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"**)

AUDITED SUMMARY CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 FEBRUARY 2020

KEY INFORMATION

- Earnings per share increased by 33%
- Headline earnings per share decreased by 7%
- Revenue increased by 31% from R227 million to R297.2 million due to Reward Investments (No. 2) Ltd ("Reward") being consolidated for the full year compared to only nine and a half months in the prior year
- Reward contributed R46.8 million (2019: R37.1 million) profit
- Net asset value per share increased by 12% to 222 cents (2019: 198 cents)

THE METTLE BUSINESS

The Company owns 90% of Reward. Reward owns 72.5% of Reward Finance Group Ltd ("RFG") (based in Leeds and Manchester in the United Kingdom ("UK")) which has two wholly owned operating companies, namely Reward Capital and Reward Invoice Finance. Subsequent to year-end, Reward purchased an additional 10% of RFG for R40.2 million (refer to note 10).

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 £2 million. RFG's strategy is to target SMEs that are not adequately serviced by traditional banks.

Reward is the largest contributor to the profits and net asset value of Mettle (refer to note 7).

The consolidated audited results of Mettle and its subsidiaries ("the Group") include Reward for a full year for the first time.

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

COVID-19

The Group considered various factors in assessing whether COVID-19 is an adjusting or non-adjusting subsequent event. This determination is subjective and the Group concluded that COVID-19 is an adjusting event in the UK but not yet an adjusting event in SA. The Group has also evaluated the likely impact on its cash flow forecast, its assessment of expected credit losses and the valuations of security held against its loan and trade receivables, of the lockdowns introduced in the UK and SA as a consequence of the COVID-19 pandemic.

The Group remains cautious and continues to evaluate the COVID-19 impact on all its businesses as detailed below.

Reward

The availability of funding is fundamental to RFG's ability to trade. There is £6 million funding 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. Cash balances of £8m were held as at 30 April, mostly due to the Reward Invoice Finance book contracting.

New business for the first two months ended April was down significantly as a result of the lockdown as well as a more conservative credit policy and approximately 20% of borrowers entered into a temporary payment relief plan.

As a secured lender, Reward Capital is not exclusively reliant on borrowers trading successfully as it has demonstrated consistently that it is in most instances able to achieve full recovery from the underlying security, if necessary. A stress test on underlying securities for a reduction in asset prices resulted in the recognition of an additional specific COVID-19 loss allowance of £0.4 million.

Mettle Administrative Services

Mettle Administrative Services, the Group's SA invoice factoring business, traded as expected in March but did minimal trading in April. Management focused on recovering all outstanding amounts. At 30 April, the outstanding receivables balance (not yet due) amounted to R3.2 million with cash balances of R35.8 million.

Christopher Finance

Whereas the Road Accident Fund is processing minimal new cases, it is processing payments due to attorneys on settled matters. To date cash collections are on budget. A R100 million external funding facility was secured prior to year-end and R20 million was drawn down in March.

Lendcor

Lendcor is currently awaiting formal approval from its main funder, National Housing Finance Corporation SOC Ltd, for a 6-month capital repayment holiday and 12-month waiver on its financial covenants. Management are confident that the above will be granted which historically has been the case.

Lendcor advanced no loans in April and commenced lending on a conservative basis during May. Actual collections as a percentage of contractually due instalments declined by 6% from February to April with a further deterioration expected in May. Cash balances at 30 April amounted to R62 million.

Mettle Solar

Mettle Solar has significant cash balances due to the final share subscription of R76.7 million in March by Gridworks Development Partners LLP ("Gridworks"). All Mettle Solar SA and Namibian year-end debtors have been collected. One of the debtors has requested a temporary payment holiday and management are busy negotiating revised transaction terms to ensure the original project returns are still achieved. The external funder is supporting this proposed plan.

The corporate finance, advisory and wealth management Group companies are all adequately capitalised and have no external borrowings.

PROSPECTS

The Group has significant cash balances and access to various funding facilities. As a result, the directors believe that the Group has adequate resources to continue operating through the pandemic. However, the Group remains cautious and continues to evaluate the COVID-19 impact on all its businesses.

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.

ORDINARY DIVIDEND

The board of directors did not declare a final dividend.

FINANCIAL PERFORMANCE REVIEW

Revenue increased to R297.2 million for the year ended 29 February 2020 (2019: R227 million), while profit attributable to shareholders increased to R23.5 million (2019: R15.4 million). Earnings per share increased by 33% from 7.14 cents to 9.52 cents while headline earnings per share decreased by 7% to 13.73 cents (2019: 14.69 cents). The reconciliation between basic earnings and headline earnings is detailed in note 5.

REWARD

Reward recorded consistent growth and contributed R261.1 million (£14 million) to revenue and R46.8 million (£2.5 million) to profit attributable to shareholders.

Reward traded in line with expectations. Its loan and invoice discounting book increased from R1.2 billion (£63.1 million) as at 28 February 2019 to R1.55 billion (£77.5 million). Management successfully increased its senior funding facility from £50 million to £60 million, of which £11 million remained unutilised at 29 February 2020. £40 million of the facility is repayable in September 2023 with the balance repayable four years from each individual draw down.

Reward continues to invest in its key personnel and IT systems. The opening of an office in Manchester has provided access to an additional market and demonstrated scalability.

Continued instability in the UK banking sector driven by a No-Deal Brexit has been compounded by the dramatic changes to working conditions imposed by the COVID-19 pandemic. Many alternative finance lenders have closed their doors during this crisis but Reward has remained fully functional and open for business. A home working environment supported by IT investments made in prior years has made this possible. Demand continues to be high for alternatives to traditional bank facilities in spite of the availability of government guaranteed loans.

METTLE SA

The SA results are disappointing and include the following items which contributed to the R39.3 million adverse variance to the budgeted profit of R16 million:

Lendcor	Impairment of investment in associate of R7.7m and additional bad debt of R3m as a result of a change to write-off policy	R10.7 million
Company	Adjustment to the deferred contingent consideration relating to the acquisition of its 50% shareholding in Gray Swan Financial Services (Pty) Ltd (“Gray Swan”) in 2017 Professional fees relating to the Mettle Solar shareholder transaction detailed below and the failed scheme of arrangement	R4.2 million R3.3 million
Mettle Solar and Mettle Solar Africa Ltd (“Mettle Solar Africa”)	Costs and variances mostly relating to the Gridworks transaction	R8.9 million
Christopher Finance	Increased funding costs and reduced revenue margin	R6.7 million
G-Pay	Operating losses and impairment of loan	R1.9 million

Lendcor is implementing a turnaround plan; however we do not expect any significant change in profitability in the 2021 year.

Christopher Finance continues to trade within expectation and we are focussed on reducing the funding costs.

Mettle is required to make a further subscription in Gray Swan in 2021 based on its 2020 and 2021 profit after tax. The estimated future amount uses the latest available budget for the 2021 year.

Mettle Solar

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 40% shareholder in Mettle Solar (“the Transaction”). Certain terms of the Transaction were approved by shareholders at a general meeting on 13 January 2020.

The Company’s interests in solar power generation businesses were held through a 55% shareholding in each of Mettle Solar and Mettle Solar Africa. In order to facilitate the Transaction and create a single-entry point for Gridworks, it was necessary to implement a restructure, which resulted in Mettle Solar Africa becoming a wholly-owned subsidiary of Mettle Solar and the Company retaining its 55% effective shareholding in Mettle Solar Africa via its 55% shareholding in Mettle Solar. In addition, all shareholders’ loans advanced to Mettle Solar were capitalised.

Gridworks invested R30 million in Mettle Solar in November 2019. As a result, the Company's shareholding diluted to 49%. The remaining R76.7 million was invested in March 2020 resulting in the Gridworks shareholding increasing to 40% and the Company diluting further to 35%. The Group realised a profit on this disposal subsequent to year-end of approximately R10 million. The Transaction supports the carrying value of the Company’s investment in Mettle Solar.

The results of the Mettle Solar group of companies were negatively impacted by once-off guarantee fee costs (as detailed in note 9) and various professional fees linked to the Transaction.

The remaining business units delivered marginal contributions to the Group results.

The Rand has continued to depreciate against the Pound since the acquisition of Reward by Mettle and ended the year at R20.08 (2019: R18.60). As a result, the foreign currency translation reserve increased from R28.6 million to R58.2 million.

Reward's results were translated at an average exchange rate of R18.68 (2019: R18.08).

Net asset value per share has increased by 12% to 222 cents (2019: 198 cents), while tangible net asset value per share has increased by 13% to 221 cents (2019: 196 cents).

BASIS OF PRESENTATION AND ACCOUNTING POLICIES

The summary consolidated financial statements are prepared in accordance with the requirements of the JSE Limited Listings Requirements (the "Listings Requirements") for provisional reports, and the requirements of the Companies Act applicable to summary financial statements.

The Listings Requirements require provisional 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 consolidated financial statements from which the summary consolidated financial statements were derived are in terms of IFRS and are consistent with those accounting policies applied in the preparation of the previous consolidated annual financial statements, except for the adoption of the following new standard that became effective for the current reporting period beginning on 1 March 2019:

IFRS 16 *Leases*

IFRS 16 requires almost all leases to be recognised on the statement of financial position as the distinction between operating and finance leases is removed. For lessee contracts that were previously classified as operating leases, an asset (the right to use the leased item) and a financial liability to pay rentals are now recognised. The only exceptions are short term and low value leases. The accounting for lessors has not changed significantly.

The Group has applied the simplified transition approach and has not restated the comparative figures. Right-of-use assets for property leases were measured on transition as if the new rules had always been applied.

The Group's retained income at 1 March 2019 reduced by R0.2 million due to the following:

- right-of-use assets recognised of R5.4 million,
- lease liabilities recognised of R6 million; and
- release of an operating lease rent free payable of R0.4 million.

Net profit after tax for the year decreased by R0.2 million due to the adoption of IFRS 16.

Operating cash flows increased and financing cash flows decreased by R1.2 million as the repayment of the principal portion of the lease liabilities are classified as financing cash flows.

Certain new accounting standards and interpretations have been published that are not mandatory for the 29 February 2020 reporting period and have not been early adopted by the Group. These new standards and interpretations are not expected to have a material impact on the Group in the current or future reporting periods.

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.

The Board takes full responsibility for the preparation of this provisional report.

AUDIT OPINION

These summary consolidated financial statements for the year ended 29 February 2020 have been audited by PricewaterhouseCoopers Inc., who expressed an unmodified opinion thereon. The auditor also expressed an unmodified opinion on the annual financial statements from which these summary consolidated financial statements were derived.

A copy of the auditor's report on the annual consolidated financial statements is available for inspection on the Company's website through the web link in the short form announcement, together with the financial statements identified in the auditor's report.

PREPARATION OF FINANCIAL RESULTS

The preparation of the financial results was supervised by the Group Financial Director, Justin Rookledge BBusSci Finance (Hons), CA (SA).

CHANGES TO THE BOARD

The following changes took place:

- Mr HvdM Scholtz was appointed as a non-executive director on 14 August 2019;
- Mr FH Esterhuyse resigned as chairman on 24 February 2020 but remains a non-executive director; and
- Mr HvdM Scholtz was appointed as chairman on 3 March 2020.

HvdM Scholtz	**HF Prinsloo**
Chairman	CEO

29 May 2020

Independent auditor's report on the summary consolidated financial statements

To the Shareholders of Mettle Investments Limited

Opinion

The summary consolidated financial statements of Mettle Investments Limited, set out on pages 7 to 17 of the provisional report titled "Audited Summary Consolidated Financial Statements for the Year Ended 29 February 2020", which comprise summary consolidated statement of financial position as at 29 February 2020, the summary consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and related notes, are derived from the audited consolidated financial statements of Mettle Investments Limited for the year ended 29 February 2020.

In our opinion, the accompanying summary consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements, in accordance with the requirements of the JSE Limited Listings Requirements for provisional reports, as set out in the Basis Of Presentation and Accounting Policies to the summary consolidated financial statements, and the requirements of the Companies Act of South Africa as applicable to summary financial statements.

Summary Consolidated Financial Statements

The summary consolidated financial statements do not contain all the disclosures required by International Financial Reporting Standards and the requirements of the Companies Act of South Africa as applicable to annual financial statements. Reading the summary consolidated financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited consolidated financial statements and the auditor's report thereon.

The Audited Consolidated Financial Statements and Our Report Thereon

We expressed an unmodified audit opinion on the audited consolidated financial statements in our report dated 29 May 2020. That report also includes communication of key audit matters. Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period.

Director's Responsibility for the Summary Consolidated Financial Statements

The directors are responsible for the preparation of the summary consolidated financial statements in accordance with the requirements of the JSE Limited Listings Requirements for provisional reports, set out in the Basis Of Presentation and Accounting Policies to the summary consolidated financial statements, and the requirements of the Companies Act of South Africa as applicable to summary financial statements.

Auditor's Responsibility

Our responsibility is to express an opinion on whether the summary consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810 (Revised), *Engagements to Report on Summary Financial Statements*.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.
Director: JR de Villiers
Registered Auditor
Cape Town
29 May 2020

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STATEMENT OF FINANCIAL POSITION

	Audited 2020 R'000	Restated Audited 2019 R'000
ASSETS		
Non-current assets		
Property, plant and equipment	**2 930**	1 693
Right-of-use asset	**7 029**	-
Goodwill	**2 905**	5 595
Deferred taxation	**1 774**	1 644
Financial assets at fair value through profit or loss	**-**	10 932
Investments in joint ventures	**36 031**	29 020
Investments in associates	**87 030**	37 111
Loans due from joint ventures	**8 739**	24 768
Loans due from associates	**-**	47 647
Loan receivables	**32 593**	36 421
Total non-current assets	**179 031**	194 831
Current assets		
Taxation	**59**	11
Financial assets at fair value through profit or loss	**11 177**	-
Loans due from joint ventures	**563**	-
Loans due from associates	**24**	21
Loan receivables	**3 472**	25 991
Trade and other receivables	**1 566 636**	1 201 909
Cash and cash equivalents	**90 702**	109 648
Total current assets	**1 672 633**	1 337 580
Total assets	**1 851 664**	1 532 411
EQUITY AND LIABILITIES		
Capital and reserves		
Stated capital	**545 828**	545 828
Share-based payment reserve	**348**	-
Retained income	**67 910**	38 765
	614 086	584 593
Foreign currency translation reserve	**58 177**	28 572
Common control reserve	**(123 560)**	(123 560)
Capital and reserves attributable to the owners	**548 703**	489 605
Non-controlling interest	**70 495**	60 317
Total equity	**619 198**	549 922
Non-current liabilities		
Deferred taxation	**1 247**	771
Borrowings	**960 225**	731 099
Borrowings due to related parties	**160 648**	194 824
Lease liabilities	**6 404**	-
Other financial liabilities	**8 218**	2 611
Total non-current liabilities	**1 136 742**	929 305
Current liabilities		
Taxation	**7 771**	7 800
Borrowings	**49 394**	2 658
Lease liabilities	**1 586**	-
Provisions	**7 782**	4 885
Trade and other payables	**11 404**	18 600
Bank overdrafts	**17 787**	19 241
Total current liabilities	**95 724**	53 184
Total equity and liabilities	**1 851 664**	1 532 411
Net asset value per share (cents)	**222**	198
Tangible net asset value per share (cents)	**221**	196

STATEMENT OF COMPREHENSIVE INCOME

	Audited 2020 R'000	Restated Audited 2019 R'000
Revenue		
− Interest income	**211 539**	141 651
− Fee and commission income	**85 681**	85 326
Other income	**9 821**	12 708
Loss allowance	**(18 847)**	(11 565)
Operating expenses	**(115 755)**	(95 409)
Profit from operations	**172 439**	132 711
Interest expense	**(84 338)**	(56 975)
Fair value loss on other financial liabilities	**(5 607)**	(2 611)
Impairment of goodwill	**(2 690)**	(1 880)
Impairment of equity accounted investments	**(7 715)**	(15 201)
Loss from equity accounted investments	**(5 807)**	(6 735)
Profit before taxation	**66 282**	49 309
Taxation	**(20 124)**	(17 270)
Profit after taxation before non-controlling interest	**46 158**	32 039
Other comprehensive income		
Items that may be subsequently reclassified to profit		
Exchange difference on translation of foreign operation	**35 261**	33 807
Total comprehensive income	**81 419**	65 846
Attributable to:		
Equity holders of the Company	**23 533**	15 417
Non-controlling interest	**22 625**	16 622
	46 158	32 039
Total comprehensive income attributable to:		
Equity holders of the parent	**53 355**	43 989
Non-controlling interest	**28 064**	21 857
	81 419	65 846
Earnings per share (cents):		
- basic	**9.52**	7.14
- diluted	**9.49**	7.14
Dividends per share	**-**	-

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 2018	100 622	-	22 198	-	-	-	122 820
Issue of ordinary shares	445 206						445 206
Acquisition of subsidiary					(123 560)	48 557	(75 003)
Profit after taxation			15 417			16 622	32 039
Profit on purchase of loan claim from related party			1 150				1 150
Other comprehensive income				28 572		5 235	33 807
Dividends paid to non-controlling interest						(10 097)	(10 097)
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**

STATEMENT OF CASH FLOWS

	Audited 2020 R'000	Audited 2019 R'000
Cash flows from operating activities		
Profit from operations	**172 439**	132 711
Non-cash items	**(192 040)**	(132 826)
Changes in working capital	**(213 883)**	(133 600)
Cash utilised in operations	**(233 484)**	(133 715)
Interest received	**146 316**	140 860
Interest paid	**(83 726)**	(53 161)
Taxation paid	**(21 350)**	(15 640)
Net cash outflow from operating activities	**(192 244)**	(61 656)
Cash flows from investing activities		
Acquisition of property, plant and equipment	**(2 657)**	(1 053)
Proceeds on disposal of property, plant and equipment	**147**	94
Cash outflow on acquisition of subsidiaries	**-**	(318 096)
Cash outflow on disposal of subsidiary	**(315)**	(1 853)
Acquisition of investments in joint ventures	**-**	(19 919)
Acquisition of loans to joint ventures	**-**	(21 250)
Additional investment in associate	**(3 146)**	-
Proceeds on disposal of financial assets at fair value through profit or loss	**-**	20 500
Loans recovered from associates	**1 758**	28 951
Loans advanced to associates	**(2 731)**	(43 975)
Loans recovered from joint venture	**4 195**	-
Loans advanced to joint venture	**(1 975)**	(430)
Loan receivables advanced	**(10 690)**	(45 843)
Loan receivables recovered	**35 444**	51 598
Dividend received from associate	**-**	2 000
Dividend received from joint venture	**381**	124
Net cash inflow/(outflow) from investing activities	**20 411**	(349 152)
Cash flow from financing activities		
Issue of ordinary shares	**-**	403 206
Repayment of borrowings	**(44 000)**	(11 255)
Receipt of borrowings	**249 480**	72 336
Repayment of borrowings due to related parties	**(139 579)**	(19 934)
Receipt of borrowings due to related parties	**93 400**	54 252
Repayment of lease liabilities	**(1 242)**	-
Dividends paid to non-controlling interest	**(7 781)**	(10 097)
Net cash inflow from financing activities	**150 278**	488 508
Net (decrease)/increase in cash and cash equivalents	**(21 555)**	77 700
Effect of changes in exchange rate	**4 063**	7 784
Cash and cash equivalents at beginning of the year	**90 407**	4 923
Cash and cash equivalents at end of the year	**72 915**	90 407
As presented on the statement of financial position		
Cash and cash equivalents	**90 702**	109 648
Bank overdrafts	**(17 787)**	(19 241)
	72 915	90 407

SUPPLEMENTARY INFORMATION

1. BUSINESS COMBINATION

Disposal of Mettle Specialised Finance ("MSF")

Mettle disposed of 50% of MSF to EMC2 Investment (Pty) Ltd ("EMC2") in August 2019 for R1. EMC2 is connected to Werner Maree, a director of MSF.

	Audited 2020 R'000
MSF had the following assets and liabilities on disposal date:	
Equipment	**12**
Right-of-use asset	**355**
Deferred taxation	**991**
Trade and other receivables	**4 959**
Cash and cash equivalents	**315**
Trade and other payables	**(2 244)**
Lease liability	**(380)**
Amount due to related party	**(4 008)**
	-
Fair value of retained equity interest	**-**
Profit on disposal	**-**
Cash flow on disposal of subsidiary	
Cash and cash equivalents disposed with the subsidiary	**(315)**
Proceeds on disposal	**-**
	(315)

MSF is now equity accounted as a joint venture in the Group. The amount due to related party at year-end is R0.6 million and is now included in loans due from joint ventures.

2. TRADE AND OTHER RECEIVABLES

	Audited 2020 R'000	Restated Audited 2019 R'000
Trade receivables		
SA	**24 902**	35 126
Reward Capital	**1 336 819**	970 151
Reward Invoice Finance	**238 727**	222 721
	1 600 448	1 227 998
Loss allowance		
SA	**(4 429)**	(1 262)
Reward Capital	**(26 288)**	(13 068)
Reward Invoice Finance	**(4 561)**	(13 663)
	1 565 170	1 200 005
Other receivables	**1 466**	1 904
	1 566 636	1 201 909

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

	Audited 2020 R'000	Restated Audited 2019 R'000
Loan receivables	**358**	707
Loan due from joint venture	**519**	-
Trade and other receivables		
− SA	**3 167**	1 490
− Reward Capital	**11 333**	1 577
− Reward Invoice Finance	**3 470**	7 791
	18 847	11 565

	Audited 2020 R'000	Audited 2019 R'000
3. BORROWINGS		
Non-current		
Small Enterprise Finance Agency SOC Ltd ("SEFA")	**-**	46 683
Foresight	**960 225**	684 415
	960 225	731 098
Related parties		
Sandy Ltd ("Sandy")	**160 648**	55 813
Tradegro S.àr.l. ("Tradegro")	**-**	139 011
	160 648	194 824
Current		
SEFA	**49 394**	2 658
	49 394	2 658
Bank overdrafts		
Nedbank Ltd ("Nedbank")	**17 781**	8 313
FirstRand Bank Ltd ("FirstRand")	**6**	10 928
	17 787	19 241
	1 188 054	947 821

The borrowings from SEFA accrue interest at prime plus 1%. Interest is payable semi-annually with capital repayable in March 2020. Repayments of R17.6 million have been made subsequent to year-end but the Company is still waiting for possible refinancing terms. The Company has access to sufficient cash balances should repayment be requested. The borrowings are secured by Group cash balances and loan and trade receivables of R64 million (2019: R71.1 million).

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 0.75% at 29 February 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 R1.6 billion at year-end. The amounts owed by RFG to Reward (R387.4 million) and Sandy (R160.6 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% (2019: 60%). This covenant measured 65.9% (2019: 82.5%) at year-end.

There are two loan book covenants:

- less than 15% of the loan book must be in recovery phase (4.4% for the current year and 2.3% for the prior year); and
- bad debts must be less than 5% (0.9% for the current year and 0.4% for the prior year).

There have been no covenant breaches during the current or prior year.

The borrowings from Sandy are unsecured and repayable on 31 January 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 Tradegro were unsecured and accrued interest at sterling three-month Libor plus 6.5%. The capital and capitalised interest was repayable on 28 May 2020 but was settled in tranches in November 2019 and January 2020.

3. BORROWINGS (continued)

The unsecured overdraft facility from Nedbank accrues interest at prime which is settled monthly. This facility increased from R10 million to R25 million in October 2019 and is now secured by the unit trust investment of R11.2 million. This facility is reviewed annually.

The overdraft facility from FirstRand accrues interest at prime plus 1% which is settled monthly. This facility was secured by the unit trust investment. This facility decreased from R15 million to R5 million in October 2019 and the security was released to Nedbank. This facility is reviewed annually.

4. REVENUE

	Audited 2020 R'000	Audited 2019 R'000
Interest income		
Loan and trade receivables	**206 893**	132 907
Loan receivables – key persons loans	**1 064**	916
Loans due from joint ventures	**1 513**	1 392
Loans due from associates	**2 069**	6 436
	211 539	141 651
Split of interest income		
– UK	**204 472**	129 166
– SA	**7 067**	12 485
	211 539	141 651
Fee and commission income		
Fee income (SA)	**12 496**	18 961
- Administration and management	**4 739**	7 718
- Corporate finance	**2 337**	4 824
- Fundraising	**4 942**	5 750
- Secretarial and sponsor services	**478**	669
Fee and commission income (UK)	**56 574**	50 299
- Initial set up	**16 888**	12 248
- Monthly	**24 074**	23 711
- Ad hoc	**15 612**	14 340
Discounting income (SA)	**16 611**	16 066
- Panelbeaters	**15 909**	15 350
- Medical	**702**	716
	85 681	85 326
Timing of revenue recognition		
- At a point in time	**22 113**	21 140
- Over time	**275 107**	205 837
	297 220	226 977

5. EARNINGS PER SHARE

	Audited 2020	Audited 2019
Basic earnings per share (cents)	**9.52**	7.14
Diluted earnings per share (cents)	**9.49**	7.14
Headline earnings per share (cents)	**13.73**	14.69
Diluted headline earnings per share (cents)	**13.69**	14.69
	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	**23 533**	15 417
Weighted average number of ordinary shares ('000)	**247 174**	215 868

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	**23 533**	15 417
Weighted average number of ordinary shares ('000)	**247 174**	215 868
Share options granted in current year under the employee share option scheme ('000)	**784**	-
	247 958	215 868

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	**23 533**	15 417
Bargain purchase gain on acquisition of subsidiary	**-**	(823)
Loss on disposal of subsidiary	**-**	85
Impairment of goodwill	**2 690**	1 880
Impairment of equity accounted investments	**7 715**	15 201
Profit on disposal of property, plant and equipment	**-**	(81)
Tax impact of adjustments	**-**	22
Headline earnings	**33 938**	31 701
Weighted average number of ordinary shares ('000)	**247 174**	215 868

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	**33 938**	31 701
Weighted average number of ordinary shares ('000)	**247 958**	215 868

6. 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 R11.2 million (2019: R10.9 million) and other financial liabilities of R8.2 million (2019: R2.6 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 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 (R4.2 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 budget for the 2021 year and discounting at the prime rate (level 3).

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

7. SEGMENT INFORMATION

The Group has two reportable segments:

2020	**Audited United Kingdom R'000**	**Audited South Africa R'000**	**Audited Total R'000**
Revenue	**261 056**	**36 164**	**297 220**
Profit/(loss) attributable to equity holders of the parent	**46 845**	**(23 312)**	**23 533**
Total assets	**1 636 399**	**215 265**	**1 851 664**
Total liabilities	**1 152 113**	**80 353**	**1 232 466**
2019			
Revenue	179 462	47 515	226 977
Profit/(loss) attributable to equity holders of the parent	37 115	(21 698)	15 417
Total assets	1 297 049	235 362	1 532 411
Total liabilities	905 093	77 396	982 489

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 28 February 2019.

8. CORRECTION OF ERROR

Deferred income of R7.5 million relating to the Reward Capital receivables book was incorrectly disclosed under trade and other payables in the prior year. This deferred income should be set off against the related receivables balance in accordance with IFRS 9 *Financial Instruments*.

The impact on the previously reported 28 February 2019 figures is detailed below:

	Previously reported R'000	Restated R'000	Difference R'000
Statement of financial position			
Trade and other receivables	1 209 389	1 201 909	(7 480)
Trade and other payables	26 080	18 600	(7 480)

The correction had no effect on the previously reported profit or cash flows.

The split of revenue between interest income and fee and commission income is now disclosed on the face of the statement of comprehensive income. It was previously disclosed in the notes.

9. 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 year are similar to those disclosed in the Group's annual financial statements for the year ended 28 February 2019 besides for those detailed below:

	Audited 2020 R'000
Loan to TCAS Investments Ltd ("TCAS")	**7 080**

RFG advanced £0.43 million to TCAS in June 2019. TCAS is a shareholder in RFG and the company is controlled by Tim Stafford who is also a director of RFG. The loan is repayable after 10 years and accrues interest at sterling three-month Libor plus 2.5%. Dividends payable to TCAS are used to repay the loan. TCAS received dividends of R1.8 million during the year. The loan is secured by its 2.5% shareholding in RFG. Tim Stafford has also guaranteed (as principal obligor) the repayment of the loan. The sterling three-month Libor rate was 0.79% at 29 February 2020.

Guarantee fee income - Mettle Solar Africa	**3 287**

The Company provided a guarantee for the Rand equivalent of $3.1 million to Investec Bank (Mauritius) Ltd (via Investec Bank Ltd) for its $5 million funding facility provided to Mettle Solar Africa. The Company had to place the required funds on deposit at Investec Bank Ltd. The Company earned a monthly guarantee fee of 1%. This facility was refinanced in December 2019 and the Company was released from this guarantee obligation. The Company made no net profit from this guarantee due to associated funding costs.

10. EVENTS SUBSEQUENT TO THE YEAR-END

COVID-19

On 11 March 2020, the World Health Organisation ("WHO") declared COVID-19 a pandemic. Both the SA and UK governments curtailed business activities in an attempt to reduce the spread of COVID-19. The Group has evaluated the likely impact on its cash flow forecast, its assessment of expected credit losses and the valuations of security held against its loan and trade receivables.

The Group considered the following in determining whether COVID-19 is an adjusting or non-adjusting subsequent event:

- the declaration of COVID-19 as a pandemic by the WHO;
- the dates on which various measures were taken by governments to curtail business activities;
- the first positive COVID-19 case in each jurisdiction;
- the first COVID-19 death in each jurisdiction; and
- the dates when scientific research was published outlining the likely effects of the disease on human life.

This determination is subjective and the Group concluded that COVID-19 is an adjusting event in the UK but a non-adjusting event in SA.

The Group remains cautious and continues to evaluate the impact of COVID-19 on its businesses as detailed on pages 1 and 2.

Dilution of shareholding in Mettle Solar

Gridworks invested its remaining R76.7 million in Mettle Solar in March 2020 to increase its shareholding to 40%. The Company's shareholding diluted from 49% to 35%. The Group realised a profit on this disposal of approximately R10 million.

Purchase of non-controlling interest

On 2 April 2020 Reward purchased Truly Alternative Ltd's 10% shareholding in RFG for R40.2 million. Truly Alternative Ltd is co-owned and jointly controlled by TM Flannery (a Company director) and D Jones.

Truly Amazing Ltd, also co-owned and jointly controlled by TM Flannery and D Jones, advanced a loan of R12 million to Reward. The loan is unsecured, accrues interest at 7% and is repayable in April 2022.

Cape Town
29 May 2020

Designated Advisor
Questco Corporate Advisory Proprietary Limited