

# INTEGRATED REPORT 2024

FOR THE YEAR ENDED 31 MARCH

**Innovative solutions**  
that empower industries  
for a **sustainable future**

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# ABOUT THIS REPORT

*This Report aims to provide stakeholders with a view of the most important material matters relating to the performance and strategic context of the Group*

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# ABOUT OUR REPORT

## SCOPE AND MATERIALITY

This Integrated Annual Report ("Report") for the financial year 1 April 2023 to 31 March 2024 ("FY 2024") aims to provide stakeholders with a perspective of the most material issues determining the performance and operational context of the Group during the financial year. The Report further aims to provide an overview of the structures and governance of the Group and the various factors that may materially affect the Group's future performance in the short-to-medium term (one to three years), and medium-to-long term (three to five years).

In determining what is material, a formal assessment process was done to establish the appropriate guidance and policy on making materiality judgements, taking into account the relative contributions and size of the business segments that make up the Group. We believe a balance has been achieved between disclosing confidential information or information that may be used by competitors to the detriment of the Group, while at the same time ensuring adequate transparency in order to ensure all stakeholders can make informed decisions.

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

- » the Group's King IV™ Application Statement; and
- » the Audited Annual Consolidated Financial Statements ("AFS"), incorporating the Directors' report.

## FORWARD-LOOKING STATEMENTS

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

## STANDARDS AND ASSURANCE

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

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

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

## BOARD APPROVAL AND RESPONSIBILITY

The Board of Invicta acknowledges our responsibility for the integrity of the information presented in this Report and its supplements and confirms that we have applied our collective mind to its preparation and presentation. Signed on behalf of the Board:

**Dr Christo Wiese**  
Chairperson

**Steven Joffe**  
Chief Executive Officer

## NAVIGATING OUR REPORT

### 6 Capitals



Financial capital



Natural capital



Intellectual capital



Manufactured capital



Social and relationship capital



Human capital

### Stakeholders



Suppliers



Funders



Communities



Shareholders



Governments



Employees



Customers

### The divisions



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



Kian Ann Group ("KAG") (part of RPE)



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



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



Capital Equipment & Related Parts & Services ("CE")

# PERFORMANCE HIGHLIGHTS

*Despite all the challenges of 2024, we were still able to grow basic earnings per share by 2%, from 481 cents to 492 cents.*

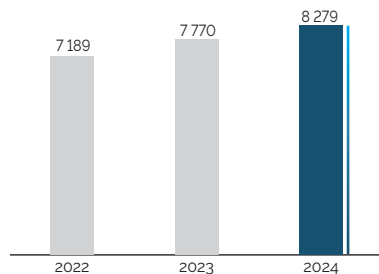
PROFIT  
BEFORE TAX  
UP **6%** TO  
**R769M**

NET ASSET  
VALUE PER  
ORDINARY SHARE  
UP **13%** TO  
**R52.50**

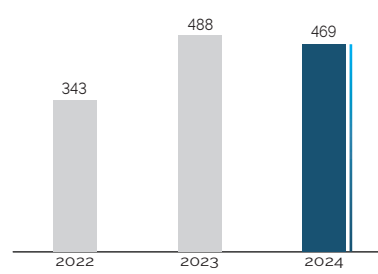
SHARE PRICE AT  
31 MARCH 2024  
**R26.39**

CASH  
GENERATED  
FROM  
OPERATIONS  
**R818M**

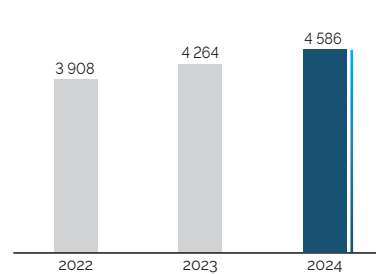
Revenue  
(R'm)



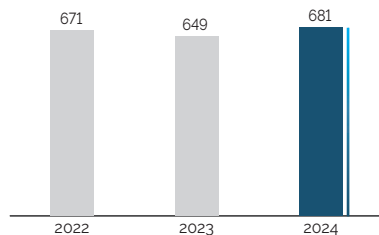
Headline earnings per share  
(cents)



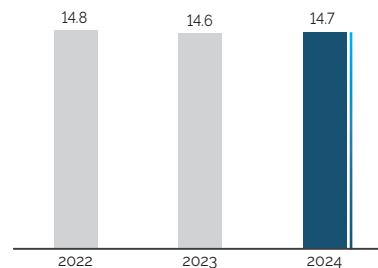
Net operating assets\*  
(R'm)



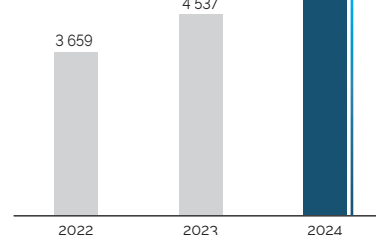
Operating profits before net finance  
income on financing transactions  
and foreign exchange movements  
(R'm)



Return on net operating assets^  
(%)



Tangible net asset value  
per ordinary share  
(cents)



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

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

	2024 R'million	2023 R'million	% change
Profit attributable to owners of the parent – ordinary shares	<b>480 533</b>	489 523	
<b>Headline earnings adjustments</b>			
Adjustments for:			
Profit on disposal of property, plant and equipment	<b>(11 442)</b>	(9 545)	
Less: Taxation thereon	<b>2 666</b>	1 621	
Less: Other shareholders' interest thereon	<b>2</b>	56	
Loss on disposal of property, plant and equipment	<b>3 259</b>	3 974	
Less: Taxation thereon	<b>(701)</b>	(1 065)	
Less: Other shareholders' interest thereon	<b>(59)</b>	(16)	
Profit on disposal of business/investment	<b>(605)</b>	–	
Less: Taxation thereon	<b>19</b>	–	
Impairment of other intangible assets	<b>20 476</b>	–	
Less: Taxation thereon	<b>(5 529)</b>	–	
Reversal of impairment – property, plant and equipment	<b>–</b>	(5 368)	
Impairment of investment property	<b>1 300</b>	430	
Less: Taxation thereon	<b>(281)</b>	(93)	
Impairment of property, plant and equipment	<b>8</b>	–	
Less: Tax thereon	<b>(2)</b>	–	
Impairment of property, classified as held for sale	<b>200</b>	6 293	
Less: Tax thereon	<b>(43)</b>	(972)	
Fair value loss – change in control of equity investment BMH China	<b>678</b>	–	
Profit/(loss) on disposal of investment included in equity-accounted earnings, post-taxation	<b>(31 458)</b>	12 244	
<b>Headline earnings</b>	<b>459 021</b>	497 082	(8)
<b>Headline earnings per share (cents)</b>	<b>470</b>	488	(4)

# LETTER FROM THE CHAIRMAN



Dr Christo Wiese

There is little doubt that the past year has been challenging with increasing geopolitical tension and, sadly, conflict.

In addition, economic challenges with sustained inflation across the globe have put pressure on spending and investment. In South Africa, we were not shielded from such challenges and furthermore had to deal with, amongst others, electricity, water and infrastructure issues, service delivery concerns, currency volatility, port delays and significant uncertainty brought about by a national election.

In my experience, however, every year in business brings its own unique challenges and difficulties. It is thus not surprising that management teams across different industries often have a common refrain "that it is really tough out there!"

I strongly believe that people drive businesses. Their quality, dedication, innovation, loyalty and teamwork are crucial to the success of any business.

The Invicta management and staff ensured that our business operations remained resilient, despite the uncertainties and challenges. Our business grew further over the past financial year and I am confident that it will continue to grow profitably in the year ahead and beyond.

The Group has delivered a solid performance in FY 2024, with a 6.6% increase in revenue and a 11.4% increase in operating profit, generating solid cash flow, enabling it to reduce net debt.

As part of our strategic objective to diversify our earnings and operations, more than 50% of our earnings are now generated abroad. We continually re-evaluate our operations to find ways to improve and regularly evaluate new businesses and opportunities that could align with our strategic objectives. To this end, during the year under review, Invicta acquired a 50% stake in KMP FE, based in Singapore, and 100% of Imexpart Ltd in Leeds, United Kingdom. Invicta also gained a controlling interest in Zhejiang Beienji Industrial Products Co. Ltd (BMG China).

Invicta recently announced the redemption of its preference shares, which should streamline its balance sheet, lower overall cost of funding and enhance equity returns for all shareholders.

As is customary at this time of the year, afford me the opportunity on behalf of the Board and management team to express our sincere appreciation to Invicta's customers and suppliers for their loyalty and support across our businesses. Lastly, thank you to the management team and all our employees for their dedication and hard work.

Dr Christo Wiese

REVENUE  
↑ 7% TO

**R8.3 BILLION**

EPS  
↑ 2%

**492 CENTS**

DIVIDEND  
↑ 5%

**105 CENTS**

SUSTAINABLE HEPS  
↑ 5%

**488 CENTS**



# 02

# OUR BUSINESS

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# INVICTA AT A GLANCE

Invicta's primary business is managing and optimising the performance of our investments. Some of the key industries in which we invest include industrial consumable parts, auto-agricultural parts and earth-moving equipment parts. Our business segments are primarily involved in the supply and distribution of replacement parts, services and solutions for the industrial and auto-agri industries, as well as capital and earth-moving equipment and related spare parts and services.

## OUR PURPOSE

We manage and optimise the performance of our investments.

**Why we exist**

## OUR VISION

To be a leading global distributor of industrial consumables.

**Where we see ourselves in the future**

## OUR MISSION

To create superior value for all stakeholders, including our shareholders, suppliers, customers and employees.

**How we are achieving our purpose**

## OUR VALUES

Integrity | Customer-centricity | Continuous improvement | Accountability

**The principles that underpin our culture and guide our actions**

## OUR STRATEGY

To deliver sustainable, value accretive growth to our stakeholders by continuing to build the Group in a stable and sustainable manner.

## OUR INVESTMENT PHILOSOPHY

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

## OUR APPROACH TO INVESTING

We prioritise investments in regions with similar time zones to South Africa for operational efficiency. We seek politically stable countries with strong legal systems to protect our investments. We favour locations where English is commonly used in business for effective communication. Lastly, we invest in industries that match our expertise to maximise synergies and manage our investments effectively.

## WHY INVEST IN US?

- » Our businesses are focused on industries that are vital to the local and global economy, such as mining, agriculture, transportation and construction.
- » We are a geographically diverse Group with a presence in 17 different countries, including manufacturing plants in China and Japan and distribution businesses in many countries such as the United States, Poland, the UK and numerous African states with a strong presence in Mozambique.
- » We are focused on increasing sales and gross profit percentage, managing costs, generating cash and achieving an above market return on our net asset.
- » We aim to continue building the Group in a stable and sustainable way.





# GROUP OPERATIONAL STRUCTURE



## 1. REPLACEMENT PARTS, SERVICES & SOLUTIONS – EARTH-MOVING EQUIPMENT ("RPE")

- » Supplier of after-market replacement spare parts, ground engaging tools and undercarriage parts for earth-moving equipment in Southern Africa.
- » Independent supplier of aftermarket heavy-duty diesel engine parts for industrial and agricultural machinery in Europe and the United States.



## 2. KIAN ANN GROUP ("KAG") (PART OF RPE)

- » KAG is one of the largest independent distributors of heavy machinery parts and diesel engine components in Asia.
- » 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 Kunshan Kensetsu Buhin Co. Ltd are based in China and are wholly owned subsidiaries which manufacture rollers, track chain, idlers and sprockets for the undercarriage of heavy machinery.
- » European truck and bus parts are distributed through its subsidiary Kian Chue Hwa Pte Ltd.
- » KAG provides parts support and an extensive range for major OEM brands such as Caterpillar, Komatsu, Cummins, Hitachi, Kobelco, Sumitomo, Mercedes Benz, Volvo, Scania, Man, BPW, Hyundai and Doosan.
- » KAG has expanded regionally and globally through subsidiary and related companies in China, Malaysia, India, the United States, Canada, and the United Kingdom.



## 3. CAPITAL EQUIPMENT & RELATED PARTS & SERVICES ("CE")

- » Distributor of earth-moving and material handling equipment as well as original equipment manufacturer-branded and replacement parts through a variety of divisional outlets in Southern Africa.



## 4. REPLACEMENT PARTS, SERVICES & SOLUTIONS – AUTO-AGRI ("RPA")

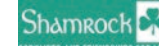
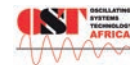
- » Supplier of imported and locally sourced automotive and agricultural aftermarket replacement parts and kits in South Africa and Europe.
- » In addition to four South African branches, European representation includes operations in the United Kingdom, Poland and Ukraine.



## 5. REPLACEMENT PARTS, SERVICES & SOLUTIONS – INDUSTRIAL ("RPI")

- » Distributor of engineering consumable products, technical services and 360-degree solutions across Africa. RPI's competitive edge stems from a multinational network of 105 branches and an additional 107 vendor-managed inventory ("VMI") consignment sites.
- » Activities include the international and local sourcing of leading global brands, the distribution of premium engineering components and consumable products, the provision of technical support, value-added assembly, and the bespoke manufacturing of components into customised systems and solutions for end-user customers.

# THE GROUP COMPRISES 5 OPERATIONAL DIVISIONS



## GEOGRAPHIC PRESENCE including Joint Ventures and Associates

### OPERATING KEY HIGHLIGHTS

TOTAL  
EMPLOYEES  
ACROSS THE  
GROUP  
**3 000+**

TOTAL ASSETS  
**R9.3bn**

TURNOVER  
PER ANNUM  
**R8.3bn**

MARKET  
CAPITALISATION  
**R2.6bn**

Presence in 17 countries  
across 4 continents

# HISTORY OF THE GROUP THROUGH THE AGES

## 1960s to 1980s

**Incorporated**  
as West Rand Organ Company Proprietary Ltd

**Lists on the JSE**  
in 1987 as "Skirtskip Clothing Limited"

**Disposes of its interest in clothing manufacturing**  
in 1989 and acquires companies involved in the  
engineering, textile and leisure industries

**Changes its name**  
to "Nova Constantia Limited"

## 2000s

**BMG** becomes part of Invicta and delists from  
the JSE

**BMG acquires OST** and establishes its hydraulic  
business and fastener division

**CSE** acquires New Holland SA, Doosan  
Construction Equipment and TCM Forklifts

**Creates a 25% BEE shareholding** for its  
South African operations

**Acquires a 60% stake** in Tiletoria

## 2020s

**Disposes** of certain of its CEG businesses to CNH Industrial SA Proprietary Limited

Restructures **Kian Ann** operations to introduce a strategic partner in the business  
along with increasing its interest in one of the world's leading roller manufacturers  
in China and its distribution network across northern America

**Acquires Driveshaft Parts** in both South Africa and Poland, which becomes part of  
UPG in the RPA business segment

**CEG acquires KMP**, a leading after market parts supplier operating out of the UK  
and the USA

**Restructures** the Group into the reporting business segments of RPE, RPI, RPA  
and CE

**RPE acquires KMP**, a leading aftermarket parts supplier operating out of the UK  
and USA

**Restructures** RPA to align the UPG offshore operations with the Group structure  
RPA acquires Imexparts

## 1990s

**Divests** its textile interest

**Acquires** the retail bearing and transmission  
businesses called Invicta Bearings. At that  
time, the Company's divisions included  
industrial consumables, engineering,  
sports goods and telecommunications, but  
bearings soon became the core business

**Changes name** to "Invicta Holdings Limited"

**Acquires** Autobax, CSE Equipment Company  
and Engine Parts

## 2010s

**Acquires 50% shareholding** in MacNeil Distributors

**Creates** the Building Supply Group (which is subsequently sold in 2017)

**Acquires Kian Ann** and delists it from the Singapore Stock Exchange

**KAG establishes subsidiaries** in Thailand and acquires stakes in Steve Woods Ltd in  
the UK, North American Tractor and Excavator Parts in Canada, Kunshan Kensetsu  
Buhin Co Ltd in China, and entered into a joint venture with SKL Equipment in India

**CSE establishes Landbou Agriculture** After-Market Spare Parts

**CEG division takes shape** with acquisitions of ESP Construction After-Market Spares,  
HPE Hyundai Construction Equipment and Shamrock Handling Concepts

**ESG division takes shape** with acquisitions of Man-Dirk, Hansen and Hyflo, Rustenburg  
Engineering Forge Industrial Group, Driveshaft Parts and Europe Driveshaft



# INVICTA'S BUSINESS MODEL

## 1 INPUTS > THE SIX CAPITALS

### FINANCIAL CAPITAL



- » Cash generation by the businesses
- » Investment capacity and acquisition strategy/processes
- » Balanced capital structure
- » Established supplier network and supplier facilities

### MANUFACTURED CAPITAL



- » Strategic property holdings
- » Assembly and production at BMG operations
- » Manufacture at joint venture operations in China
- » Distribution network with operations and branches across Africa, Asia, Europe and North America
- » Strong engineering, field service and onsite operations at customers
- » Strategic inventory holdings

### NATURAL CAPITAL



- » Base materials used by suppliers and energy-providers (indirectly)
- » Production through various downstream sectors (indirectly)
- » Food and water security support (through products and services supplied)
- » Social and relationship capital
- » Social licence to trade
- » Relationships with suppliers, customers and other stakeholders
- » Organisation's reputation in the market
- » Key distributorship of leading international brands

### INTELLECTUAL CAPITAL



- » Use of leading brands and agencies
- » Corporate culture
- » Industry experience and product expertise
- » Design and engineering capabilities

### HUMAN CAPITAL



- » Experienced and motivated employees
- » Hands-on management of investments
- » Technical expertise and support centres, national product and sales support infrastructure
- » Strong organisational cultures and ethics

## 2 BUSINESS CYCLE > OPERATIONAL FUNCTIONS

SOURCE

FUND

OPERATE

GROW

EXPAND

### EXTERNAL ENVIRONMENT

- » Volatile functional currency
- » Energy and logistical issues
- » Political and policy framework uncertainty in South Africa
- » Regulated economic environment and increased bureaucracy internationally
- » Uncertain global economic environment

### INVICTA'S PRIMARY BUSINESS

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

## INVICTA'S BUSINESS MODEL continued

### 3 STRATEGY

#### INTERNAL STRATEGY

- » Diversify and optimise return on investment of portfolio
- » Talent acquisition and formal succession planning
- » Optimise distribution strategy
- » Optimise funding structure to provide for future growth strategy
- » Deliver B-BBEE local growth strategies
- » Evolution of business processes and management to meet current and future business
- » Implement appropriate business processes and structures to manage geographic diversification
- » Improved confidence in reporting and compliance
- » Rapid strategic alignment to changing economic and political developments by diversification into other industries
- » Continue training and development of employees

### 4 OUTCOMES > THE SIX CAPITALS

#### FINANCIAL CAPITAL

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

#### MANUFACTURED CAPITAL

- » Optimised distribution network
- » Strategic property holdings for businesses
- » Solutions for customers

#### NATURAL CAPITAL

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

#### SOCIAL AND RELATIONSHIP CAPITAL

- » Empowerment and education of employees and other stakeholders
- » Improved B-BBEE credentials and sustainable B-BBEE localised businesses
- » Responsible corporate citizenship
- » Strong partnerships with suppliers and customers
- » Social and rural upliftment through various business and social responsibility initiatives

#### INTELLECTUAL CAPITAL

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

#### HUMAN CAPITAL

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

### 5 OUTPUTS

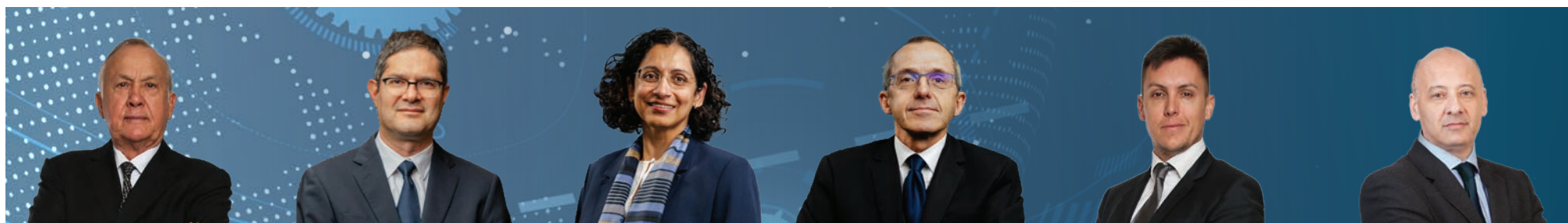
#### INVICTA OUTPUTS

- » Improved total return to shareholders and all stakeholders
- » CSI projects and employee upliftment and benefits
- » B-BBEE initiatives continue to be implemented, resulting in enhanced upliftment
- » Sustainable Group, able to both grow and improve its performance in all business aspects

#### DIVISIONS

- » Supply and service of a full range of industrial parts and equipment, product support, workshops and field service
- » Establishment of viable 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 meet industry needs and products produced to international standards
- » 400 leading international and local brands supplied
- » Value-added products and solutions for customers
- » Strong technical and customer-focused support network
- » Mentoring and succession planning for employees

# OUR LEADERS



DR CHRISTO WIESE (82)



Chairman

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

Years of service as an  
Invicta Director: 27

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

STEVEN JOFFE (53)



Chief Executive Officer

Qualifications: BCom  
(Hons Taxation) and Hdip  
(Company Law), CA(SA)  
Years of service as an  
Invicta Director: 4

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 Proprietary Ltd and Gold Reef Casino Resorts Limited and joined Invicta as CEO on 1 January 2020.

NAZLEE RAJMOHAMED (58)

Chief Financial Officer

Qualifications: BCom, PGDA,  
CA(SA)  
Years of service as an Invicta  
Director: 6

Nazlee has over 24 years' experience as an executive, having held senior positions within the TOTAL Société Anonyme Group in South Africa, Nigeria and France and at MTN Group Limited where she served as the executive overseeing the Group finance operations. She joined Invicta on 1 July 2018 as the Group CFO.

CRAIG BARNARD (60)

Executive Director

Qualifications: BCom, BAcc,  
CA(SA), MBA, ACIS  
Years of service as an  
Invicta Director: 17

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

JACOB WIESE (43)



Non-executive Director

Qualifications: BA (Value and  
Policy Studies), LLB, MIEM  
(Bocconi, Italy)  
Years of service as an  
Invicta Director: 14

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

FRANK DAVIDSON (59)

Independent Non-executive  
Director

Qualifications: BCom, BAcc,  
CA(SA)  
Years of service as an  
Invicta Director: 4

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

## BOARD COMMITTEES

Audit and Risk Committee Nominations Committee Investment Committee Remuneration Committee Social and Ethics Committee Committee Chairman



## OUR LEADERS continued



### RASHID WALLY (80)



*Independent Non-executive  
Director*

Years of service as an  
Invicta Director: 11

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

### LANCE SHERRELL (58)



*Non-executive Director*

Qualifications: BCom  
Years of service as an  
Invicta Director: 14

Lance has been involved in the motor trade industry for over 16 years. Lance is a Director and shareholder of SMG (both BMW, Jaguar & Land Rover motor franchises). He represented South Africa as a rugby player.

### IAAN VAN HEERDEN (52)



*Non-executive Director*

Qualifications: BLC, LLB, LLM  
(*cum laude*), Higher Diploma in  
International Tax  
Years of service as an  
Invicta Director: 4

Iaan served as an investment banking Director at Rand Merchant Bank and has more than 21 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.

### MPHO MAKWANA (53)



*Lead Independent Non-executive Director*

Qualifications: BAdmin (University of Zululand), BAdmin Hons (University of Pretoria), EDP Certificate (Kellogg School of Management), Postgraduate Diploma, Retail Management (Stirling University, UK)  
Years of service as an Invicta Director: 4

Mpho is an accomplished business leader with diverse experience spanning a period of more than 33 years. In the past year, he retired as Independent Non-executive Chairman of Nedbank Limited and Nedbank Group Limited, Eskom Holdings SOC Limited and Safcol SOC Limited. He serves as Lead Independent Director on the Board of Invicta and as Independent Non-executive Director on the Board of Platinum Group Metals (PLG:NYSE, PTM:TSX). Mpho also serves as trustee of various non-profit initiatives, including the FLG Modise Pentecost Foundation and the Nelson Mandela Children's Fund.

### BOARD COMMITTEES

Audit and Risk Committee Nominations Committee Investment Committee Remuneration Committee Social and Ethics Committee Committee Chairman

03

# OUR OPERATING ENVIRONMENT

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

Stakeholder Relationships	16
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# STAKEHOLDER RELATIONSHIPS

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

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





## STAKEHOLDER RELATIONSHIPS continued

### STAKEHOLDER MATERIAL ISSUES

Invicta is steadfast in its dedication to fostering inclusive, transparent and mutually enriching relationships, partnerships and engagements with all stakeholders. Guided by a commitment to social responsibility, every operation within the Group resonates with Invicta's ethos of being a socially responsible investor and progressing with purpose. We recognise the vital role played by our diverse stakeholders, encompassing employees, customers, suppliers, financial institutions, shareholders, governmental bodies and communities. As integral pillars of our business, maintaining ongoing dialogue and engagement with stakeholders is paramount to aligning expectations and delivering on our commitments.



#### SUPPLIERS

##### NEEDS AND EXPECTATIONS

- » Forecasting demand to maintain production volumes
- » Communicating research undertaken for product improvements
- » Providing a wide customer base and penetration for their products
- » Creditworthiness
- » Localised knowledge of market/customers

##### HOW WE ARE RESPONDING

- » Order management process
- » Placing regular orders
- » Providing guaranteed payments
- » Constant communication with production personnel at suppliers

##### METHOD OF ENGAGEMENT

- » Direct and continuous effective communication and interaction
- » Communicating and assisting with technical queries
- » Measuring and providing quality and product-related feedback
- » Timeous communication on lead time on deliveries
- » Identify product training needs



#### SHAREHOLDERS

##### NEEDS AND EXPECTATIONS

- » Protect and grow shareholder wealth
- » Compliance with laws and regulations
- » Risk management
- » Sustainable business strategy and model
- » Experienced management team

##### HOW WE ARE RESPONDING

- » Implementing the business strategy
- » Exercising oversight over management activities through the Board and its various sub-committees
- » Approvals Framework (delegation of authority framework)

##### METHOD OF ENGAGEMENT

- » Integrated Report
- » Annual and interim financial statements
- » SENS announcements
- » Results presentations
- » Media interviews



#### EMPLOYEES

##### NEEDS AND EXPECTATIONS

- » Market-related compensation and incentive schemes
- » Fair, respectful and dignified treatment
- » Recognition for contribution to the success of the business
- » Safe and healthy work environment
- » Clear communication about relevant organisational issues
- » Opportunities for career advancement and personal growth

##### HOW WE ARE RESPONDING

- » Group Code of Ethics informs how we relate to our employees
- » Treat employees fairly, with respect and dignity
- » Offer market-related salaries and incentive structures
- » Provide training opportunities for employee development
- » Comply with labour laws
- » Regular communication to employees

##### METHOD OF ENGAGEMENT

- » Ongoing feedback through performance management
- » Regular emails, video and internal media channel communication and newsletters to staff
- » Daily engagement with direct reportees
- » Formalised in-house accredited training programmes
- » Career development and bursary schemes

## STAKEHOLDER RELATIONSHIPS continued



### CUSTOMERS

#### NEEDS AND EXPECTATIONS

- » Product quality
- » Technical design and solutions
- » Service support and field service teams
- » Knowledge of customer business and industry
- » Product availability and vendor managed onsite stores
- » Competitive pricing

#### HOW WE ARE RESPONDING

- » Customer service and training
- » Product training for customer's staff
- » Ensuring product availability
- » Provide after-sales support and services

#### METHOD OF ENGAGEMENT

- » Continuous improvement of offering to meet customer needs
- » Relationship management processes
- » Facilitate required training on products
- » Communication through
  - » Social media
  - » Advertising
  - » Face-to-face visits
  - » Websites
  - » Product marketing
  - » After-sale follow up



### COMMUNITIES

#### NEEDS AND EXPECTATIONS

- » Provide employment opportunities

#### HOW WE ARE RESPONDING

- » Provide employment opportunities
- » Provide educational opportunities
- » Provide upliftment to society and communities
- » Invest in the communities through "CSI" initiatives

#### METHOD OF ENGAGEMENT

- » CSI spending programmes
- » Bursary and learnership programmes
- » Social media
- » Local media interviews/advertisements
- » Community projects and initiatives



### FUNDERS

#### NEEDS AND EXPECTATIONS

- » Risk management
- » Financial stability and performance
- » Experienced management team
- » Business continuity/succession planning
- » Sustainable business operations
- » Environmental impact



### GOVERNMENTS & REGULATORS

#### NEEDS AND EXPECTATIONS

- » Collect and pay taxes
- » Comply with laws and regulations

#### HOW WE ARE RESPONDING

- » Creating processes and systems to facilitate the collection and remission of taxes
- » Experienced staff to manage statutory compliance

#### METHOD OF ENGAGEMENT

- » Filing statutory returns
- » Integrated Report
- » Employment Equity Reports
- » BEE certificates
- » Results presentations

#### HOW WE ARE RESPONDING

- » Regular engagements
- » Regular updates on both operational and financial performance

#### METHOD OF ENGAGEMENT

- » Integrated Report
- » Annual and interim financial statements
- » SENS announcements
- » Results presentations
- » Fundraising engagements
- » Covenant reports

# TRENDS THAT SHAPE US

TRENDS	IMPACTS/EFFECTS	OUR STRATEGIC RESPONSE	OUR OPPORTUNITIES/FUTURE OUTLOOK
<b>Ongoing global supply chain interruptions</b>	Global supply chain challenges result in: <ul style="list-style-type: none"> <li>» Reducing freight rates but increased sailing days</li> <li>» Unreliable factory production dates</li> <li>» Committed shipment dates not met</li> <li>» Lack of availability of certain specific parts such as micro-chips</li> </ul>	<ul style="list-style-type: none"> <li>» Increase inventory holding to accommodate the additional lead times</li> <li>» Pre-sell and structure orders accordingly</li> <li>» Improve order planning and forecasting</li> <li>» Improve after-market support services</li> </ul>	<ul style="list-style-type: none"> <li>» Sufficient inventory to meet customer requirements</li> <li>» Work closer with manufacturers and freight forwarding companies to track real-time movement of goods, creating better relationships</li> </ul>
<b>Market changes</b>	<ul style="list-style-type: none"> <li>» The market is in certain product ranges migrating to the after-market parts in place of Original Equipment manufacturers ("OE")</li> </ul>	<ul style="list-style-type: none"> <li>» Identify alternative sources of spare parts around the world and supplement the OE parts suppliers with alternative after-market suppliers</li> </ul>	<ul style="list-style-type: none"> <li>» Improve inventory holding of spare parts especially after-market parts</li> <li>» Equipment usage life extended due to non-availability of new equipment, resulting in parts consumption increasing</li> <li>» Better pricing and availability of spare parts</li> </ul>
<b>Increase in all related costs of importing of equipment and spare parts</b>	<ul style="list-style-type: none"> <li>» Volatility in prices of goods and services due to inflation, oil and associated cost increases</li> </ul>	<ul style="list-style-type: none"> <li>» Negotiate improved trade terms with suppliers</li> <li>» Manage foreign currency exposure to mitigate exchange rate volatility</li> <li>» Manage supply chain from order to fulfilment</li> </ul>	<ul style="list-style-type: none"> <li>» Improved supply agreements to ensure consistent supply of product and related volumes</li> <li>» Secure alternative sources of supply for products</li> <li>» Source more fuel-efficient products to meet growing sustainability demands</li> </ul>
<b>Imposition of tariffs on imported goods</b>	<ul style="list-style-type: none"> <li>» Macro geopolitical climate has resulted in trade tension, with some countries imposing tariffs on imported goods</li> </ul>	<ul style="list-style-type: none"> <li>» Diversify the sources of imported good with emphasis on free trade arrangements</li> </ul>	<ul style="list-style-type: none"> <li>» Identifying diversified sources and locations of imported products, resulting in diversified supplier base</li> <li>» Establish a presence in free trade zones to minimise paying duties where possible</li> </ul>
<b>Foreign exchange risk</b>	<ul style="list-style-type: none"> <li>» Exchange rate volatility</li> </ul>	<ul style="list-style-type: none"> <li>» Hedging the foreign exchange transactions to mitigate the currency risk and related effect on margins</li> </ul>	<ul style="list-style-type: none"> <li>» Stabilisation of selling prices and margins</li> <li>» Improved product competitiveness and customer certainty in respect of pricing</li> </ul>
<b>Manufacturer relationships</b>	<ul style="list-style-type: none"> <li>» Multiple manufacturer and supplier relationships impact on the Group's ability to respond to both internal and external market challenges</li> <li>» Relationship with the manufacturers of goods impacts on Group's ability to respond to externalities</li> </ul>	<ul style="list-style-type: none"> <li>» Strengthening relationships by increasing market share</li> <li>» Working together with suppliers/manufacturers to achieve market share penetration</li> </ul>	<ul style="list-style-type: none"> <li>» Broaden both supplier and product ranges based on new technological developments and changing market trends</li> <li>» Follow the market dynamics to ensure the correct inventory is ordered and available for customers</li> </ul>



# RISKS AND OPPORTUNITIES

## RISK GOVERNANCE

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

At Invicta, risk management is performed by understanding what drives the business forward and assessing the inherent risks and opportunities that may arise as management grow and develop the business. Risk management also specifically

includes, amongst others, the consideration of environmental, economic, social and geopolitical factors as well as the various business processes.

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

## OUR RISK MANAGEMENT APPROACH

Both a bottom-up and top-down approach is adopted to ensure a holistic risk management approach. The bottom-up approach is supported by workshops with divisional management to identify

and prioritise risks. The top-down approach involves a review and assessment of whether all risks are comprehensively identified and prioritised, and properly addressed to accomplish the Group's strategic objectives.

The Enterprise Risk Management process has further matured over the past year by improving the risk identification, risk assessment and risk mitigation at various levels including entity, segment and Group level. Risk owners are trained to actively lead the management of risk in their areas of expertise. The process of risk management is ongoing and the risk registers are live documents which are maintained and updated through regular facilitated risk workshops.



## RISKS AND OPPORTUNITIES continued

### OUR MAJOR STRATEGIC RISKS

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

RISK	CONTROL	ASSOCIATED OPPORTUNITY
<b>Strategic Objective: Protecting and growing shareholder wealth</b>		
<b>South African electricity and water supply in stability:</b> The lack of a (consistent) supply of utilities is a constraint on GDP and impacts the activities of key customer industries such as mining. There is also a higher operating cost for all parties.	Rapid deployment of alternative power independent of the national grid to key sites.	Grow our business by moving into the supply of alternative energy products and/or parts. Benefit from SARS S12B tax incentive for businesses to install solar.
<b>Political and labour instability:</b> Sustained labour unrest and/or civil unrest in the context of high unemployment, high wage expectations and failing government services in the areas of power, water supply, education, health and policing.	Geographical diversification to more stable regions. Strict management of overheads to create resilience to short-term upheavals.	Build a diversified industrial portfolio which meets our strategic goals.
<b>De-industrialisation of South Africa:</b> Lack of competitiveness/low productivity could lead to a decline in industrial South Africa, with flat or declining impact on Group revenue and profitability.	Diversification geographically to growing industrial markets. Diversification within South Africa to high growth products and markets.	Build a diversified industrial portfolio which meets the Company's strategic goals.
<b>Global and local supply chain issues:</b> Global supply chain issues result in the inability to obtain spare parts to provide aftersales services, or obtain products, leading to loss of business. This includes issues arising from unforeseeable events/"acts of God" which impact customers, suppliers or our own operations, as well as issues from loss of a supplier which could result from failure to meet expectations or contractual obligations. Local supply chain issues include delays at local ports and ineffective rail transport.	Adjust working capital levels and procurement processes to compensate for changes in lead times. Operational disaster management plans are in place which empower the management teams to be fast, flexible and efficient in their response to unforeseeable events/"acts of God". The Group maintains a diverse customer base from an industry, product and location perspective. Virtual management of operations has been optimised. Operations carry adequate inventory to allow sufficient time to react, with some suppliers able to shift manufacture to different cities and/or countries. Maintaining strong relationships supported by transparent and timely communication on markets. Extending the number of key suppliers to limit the risk associated with any one supplier.	New supplier and customer relationships beyond the existing relationships the Group enjoys. The correct disaster management plans and inventory levels allow us to capture additional business opportunities. Secure competing products from new suppliers using our strong market presence.
<b>Execution of acquisition strategy:</b> Acquisitions perform below expectations because of the transition time taken to optimise operations, extract value and thus expose the Group to unanticipated risks.	Oversight from Investment Committee. Existence of well-established processes and experienced management team create downside protection through due diligence and agreement structures.	Good acquisitions are earnings enhancing.

## RISKS AND OPPORTUNITIES continued

RISK	CONTROL	ASSOCIATED OPPORTUNITY
<b>Strategic Objective: Protecting and growing shareholder wealth</b>		
<b>Working capital management:</b> Exchange risk volatility and supply chain concerns heighten the risk of overstocking (and consequent obsolescence), as well as forex exposure on foreign debtors and creditors.	Strict monitoring of procurement decisions at CEO level. Adherence to policy on taking forward cover for known transactions.	Structural discipline will create the opportunity to out-perform the market and be the supplier of choice.
<b>Information technology:</b> Prolonged downtime and/or data loss due to failure of IT systems or security breaches, including external infrastructure failures such as underwater cables.	Robust disaster recovery plans that are tested regularly. Continually evolving cyber security measure to meet new cyber challenges, supported by penetration testing and staff training. Development of a cybersecurity strategy supported by a policy to guide response to cybersecurity breaches.	The ability to operate under conditions where others fail.
<b>Strategic Objective: Undertake an ethical, transparent and sustainable business</b>		
<b>Reputational damage:</b> The Group may suffer reputational damage because of product or governance failure, or failure to meet regulatory standards including JSE Listings Requirements and compliance within the multiple jurisdictions within which the Group operates.	Reputational oversight is exercised by the Social and Ethics Committee. The Group has a strong governance framework including ISO certification at appropriate levels and its code of ethics. The Group has strong Non-executive Directors, and appropriately qualified and experienced executive Directors.	The Group will be a preferred partner for companies that value ethical business practices creating a business that is sustainable in the long term.
<b>Strategic Objective: Geographical diversification</b>		
<b>Geo-political conflicts:</b> The growing polarisation between states and the heightened level of conflicts and tensions has an impact on global trade and security. The divide between BRICS and the US-Western European countries on the Ukraine war; and Israel's war in Gaza with the underlying threat of widening into a regional conflict, and Red Sea tensions creates the potential for ongoing disruption of the Group's supply chain and its access to customers.	The Group's operations are spread across various jurisdictions to mitigate this risk.	The Group's growing global footprint creates opportunities for new supplier and customer relationships beyond the existing relationships that the Group enjoys.  The Group's current footprint positions it to identify further opportunities for geographical diversification, allowing it to follow shifting global trading patterns with agility and insight.
<b>Strategic Objective: Attract, grow and retain skilled management and technical staff</b>		
<b>Loss of key management skills:</b> The market for skilled and experienced talent at management and technical levels is very competitive in various regions where the Group operates, including South Africa.	The Group's remuneration policy is designed to attract and retain talent. Salary benchmarking is undertaken periodically to align with market practices and expectations. Restraint of trade agreements are concluded with senior management throughout the Group. Succession plans for key positions/personnel are in place. Organisational structures are designed to empower our teams and develop opportunities for personal growth. Managed transitions when key personnel retire with job shadowing and post-retirement contracts for a defined period.	The Group is seen as an employer of choice and can attract the employees with the right skills and qualities to achieve our strategic objectives.



# 04

## OUR STRATEGY

*Invicta strives to be a good global corporate citizen. We aim to grow a diversified and sustainable replacement parts Group, providing above market returns to stakeholders.*

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Investment in our communities and employees	38



# REFLECTIONS FROM OUR CEO



Steven Joffe

TANGIBLE NAV  
PER ORDINARY SHARE

↑ 13%

**5 125 CENTS**

WEALTH CREATED

↑ 4%

**R2.3 BILLION**

DIVIDEND PAID TO GROUP  
SHAREHOLDERS

↑ 11%

**R182 MILLION**

## STRATEGY REVIEW

### INNOVATIVE SOLUTIONS THAT EMPOWER INDUSTRIES FOR A SUSTAINABLE FUTURE

The Group strives to be a world leading industrial products supplier in both Southern Africa and selective international markets, often exclusively, which are always available and are overlaid with a technical and solution service. We add value through our distribution chain, inventory holdings, product availability and by providing technical support. Technical support helps prevent disintermediation and is a key part of our strategy to add value to our customers. We aim to grow a diversified sustainable replacement parts Group, providing above market returns to stakeholders. We constantly review and restructure our existing businesses to ensure they achieve the desired returns. We aim to have a geographical (50% of the Group income outside South Africa) and a sectorial diverse Group within two years.

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

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

## ASSESSMENT OF OUR PERFORMANCE IN FY 2024

Overall, the Group's performance has been pleasing, particularly within the context of a tough global economy. Below, we provide an assessment of our performance against the following objectives which we set for the Group in respect of FY 2024:

FY 2024 OBJECTIVE	SELF-ASSESSMENT
Managing working capital and optimising operations	1
Generating cash	1
Growing BMG China	3
Managing supply chain challenges	1.5
Looking for appropriate acquisitions	2

Key: 1 – achieved; 2 – partially achieved; 3 – not achieved

## REFLECTIONS FROM OUR CEO continued

### OUR OBJECTIVES FOR 2025

Our objectives for FY 2025 include the following:

1. Maintaining earnings growth
2. Managing working capital and optimising operations
3. Generating cash
4. Managing and limiting geopolitical impacts on the business
5. Looking for appropriate acquisitions

### WHY INVEST IN US?

- » Our businesses are focused on industries that are vital to the local and global economy, such as mining, agriculture, manufacturing, transportation and construction.
- » We are a geographically diverse Group with a presence in 17 different countries, including manufacturing plants in China and Japan and distribution businesses in many countries such as the United States, Poland, the UK and numerous African states with a strong presence in Mozambique.
- » We are focused on increasing profitability and achieving an above market return on our assets and investments by focusing on improving sales and gross profit percentage, managing costs and generating cash.
- » We aim to continue building the Group in a stable and sustainable way.

### THE YEAR UNDER REVIEW

I am pleased to present on behalf of the Board a solid set of results for the Group. Considering all the challenges of 2024, we are pleased that we managed to grow the sustainable headline earnings per share by 5% to 487 cents. For a more detailed review of the Group's FY 2024 financial performance, refer to the Reflections from our CFO on page 28.

FY2024 was another year of constant challenges in South Africa. However, we managed to navigate our way through the usual suspects of load shedding, water supply issues and logistics problems, not only at the Durban port, but with worsening shipping channels issues specifically in the Mediterranean and off the coast of Africa. South Africa infrastructure problems continue to beset the country, resulting in muted economic activity. With elections underway across the world, uncertainty of these outcomes has resulted in downward pressure in general on third world currencies, specifically the Rand, which acts as their proxy.

Despite all these challenges facing our businesses, our Group has navigated through them and our business remains resilient. In this regard, credit is due to our dedicated management teams, who have acted swiftly and creatively to, where possible, mitigate against the full impact of our challenging operating environment. Our talented teams have even been able to create new opportunities to grow, optimise or diversify the business as appropriate. More on this in Our Operating Environment on page 15. The relative strength of our balance sheet has allowed us the time to focus on each of the operational challenges as they arose, as well as to invest in inventory, assisting us to mitigate supply chain risks, price increases and other challenges.

### NET DEBT

Net bank debt was further reduced during the year by R151 million. Cash generation continues to be strong with cash generated by operations amounting to R818 million. The net investment in working capital over the year was R150 million. The management teams worked hard on managing working capital levels throughout the year to keep our investment relatively flat with the majority of the investment in working capital going into finance leases to customers in the capital equipment segment. We further paid R205 million of dividends to ordinary and preference shareholders. Finally, we bought back 2 294 672 ordinary shares for R61 million and 267 243 preference

shares for R27 million. The Group has significant banking facilities available, enabling us to fund the Group's activities and grow in line with our Group strategy.

With continued uncertainty in the world, we focus on reducing our net debt position which creates a level of robustness in the business to deal with unforeseen circumstances and world events. Our thinking on net debt includes the listed preference shares we have issued. With that in mind, we have elected to exercise our right to redeem the outstanding preference shares after our financial year end. The preference shares represent a large proportion of our net debt and finance costs. Being one of our most expensive sources of funding, the Group will benefit from having settled these out of cash resources.

### PERFORMANCE OF REPORTING SEGMENTS

Consistent with the prior year, we report our businesses as five segments and while the Kian Ann Group forms part of the first segment below, we report separately on the KAG due to its relative size and contribution. Our segments are:

- » Replacement Parts, Services and Solutions: Earth-Moving Equipment ("RPE")
- » Kian Ann Group ("KAG")
- » Replacement Parts, Services and Solutions: Industrial ("RPI")
- » Replacement Parts, Services and Solutions: Auto-Agr ("RPA")
- » Capital Equipment and Related Parts and Services ("CE")



The RPE segment includes, *inter alia*, the businesses of Equipment Spare Parts Africa (Proprietary) Limited ("ESP") and KMP Holdings Limited ("KMP").

## REFLECTIONS FROM OUR CEO continued

RPE has delivered strong performance during the trading year, achieving above average results in revenue and operating profit:

- » revenue increased by 10.6%;
- » the sustainable operating profit before interest on financing transactions and foreign exchange movements ("**operating profit**") increased by 32.8%;
- » the net operating assets in this segment were R481 million and the return on net operating assets was 29.8%;

Further efficiencies and synergies are envisaged through the sales of KMP into our KAG, where further focus will be put on improving product pricing and increasing our product offering and cross selling to our customers.



The KAG Group is equity accounted as a joint venture.

The US market provided tempered demand throughout the year for undercarriage components with the other companies in KAG managing to provide satisfactory results, against the backdrop of the increasing geopolitical tensions between China and the West.

In respect of the year under review:

- » the sustainable operating profit before interest on financing transactions and foreign exchange movements ("**operating profit**") decreased by 27% to SGD26 million;
- » the net operating assets in this segment were SGD203 million and the return on net operating assets was 12.8%.



RPI focuses on the import and local manufacture of industrial consumable products, services, and solutions for all industries in Southern Africa. RPI offers world-class solutions and products with the aim to improve the efficiency of our customers and ensure that they remain globally competitive.

RPI continues to limit the impact of loadshedding and water disruptions with the use of generators, solar, where viable, and water storage solutions, but the impact of areas outside our control, like that of connectivity and, the impacts of

these factors on our customers, has affected the business performance. The significant increase in freight charges and the continued local increase in fuel prices resulted in the higher cost of products. Due to contract pricing with several of our major customers, the effect of these higher product costs cannot always be passed on immediately, which has put pressure on our gross margins in some areas of the business. The business continues to focus on inventory, ensuring the correct fill rates for customers, while also focusing on strategies to move inventory that will move out of the current age cycle.

In respect of the year under review:

- » revenue increased by 1.9% from R4.8 billion to R4.9 billion;
- » the sustainable operating profit increased by 2.2% from R317 million to R324 million;
- » the net operating assets increased marginally by 3% from R1.84 billion to R1.90 billion;
- » the return on net operating assets for the financial year was 17.1%, a decrease of 0.1% from 17.2%.



RPA, which operates in South Africa and certain European countries, consists of automotive and agricultural replacement parts businesses. RPA focuses on the importation and distribution of automotive aftermarket parts and Original Equipment Manufacturer ("**OEM**") kits, as well as driveshaft parts and other replacement parts for the agricultural industry. The Polish operations and warehouse have been part of the robust performance, validating these acquisitions with further growth into Europe expected in the years ahead. Operations out of Spain will be the first new operation started in the year ahead.

New product lines will be introduced into the Imex business which was acquired in July. Located in Castleford in the UK, Imex supplies aftermarket automotive components mainly into the UK market. As part of the growth of the RPA segment, management are evaluating the potential of expanding the product range into passenger car products as well as opening further branches across the European continent to continue the

expansion of the offshore portion of the business and to broaden the customer and product base.

In respect of the year under review:

- » revenue increased by 34% from R551 million to R738 million, primarily driven by the Imexpart acquisition;
- » sustainable operating profit for the segment decreased by 18.7% from R111 million to R91 million;
- » net operating assets increased by 47% from R339 million to R499 million;
- » the return on net operating assets for the financial year decreased from 32.8% to 18.2%.



CE sells capital equipment, spare parts and provides the related services to the earth-moving, construction, mining, and logistics industries.

Mining and material handling showed strong demand for some of the bigger machines supplied by CE due to high commodity prices and the weakening Rand. However, the problems being experienced in the South African harbours and transport thereto are hindering sales and impacting revenue for the mining community for export product. The construction industry woes continue, as they also faced a very tough year, with very little in both infrastructure and commercial build.

Through the year our capital equipment competitors, who represent Japanese brands in the market, have had the upper hand as the Rand strengthened against the Yen, making their products more competitive against those which were either Euro or US dollar priced. CE therefore had to reduce its gross profit margins to compete. The demand for the Tonly rigid off-road dump truck out of China continues to grow and is contributing meaningfully to both revenue and gross profit.

After-market spare parts sales in the OEM market continue to do well. Spare parts contribute a significant part of the annual gross profit of this segment.

## REFLECTIONS FROM OUR CEO continued

In respect of the year under review:

- » revenue of CE increased by 12.7%, from R1.06 billion to R1.19 billion;
- » sustainable operating profit increased by 31.6% from R80.9 million to R106.5 million, after adjustments for impairments and once-off items;
- » the net operating assets in this segment were R403 million and the return on net operating assets was 26.4%.

## REPURCHASE OF SHARES

The Group repurchased 2 294 672 ordinary shares at an average price of R26 per share. The total consideration of the repurchase was R61 million.

Further, the Group repurchased 267 243 preference shares at an average price of R102 per share. The total consideration of the repurchase was R27 million.

Both these purchases have proved to be earnings enhancing.

## DIVIDEND

We are pleased to increase our dividend declaration by 5 cents, from 100 to 105 cents per share for the year.

## LOOKING FORWARD

The world remains in a precarious position. The war in both the Ukraine and conflicts in the Middle East and their associated impacts on macroeconomics, including specifically commodity and food prices, will be felt worldwide. Persistently high levels of inflation worldwide have further resulted in borrowing costs remaining high, thus creating more pressure on both the consumer and business.

With so much uncertainty in the world, we will continue to work hard on reducing our net debt position. Having a relatively debt-free business strategically positions us to respond to demanding situations and, at the same time, provides the capacity for us to implement our acquisition strategy should the opportunities arise.

With the acquisition of Nationwide Bearing Company Limited ("NWB") in the UK, we are excited about our prospects in the region and the potential of the NWB business. We have also further aligned our interests with that of our partners in the Kian Ann business by reversing our KMP operations into the Kian Ann Group and we are

working closely with our partner to ensure that we get the best out of our combined assets in this sector.

Our replacement parts businesses have again proved that they are resilient and generate good cash. As a result of our relative financial strength, we can continue to hold appropriate inventory levels to ensure that we can service our customers without stockouts and delays. Accordingly, we once again remain cautiously optimistic about the year ahead.

In South Africa, we are encouraged by the suspension of loadshedding and the recent elections. We are hopeful the government of national unity will implement policies and procedures which will allow the industry to grow.

## VALUE-ADDED STATEMENT

	2024 R'000	2023 R'000	% change
<b>Continuing operations</b>			
Revenue	8 278 977	7 769 948	7
Cost of goods and services	(6 223 423)	(5 773 479)	8
<b>Value added</b>	<b>2 055 554</b>	1 996 469	3
Income from investments	246 714	216 825	14
<b>Wealth created</b>	<b>2 302 268</b>	2 213 294	4
<b>Wealth distribution:</b>			
<b>Employees</b>			
Salaries, wages and benefits	1 284 695	1 209 478	6
<b>Providers of capital</b>			
Dividends to shareholders	182 150	163 831	11
Finance costs	189 137	134 095	41
	371 287	297 926	25
<b>Government</b>			
Corporate tax	184 823	136 806	35
<b>Wealth retained for future expansion and growth</b>			
Amortisation of intangibles and depreciation of property, plant and equipment	189 532	185 240	2
Retained income	271 931	383 844	(29)
	461 463	569 084	(19)
<b>Wealth distributed</b>	<b>2 302 268</b>	2 213 294	4

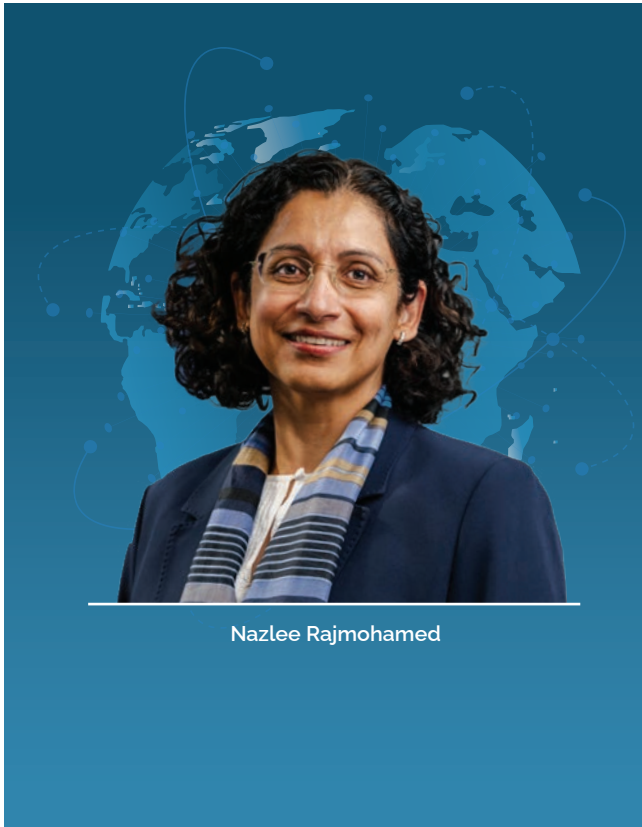
## APPRECIATION

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

Finally, we want to thank our Chairman and the non-executives for their guidance and advice. Their monitoring and evaluation of our plans and thinking has assisted in us realising better outcomes.



# REFLECTIONS FROM OUR CFO



Nazlee Rajmohamed

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

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

The Group has remained cautious in terms of capital allocation and has continued to invest in itself through the purchase of its own shares, in addition to the acquisitions secured. This has delivered to shareholders headline earnings of R459 million, with headline earnings per share at 470 cents compared to the 488 cents per share delivered last year but with sustainable headline earnings per share increasing by 5% to 488 cents. The net asset value per ordinary share increased to R52.50 per share at 31 March 2024, up from R46.34 at the end of the prior year.

## CAPITAL ALLOCATION

Our overall strategy remains on diversification into growth industries and markets, with the focus being on jurisdictions that meet our geopolitical and regulatory benchmarks and are aligned to the business sectors that we currently operate in. We made two acquisitions following these principles.

The Group acquired Imexpart Limited in the UK for GBP4.7 million on the 3 July 2023. Imexpart distributes a wide variety of truck and bus parts for DAF, Mercedes, Volvo, MAN, Iveco, Renault, Scania, and Cummins engines as well as carries a full range of replacement parts including bumpers and step panels for trucks. This acquisition will provide synergies within our RPA segment.

The Group acquired 50% of KMP Far East Pte. Ltd for SGD2.2 million on the 1 April 2023. The business is based in Singapore and operates two branches in Kuala Lumpur through its local subsidiary in Malaysia. It distributes aftermarket parts for diesel engines for industrial and agricultural machinery and serves customers in more than 13 countries across the Asia-Pacific region. After year end, this business was sold, together with our existing KMP business in America and the UK, to our Kian Ann joint venture to further consolidate and leverage our earth-moving businesses.

The Group acquired 2 294 672 ordinary shares for R61 million and 267 243 preference shares for R27 million. These shares, as well as the 762 492 treasury shares already held, were subsequently cancelled.

GP%

↑ 0.5%

**33%**

EQUITY ACCOUNTED EARNINGS

↑ 7%

**R178 MILLION**

OPERATING PROFIT\*

↑ 11%

**R720 MILLION**

*\*This is before equity accounted earnings.*

## REFLECTIONS FROM OUR CFO continued

### WORKING CAPITAL MANAGEMENT

Working capital has absorbed R150 million of cash reflecting the increase in investment in finance leases from our capital equipment business and higher inventory levels.

- » Inventory turnover remains a key management focus area with inventory turnover being the key operational performance measure. Inventory increased by R124 million or 4.3% to R3 016 million, with inventory at Imexparts accounting for R66 million of the year end balance. We are comfortable with this outcome given that the South African Rand has deteriorated by 7% over the period if we use the USD as a benchmark.
- » Trade receivables at R1 080 million has essentially remained flat. Revenue increased by 6.6%. While South Africa remains our key market and accounts for 75% of our revenue, tough trading conditions in other parts of Africa, nudged up our expected loss allowance to 7% of trade receivables, compared to 6.7% in the prior year.
- » Investment in finance leases has increased by R164 million or 189% to R251 million and is more reflective of the size of financing book that we carried between 2019 and 2021. It is matched by an increase of R127 million in finance lease liabilities. This resurgence has boosted our net financing income from financing transactions.
- » Trade payables increased by R88 million or 8.8% to R1 082 million, reflecting our vigilant focus on cash management whilst high interest rates continue to prevail.

### TRADING PERFORMANCE

We are pleased to have delivered revenue growth of 6.6%, while improving our gross profit percentage from 32.5% to 33%. Selling administration and distribution costs were 9.6% above the prior year, with the inclusion of Imexpart which added 4% to the cost base (and 2.4% to the revenue base). Further, we reluctantly took an impairment of R20.5 million on a research and development project undertaken, after having reassessed the likelihood of it yielding the necessary returns.

Net finance costs have increased by R40.9 million despite net interest-bearing debt being R183 million lower than the prior year as most of the debt settlement was achieved in the last quarter of the year. This will stand us in good stead heading into the 2025 financial year.

Net cash and cash equivalents at R905 million, increased by R175 million over the period under review, a pleasing achievement considering the acquisitions, share buybacks and dividend payments to shareholders.

Equity accounted earnings from joint ventures include R166 million which relates to our investment in Kian Ann. This has yielded a nominal return on investment of 10% which has shown a marginal increase from the 9% return achieved in the prior year.

**Basic earnings per share** of 492c achieved compared to 481c in the prior year.

**Headline earnings** of R459 million achieved compared to R497 million in the prior year.

**Sustainable headline earnings** of R477 million achieved compared to R472 million in the prior year.



# OUR SUSTAINABILITY JOURNEY

*Invicta embraces sustainability as a business opportunity that guides strategy formulation.*

*Our efforts towards sustainability are rooted in our commitment to be a responsible global citizen capable of delivering value to all our stakeholders.*

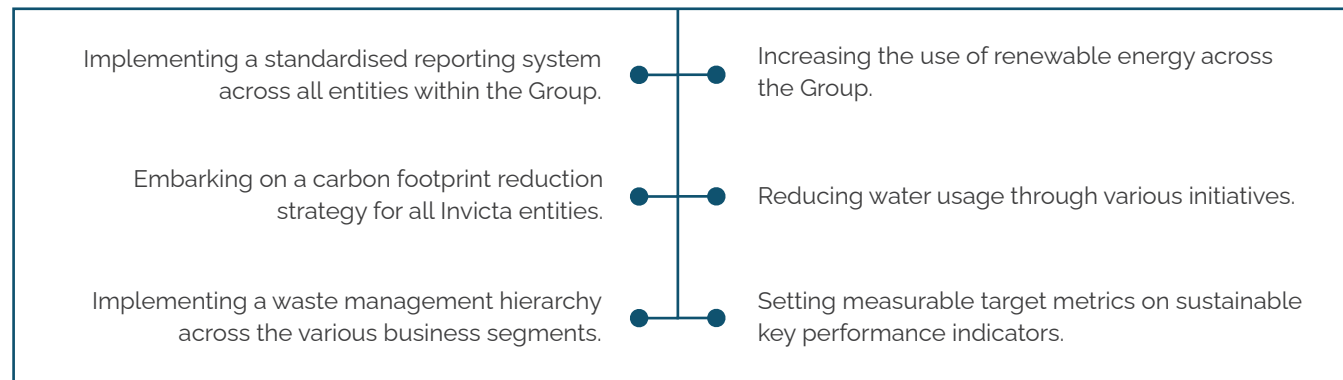


The SDG Framework is the guiding principle for Invicta's integrated approach to the process of incorporating ESG considerations into the Group's investment decisions and the management of the Group's operations.

As a Group, we are committed to preserving our planet for future generations and are dedicated to integrating sustainable practices into both our daily operations and business strategy.

As a fundamental part of our ESG journey in FY 2024 and to demonstrate our commitment to leading environmental, social, and economic performance, we have established an ESG department. This department focuses on the ESG policy framework guided by four essential pillars: Operations, Strategy, Reporting, and Innovation. These pillars serve as our roadmap, ensuring we address all vital elements of sustainability as we progress on our ESG path.

In its foundational phase, the department will focus its efforts on environmental aspects pertaining to water, waste and renewable energy, with ongoing development of the reporting framework. Our **ESG roadmap towards 2026** incorporates the following aspects:



## Our approach to sustainability is through the lenses of Environmental, Social, and Governance associated strategic areas

### E – ENVIRONMENTAL

- » Energy efficiency and consumption
- » Water usage and sustainability
- » Waste generation

### S – SOCIAL

- » Socio-economic development
- » Skills development

### G – GOVERNANCE

- » Corporate governance
- » Fraud and corruption
- » BEE compliance

Our approach to sustainability and its associated strategic areas are informed by our four guiding pillars

Operations

Strategy

Reporting

Innovation

## OUR SUSTAINABILITY JOURNEY continued



### E – ENVIRONMENTAL

Our environmental sustainability efforts are focused on the following strategic areas:

#### Energy efficiency and consumption

#### Water usage and sustainability

#### Waste generation

In each of these areas, we seek to adopt proven strategies and practices targeted at reduction.

#### ENERGY EFFICIENCY AND CONSUMPTION

##### RELEVANCE TO GROUP

- » Within the context of increased load-shedding in South Africa, the Group has had to expedite the rolling out of alternative power sources to enable the Group's operations to continue to operate optimally, where possible.

##### TARGET

- » The 5-year target aims to reduce our reliance on the grid (fossil fuels) by 15% by FY 2030, using FY 2025 as a baseline.

#### FY 2024 GOALS

#### FY 2024 INITIATIVES

#### ASSESSMENT

##### FY 2024 OTHER NOTABLE ACHIEVEMENTS

- » Installation of solar power and a Battery Energy Storage System ("BESS") at the Group's strategic operations across RPA, RPI and CE.
- » Additional solar panels have been added at BMG World.
- » The system has a 630 kVA inverter, 1.8 MWh battery and 900 kW photovoltaic ("PV") array.

- » Apart from BESS testing, the project has been completed at BMG World, the largest site of the RPI group of companies.
- » RPA and CE are works in progress.

#### FY 2025 GOALS

- » Fully commission the BESS at BMG World.
- » Start monitoring and reporting on the volume of electricity generated by on-site self-generation projects.
- » A renewable energy project to be rolled out to the rest of the Group.
- » Where appropriate, new vehicles should be introduced to fleet to be hybrid vehicles for the requisite reduction in carbon emissions.

##### CHALLENGES AND MITIGATION STRATEGIES

- » With ongoing load shedding and the BESS not fully commissioned, Group operations were still reliant on diesel generators as the main source of backup power. This increased diesel consumption and consequent carbon emissions. Diesel consumed by generators showed an increasing trend due to higher levels of load-shedding.
- » This challenge will be mitigated by the completion of the BESS system, which will produce the bulk of power needs at BMG World.

#### SDG AND CAPITAL





## OUR SUSTAINABILITY JOURNEY continued

### SUSTAINABLE USAGE AND WATER MANAGEMENT

#### RELEVANCE TO GROUP

- » Water efficiency has a direct effect on operational costs. Using water more efficiently is essential for lowering the Group's overall environmental footprint. The increase in water shortages around BMG World has necessitated alternative sources of water to ensure continued operations. The Group's commitment to water sustainability involves measures to reduce the Group's water consumption and steps to conserve water.

#### TARGET

- » The 5-year target we set is to reduce our municipal water consumption by 15% by FY 2030, using FY 2025 as a baseline.

#### FY 2024 GOALS

#### FY 2024 INITIATIVES

#### ASSESSMENT

#### FY 2024 OTHER NOTABLE ACHIEVEMENTS

- » Where possible, extend the identified initiatives across the Group's operations to maximise the impact of the measures that are successful elsewhere.
- » Water efficient technologies adopted include the installation of a JoJo backup system as an alternative to municipal water storage to ensure business continuity.
- » A borehole and filtration system were also installed and commissioned to mitigate dependence on municipal water.

#### FY 2025 GOALS

- » To investigate further initiatives such as greywater recycling systems.
- » To roll out pilot site successes throughout the Group.
- » To create awareness among employees about water conservation.
- » To monitor water usage.

#### CHALLENGES AND MITIGATION STRATEGIES

- » Water cuts and shortages challenges.
- » Mitigated by installing water backup systems and boreholes.

#### SDG AND CAPITAL



### SUSTAINABLE USAGE AND WATER MANAGEMENT

#### Borehole Filtration System



## OUR SUSTAINABILITY JOURNEY continued

### WASTE MANAGEMENT

#### RELEVANCE TO GROUP

- » Effective waste management is crucial for reducing operational costs by optimising the use of resources, streamlining processes, and minimising waste disposal expenses.
- » Prioritising sustainable waste management practices, such as the waste management hierarchy (prevention, reduction, reuse, recycling, and disposal) is essential to lower the Group's overall environmental footprint, and to contribute to a more sustainable future in line with the SDGs and ESG principles.

#### TARGET

- » The 5-year target for the Group is to reduce waste generated by 15% by FY 2030, using FY 2025 as a baseline.
- » The secondary target is to reduce the amount of waste sent to landfill by 10% by FY 2025.

#### FY 2024 GOALS

#### FY 2024 INITIATIVES

#### ASSESSMENT

#### FY 2024 OTHER NOTABLE ACHIEVEMENTS

- » Waste sent to landfill is monitored by category.
  - » A suitable waste services provider to be appointed for RPA's Gauteng branches as a pilot project with the intent to manage waste recycling and reduce the volume of waste sent to landfills.
  - » BMG World, the largest entity within the Invicta Group, was selected as the pilot site for the new waste initiative reporting portal. This resulted in increased recycling and a noteworthy reduction in waste-to-landfill.
  - » CE Segment is operational on the waste initiative portal, with other segments to follow.
  - » The waste management hierarchy implemented at the BMG World operations has resulted in the adoption of a new policy for the re-use of packaging and pallets. This has reduced waste from packaging and pallets considerably.
- » BMG World has fully implemented this process, and the project is now being rolled out to other divisions.
  - » A new waste initiative is under development and will be reported on annually.

#### FY 2025 GOALS

- » To roll out the same waste initiative service provider to the rest of the Group.
- » To improve waste monitoring and reporting.
- » Embark on circular economy initiatives, through minimising waste by ensuring that products are continuously reused and recycled within our operations.
- » To educate staff across the Group on waste minimisation through a visual media project.

#### CHALLENGES AND MITIGATION STRATEGIES

- » Waste isn't being monitored to the same standards by all the entities within the Invicta Holdings Group. This will be mitigated by partnering with a service provider with software to record and report on waste generated and diverted from landfill.
- » Not all the entities are separating their waste for recycling at their sites. Strategically selected sites are partnered with a service provider to implement the waste initiative of separating the recyclable waste streams onsite of each entity.

#### SDG AND CAPITAL



## OUR SUSTAINABILITY JOURNEY continued



### S – SOCIAL

Our social efforts are focused on the following strategic areas:

#### Socio-economic development

#### Skills development

In each of these areas, we seek to adopt proven strategies and practices targeted at reduction.

#### SOCIO-ECONOMIC DEVELOPMENT

##### IDENTIFY INITIATIVES

Some of the key initiatives include:

- » School bursaries to employees' children.
- » Medical assistance and mental health assistance for employees without medical aid.
- » Droste Park community upliftment which involves the upkeep of the area surrounding BMG World.
- » Meal-in-bag parcels for the homeless on Mandela Day.

#### SDG AND CAPITAL



##### FY 2024 OTHER NOTABLE ACHIEVEMENTS

- » The Group provided 159 bursaries to the children of qualifying employees.
- » Approximately R965 885 was spent on this initiative.
- » The Group provides free medical services, including mental health services to employees without medical aid.
- » Approximately R628 827 was spent on this initiative.
- » The Group ensures that the area around our main offices in Jeppestown are gardened, improved and kept free from litter.
- » Approximately R375 000 has been spent maintaining and improving the area in which we trade.
- » Approximately R200 000 was spent on providing food parcels to the homeless.

##### FY 2025 GOALS

- » The Group sets an annual target of 1% of its profit after tax, of its South African operations.
- » The annual Rand Value target is R3,2 million.

#### 6 Capitals



Financial  
capital



Natural  
capital



Intellectual  
capital



Manufactured  
capital






Social and  
relationship capital



Human  
capital

## OUR SUSTAINABILITY JOURNEY continued

SKILLS DEVELOPMENT		SDG AND CAPITAL
<b>IDENTIFY INITIATIVES</b>	<p>Skills Development initiatives include:</p> <ul style="list-style-type: none"> <li>» Learnerships for 175 learners.</li> <li>» Graduate Programme for 15 graduates.</li> <li>» Three- to 4-year Trainee Programme for 35 trainees.</li> <li>» Y.E.S. Initiative for 66 youths.</li> </ul>	  
<b>FY 2024 OTHER NOTABLE ACHIEVEMENTS</b>	<p>The Group implemented the below-mentioned skills development initiatives:</p> <ul style="list-style-type: none"> <li>» People with Disabilities ("<b>PWD</b>") Learnership – The Group assisted 50 unemployed PWD learners with training costs and monthly stipends (one year) to complete a Business Administration NQF 3 qualification.</li> <li>» Graduate Programme – The Group on-boarded 15 HDI unemployed graduates to address the growing need for skilled and competent employees.</li> <li>» Youth Employment Service – a joint initiative between Government and the Private sector. The Group on-boarded 66 unemployed HDI youth.</li> <li>» Branch Trainee programme – a 3- to 4-year development programme. The aim is to equip our trainees with skills and experience deemed necessary for a successful career in the Group. We currently have 35 HDI trainees participating in the programme.</li> <li>» The Group has spent approximately R15 million on the skills development initiative.</li> </ul>	
<b>FY 2025 GOALS</b>	<ul style="list-style-type: none"> <li>» 1.5% of payroll for our South African operations to be contributed towards skills development per annum.</li> <li>» The Rand value Target is R18 million.</li> </ul>	





## OUR SUSTAINABILITY JOURNEY continued



### G – GOVERNANCE

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

	CORPORATE GOVERNANCE	FRAUD AND CORRUPTION	BEE COMPLIANCE
<b>RELEVANCE TO GROUP</b>	The responsibility to facilitate compliance throughout the Group has been delegated by the Board to the Audit and Risk Committee. In this regard, the committee must ensure that the Company and the Group comply with applicable laws and consider adherence to non-binding rules, codes and standards.	Fraud and corruption can result in significant financial losses and reputational damage, which may have an impact on our stakeholders' trust in the integrity of the Group.  Compliance with applicable laws in the various jurisdictions in which the Group operates.	Compliance with the Broad-Based Black Economic Empowerment Act, 2003 (" <b>BEE Act</b> ") is part of our social licence to operate in South Africa.
<b>TARGET</b>	Substantive compliance with applicable laws across the Group.	Enforcing a zero-tolerance approach to bribery and corruption through policy and implementation thereof.	Compliance with the BEE Act and Charter across the Group as applicable.

FY 2024 GOALS	FY 2024 INITIATIVES	ASSESSMENT	FY 2024 INITIATIVES	ASSESSMENT	FY 2024 INITIATIVES	ASSESSMENT
	Establish a statutory compliance framework.	Assessment will occur in FY 2025	» Policy on the Operation of the Anonymous Tip-Off Hotline » Forensic investigative capabilities	» Established systems and procedures for reporting alleged crimes, fraud and corruption » Responsive and efficient in investigating reports	» Invicta compliance with BEE Act » Improve the BEE contributor status of Invicta South Africa Holdings Proprietary Limited (" <b>Invicta South Africa</b> ")	» Invicta achieved a Level 4 Contributor status (previously Level 7) » Invicta South Africa achieved a Level 4 Contributor (previously Level 7)
<b>FY 2025 GOALS</b>	Maintain substantive compliance with applicable laws across the Group				Compliance with the BEE Act and Charter across the Group	
<b>APPLICABLE SDG AND CAPITAL</b>						

## OUR SUSTAINABILITY JOURNEY continued

BEE COMPLIANCE				SDG AND CAPITAL	
INITIATIVES	» Compliance with the BEE Act is measured through Invicta South Africa Holdings Proprietary Limited ("Invicta South Africa"), a subsidiary of Invicta.				   
	» Invicta South Africa is currently a Level 4 Contributor.				
	» The BEE status of key subsidiaries are:				
	BMG	Level 2	Abrasive Flow Solutions	Level 2	
	Industri Tools & Equipment	Level 2	Criterion Equipment	Level 4	
	Universal Parts Group	Level 2	Disa Equipment	Level 4	
	Screen Doctor	Level 2	Equipment Spare Parts	Level 4	
	Oscillating Systems Technology	Level 2	High Power Equipment Africa	Level 4	
	Belt Brokers	Level 2	Shamrock Handling Concepts	Level 4	
FY 2024 OTHER NOTABLE ACHIEVEMENTS	» The Group is compliant with the BEE Act and is targeting Level 3 at Invicta South Africa Holdings and Level 4 at Invicta Holdings Limited for FY 2024.				
FY 2025 GOALS	The Group is targeting a Level 2 for Invicta Holdings South Africa and its subsidiaries; and a Level 3 at Invicta Holdings Limited. Our Key BEE targets include: » Employment Equity: » 2% of positions filled by People Living with disabilities. » 15% females in Senior, Middle and Junior Management roles in the next five years. » Procurement: » Increase our procurement spend from black enterprises (as listed below) and provide the below mentioned entities with continued preferential procurement terms and training in respect of financial management and/or business operational management: » Classified as EMEs and QSEs; or » have ≥30% Black Woman Ownership; or » ≥51% Black Ownership. » Supplier Development: » 2% of profit after tax on Supplier Development initiatives » Enterprise Development: » 1% of profit after tax on Enterprise Development initiatives				

# INVESTMENT IN OUR COMMUNITIES AND EMPLOYEES

Invicta established the Humulani Employee Investment Trust (“HEIT”) and the Humulani Empowerment Trust (“HET”), together the “Trusts” in 2007 and 2011, respectively. The work undertaken by the Trusts is a critical component of the Group’s licence to operate in South Africa.

Through the Trusts, the Group can create an alignment of interests with some of its key stakeholders, namely its employees and some of the communities in which the Group operates. The Trusts are also the vehicles through which the Group can maintain its black economic empowerment status. The HEIT operates as an employee share scheme in terms of which historically disadvantaged individuals (“HDI”), who are employees of designated Group companies, are entitled to receive a distribution upon the fulfilment of certain performance criteria. On the other hand, the aims of the HET are broader in that the HET seeks to make investments in various projects and/or initiatives that empower:

- » employees of the Group (and/or their immediate family members); and/or
- » people living and working in the areas in which the Group’s operations are situated.

The Trusts are shareholders of Invicta South Africa Holdings Proprietary Limited (“Invicta South Africa”) and other entities within the Group. The activities of the Trusts are funded from dividends declared by Invicta South Africa and other entities within the Group in which they have a shareholding.

## TRUSTEES

The Trusts have an independent board of trustees who are responsible for giving effect to the objects of the HEIT and HET deeds. The projects undertaken by the Trusts are vetted by the trustees who play an active role in supporting and monitoring the success of the projects against the stated objectives of the Trusts. The Trusts are administered and managed by the trustees namely, Alana Bond (Chairperson), Thandiwe Sylvia January Mclean, Dudu Msomi, Jo-anne Danster and Tembisa Marele.

## FY 2024 SUCCESSES

HEIT paid dividends amounting to a total of R6 883 674.24 to 1 832 HDI employees of the Group who are participants of the scheme established under the HEIT. The scheme participants are HDI employees who have achieved five years of service with the Group.

HET deployed a total of R12 977 421.39 towards various projects and initiatives, including the following in FY 2024:

## PROJECTS FUNDED BY HET

### Global Teachers Institute

The Global Teachers Institute (“GTI”) is a teacher development network of educators, schools and organisations committed to developing high-quality teachers through school-based initial teacher education programmes, international exchanges and collaborative platforms.

### » Grow Educare

Equip and connect ECD businesses with the skills, support and resources they need to provide 5-star early learning for every child. Grow ECD’s holistic model makes running a sustainable 5-Star ECD centre a possibility for all. 5-Star early learning in every neighbourhood that unlocks human potential.

### » Lerutle Primary School

HET provided Lerutle Primary – a school in Daveyton, with much-needed funding for upgrades to school facilities. Approximately 90% of the learners who attend the primary school come from an informal settlement around the Daveyton area. The school was last upgraded more than 40 years ago.





## INVESTMENT IN OUR COMMUNITIES AND EMPLOYEES continued

### » LIV Village

LIV Village provides residential care for vulnerable children, placing them in a family environment, unlike a traditional orphanage home. The Trust has established an investment partnership with a well-regarded financial institution for five years. Through this arrangement, HET contributes annually to LIV Village, supporting essential operating expenses like food, water, electricity and schooling for the children residing there.



### » Lucha Lunako

Lucha Lunako Foundation aims at funding graduates who have completed their studies but are not in possession of their qualification certificates due to fees owing at tertiary institutions. HET's funding was allocated as a contribution to fourth year students enrolled for STEM subjects (i.e. science, technology, engineering and mathematics).



### » Mindful Life Coaching

Mindful Life Coaching is a company that started in 2019 with a vision to empower, equip and inspire people to live a life of abundance and victory. Mindful Life Coach has already made its mark and has had notable successes in several aspects of society including schools, businesses and individuals' lives.

### » Nampo Agricultural School

Nampo School has grown from a small school for the children of farm workers in the community. In 2013, Nampo School, aided by HET, established a crèche. This initiative yielded noteworthy results, notably in the academic performance of students in subsequent grades. For instance, the current Grade 10 class of 2023 experienced a 17% enhancement in English proficiency and a 22% improvement in mathematics. The Grade RR education falls outside the purview of the Department of Education and thus lacks financial support from the department. To maintain educational standards in the Foundation Phase at Nampo School, HET generously funded educators and assistants.





## INVESTMENT IN OUR COMMUNITIES AND EMPLOYEES continued

### » Puku Children Literature Foundation

Puku aims to ensure that all children have access to quality, culturally relevant literature in all South African languages. One of Puku's primary vehicles for promoting this is the creation of an engaging and innovative digital encyclopedia. This houses and reviews literature and bodies of work for what will be South Africa's first comprehensive database of children's literature (Pukupedia) and promotes the buying and reading of books that affirm the African child.

### » Ruth First

HET sponsors 10 girls to attend Jeppe High School for girls. The girls (now in Grades 9 and 10) are further supported through activities such as study skills courses, career guidance and mentorship programmes.

### » Vision 4 Women

Vision 4 Women is a mentorship programme designed to support high school girls in achieving their personal and academic goals. The programme matches each mentee with a female mentor who can provide guidance, encouragement and support throughout the school year. Towards the end of 2023 there were 120 mentees (Grade 10 and 12). In 2024, there was a total of 198 mentees (Grade 10, 11 and 12).

### » Busara Leadership Partners

Busara Leadership Partners is an advisory and consulting firm that works with and develops leaders. Busara means "wisdom, prudence and intelligence" in Swahili.





05

# CORPORATE GOVERNANCE

*The purpose of the Board is to provide strategic direction and management to Invicta and its divisions and to maximise shareholders' wealth.*

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# OUR APPROACH TO GOVERNANCE

## OUR GOVERNANCE PHILOSOPHY AND FRAMEWORK

The Board serves as the focal point and custodian of corporate governance, setting the strategic direction of the Group. It achieves this by:

- » exercising ethical, effective, and reasonable leadership in strategy formulation and performance monitoring; and
- » ensuring accountability through comprehensive reporting and disclosures.

The Board guides the Group's business practices aligning with the best interests of all stakeholders, adhering to principles of good corporate governance. It considers the complex operating environment through environmental, social, and governance ("ESG") lenses, continually integrating these considerations into the Group's operations. An integrated approach to sustainability, governance, risk management, and performance monitoring has been adopted.

The Board promotes openness and transparency, encouraging Directors to raise concerns as they arise. There are no restrictions on a Director's access to Group information, records, documents, and property. Non-executive Directors have access to management, with regular interactions encouraged.

The Board is satisfied that it has fulfilled its responsibilities in accordance with its charter for the reporting period. It confirms compliance with the Companies Act and adherence to relevant laws and that it is acting in conformity with the Mol.

## ETHICS

The Board ensures ethical and effective leadership for the Group. Directors set the tone by maintaining high ethical standards. We adhere to rigorous ethical leadership, sound judgment, and corporate governance, which underpin the Group's sustainability.

Directors fulfill their fiduciary duties to the Company while balancing stakeholder interests. They follow the same gift policy and code of ethics as all Group employees. The Group Company Secretary maintains a register of Directors' interests, and they disclose any relevant interests during meetings, recusing themselves as needed.





# OUR GOVERNANCE STRUCTURES

## SUB-COMMITTEES OF THE BOARD

The Board maintains effective control of the Group through governance structures and has established various committees to assist it in discharging its duties. The Board recognises that delegating authority does not reduce or abdicate the responsibility of Directors to discharge their statutory and common-law fiduciary duties in terms of the Companies Act, JSE Limited Listings Requirements and King IV™.

AUDIT AND RISK COMMITTEE	REMUNERATION COMMITTEE	SOCIAL AND ETHICS COMMITTEE	INVESTMENT COMMITTEE	NOMINATIONS COMMITTEE
Members	Members	Members	Members	Members
Rashid Wally ( <i>Chairperson</i> ) Frank Davidson Mpho Makwana laan van Heerden	Mpho Makwana ( <i>Chairperson</i> ) Christo Wiese Rashid Wally laan van Heerden	Mpho Makwana ( <i>Chairperson</i> ) Rashid Wally Lance Sherrell Steven Joffe	Jacob Wiese ( <i>Chairperson</i> ) Frank Davidson laan van Heerden Steven Joffe	Christo Wiese ( <i>Chairperson</i> ) Mpho Makwana Rashid Wally laan van Heerden
Mandated to provide oversight of the integrated and financial reporting, risk assurance, internal controls, expense and budget variances, regulatory compliance, risk management, the maintenance and safeguarding of assets, and the financial sustainability of the Group. <i>Refer to the AFS for the Audit and Risk Committee Report.</i>	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 Group to attract and retain employees, managers and Executive Directors and maintain an effective Board. <i>Refer to page 47 for the Remuneration Report.</i>	Mandated to monitor the impact of the Group's activities on the environment, consumers, employees, communities, stakeholders and all other members of the public. The ultimate objective of the committee is to assist in building organisational integrity and an ethical corporate culture.	Mandated to evaluate and provide oversight of investment-related matters including opportunities, acquisitions and mergers that are aligned with the Group's strategy.	Mandated to assist the Board with the nomination, election and appointment of Directors and to ensure a transparent and accountable process to determine an optimally diverse Board and committee composition.

The Board has established the committees set out in the table overleaf, to assist with the balance of power and effectively fulfilling its responsibilities. Their charters respectively set out the committees' roles and responsibilities, functions, scope of authority, and composition. The committees report to the Board at each Board meeting and make recommendations in accordance with their charters.





## OUR GOVERNANCE STRUCTURES continued

Directors are expected to attend all scheduled meetings as set out in the Board charter and/or applicable committee charter or other ad hoc meetings which may be required from time to time. The table below reflects the high levels of engagement and commitment within the Board and its various committees.

	BOARD		AUDIT COMMITTEE		REMUNERATION COMMITTEE		NOMINATIONS COMMITTEE		SOCIAL AND ETHICS COMMITTEE		INVESTMENT COMMITTEE	
Number of members	10		4		4		4		4		4	
Number of meetings per workplan or charter	4		4		2		As required		3		As required	
Number of meetings held in the FY 2024	4		4		3		1		3		2	
	MEETINGS ATTENDED		MEETINGS ATTENDED		MEETINGS ATTENDED		MEETINGS ATTENDED		MEETINGS ATTENDED		MEETINGS ATTENDED	
		%		%		%		%		%		%
Christo Wiese	3/4	75			3/3	100	1/1	100				
Steven Joffe	4/4	100							3/3	100	2/2	100
Nazlee Rajmohamed	4/4	100										
Mpho Makwana	4/4	100	4/4	100	3/3	100	1/1	100	3/3	100		
Rashid Wally	3/4	75	3/4	75	3/3	100	1/1	100	3/3	100		
Frank Davidson	4/4	100	4/4	100							2/2	100
Iaan van Heerden	4/4	100	4/4	100	3/3	100	1/1	100	3/3	100	2/2	100
Jacob Wiese	3/4	75									2/2	100
Lance Sherrell	4/4	100							1/1	100		
Craig Barnard	3/4	75										
Tony Sinclair*	1/4	25										

\* Tony Sinclair resigned effective 1 July 2023.

## MANAGEMENT

Responsibility for the day to day running of the Group is delegated to the Group Executive Committee under the leadership of the Steven Joffe, the Group CEO. There is a clear distinction between the roles of the CEO and the Board Chairperson, and these positions are occupied by separate individuals.

The Group adopts a divisionalised approach to Group management, with each division having its own Executive Committee, which is supported by a complete finance and administration infrastructure. Divisions do, however, make use of shared services, as and when appropriate.

The Group CEO, Group CFO and Commercial Director are actively involved in the divisional executive committees and actively participate on the boards of divisional subsidiary companies.

## THE COMPANY SECRETARY

The Board is supported by the Group Company Secretary and Legal Counsel, Sade Lekena, who provides independent guidance on corporate governance and related matters. Sade reports to the Group CEO. She is not a Director. The Board is comfortable that an arms length relationship between the Board and the Group Company Secretary is in place.

The Board has considered and is 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.

## OUR GOVERNANCE STRUCTURES continued

### BEE COMPLIANCE

#### INITIATIVES

- » Compliance with the BEE Act is measured through Invicta South Africa Holdings Proprietary Limited ("**Invicta South Africa**"). a subsidiary of Invicta.
- » Invicta South Africa is currently a Level 4 Contributor.
- » The BEE status of key subsidiaries are:

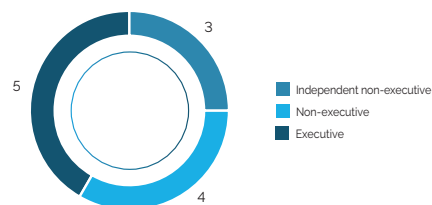
BMG	Level 2	Abrasive Flow Solutions	Level 2
Industri Tools & Equipment	Level 2	Criterion Equipment	Level 4
Universal Parts Group	Level 2	Disa Equipment	Level 4
Screen Doctor	Level 2	Equipment Spare Parts	Level 4
Oscillating Systems Technology	Level 2	High Power Equipment Africa	Level 4
Belt Brokers	Level 2	Shamrock Handling Concepts	Level 4

### SDG AND CAPITAL



# OUR BOARD PROFILE

## Independence



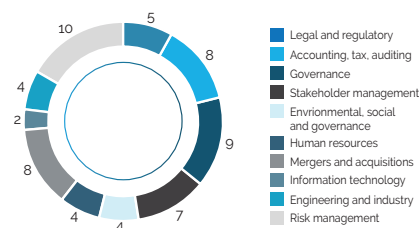
## INDEPENDENCE

As at 31 March 2024, our Board comprised of 10 Directors of whom three are independent.

Despite the Independent Non-Executive Directors being in the minority, the Board is of the view that there was a balance of power and authority on the Board reflected in its discussions.

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

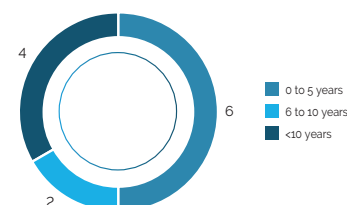
## Board skills



## BOARD SKILLS AND EXPERIENCE

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

## Tenure

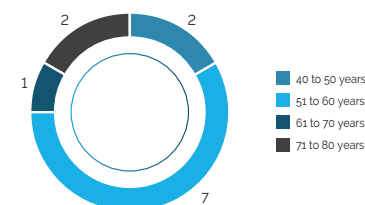


## TENURE AND SUCCESSION

Whilst the retention of valuable skills and experience is important for maintaining continuity, regular assessment takes place of the capabilities of the Board by establishing succession plans and introducing new members, when appropriate.

Considering each Director's tenure on the Board as well as the succession plans in place, the Board is satisfied that it comprises the appropriate balance of experience and skills to retain institutional memory, maintain continuity and govern effectively.

## Age



## BOARD DIVERSITY

The Board recognises that diversity is important for remaining relevant and maintaining a sustainable entity. In making decisions on the appointment of a director, the Board and Nominations Committee is guided by the Board's Diversity Policy which commits the Board to improving diversity in respect of gender, race, culture, age, field of knowledge, skills and experience of its members.

While the Board has not set any quantitative targets for the time being, should a vacancy on the Board arise or should there be a requirement for an additional Board appointment, preference will be given to candidates who add to the diversity of the Board.



# REMUNERATION REPORT

This Remuneration Report (the "**Report**") has been prepared in line with King IV™ and sets out the approach to remuneration applied within the Group. The Report is presented by the Remuneration Committee ("**Committee**") and focuses primarily on the remuneration of executive Directors. The overall remuneration philosophy which is aligned to the Group's strategic objectives is aimed at assisting in achieving the Group's goals over the short to long term.

The report is structured as follows:

- » **Section One – Background statement:** A background statement setting the context for remuneration consideration and decisions, as well as the material issues considered during the year.
- » **Section Two – Remuneration policy:** An overview of the remuneration policy as it relates to our employees, Executive Committee members, Executive Directors, and Non-executive Directors.
- » **Section Three – Implementation report:** An Implementation Report for Executive Committee members, Executive Directors and Non-executive Directors.

## SECTION ONE – BACKGROUND STATEMENT

The measures the Group put in place in 2021 – being the benchmarking of executive salaries, aligning long-term and short-term incentives with market practice and updating of the Company's remuneration policy – have proven a worthwhile investment. In an increasingly competitive global skills market, we are pleased that we managed to ensure we adhere to our planned retention objectives of our experienced executive talent who continue to implement the Group's strategy. Our succession planning initiatives have also borne positive returns for the Group as we effectively facilitated the retirement of a senior executive Director and, in so doing, introduced a new tier of management into the Group's executive team.

## REMUNERATION COMMITTEE FOCUS IN 2024

The Committee provides an oversight role over remuneration of the Group. The role of the Committee, having regard to the applicable legislation and sound corporate governance, is to provide guidance and support to the Board in fulfilling its responsibilities to stakeholders, by ensuring that the Group remunerates fairly, responsibly and in a transparent manner, to promote the achievement of strategic objectives and positive outcomes in the short, medium, and long term.

During the year under review, the Committee complied with its obligations in line with its charter.

## REMUNERATION COMMITTEE FOCUS IN 2025

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

A continuing area of focus is the inclusion of qualitative factors in the performance evaluation of the Group's executives. This inclusion is intended to drive and encourage a performance-based culture which is more holistic, taking into account both qualitative and quantitative measures.

## SHAREHOLDER ENGAGEMENT

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

Where required, individual discussions are held with major shareholders to address any concerns they may have. At the annual general meeting held in 2023, all resolutions pertaining to both the Remuneration Report and Non-executive Directors' fees were passed with the requisite support.

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

## SECTION TWO – REMUNERATION POLICY REMUNERATION PHILOSOPHY

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

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

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



## REMUNERATION REPORT continued

### REWARD STRATEGY

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

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

#### Our remuneration strategy is guided by the following four forces:

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

### ELEMENTS OF REMUNERATION

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

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



## REMUNERATION REPORT continued

### GUARANTEED REMUNERATION

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

#### Employee guaranteed remuneration is impacted by:

- » job complexity;
- » level of responsibility, skills, effort and, if relevant, the conditions under which work is performed in the Company;
- » relevant market benchmark surveys;
- » the Company's market position;
- » individual performance and contribution;
- » remuneration bands that are determined for each level, based on prevailing market benchmarks that will determine the ranges of remuneration applicable to each employee grouping; and
- » benefits include contributions to retirement funds and medical aid schemes.

### SHORT AND LONG-TERM INCENTIVES

Variable remuneration is competitive and market related and schemes are designed so as to not put the Group at risk.

#### The underlying principles guiding variable remuneration are as follows:

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

### EXECUTIVE REMUNERATION

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

There are no post-retirement benefits for executives.

**Short-term incentive** – executives participate in a performance based short-term incentive scheme which ranges from 60% to 120% based on achieving various KPIs.

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

**Long-term incentive** – the executives qualify to participate in the Group's Long Term Bonus and Share Incentive Scheme ("LBSIR") in terms of which they are granted a bonus share incentive right calculated with reference to a specified number of shares at a price equal to the 5-day volume weighted average market price at the date of grant. The bonus right quantum is aligned to the executive's position and benchmark and is finally granted based on the Executive Committee members performance and that of the Group.



## REMUNERATION REPORT continued

### MANAGEMENT AND GENERAL STAFF

#### GUARANTEED REMUNERATION

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

#### SHORT-TERM INCENTIVE

Employees participate in performance-based incentives, which allow them to earn between 8.33%, 50%, and up to 120% of their cost to company or basic salary. The divisional performance measures are operationally based and include factors such as working capital ratios, profitability, and cost control.

### NON-EXECUTIVE DIRECTORS

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

### PERFORMANCE MANAGEMENT

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

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

### SECTION THREE – IMPLEMENTATION REPORT

The implementation report sets out the remuneration basis of Executive and Non-executive Directors for FY 2024 financial year.

#### GUARANTEED REMUNERATION

The Executive Directors are remunerated on an all-inclusive cost to company methodology which includes contributions to retirement and medical aid. The remuneration of the executives was reviewed as part of the implementation of a consistent remuneration structure.

#### SHORT-TERM INCENTIVE

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

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

### LBSIRs

In 2021, LBSIRs were issued to the executives with performance conditions. During the year under review, vested share options for Nazlee Rajmohamed, Steven Joffe, and Craig Barnard were executed.

On 20 February 2024, Nazlee Rajmohamed's 314 000 share options, granted at R17.93 per option under the LBSIRs, were settled by delivering 57 545 ordinary shares (net of relevant taxation) at a price of R26.889 per share. Similarly, on 6 March 2024, Steven Joffe's 985 000 share options and Craig Barnard's 343 000 share options, both granted at R17.93 per option under the LBSIRs, were settled. Steven Joffe received 181 163 ordinary shares, while Craig Barnard received 63 085 ordinary shares, both after tax deductions, at a price of R26.9382 per share.

These share options vested upon meeting performance targets established by the Remuneration Committee, underscoring our dedication to aligning executive remuneration with the Company's strategic objectives and long-term sustainability.



## REMUNERATION REPORT continued

### TOP OF FORM

The following grants were made during the year:

RECIPIENT	Number of LBSIRs	Estimated Value of LBSIRs
Steven Joffe	771 148	R5 752 764
Nazlee Rajmohamed	245 858	R1 843 935
Craig Barnard	266 976	R2 002 320

These LBSIRs vest after three years, with 85% thereof being subject to the agreed performance criteria having been met, (the CEO's vesting is based 100% on meeting the performance criteria). The remaining 15% will operate as a retention scheme such that it will vest without being subject to the fulfilment of any performance criteria. The scheme participants have 180 days to exercise their right to the vested LBSIRs. Any unexercised LBSIRs after this period will lapse. These awards are made subject to claw back provision for fraud and *malus*.

The performance vesting conditions applicable to 85% of the award are as follows:

- » 75% will be based on growth in headline earnings per share at a rate of CPI plus 2% per annum over the 3-year period (cumulative), from the base of continuing headline earnings being 351 cents per share for the financial year 2022.
- » 25% will be based on the achievement of a 12% return on ordinary shareholders equity for the financial year 2025.

### RETENTION

The CEO Retention Scheme ("the **CEO Retention Scheme**") is a 6-year equity matching initiative designed to align the interests of Invicta shareholders with those of management, specifically the CEO, while also ensuring the retention of the CEO. The scheme operates under the following terms:

- » *Duration and Purpose:* the scheme spans six years and aims to foster alignment between the interests of shareholders and management, as well as to retain the CEO within the Company.
- » *CEO Participation:* over the 6-year period, the CEO will purchase a minimum of 600 000 Invicta shares. In turn, the Company will match each purchase made by the CEO on a one-for-one basis, up to a maximum of 600 000 Invicta shares over the same period.
- » *Non-Competitive Purchase:* both the Company and the CEO will refrain from competing in the market for shares. Purchases will be conducted on a one-for-one basis, ensuring fairness and equity.
- » *Funding Source:* shares purchased by the CEO will be bought using his own resources and will be held free and unencumbered.
- » *Vesting and Taxation:* shares acquired by the Company on behalf of the CEO will vest in the CEO in the subsequent year. Any tax implications, including PAYE withholding, will be borne by the CEO.
- » *Tax Deduction:* the scheme will be structured to enable the Company to claim a tax deduction for the shares purchased, categorised as employment expenditure.

The CEO Retention Scheme is designed to incentivise long-term commitment from the CEO, aligning his interests with those of shareholders, while also providing tax benefits to the Company. On 28 March 2024 and in terms of the CEO Retention Scheme, Steven Joffe's 100 000 share options, granted at R26.02 per option, were settled by delivering 55 000 ordinary shares (off-market) at a price of R26.80 per share.

No other specific cash-based retention awards were made. The Group have embarked on a talent management campaign including a focus on trainees and learners. Succession planning is in place for senior managers.

### NON-EXECUTIVE DIRECTOR FEES

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

Non-executive Director fees:

Christo Wiese – Chairman	R1 418 168
Frank Davidson	R649 246
Iaan Van Heerden	R815 625
Rashid Wally	R1 223 804
Jacob Wiese	R568 904
Lance Sherrell	R357 265
Mpho Makwana	R1 103 784



# ANNEXURES

Annexure A: King IV™ Compliance

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# ANNEXURE A: KING IV™ COMPLIANCE

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

The Board is of the opinion that the Group substantively complies with the governance principles contained in King IV™ and fully complies with all requirements of the Company's Memorandum of Incorporation, the Companies Act, the JSE Listings Requirements and the JSE Debt Listings Requirements. Details on the manner in which the King IV™ governance principles have been applied in the Group are provided in our King IV™ Application Register, which is available on our website, <https://www.invictaholdings.co.za/>.

## KING IV™ APPLICATION STATEMENT

PRINCIPLE	KING IV™ PRINCIPLE	APPLICATION OF RECOMMENDED PRACTICES
<b>Principle 1</b>	The governing body should lead ethically and effectively	<p>The Board comprises a blend of Independent (3), Non-Executive (4) and Executive Directors (3) who continue to hold one another accountable for decision-making and ethical behaviour. The Board Chairperson oversees this on an ongoing basis. This responsibility is contained in the Board Charter.</p> <p>The Board's role and responsibilities as set out in the Board Charter including, amongst other things, providing strategic direction and management to the Company and ensuring that the Company's ethics are managed effectively. Pursuant thereto, Directors are required to fulfil their fiduciary duties to the Company at all times, while considering and balancing the interests of the Group's various stakeholders. The Directors are bound by the same gift policy and code of conduct applicable to all Group employees.</p> <p>Directors disclose their other business interests in terms of the Companies Act and Invicta's conflict of interest disclosure policy. The Group Company Secretary maintains a register of their interests and Directors disclose at each meeting any interests they may have regarding agenda items and recuse themselves as necessary.</p>
<b>Principle 2</b>	The governing body should govern the ethics of the organisation in a way that supports the establishment of an ethical culture	<p>The Board, through the Social and Ethics Committee, is responsible for the monitoring and governance of the ethics of the Group. This is contained in the Social and Ethics Committee Charter. The Social and Ethics Committee reports on an ongoing basis to the Board on the general state of ethics within the Group.</p> <p>Management is responsible for the management of ethics operationally, including the implementation of applicable ethics policies and practices. The executive Directors ensure that the focus on ethics and governance is lived operationally at every opportunity. There is no tolerance for unethical behaviour at any level in the Group and every instance is investigated and dealt with in a consistent manner. A code of conduct is in place and applies to all employees. The messages are reiterated on an ongoing basis through electronic platforms.</p> <p>The Group implemented a "whistle-blowing" service which was successfully rolled out across the Group. With the protection of anonymity, employees are encouraged to use the tip-off anonymous line to report incidences of unethical conduct. The Board, through the Social and Ethics Committee, monitors the reports to ensure that a high standard of ethical conduct is maintained throughout the Group.</p>
<b>Principle 3</b>	The governing body should ensure that the organisation is and is seen to be a responsible corporate citizen	<p>The Board oversees the Group's conduct as a good corporate citizen. In terms of the Board Charter, it is the responsibility of the Board to ensure that it is, and it is seen to be a responsible citizen by having regard to not only the financial aspects of the Group, but also the impact that business operations have on the environment and communities in which they operate.</p> <p>To ensure effective oversight and monitoring, the Board delegates this responsibility to the Social and Ethics Committee which reviews the Group's performance as a responsible corporate citizen, as well as the impact of its operations and activities on the Group's status as a responsible corporate citizen. The Social and Ethics Committee oversees the achievement of the Group's social, environmental and governance ("<b>ESG</b>") targets which are contained in the ESG Framework.</p> <p>In the period under review, the Group has, undertaken various initiatives to improve the Group's standing as a responsible corporate citizen. These include (1) maintaining a level 4 broad-based black economic empowerment ("<b>BEE</b>") score, (2) employee development, and (3) environmental and social economic projects.</p>

## Annexure A: KING IV™ COMPLIANCE continued

PRINCIPLE	KING IV™ PRINCIPLE	APPLICATION OF RECOMMENDED PRACTICES
<b>Principle 4</b>	The governing body should appreciate that the organisation's core purpose, its risk and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value creation process	<p>The Board recognises that the Group's strategy, risk, performance and sustainability are inseparable. This principle is enshrined in the Board Charter.</p> <p>The Group strategy is developed by the executive Directors in consultation with management, under the auspices of the Board and is reviewed annually by the Board, taking into account existing and new opportunities, related risks, the availability of capital and resources, sustainability and stakeholder interests. Management is responsible for the implementation of the strategic plan and achievement of the performance targets contained therein. Any acquisitions, investments or disposals take place in terms of an approved delegation of authority framework. For more information on the Group strategy, the reader is referred to the Integrated Annual Report.</p>
<b>Principle 5</b>	The governing body should ensure that reports issued by the organisation enable stakeholders to make informed assessments of the organisation's performance, and its short-, medium- and long-term prospects	<p>The Company's Integrated Annual Report provides a comprehensive report of its performance and targets for periods under review. In addition, the Company issues unaudited interim results and audited consolidated financial statements for the year-end results. The publication of external reports, press releases and releases on the Stock Exchange News Services and on the Company's website, enable stakeholders to make informed assessments of the Company's performance in the short-, medium- and long-term.</p> <p>The Board, through the Audit and Risk Committee, ensures that the necessary controls are in place to verify and safeguard the integrity of the Integrated Annual Report and any other disclosures. Reporting frameworks and materiality are approved by the Audit and Risk Committee to ensure compliance with legal requirements with regard to reporting by the Company. The Audit Committee oversees the integrated reporting process and reviews the audited financial statements. The Board, assisted by its Committees, ensures that the various reports are compliant with legal reporting requirements and meet the reasonable and legitimate needs of the stakeholders.</p> <p>In respect of the year under review, as an additional level of assurance, the Company commissioned an independent review of the Integrated Annual Report to assess compliance with reporting standards and market practice. The Board, together with management, remain committed to upholding the integrity of all reports issued by the Company.</p>
<b>Principle 6</b>	The governing body should serve as the focal point and custodian of corporate governance in the organisation	<p>The Board is the focal point and custodian of corporate governance within the Group. The Board Charter, the Company's Memorandum of Incorporation, the requirements of the JSE Listings Requirements, Companies Act, and King IV™, guide the Board in the execution of its role and responsibilities in an ethical manner and based on principles of good corporate governance.</p> <p>The Board is supported by various sub-committees which have a delegated responsibility to assist the Board in fulfilling delegated functions. They are governed by charters and provide a report to the Board at every Board meeting. Notwithstanding this delegation function, the Board appreciates that it remains accountable for the application of corporate governance principles across the Group.</p>
<b>Principle 7</b>	The governing body should comprise an appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively	<p>The Board is satisfied that its composition provides for diversity of knowledge, skills, and experience to enable it to discharge its duties effectively and objectively. Where necessary, the Board has access to, and solicits the guidance of various skilled experts to assist in decision making. The Board's commitment to a diverse Board composition is set out in the Diversity Charter.</p> <p>The Board and Board Committee Charters ensure that a balance of power exists and that conflicts of interest are detected and managed appropriately. Additionally, the division of responsibilities of the Chairman and Chief Executive Officer ("CEO") has been documented and approved by the Board to ensure a balance of power. There is a clear division between the role of the Chairman and the CEO, the latter being fully responsible and accountable for the operations of the Company, and whose role and function are formalised.</p> <p>Declarations of interest are tabled at every Board and Board Committee meeting. The declaration of interests is also a formal item on the agenda at all Board and Board Committee meetings. Should a matter arise in which a Director has an interest, the Director is not permitted to vote and is required to recuse himself/herself from any meeting where the matter is discussed.</p> <p>As the Chairman, Dr Christo Wiese is not considered to be independent as he is also a major shareholder. Mr Mpho Makwana is appointed as the lead Independent Non-executive Director to take up the role of the Chairman should there be a conflict.</p> <p>Rashid Wally, who is an Independent Non-executive Director, has served on the Board for longer than nine years. His independence has been considered and confirmed by the Board.</p>

## Annexure A: KING IV™ COMPLIANCE continued

PRINCIPLE	KING IV™ PRINCIPLE	APPLICATION OF RECOMMENDED PRACTICES
<b>Principle 8</b>	The governing body should ensure that its arrangements for delegation within its own structures promote independent judgement and assist with balance of power and the effective discharge of its duties	<p>The composition of the Board and its sub-committees comply with the recommendations of King IV™. There is a clear balance of power to ensure that no individual/s have undue decision-making powers.</p> <p>The committees of the Board comprise of the Audit and Risk Committee, the Remuneration Committee, Nominations Committee, the Social and Ethics Committee and the Investment Committee. Each committee has a minimum of three members who have the requisite skill, knowledge and expertise.</p> <p>The Audit Committee is satisfied that the auditor is independent and that the audit firm has been appointed with the designated audit partner having oversight of the audit.</p> <p>The Chief Financial Officer oversees the finance function and is assisted by suitably qualified staff. An effective internal audit function is in place. An assessment of the effectiveness of the CFO's performance is conducted annually by the Audit and Risk Committee and confirmed in the Integrated Report.</p> <p>As and when required, the Nomination Committee reviews the composition of Board committees and makes recommendations to the Board with regard to their composition, including appointment of the Chairman of each committee, taking into account factors such as diversity, skills and the need to create an even spread of power and authority.</p> <p>External advisors, executive Directors and members of management attend Audit Committee meetings by invitation. The Audit Committee and Social and Ethics Committee reports have been constituted in compliance with the recommended practices of King IV™ and both these committees have issued more detailed reports in the Integrated Report.</p>
<b>Principle 9</b>	The governing body should ensure that the evaluation of its own performance and that of its committees, its Chairman and its individual members, supports continued improvement in its performance and effectiveness	<p>The Board values openness and transparency and Directors are encouraged to raise any concerns regarding Board functioning as they arise. As the Board has recently appointed several new Directors, a Board evaluation will be considered once they have sufficient opportunity to observe the functioning of the Board and its committees. The Board acknowledges the importance of continual training for the effective discharge of its obligations.</p>
<b>Principle 10</b>	The governing body should ensure that the appointment of, and delegation to management, contribute to role clarity and the effective exercise of authority and responsibilities	<p>The Board is overall responsible for the Company and delegates authority to the executive management to manage the day-to-day business and affairs of the Group. The CEO has a clearly defined role and is assisted by the Executive Committee under his leadership.</p> <p>The Board has approved and implemented the approvals framework (delegation of authority), which details the powers and matters reserved for itself and those delegated to executive management, which is annually reviewed by the Board. The Board Charter and the Company's Memorandum of Incorporation also address the Board's and executive management's responsibilities and powers.</p> <p>The approvals framework (delegation of authority) addresses all operational aspects of the business and details the levels of authority and required approvals for these aspects. The delegation of authority by the CEO to the Executive Committee ensures the delivery, implementation, and management of the Group's strategy. The Board is satisfied that the Company is appropriately resourced and that its delegation to management contributes to an effective arrangement by which authority and responsibilities are exercised.</p>



## Annexure A: KING IV™ COMPLIANCE continued

PRINCIPLE	KING IV™ PRINCIPLE	APPLICATION OF RECOMMENDED PRACTICES
<b>Principle 11</b>	The governing body should govern risk in a way that supports the organisation in setting and achieving its strategic objectives	<p>The Board is ultimately responsible for ensuring that risks are managed effectively. The Board accepts that it is responsible for the governance of risk, and has the ultimate responsibility for risk management, as well as for developing the risk appetite and monitoring risk tolerance levels, assisted by the Audit and Risk Committee and management.</p> <p>The Audit and Risk Committee implements processes by which the risks to the sustainability of the Group are identified and managed within acceptable parameters. It regularly reviews the risk register and reports to the Board on the risk management principles in the Group. The reader is referred to the Integrated Annual Report.</p> <p>The Audit and Risk Committee delegates to management to continuously identify, assess, mitigate and manage risks within the existing operating environment. Mitigating controls are in place to address these risks which are monitored on a continual basis.</p>
<b>Principle 12</b>	The governing body should govern technology and information in a way that supports the organisation setting and achieving its strategic objectives	<p>The Board, through the Audit and Risk Committee, oversees the governance of information technology. The Board is aware of the importance of technology and information in relation to the Company's strategy. The Audit and Risk Committee constituted an IT Steering Committee ('<b>IT Steering Committee</b>') to oversee the Group's alignment of the IT strategy with the overall business objectives while overseeing IT governance, risk management, and compliance. Key duties of the IT Steering Committee include strategic planning, risk assessment, resource allocation and monitoring of IT projects and performance to mitigate risks and enhance organisational effectiveness. The IT Steering Committee reports quarterly to the Audit and Risk Committee and is chaired by the CFO.</p>
<b>Principle 13</b>	The governing body should govern compliance with applicable laws and adopted, non-binding rules, codes and standards in a way that supports the organisation being ethical and a good corporate citizen	<p>The Board is ultimately responsible for the governance of compliance with applicable laws and any adopted non-binding rules, codes, and standards. Compliance with laws, rules, regulations, and relevant codes is integral to the Company's risk management process. The Audit and Risk Committee assumes oversight of the compliance function within the Group and is assisted by the Group Company Secretary to monitor compliance with the various regulations to which the Company is subject. Assessments of legal compliance are regularly undertaken by independent legal experts in key areas of the business in order to provide additional assurance. The Group Legal Counsel and Company Secretary reports to the Audit and Risk Committee on key legislative developments and/or any incidences of non-compliance where relevant.</p> <p>Directors are required to fulfil their fiduciary duties to the Company at all times, while considering and balancing the interests of the Group's various stakeholders. The Directors are bound by the same gift policy and code of ethics applicable to all Group employees.</p> <p>The Board's share dealing policy reinforces the requirements of the Financial Markets Act and the JSE Listings Requirements. The Board further recognises that this responsibility extends beyond the letter of the law and voluntarily imposes additional restrictions on trading as required.</p> <p>During the period under review, there have been no regulatory penalties or fine violations imposed on the Company.</p>
<b>Principle 14</b>	The governing body should ensure that the organisation remunerates fairly, responsibly, and transparently, so as to promote the achievement of strategic objectives and positive outcomes in the short, medium and long term	<p>The reader is referred to the Remuneration Report in the Integrated Annual Report for a more comprehensive report on the Group's remuneration processes and approach.</p>

## Annexure A: KING IV™ COMPLIANCE continued

PRINCIPLE	KING IV™ PRINCIPLE	APPLICATION OF RECOMMENDED PRACTICES
<b>Principle 15</b>	The governing body should ensure that assurance services and functions enable an effective control environment, and that these support the integrity of information for internal decision-making and of the organisation's external reports	The Board has delegated the oversight of the internal audit to the Audit and Risk Committee. The Audit and Risk Committee's Charter provides for internal and external audit responsibilities, which are in line with good practice and the principles of combined assurance and is responsible for ensuring that the Group's internal audit function is independent and has the necessary resources, standing, and authority in the organisation to discharge its duties.
<b>Principle 16</b>	In the execution of its governance role and responsibilities, the governing body should adopt a stakeholder-inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interests of the organisation over time	<p>The Company is committed to a stakeholder inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interests of the organisation. The reader is referred to the Integrated Annual Report for a more comprehensive report on the Group's stakeholder-inclusive approach.</p> <p>The Company has multiple ways in which it engages with its key stakeholders including, but not limited to, the Integrated Report, SENS announcements, annual and interim financial statements, results presentations and media interviews.</p>
<b>Principle 17</b>	The governing body of an institutional investor organisation should ensure that responsible investment is practised by the organisation to promote the good governance and the creation of value by the companies in which it invests	The Company is not an institutional investor and the principle is not applicable.



