METTLE INVESTMENTS LIMITED
(Registration Number: 2008/002061/06)
Incorporated in the Republic of South Africa
JSE share code: MLE ISIN: ZAE000257622
(**"Mettle"** or **"the Company"** or **"the Group"**)

UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS OF THE METTLE GROUP FOR THE SIX MONTHS ENDED 31 AUGUST 2020

KEY INFORMATION

- Revenue increased by 14% to R161.5 million
- Earnings per share increased by 74% to 14.54 cents
- R10 million (4.05 cents per share) profit on dilution of shareholding in Mettle Solar
- Headline earnings per share increased by 7% to 11.19 cents
- Net asset value per share increased by 9% to 242 cents

SCHEME OF ARRANGEMENT

Shareholders are referred to the announcement published on SENS on 11 September 2020 in which it was announced that the Company has entered into an implementation agreement (the "Implementation Agreement") in terms of which Mantessa Equities (Pty) Ltd, Granadino Investments (Pty) Ltd and the trustees of the Peridot Trust have collectively made an offer to acquire all of the issued shares in the share capital of Mettle that they do not own (each a "Mettle Share"), other than the shares held by certain shareholders acting in concert with them, by way of a scheme of arrangement in terms of sections 114 and 115 of the Companies Act, No 71 of 2008 ("the Companies Act") ("the Scheme"), for a cash consideration of R2.10 per Mettle Share. The Scheme, if successful, will result in the delisting of Mettle Shares from the Alternative Exchange of the JSE.

A circular providing full details of the Scheme was posted on 19 October 2020 to Mettle shareholders registered as such on 9 October 2020 and is also available on the Company's website at the following link:
https://mettleinvestments.com/investor-information/circulars

THE METTLE BUSINESS

1. The Company owned 90% of Reward Investments Ltd ("Reward") at 31 August 2020. In September 2020, Tradegro S.àr.l ("Tradegro"), a wholly-owned subsidiary of Tradehold Ltd ("Tradehold"), concluded an agreement with Reward, in terms of which Reward repurchased 1 111 212 ordinary shares in its issued share capital from Tradegro (constituting a 10% equity interest in Reward) for a cash consideration of R55.7 million such that Reward has become a wholly-owned subsidiary of the Company.

2. Reward purchased an additional 10% of Reward Finance Group Ltd ("RFG") for R44.9 million in April 2020 (refer to note 7) and now owns 82.5% at the end of the reporting period. RFG, based in Leeds and Manchester in the United Kingdom ("UK"), has two wholly owned operating companies, namely Reward Capital and Reward Invoice Finance.

   RFG provides asset secured short and medium-term loans and invoice discounting to the UK's small and medium-sized enterprises ("SME") market. Loan sizes are between £50,000 and £3 million. Reward is the largest contributor to the profits and net asset value of Mettle (refer to note 6).

3. Mettle's SA businesses are focussed on lending, financial advisory and solar power solutions.

COVID-19 UPDATE

The Group remains cautious and continually evaluates the potential impact on its forecasts, its assessment of expected credit losses and the valuations of security held against its loan and trade receivables.

<u>Reward</u>

1. £6 million of funding remains available from Foresight Group ("Foresight") (after £5 million was drawn down in March to support liquidity). RFG is comfortably covenant compliant in respect of this facility which is only repayable from September 2023.

2. Clients requesting payment holidays peaked in May and reduced to 7 by August. Many clients drew down easy access UK government backed loans at low rates which led to a substantial number of unscheduled repayments. August cash collections (84% of contracted amounts) now mirror those of March. Cash balances amounted to £12 million at 30 September 2020.

3. As a secured lender, Reward Capital is not exclusively reliant on borrowers trading successfully as it has demonstrated consistently that it is able to achieve recovery from the underlying security, if necessary. No specific COVID-19 loss allowances, in addition to the £0.4 million raised at 29 February 2020, were required during the reporting period.

4. New business was significantly down in May and June due to the lockdown and a more conservative credit policy. However, July and August new deals have improved to 80% of pre-COVID levels.

Mettle Administrative Services

1. The SA invoice factoring business traded as expected in March but did minimal trading in April and May. Management recovered all outstanding amounts, that were not provided for, in full. Recent monthly turnover has stabilised at two thirds of pre COVID-19 levels.

2. At 30 September 2020, the outstanding receivables balance (not yet due) amounted to R8.3 million with cash balances of R15.3 million. The business made its last loan repayment of R8.3 million to the Small Enterprise Finance Agency SOC Ltd ("SEFA") in October.

3. The first draw down on a new R30 million funding facility with a large financial institution was received on 30 October.

Lendcor

1. Lendcor advanced no loans in April and commenced lending on a conservative basis during May. Loans advanced during the 6-month period are down 37% on the prior year and 41% on budget. Actual collections as a percentage of contractually due instalments fluctuated between 87% and 92% from April to August. This compares favourably to 91% in February and March.

2. As a result, its loan book declined by 20% from 29 February 2020 and cash balances are now R76 million.

3. National Housing Finance Corporation SOC Ltd, Lendcor's main funder, has waived its financial covenants until 31 May 2021. Mettle has not guaranteed any Lendcor borrowings.

Christopher Finance

1. New business is approximately 50% behind budget.

2. Cash collections are slightly ahead of budget and cash balances amounted to R12 million at 30 September 2020. There have been no covenant breaches.

Mettle Solar

1. The performance of the SA and Namibian projects currently exceeds budget and all related debtor accounts are up to date. There have been no covenant breaches.

2. The Kenyan projects are significantly under-performing due to the pandemic. The customer is unable to pay the fixed lease rentals and management has agreed to rental payments based on actual usage until 31 December 2020. As a result, funding covenants are currently in breach. The funder, which is related to Gridworks Development Partners LLP ("Gridworks"), has reserved its rights but continues to fund new projects.

Other

The corporate finance, advisory and wealth management Group companies are all adequately capitalised, have no external borrowings and traded in line with forecast.

FINANCIAL PERFORMANCE REVIEW

Earnings per share increased by 74% from 8.38 cents to 14.54 cents while headline earnings per share increased by 7% from 10.41 cents to 11.19 cents. The reconciliation between basic earnings and headline earnings is detailed in note 4.

Revenue increased to R161.5 million (2019: R141.5 million), while profit attributable to shareholders increased to R36 million (2019: R20.7 million).

Group companies

1. Reward contributed R154.2 million (£7 million) to revenue and R30.5 million (£1.4 million) to profit attributable to shareholders which represented an increase of 26% and 30% over the previous year, respectively. The exchange rate depreciation accounted for 19% of this increase.

   Reward continues to be a prudent fully secured lender. The value of its loan and invoice discounting book increased in our reporting currency from R1.54 billion (£76.9 million) at 29 February 2020 to R1.68 billion (£75.2 million) due to Rand depreciation.

2. Lendcor recorded break-even results during the current reporting period. Management is implementing a turnaround plan and no material change in profitability is expected in the second half of the year.

3. Christopher Finance results were 10% behind budget and contributed R2.7 million (2019: R3.1 million) of equity accounted income. Management is sourcing refinancing to reduce its funding costs.

4. Shareholders are referred to the SENS announcement issued by the Company on 24 June 2019 in which they were advised of a transaction that would result in Gridworks becoming a significant shareholder in Mettle Solar. Gridworks invested its R106.7 million in Mettle Solar in two tranches in November 2019 (R30 million) and in March 2020 (R76.7 million). Gridworks now owns 40% in Mettle Solar with the Company diluting from its original 55% to 35%. The Group realised a profit of R10 million on the disposal in March 2020.

5. G-Pay's operating losses continued and accounted for a loss of R1.5 million through equity accounted losses and impairment of the Company's shareholder loan.

6. The remaining SA businesses have performed as expected considering the COVID-19 conditions.

The Rand has depreciated against the Pound and ended the period at R22.37 (from R20.08 at 29 February 2020). The average exchange rate for the period under review was R21.88 (2019: R18.40). The foreign currency translation reserve increased to R105.3 million by 31 August 2020.

Net asset value per share and tangible net asset value per share have both increased by 9% to 242 cents and 240 cents, respectively.

ORDINARY DIVIDEND

The Implementation Agreement prevents the board of directors ("the Board") from making any distributions until the Scheme process is complete.

PROSPECTS

Whilst there is a short-term impact as a result of COVID-19 and the associated lockdowns, the Board's medium-term view for Reward remains unchanged. As a result of increasing regulation, an uncertain Brexit and now COVID-19, UK banks remain hesitant to lend to smaller businesses, thereby creating Reward's market opportunity. The Board expects that Reward's contribution to the Group's results will remain significant.

The SA businesses continue to experience profitability challenges. However, a number of changes that are expected to deliver results in the medium term are being implemented throughout the Group.

Any reference to future financial performance included in this statement has not been reviewed or reported on by the Group's external auditors and does not constitute an earnings forecast.

BASIS OF PRESENTATION AND ACCOUNTING POLICIES

The unaudited condensed consolidated interim financial statements have been prepared in accordance with the requirements of the JSE Listings Requirements for interim reports and the requirements of the Companies Act applicable to interim financial statements.

The JSE Listings Requirements require interim reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards ("IFRS") and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and to also, as a minimum, contain the information required by IAS 34 *Interim Financial Reporting*. The accounting policies applied in the preparation of the unaudited condensed consolidated interim financial statements are in terms of IFRS and are consistent with those accounting policies applied in the preparation of the previous consolidated annual financial statements.

The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

The Group's reportable segments reflect those components of the Group that are regularly reviewed by the chief executive officer and other senior executives who make strategic decisions.

Tangible net asset value per share
Tangible net asset value per share excludes goodwill and intangible assets from the calculation of the Group's net asset value. This measure has been calculated in a consistent manner since the Company's listing in May 2018. This is not a defined term under IFRS and may not be comparable with similar measures disclosed by other companies. The directors confirm that this disclosure is in terms of the JSE Practice Note 4/2019.

PREPARATION OF FINANCIAL RESULTS

The preparation of the financial results for the six months ended 31 August 2020 was supervised by the Group financial director, Justin Rookledge BBusSci Finance (Hons), CA (SA).

These financial results have not been audited or independently reviewed by the Group's external auditors, PricewaterhouseCoopers Inc.

The directors take full responsibility for the preparation of these interim results.

CHANGES TO THE BOARD

Mr FH Esterhuyse resigned as a non-executive director on 10 June 2020.

In addition, the following changes took place on 18 June 2020:
- Mr HvdM Scholtz resigned as chairman and Mr BA Chelius took over the role in an interim capacity;
- Mr HvdM Scholtz replaced Mr HF Prinsloo (who remains an executive director) as chief executive officer; and
- Mr I van Heerden was appointed as a non-executive director.

BA Chelius	**HvdM Scholtz**
Chairman	CEO

2 November 2020

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS	Notes	**Unaudited 31 August 2020 R'000**	Audited 29 February 2020 R'000
Non-current assets			
Property, plant and equipment		**2 667**	2 930
Right-of-use assets		**6 936**	7 029
Goodwill		**2 905**	2 905
Deferred taxation		**1 326**	1 774
Investments in joint ventures		**39 351**	36 031
Investments in associates		**96 630**	87 030
Loans due from joint ventures		**8 768**	8 739
Loan receivables		**30 705**	32 593
Total non-current assets		**189 288**	179 031
Current assets			
Taxation		**76**	59
Financial assets at fair value through profit or loss		**11 353**	11 177
Loans due from joint ventures		**1 364**	563
Loans due from associates		**24**	24
Loan receivables		**4 017**	3 472
Trade and other receivables	1	**1 693 410**	1 566 636
Cash and cash equivalents		**312 602**	90 702
Total current assets		**2 022 846**	1 672 633
Total assets		**2 212 134**	1 851 664
EQUITY AND LIABILITIES			
Capital and reserves			
Stated capital		**545 828**	545 828
Share-based payment reserve		**696**	348
Retained income		**68 830**	67 910
		615 354	614 086
Foreign currency translation reserve		**105 303**	58 177
Common control reserve		**(123 560)**	(123 560)
Capital and reserves attributable to the owners		**597 097**	548 703
Non-controlling interest		**75 324**	70 495
Total equity		**672 421**	619 198
Non-current liabilities			
Deferred taxation		**1 141**	1 247
Borrowings	2	**1 182 494**	960 225
Borrowings due to related parties	2	**192 419**	160 648
Lease liabilities		**5 992**	6 404
Other financial liabilities		**-**	8 218
Total non-current liabilities		**1 382 046**	1 136 742
Current liabilities			
Taxation		**5 687**	7 771
Borrowings	2	**86 841**	49 394
Borrowings due to related parties	2	**11 185**	-
Lease liabilities		**1 767**	1 586
Other financial liabilities		**9 252**	-
Provisions		**2 538**	7 782
Trade and other payables		**16 277**	11 404
Bank overdrafts		**24 120**	17 787
Total current liabilities		**157 667**	95 724
Total equity and liabilities		**2 212 134**	1 851 664
Net asset value per share (cents)		**242**	222
Tangible net asset value per share (cents)		**240**	221

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	**Unaudited 31 August 2020 R'000**	Unaudited 31 August 2019 R'000
Revenue		**161 481**	141 541
− Interest income	3	**130 112**	99 005
− Fee and commission income	3	**31 369**	42 536
Other income		**11 617**	5 373
Loss allowance	1	**(5 441)**	(4 354)
Operating expenses		**(58 831)**	(53 755)
Profit from operations		**108 826**	88 805
Interest expense		**(53 166)**	(41 713)
Fair value loss on other financial liabilities		**(1 034)**	(505)
Impairment of equity accounted investments		**(1 750)**	(5 001)
Profit/(loss) from equity accounted investments		**4 503**	244
Profit before taxation		**57 379**	41 830
Taxation		**(10 346)**	(10 264)
Profit after taxation before non-controlling interest		**47 033**	31 566
Other comprehensive income			
Items that may be subsequently reclassified to profit			
Exchange difference on translation of foreign operation		**55 732**	(2 728)
Total comprehensive income		**102 765**	28 838
Profit attributable to:			
Equity holders of the parent		**35 950**	20 719
Non-controlling interest		**11 083**	10 847
		47 033	31 566
Total comprehensive income attributable to:			
Equity holders of the parent		**83 076**	18 425
Non-controlling interest		**19 689**	10 413
		102 765	28 838
Earnings per share (cents):			
- basic	4	**14.54**	8.38
- diluted	4	**14.49**	8.38

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Stated capital R'000	Share-based payment reserve R'000	Retained income R'000	Foreign currency translation reserve R'000	Common control reserve R'000	Non-controlling interest R'000	Total R'000
Equity at 28 February 2019	545 828	-	38 765	28 572	(123 560)	60 317	549 922
Adoption of IFRS 16 *Leases*			(215)			(100)	(315)
Disposal to non-controlling interest			5 827	(217)		2 478	8 088
Profit after taxation			23 533			22 625	46 158
Employee share scheme - value of employee services		348					348
Other comprehensive income				29 822		5 439	35 261
Dividends paid to non-controlling interest						(20 264)	(20 264)
Equity at 29 February 2020	545 828	348	67 910	58 177	(123 560)	70 495	619 198
Acquisition from non-controlling interest			**(35 030)**			**(9 892)**	**(44 922)**
Profit after taxation			**35 950**			**11 083**	**47 033**
Employee share scheme - value of employee services		**348**					**348**
Other comprehensive income				**47 126**		**8 606**	**55 732**
Dividends paid to non-controlling interest						**(4 968)**	**(4 968)**
Equity at 31 August 2020	**545 828**	**696**	**68 830**	**105 303**	**(123 560)**	**75 324**	**672 421**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited 31 August 2020 R'000	Unaudited 31 August 2019 R'000
Cash flows from operating activities		
Profit from operations	**108 826**	88 805
Non-cash items	**(133 247)**	(95 238)
Changes in working capital	**105 860**	(63 498)
Cash generated from/(utilised in) operations	**81 439**	(69 931)
Interest received	**66 631**	64 643
Interest paid	**(51 624)**	(36 795)
Taxation paid	**(12 934)**	(8 690)
Net cash inflow/(outflow) from operating activities	**83 512**	(50 773)
Cash flows from investing activities		
Acquisition of property, plant and equipment	**(252)**	(2 483)
Proceeds on disposal of property, plant and equipment	**45**	-
Cash outflow on disposal of subsidiary	**-**	(315)
Loans advanced to associates	**-**	(3 480)
Loans recovered from associates	**-**	4 575
Loans advanced to joint ventures	**(3 825)**	(905)
Loans recovered from joint ventures	**1 620**	-
Loan receivables advanced	**(110)**	(13 812)
Loan receivables recovered	**117**	8 703
Dividend received from joint venture	**835**	381
Net cash outflow from investing activities	**(1 570)**	(7 336)
Cash flow from financing activities		
Repayment of borrowings	**(31 198)**	(548)
Receipt of borrowings	**175 036**	80 800
Repayment of borrowings due to related parties	**-**	(8 114)
Receipt of borrowings due to related parties	**24 068**	55 200
Repayment of lease liabilities	**(1 055)**	(404)
Purchase of shares from non-controlling interest	**(44 902)**	-
Proceeds on sale of shares to non-controlling interest	**-**	8 064
Dividends paid to non-controlling interest	**-**	(6 882)
Net cash inflow from financing activities	**121 949**	128 116
Net increase in cash and cash equivalents	**203 891**	70 007
Effect of changes in exchange rate	**11 676**	(589)
Cash and cash equivalents at beginning of the period	**72 915**	90 407
Cash and cash equivalents at end of the period	**288 482**	159 825
As presented on the statement of financial position		
Cash and cash equivalents	**312 602**	180 412
Bank overdrafts	**(24 120)**	(20 587)
	288 482	159 825

SUPPLEMENTARY INFORMATION

1. TRADE AND OTHER RECEIVABLES

	Unaudited 31 August 2020 R'000	Audited 29 February 2020 R'000
Trade receivables		
SA	**9 377**	24 902
Reward Investments	**73 655**	-
Reward Capital	**1 488 908**	1 336 819
Reward Invoice Finance	**150 224**	238 727
	1 722 164	1 600 448
Loss allowance		
SA	**(1 209)**	(4 429)
Reward Capital	**(24 705)**	(26 288)
Reward Invoice Finance	**(5 530)**	(4 561)
	1 690 720	1 565 170
Other receivables	**2 690**	1 466
	1 693 410	1 566 636

The loss allowance expense recognised in the statement of comprehensive income is attributable to the following:

	Unaudited 31 August 2020 R'000	Unaudited 31 August 2019 R'000
Loan receivables	**177**	(81)
Loan due from joint venture	**518**	-
Trade and other receivables		
− SA	**150**	240
− Reward Capital	**3 940**	3 238
− Reward Invoice Finance	**656**	957
	5 441	4 354

2. BORROWINGS

	Unaudited 31 August 2020 R'000	Audited 29 February 2020 R'000
Non-current		
Foresight	**1 182 494**	960 225
Related parties		
Sandy Ltd ("Sandy")	**178 995**	160 648
Truly Amazing Ltd ("Truly Amazing")	**13 424**	-
	192 419	160 648
Current		
SEFA	**18 197**	49 394
Springlea Ltd ("Springlea")	**68 644**	-
	86 841	49 394
Related parties		
Sandy	**11 185**	-
Bank overdrafts		
Nedbank Ltd ("Nedbank")	**21 600**	17 781
FirstRand Bank Ltd ("FirstRand")	**2 520**	6
	24 120	17 787
	1 497 059	1 188 054

2. BORROWINGS (continued)

The borrowings from Foresight accrue interest at the higher of 6.5% and 2.5% above the Bank of England base rate, which is payable quarterly. The facility limit is £60 million. £40 million is repayable in September 2023 with the balance repayable four years from each individual draw down. The Bank of England base rate was 0.1% at 31 August 2020.

Foresight has a debenture over all assets of RFG (including shares in its subsidiaries). The carrying value of these assets (equipment, loan receivables, trade and other receivables and cash and cash equivalents) amount to R2.0 billion at 31 August 2020. The amounts owed by RFG to Reward (R361.7 million) and Sandy (R179 million) are subordinated in favour of Foresight.

The financial covenant, which measures the RFG consolidated net asset value plus subordinated debt as a percentage of the outstanding Foresight borrowings, must be at least 50%. This covenant measured 54.4% at 31 August 2020.

There are two loan book covenants:

- less than 15% of the loan book must be in recovery phase (4.4% at 31 August 2020 and 29 February 2020); and
- bad debts must be less than 5% (0.8% for the current period and 0.9% for the prior period).

There have been no covenant breaches during the period.

The borrowings from Sandy to RFG are unsecured and repayable on 14 June 2023, unless Sandy exercises its right to demand repayment on 1 year’s notice. £6 million accrues interest at a fixed rate of 7% and £2 million accrues interest at a fixed rate of 6.5%. Interest is paid monthly.

The borrowings from Truly Amazing are unsecured, accrue interest at 7% and are repayable on 2 April 2022. Interest is paid monthly.

The borrowings from SEFA accrued interest at prime plus 1% and have been settled since the reporting date. The borrowings were secured by Group cash and loan and trade receivables balances of R32.6 million.

The borrowings from Springlea to Reward accrue interest at 8.65% and are repayable on 28 May 2021. Interest is rolled until 30 November 2020 and payable on 28 May 2021. Interest is payable monthly from 1 December 2020. The borrowings are secured by a debenture over all assets of Reward's borrower and mortgages over certain properties owned by Reward's borrower, which have been assigned by Reward to Springlea.

The borrowings from Sandy to Reward are unsecured, accrue interest at 7.5% and are repayable on 28 February 2021. The remaining £2m of the £2.5m facility is available until 30 September 2020. Interest is paid monthly.

The R25 million overdraft facility from Nedbank accrues interest at prime which is settled monthly. This facility is secured by the unit trust investment of R11.4 million. This facility is reviewed annually.

The unsecured R5 million overdraft facility from FirstRand accrues interest at prime plus 1% which is settled monthly. This facility is reviewed annually.

3. REVENUE

	Unaudited 31 August 2020 R'000	Unaudited 31 August 2019 R'000
Interest income		
Loan and trade receivables	**128 875**	95 516
Loan receivables – key persons loans	**452**	540
Loans due from joint ventures	**785**	880
Loans due from associates	**-**	2 069
	130 112	99 005
Split of interest income		
− UK	**129 008**	94 169
− SA	**1 104**	4 836
	130 112	99 005
Fee and commission income		
Fee income (SA)	**1 990**	6 047
- Administration and management	**1 297**	3 144
- Corporate finance	**693**	2 098
- Fundraising	**-**	358
- Secretarial and sponsor services	**-**	447
Fee and commission income (UK)	**25 196**	27 896
- Initial set up	**10 823**	8 071
- Monthly	**9 028**	12 618
- Ad hoc	**5 345**	7 207
Discounting income (SA)	**4 183**	8 593
- Panelbeaters	**3 882**	8 217
- Medical	**301**	376
	31 369	42 536
Timing of revenue recognition		
- At a point in time	**6 038**	8 855
- Over time	**155 443**	132 686
	161 481	141 541

4. EARNINGS PER SHARE

	Unaudited 31 August 2020	Unaudited 31 August 2019
Basic earnings per share (cents)	**14.54**	8.38
Diluted earnings per share (cents)	**14.49**	8.38
Headline earnings per share (cents)	**11.19**	10.41
Diluted headline earnings per share (cents)	**11.15**	10.41
	R'000	R'000

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the parent with the weighted average number of ordinary shares in issue for the period.

Profit attributable to equity holders of the parent	**35 950**	20 719
Weighted average number of ordinary shares ('000)	**247 174**	247 174

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

Profit attributable to equity holders of the parent	**35 950**	20 719
Weighted average number of ordinary shares ('000)	**247 174**	247 174
Share options granted in prior year under the employee share option scheme ('000)	**975**	-
	248 149	247 174

Headline earnings per share

Headline earnings per share is calculated by dividing the headline earnings with the weighted average number of ordinary shares in issue for the period.

Profit attributable to equity holders of the parent	**35 950**	20 719
Impairment of equity accounted investments	**1 750**	5 001
Profit on disposal of associate	**(10 000)**	-
Profit on disposal of property, plant and equipment	**(45)**	-
Tax impact of adjustments	**13**	-
Headline earnings	**27 668**	25 720
Weighted average number of ordinary shares ('000)	**247 174**	247 174

Diluted headline earnings per share

Diluted earnings per share adjusts the figures used in the determination of headline earnings per share to take into account the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

Headline earnings	**27 668**	25 720
Weighted average number of ordinary shares ('000)	**248 149**	247 174

5. FAIR VALUE DISCLOSURES

The Group's financial instruments are measured at amortised cost besides the financial assets at fair value through profit or loss of R11.4 million and other financial liabilities of R9.3 million.

These financial assets are unit trust investments measured at quoted prices (level 1).

The other financial liabilities consisted of the following:

Put option contract (R4.3 million)

The remaining shareholder in Lendcor Holdings (Pty) Ltd can put their 50.1% shares to Mettle. The exercise price is the greater of a proportional share of six times Lendcor's profit after tax for the year ending 28 February 2021 and R12.9 million. This put option can only be exercised during the period from 1 June 2021 to 31 August 2021. The measurement considers the exercise period, exercise price and current net asset value of Lendcor (level 3).

Deferred contingent consideration (R5 million)

The Company needs to make a further subscription in Gray Swan in 2021 based on a 7 price earnings multiple applied to 40% of the 2020 profit after tax and 60% of the 2021 profit after tax multiplied by its 50% shareholding. This future subscription amount is then reduced by the R4 million investment already made in 2017. The Company has estimated the amount by using the latest available forecast for the 2021 year and discounting at the prime rate (level 3).

The carrying value of all other financial instruments approximate fair value.

6. SEGMENT INFORMATION

The Group has two reportable segments:

31 August 2020	**Unaudited UK R'000**	**Unaudited SA R'000**	**Unaudited Total R'000**
Revenue	**154 202**	**7 279**	**161 481**
Profit attributable to equity holders of the parent	**30 467**	**5 483**	**35 950**
Total assets	**2 014 923**	**197 211**	**2 212 134**
Total liabilities	**1 483 248**	**56 465**	**1 539 713**
31 August 2019			
Revenue	122 065	19 476	141 541
Profit/(loss) attributable to equity holders of the parent	23 384	(2 665)	20 719
Total assets	1 417 388	280 981	1 698 369
Total liabilities	993 119	125 680	1 118 799

There were no transactions between the segments. There has been no change in the basis of operational segmentation or in the basis of measurement of segment profit or loss since the Group's annual financial statements for the year ended 29 February 2020.

7. RELATED PARTIES

Certain Group companies concluded transactions with each other in the ordinary course of business. These intergroup transactions and balances are eliminated on consolidation. Related party balances and transactions for the current period are similar to those disclosed in the Group's annual financial statements for the year ended 29 February 2020 besides for that detailed below:

On 2 April 2020 Reward purchased Truly Alternative Ltd's 10% shareholding in RFG for R44.9 million. Truly Alternative Ltd is co-owned and jointly controlled by TM Flannery (a Company director) and D Jones (a RFG director).

Truly Amazing, also co-owned and jointly controlled by TM Flannery and D Jones, advanced a loan of R13.4 million to Reward. Interest of R0.4 million was paid during the period. The loan terms are disclosed in note 2.

8. EVENTS AFTER THE REPORTING DATE

Tradegro, a wholly-owned subsidiary of Tradehold, concluded an agreement with Reward, in terms of which Reward repurchased 1 111 212 ordinary shares in its issued share capital from Tradegro (constituting a 10% equity interest in Reward) for a cash consideration of R55.7 million such that Reward has become a wholly-owned subsidiary of the Company.

Shareholders are referred to the SENS announcement released on 16 September 2020 for more details.

Cape Town
2 November 2020

Designated Advisor
Questco Corporate Advisory Proprietary Limited