends to shareholders, dividends paid to Humulani Trusts for CSI projects and employees
- > B-BBEE initiatives implemented
- Larger Group, able to realise synergies between businesses

Divisions:

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

Outcomes

The six capitals

Financial capital



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



Manufactured capital

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



Natural capital

- > Indirect contribution to climate change
- > Supply of agricultural products

Social and relationship capital



- > Empowerment and education
- > Improved B-BBEE credentials for relevant businesses
- > Responsible corporate citizenship
- > Strong customer support and loyal to both business and product brands
- Social and rural upliftment through business and various social responsibility initiatives



Intellectual capital

Improved corporate knowledge base, product knowledge and industry experience



Human capital

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



The Risk Committee, Audit Committee, the boards of subsidiary companies, executive committees and management at operational level assist the Board in discharging its responsibility for the governance of risk by identifying, monitoring, and managing risks on an ongoing basis.

Risk management specifically includes the consideration of:

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

Risk management is driven bottom-up, with each division conducting a detailed analysis of its external and internal environments. The results are reviewed and approved at divisional audit committees for submission to the Group Audit Committee. This information is then re-assessed at Group level in terms of impact and probability. Material risks and any lapses in compliance are reported to the Board.

Internal Audit

The Internal Audit department is an independent, objective body providing assurance to the Group's governance, risk and control activities, and information to assist in the establishment and maintenance of an effective system of internal control to manage the risks associated with the various businesses within the Group.

To ensure independence, Internal Audit reports functionally to the Group Audit Committee and administratively to the Group Commercial Director. Internal Audit is responsible for undertaking reviews across the Group, examining the internal controls and management of risks relating to the financial and operational performance, and compliance activities of the Group.

Internal Audit has unrestricted access to all information across the Group to assist with its determination of the types and levels of governance, risk and control that exist across the Group. The Internal Audit function for the Asian operations of the Kian Ann Group is currently outsourced to an external service provider, RSM.

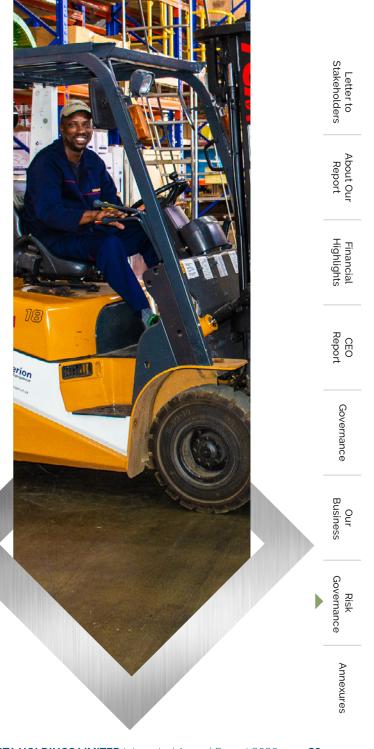
Internal Audit formally reports any material findings and matters of significance to the Audit Committees on a quarterly

basis. These reports highlight whether actual or potential risks to the business are being appropriately managed and controlled. The progress in addressing previous unsatisfactory audit findings or results is monitored until the relevant operational management reports the proper resolution of the problematic areas.

The Group's benchmark for an acceptable audit rating is 80%, with the Group achieving an overall average audit rating of 85% for the past financial year, thereby indicating that the Group has an adequate and effective system of internal control.

Internal Audit may also assist in the investigation of call reports received from the Group's anti-corruption whistleblowing service which is made available to all employees, customers, suppliers and stakeholders.

Key Focus Areas for 2021 will include (in addition to the above) revising the audit process in line with the COVID-19 pandemic national lockdown restrictions, identifying wasteful expenditure or abuse and continuing to review and assess the adequacy and effectiveness of internal controls within the Group and aid in automating and simplifying business processes to operate more efficiently.





Major risks

1. De-industrialisation of South Africa

Potential impacts

Flat and even declining revenue and profitability

Risk management

Diversification of South African products and markets

Diversification geographically to growing industrial regions

Capitals affected





Term

Medium to long

2. Business model needs to adapt to a new world

Potential impacts

Market participants make old business processes redundant and customer demand declines

Risk management

Developing digital platforms through various business operations

Further operational frameworks are being restructured

Capitals affected





Term

Short to medium

3. COVID-19 pandemic

Potential impacts

Disruption to economy has had a direct impact on current business performance as well as a possible permanent set back in South African and world growth

Risk management

Adapted management focus to ensure cash preservation and expenditure reductions in line with new levels of business activity

Capitals affected







Short

4. Political and labour instability	Capitals affected	
Potential impacts Disruption to economic and business activity	Risk management Diversification geographically to more stable regions	
		Term Short to medium

5. South African electricity supply and	Capitals affected	
Potential impacts Disruption to economic and business activity	Risk management Development of power supply independent of the national grid.	
		Term Medium to long



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Annexure 1: King IV Index

Invicta fully supports the principles and objectives of King IV. The governance outcomes described in King IV, namely ethical culture, good performance, effective control and legitimacy forms part of the foundation upon which the Group's business practices are built.

We have aimed to illustrate the application of the King IV throughout the reporting suite and have provided an index below of where these principles are addressed. While not every recommended practice has been followed, the essence of the various principles is being applied throughout the Group.

Principle	Description	Page reference 2020 Integrated Annual Report
1	The governing body should lead ethically and effectively	p11-16
2	The governing body should govern the ethics of the organisation in a way that supports the establishment of an ethical culture	p16
3	The governing body should ensure that the organisation is and is seen to be a responsible corporate citizen	p16-17
4	The governing body should appreciate that the organisation's core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value creation process	p14, 26-27
5	The governing body should ensure that reports issued by the organisation enable stakeholders to make informed assessments of the organisation's performance and its short-, medium- and long-term prospects	p29
6	The governing body should serve as the focal point and custodian of corporate governance in the organisation	p14
7	The governing body should comprise the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively	p11-14
8	The governing body should ensure that its arrangements for delegation within its own structures promote independent judgement, and assist with balance of power and the effective discharge of its duties	p14-15
9	The governing body should ensure that the evaluation of its own performance and that of its committees, its chair and its individual members, support continued improvement in its performance and effectiveness	p14
10	The governing body should ensure that the appointment of, and delegation to management contribute to role clarity and the effective exercise of authority and responsibilities	p14
11	The governing body should govern risk in a way that supports the organisation in setting and achieving its strategic objectives	p29
12	The governing body should govern technology and information in a way that supports the organisation setting and achieving its strategic objectives	p15 and Audit Committee Report in AFS
13	The governing body should govern compliance with applicable laws and adopted, non-binding rules, codes and standards in a way that supports the organisation being ethical and a good corporate citizen	p14-15
14	The governing body should ensure that the organisation remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objectives and positive outcomes in the short, medium and long terms	p15 and annexures 2-3
15	The governing body should ensure that assurance services and functions enable an effective control environment, and that these support the integrity of information for internal decision-making and of the organisation's external reports	p2, 14-15, 29
16	In the execution of its governance role and responsibilities, the governing body should adopt a stakeholder-inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interest of the organisation over time	p20

Annexure 2: Remuneration policy

Process for shareholder engagement on remuneration

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

At the 2019 AGM, the resolutions for the endorsement of the remuneration policy and the remuneration implementation report both passed with 78,23% of the votes in favour.

Invicta's remuneration policy

Background to the remuneration policy

Invicta's remuneration policy is informed by the need to attract, retain and incentivise high-quality staff in order to grow the business and create sustainable value for its stakeholders. In setting remuneration, the Committee considers various internal and external factors, including market benchmarks, the shortage of skills in the market and the social responsibility to reduce income inequality. While external remuneration consultants have not been used, the Committee has referred to various remuneration and benchmarking reports by professionals and consultants in this field.

Overview of the remuneration policy

Invicta's remuneration policy is based on the following principles:

- > Total rewards are set at levels competitive within the relevant market.
- > Incentive-based rewards are earned through the achievement of performance conditions consistent with shareholder interests across the short, medium and long-term.
- > The design of long-term incentives is prudent and does not expose shareholders to unreasonable financial risk. Invicta's remuneration structure generally includes a base salary, benefits, short-term incentives and long-term incentives. As far as possible, incentives are applied to areas over which an employee has direct influence.

The remuneration of Invicta's executives is structured as follows:

- > Base salary: The base salary is set to be competitive at the median quartile level when comparing the remuneration for similar positions in companies comparable in terms of size, market sector and business complexity. Base salaries are reviewed annually, considering the performance of the individual, the Company and the Group and any changes in responsibility.
- > Employment benefits: Benefits include medical aid and retirement fund membership.
- > Short-term incentives: Short-term incentives are based on key performance indicators set each year, including Group and/or individual performance. The measures and targets are reviewed annually.
- > Limited short-term incentives were paid during FY2020 to directors
- > Long-term incentives: Invicta's executives participate in the long-term bonus and share incentive right ("LBSIR") scheme in terms of which they are granted a bonus share incentive right calculated with reference to a specified number of shares at a price equal to the five-day volume weighted average market price on the date of grant. The bonus right quantum is determined with reference to the executive's short-term bonus achieved in that year.
- > No grants were taken up during FY2020.

The LBSIRs vest after a period of one year, (subject to the achievement of the performance conditions set for the executive), and the bonus right normally becomes exercisable as follows:

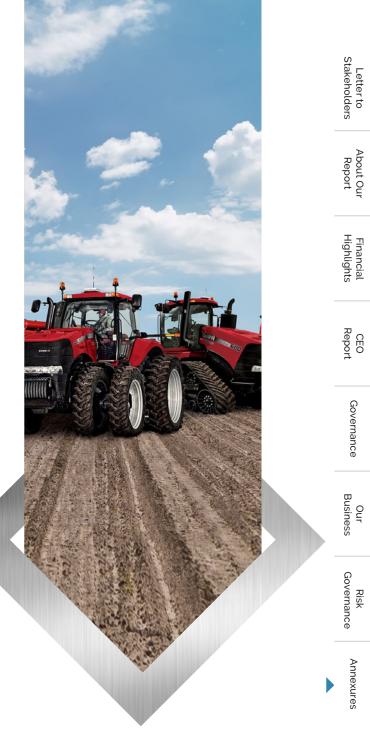
- > 50% after a further two-year period (year three);
- > 25% after a further three-year period (year four); and
- > 25% after a further four-year period (year five). The bonus right is determined based on the difference between the grant price and the five-day volume weighted average market price on the exercise date. The bonus right expense has been calculated using a Black-Scholes valuation model and is expensed over the appropriate period from the grant date and is recorded in the share appreciation reserve. The Remuneration Committee has issued a directive that the scheme is to be settled strictly through the issue of shares.
- > Engagement letters are in place for executives requiring notice periods of between one to three months. Tony Sinclair, executive director responsible for CEG, has passed the normal retirement age, but his services have been retained on a 12 months notice rolling contract.
- > Executives are not required to have any minimum shareholding. Apart from the application of the LBSIR scheme rules, there are no arrangements in respect of any payments due to or from directors upon termination of employment.
- > The Company has also not paid any sign-on, retention or restraint payments during the reporting period. There are no arrangements in place regarding any pre- or post-vesting forfeiture of remuneration. Executives are assessed based on the annual performance of the business area they are responsible for, divisional performance, Group performance and their individual performance. The measures are balanced differently for each executive, based on their responsibilities.
- Non-executive directors are remunerated for their services as directors and these fees are submitted to shareholders for approval each year.

		31 March							
2020	Directors' fees R'000	Audit and Remuneration Committee fees R'000	Salary and benefits R'000	Retirement benefits R'000	Performance related remuneration R'000	Total R'000			
Executive directors *									
S. Joffe **	-	-	1 539	115	-	1 654			
A. Goldstone ***	-	-	4 712	365	-	5 077			
C. Barnard	-	-	3 349	337	126	3 812			
A.M. Sinclair	-	-	4 081	329	-	4 410			
GM. Pelser	-	-	5 510	538	1 800	7 848			
N. Rajmohamed	_	-	3 147	233	-	3 380			
	-	_	22 338	1 917	1 926	26 181			
Non-executive directors									
C.H. Wiese	918	43	-	-	-	961			
D.I. Samuels	124	473	-	-	-	597			
J.D. Wiese	109	-	-	-	-	109			
L.R. Sherrell	124	135	-	_	-	259			
R.A. Wally	179	257	-	-	-	436			
B. Nichles	95	_	_	_	_	95			
	1 549	908	-	-	-	2 457			
Total	1 549	908	22 338	1 917	1 926	28 638			

<sup>The directors' emoluments paid to the executive directors are paid by a subsidiary of Invicta Holdings Limited.
S Joffe was appointed as an executive director with effect from 1 January 2020.
A Goldstone resigned as an executive director with effect from 31 December 2019.</sup>

2019						
Executive directors *						
A. Goldstone	_	_	4 952	466	_	5 418
C. Barnard	_	_	3 183	325	_	3 508
A.M. Sinclair	_	-	3 922	278	-	4 200
GM. Pelser	_	-	3 860	372	-	4 232
N. Rajmohamed **	_	_	2 273	167	_	2 440
		-	18 190	1 608	-	19 798
Non-executive directors						
C.H. Wiese	860	30	-	-	-	890
D.I. Samuels	73	206	-	-	-	279
J.D. Wiese	109	-	-	-	-	109
L.R. Sherrell	109	-	-	-	-	109
R.A. Wally	179	158	-	-	-	337
B. Nichles	109	_	_	_	_	109
	1 439	394	-	-	_	1 833
Total	1 439	394	18 190	1 608	-	21 631

The directors' emoluments paid to the executive directors are paid by a subsidiary of Invicta Holdings Limited.
 N Rajmohamed was appointed as an executive director with effect from 1 July 2018.





Annexure 3: Remuneration implementation report continued

Equity settled share-based payments continued

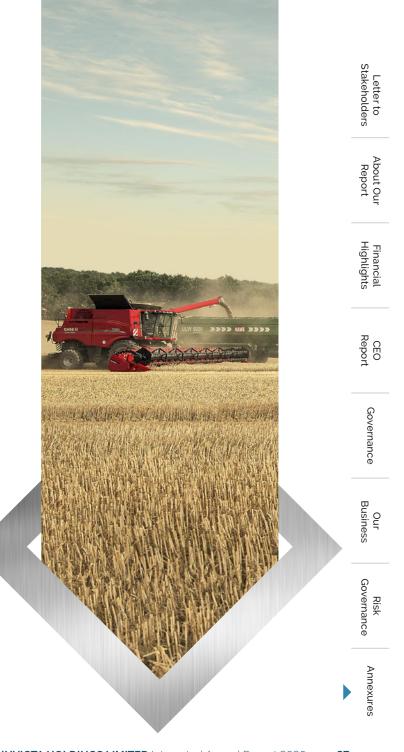
				31 Ma	arch			
2020	Outstan- ding rights beginning of year	Strike price	Granted during the year	Lapsed and cancelled during the year	Exercised during the year	Outsta- nding rights end of year	Date granted / adjusted	Option value – Black Scholes (Rands)
A Goldstone*	492,208		-	(492,208)	-	-		
	234,082 258,126	54.30 37.90	-	(234,082) (258,126)	-	_	27 Jun 17 25 Jun 18	16.02 10.46
C Barnard	298,024		-	-	-	298,024		
	156,055 141,969	54.30 37.90	-	-	-	156,055 141,969	27 Jun 17 25 Jun 18	16.02 10.46
AM Sinclair	383,391		-	-	-	383,391		
	165,418 217,973	54.30 37.90	_			165,418 217,973	27 Jun 17 25 Jun 18	16.02 10.46
N Rajmohamed	75,834		-	-	-	75,834		
	75,834	35.82	-	-	-	75,834	06 Jul 18	9.89
GM Pelser	268,247		-	-	-	268,247		
	124,844 143,403	54.30 37.90	-	=	-	124,844 143,403	27 Jun 17 25 Jun 18	16.02 10.46

^{*} A Goldstone resigned as an executive director with effect from 31 December 2019.

There were no share appreciation rights exercised by the directors in 2019 (2018: nil).

				31 M	larch			
2019	Outstan- ding rights beginning of year	Strike price	Granted during the year	Lapsed and cancelled during the year	Exercised during the year	Outsta- nding rights end of year	Date granted/ adjusted	Option value – Black Scholes (Rands)
A Goldstone	475,146		258,126	241,064	_	492,208		
Adjusted* Adjusted*	146,340 47,127 35,948 11,649 234,082	66.14 (16.11) 120.93 (29.46) 54.30 37.90	- - - - 258,126	146,340 47,127 35,948 11,649	- - - -	- - - 234,082 258,126	11 Jun 12 23 Jan 15 13 Mar 14 23 Jan 15 27 Jun 17 25 Jun 18	4.07 4.07 0.46 0.46 16.02 10.46
C Barnard	200,368		141,969	44,313	_	298,024	-	
Adjusted*	33,467 10,846 156,055	120.93 (29.46) 54.30 37.90	- - - 141,969	33,467 10,846 - -	- - - -	- 156,055 141,969	13 Mar 14 23 Jan 15 27 Jun 17 25 Jun 18	0.46 0.46 16.02 10.46
AM Sinclair	211,374		217,973	45,956	-	383,391		
Adjusted*	34,708 11,248 165,418	120.93 (29.46) 54.30 37.90	- - - 217,973	34,708 11,248 - -	- - - -	- 165,418 217,973	13 Mar 14 23 Jan 15 27 Jun 17 25 Jun 18	0.46 0.46 16.02 10.46
N Rajmohamed**	-	_	75,834	_	_	75,834		
	_	35.82	75,834	-		75,834	43,287	9.89
GM Pelser	124,844		143,403	_	_	268,247		
	124,844 -	54.30 37.90	- 143,403	-	-	124,844 143,403	42,913 25 Jun 18	16.02 10.46

The spot price and number of incentives were adjusted to account for the effect of the special dividend declared and rights offer in 2015.
 N Rajmohamed was appointed as an executive director with effect from 1 July 2018.





Annexure 3: Remuneration implementation report continued

Equity settled share-based payments continued

	31 March				
		Weighted		Weighted	
		average		average	
		incentive		incentive	
		rights cost		rights cost	
	Number of	(Black Scholes)	Number of	(Black Scholes)	
	awards	Rand	awards	Rand	
	2020	2019	2019	2019	
Outstanding at the beginning of the year	1,517,704	_	1,011,732	_	
Awarded during the year	-	-	837,305	10.41	
Lapsed and cancelled during the year	(492,208)	-	(331,333)	-	
Outstanding at the end of the year	1,025,496	-	1,517,704	_	

	Tranche 9	Tranche 10	Tranche 13	Tranche 14	Tranche 15
Number of grants Cancelled Grant date Grant price Adjusted grant price* Option value - Black Scholes	193,467 (193,467) 11 Jun 12 R 64.37 R 50.03 R 10.16	565,486 (565,486) 13 Mar 14 R 120.93 R 91.47 R 0.46	680,399 (234,082) 27 Jun 17 R 54.30 N/A R 16.02	761,471 (258,126) 25 Jun 18 R 37.90 N/A R 10.46	75,834 - 06 Jul 18 R 35.82 N/A R 9.89
	3 years	3 years	3 years	3 years	3 years
Expected volatility (daily) Dividend yield	% 2,1 3,1	% 2,1 3,1	% 2,3 3,0	% 2,1 3,1	% 2,1 3,1
Risk free rate	7,0	7,0	7,5	7,9	7,8

^{*} Tranche 9 and 10 of the incentives were cash-settled, whilst tranches 13, 14 and 15 of the incentives awarded were equity-settled.





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