RECM AND CALIBRE

RECM AND CALIBRE LIMITED

(Incorporated in the Republic of South Africa)
(Registration number 2009/012403/06)
Preference share code: RACP
ISIN: ZAE000145041
("RAC" or "the Company")

ABRIDGED ANNUAL FINANCIAL STATEMENTS

for the year ended
31 March 2020

Contents

Shareholders' letter

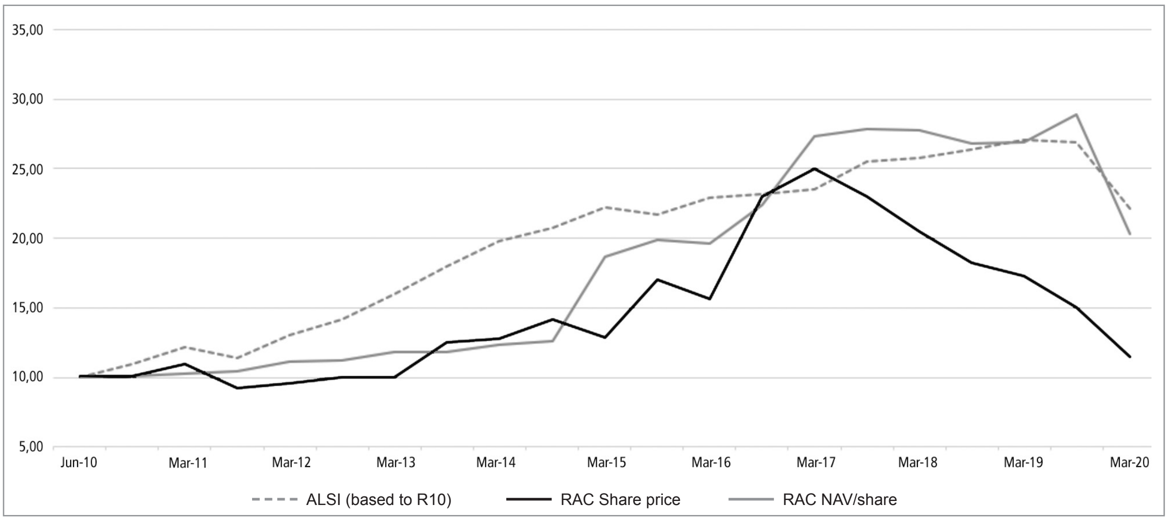
To our fellow shareholders

Ten years ago, on the 10th of June 2010 RECM and Calibre ("RAC") successfully listed on the JSE after raising R450mn from participating preference shareholders and R50mn from ordinary shareholders. All shares were issued at a Net Asset Value ("NAV") of R10 per share.

So, this is our ten-year anniversary letter. It happened very quickly!

We reach this milestone with RAC's per share NAV measured at R20,33. Our founding investors have seen the NAV of R10 invested in RAC participating preference shares double over the ten-year period, compounding at an annualised rate of 7,6% per annum. This was after a slow start over the first four years. The same amount invested in the JSE All Share Total Return Index ("ALSI") would have grown to R22,10, at an annualised rate of 8,5%, before taking any fees or possible taxes into account.

Over the last five years, a very tough time in the market, RAC's NAV per share increased by 1,8% per annum, while the ALSI lost 0,1% per annum. Our tenth year proved to be the worst year in our history, with RAC's NAV per share declining by 24,5%, compared to a loss of the ALSI of 18,4%.



Our since-inception return numbers are not high and certainly fall well short of our ambitions. Even though we've managed to generate returns broadly in line with the opportunity set available to the average investor (being the ALSI) we aim to do much better than this.

THE PAST YEAR

The 24,5% reduction in NAV per share over the last year represents a decrease of R337mn in our capital base. This decrease can be broken down as follows:

	2020 **R**	2019 R
Interest and dividends received (other than Astoria)	**44 683 621**	71 698 813
Return of capital and dividends received from Astoria	**722 047 667**	–
Adjustments to fair value of Astoria	**(715 621 703)**	52 150 079
Adjustments to fair value of assets (other than Astoria)	**(406 275 072)**	(86 565 844)
Realised loss on sale of assets	**(17 870 096)**	(15 868 225)
Tax paid	**(3 377 751)**	(2 931 154)
Tax reversed	**109 368 555**	15 896 136
Financing expenses	**(43 485 009)**	(48 858 135)
Investment advisory fees	**(21 975 686)**	(24 108 986)
Operating expenses	**(4 612 669)**	(5 129 895)
Net (decrease)/increase in NAV	**(337 118 143)**	(43 717 211)

Over the past two years, our biggest expense has been "Financing expenses", or interest paid. This expense has been higher than normal, as we carried additional funding over the period to complete the take-over transaction of Astoria. We have repaid the debt incurred for this transaction, so the expense will reduce in future.

The other main expense is "Investment advisory fees", which amounts to 1% (excluding VAT) of the value of the portfolio. There are other small operating expenses, such as external directors' fees, audit fees etc. We work hard to keep the total costs of managing the business as low as possible.

The reversal of R109mn of taxes provides a welcome cushion to RAC's NAV, but is just a natural result of explicitly providing for Capital Gains Tax when valuing our portfolio of assets. If its value declines, so does our tax liability. We are sure that, like us, you would rather prefer this specific liability to grow, not shrink.

The "Realised loss" this year represents a crystallisation of the mistake we made when we invested in CollegeSA.

Last year we included "Adjustments to fair value of assets" in the category of "crystallisation" of past mistakes. This year, we would be cautious to label all the adjustments to fair values of investments to be of a permanent nature. Reactions to the COVID-19 pandemic have led to uncertainty, disruptions in the economy and reduced spending power. Since 31 March, the stock market has taken the view that these fears were unnecessary. This may or may not prove to be true.

We think most of our businesses will be resilient in the long term, but right now it is hard to imagine what the economy will look like - even next year. As a result, we have reflected these immediate uncertainties in valuing our underlying investments.

OUR INVESTMENTS

Our core investments are those where we have a significant stake in the business, and associated influence. We expect to be long-term capital partners of these businesses and their management teams. At year-end, this made up 92% of our asset base.

	% ownership	% of total assets	Directors Fair Value at 31 March (R'mn) 2020	2019	2018
Core investments		**92,1**	**1 192,0**	1 888,9	1 567,6
Goldrush	58,8	66,3	**858,1**	1 089,3	941,1
Outdoor Investment Holdings	33	6,1	**79,3**	96,3	82,5
JB Private Equity (UCP)	90	5,9	**76,1**	96,2	106,1
Astoria	100	5,1	**66,1**	485,5	386,4
ISA Carstens	49	3,4	**43,7**	50,2	–
Trans Hex	39,5	2,8	**36,5**	37,4	114,4
Vehicle Care Group	49,9	2,5	**32,2**	34	–
Portfolio investments		**3,6**	**46,4**	61,6	81,3
RECM Hedge Fund	N/A	2,9	**38,1**	37,5	42,4
Conduit Capital	2,2	0,6	**8,3**	24,1	38,9
Other investments		0,9	**12,8**	75,9	196,1
Cash and receivables		3,4	**43,7**	57,2	123,1
Total assets			**1 294,9**	2 083,8	2 031,0
CGT and other liabilities			**(4,9)**	(120,5)	(132,4)
Bank funding			**(250,1)**	(586,3)	(477,9)
Net assets			**1 039,9**	1 377	1 420,7
Net asset value per share ("R")			**20,33**	26,92	27,77

International Financial Reporting Standards ("IFRS") requires RAC, as an investment entity, to place a fair value on all its assets. We aim to keep our valuation methodology as consistent as possible over time in order to provide our investors with a consistent framework to judge the operating performance of the investee companies separately from RAC's capital allocation decisions. Where possible, we use market prices. For assets where there is no visible price, we perform a valuation exercise, which culminates in a range of fair values, as required by IFRS. Due to the inherent uncertainty of valuing large stakes in unlisted, untraded assets, this range is necessarily quite wide. For some of our unlisted investments, this range includes the original cost price. In select circumstances, we have provided debt to some of our investee companies. In these instances, our valuations above include both equity and debt.

We explicitly provide for deferred capital gains tax (CGT), on our unrealised gains. This is not a wide-spread practice amongst investment companies, but we believe it is the most conservative way to account for the actual value of our investments.

We published an update to shareholders on 28 May 2020, in which we provided information about the activities and performance of our various businesses during the past financial year. We suggest our commentary below is read in conjunction with that update.

Goldrush Group (Pty) Ltd ("Goldrush")

Goldrush is an independent alternative gaming group, with activities that span Electronic Bingo Terminals ("EBT's"), Limited Pay-out Machines ("LPM's"), Retail Sports Betting shops and an online gaming portal, www.gbets.co.za. At year-end, Goldrush operated 3 865 EBT's in 31 properties. The group operated 2 198 LPM's and 37 sports betting shops – 31 owned, and six on behalf of third parties. Its customers are served under the Goldrush (Bingo, LPM), Bingo Royale (Bingo), Crazy Slots (LPM) and G-bets (retail sports betting and online betting) brands.

During the year, Goldrush opened a further four Bingo properties, all of which are situated in KwaZulu-Natal. This leaves another four licences to complete the green-fields roll-out of the Bingo division. The required capex for the finalisation of the roll-out is minimal, but has nonetheless been halted until normal operations resume. Adjusting for the impact of the COVID-19 related closures in March 2020, and for maintenance-related closures in two of the Gauteng Bingo properties during the year, the Bingo division experienced organic growth in all sites around the country, with the Eastern Cape sites experiencing the lowest growth rates. The Pretoria properties that were impacted during the past two years by the Time Square Casino opening stabilised and started growing again.

The past year saw a further acceleration in the roll-out of LPM's as the team was able to catch up with the administration backlog from various gambling boards. During lockdown, all further LPM roll-outs were suspended until normal operating conditions can resume.

The sports betting division turned profitable this year after the initial scramble to establish a minimum viable footprint. The online division experienced strong growth in revenue, with all cash flow being reinvested to expand its offering and customer base.

The primary value of the business resides in its exclusive ownership of gaming licenses. Without the entrenched rights to operate these licenses, Goldrush would be substantially less valuable. The table below shows its progress in terms of the number of licenses across all segments over time.

Summary of gaming licenses: Goldrush

		Mar 2020	Mar 2019	Mar 2018	Mar 2017	Mar 2016
Bingo/Casino	Licenses Owned	**35**	35	33	18	14
	Licenses Active	**31**	27	25	14	14
	EBT's in Operation	**3 865**	3 543	3 112	1 637	1 637
LPM	Route Licenses Owned	**6**	6	6	6	6
	Machines Approved	**4 200**	4 200	4 200	4 200	2 520
	Machines in Operation	**2 198**	1 882	1 671	1 537	1 360
Sports Betting	Licenses Owned	**33**	33	36	36	30
	Licenses in Operation	**31**	33	28	23	18

Goldrush increased total revenue by 5,8% to R1,396bn for the financial year. Sustainable EBITDA increased by 12%. Net debt increased marginally, as expansion capex exceeded internal cashflow.

Selected financial information for the Goldrush Group

	Mar 2020 R'mn	Mar 2019 R'mn	Mar 2018 R'mn	Mar 2017 R'mn	Mar 2016 R'mn
Total Revenue	**1 396**	1 319	1 080	748	627,1
– Bingo Division	**943**	905	738	556	480,6
– LPM Division	**342**	319	277	168	137
– Sports Betting Division	**98**	95	65	24	9
Sustainable EBITDAR	**–**	349,7	300,0	229,5	181,3
Sustainable EBITDA	**284,3**	253,8	–	–	–
Net Debt	**614,3**	597,8	436,5	112,8	96,1

As explained in the 2020 interim report, we used sustainable EBITDAR (earnings before interest, tax depreciation, amortisation and machine rentals) as the yardstick with which to measure the progress of the business up to the end of the 2019 financial year. We applied a multiple of 7 to this yardstick to get to the enterprise value of Goldrush. The multiple of 7 anticipated some years of accelerated growth in earnings resulting from the nearly complete capital investment plan in both the bingo and LPM divisions.

In calculating sustainable EBITDAR, the costs incurred when opening new sites and the start-up operating losses of bingo properties were consistently added back each year.

From the beginning of this financial year, we amended our valuation method to reflect the maturing of the business. We now include rentals in the earnings calculation and have adopted sustainable EBITDA, rather than EBITDAR, as yardstick.

The enterprise value calculated at 7 times sustainable EBITDAR at the end of the 2019 financial year provided the same value as using a 9 times multiple on sustainable EBITDA. Accordingly, Goldrush was valued at 9 times sustainable EBITDA at 30 September 2019 for RAC's interim results. At the time, this multiple reflected our view of accelerated growth at Goldrush because of the prior capital expenditure rolling out the bingo and LPM divisions.

In our year-end valuation, because of the COVID-19 uncertainty, we removed any immediately anticipated growth expectation and valued Goldrush on 7 times sustainable EBITDA.

As a result, the equity valuation for Goldrush comes to R1,46bn, down 33% from R2,18bn at the beginning of the financial year.

The chosen multiple of 7 times is:

- lower than the 25-year average EBITDA multiples of comparable listed South African gaming operators, which range between 7.2 and 9.2; and
- lower than the EBITDA multiples at which true arms-length transactions in the gaming industry happened in the past few years, mostly being around 8 times EBITDA.

As Goldrush's capital investment program comes to an end in the bingo and LPM division, sustainable EBITDA will equal EBITDA soon.

Except for www.gbets.co.za, all Goldrush operations were completely shut in late March under lockdown regulations. Management acted early and aggressively, placing the business in position to weather a lockdown of reasonable duration. This required tremendous support from staff, suppliers, landlords and bankers, for which we thank them sincerely.

Goldrush resumed operations as of 1 July 2020, opening its bingo properties in a staggered way over the first three weeks of July. All sports-betting properties were opened and as at the time of writing, the LPM division, which is dependent on the opening of bars, taverns and hospitality properties, has activated over 1 000 machines.

Goldrush's equity value was obviously impacted by three months of lost income during lockdown. It is still unclear as to how the next year plays out, but in the context of a multi-decade business, three months of lost revenue is less painful than it currently feels. Goldrush remains a valuable, viable business – even in the context of the current South African economy. This is in no small measure due to the calibre of the management team of this company.

Outdoor Investment Holdings (Pty) Ltd ("OIH")

OIH is primarily focused on the outdoor and sport shooting industry. It serves the market through five big-box stores of national retailer Safari & Outdoor as well as wholesalers Inyathi Sporting Supplies and Formalito. This year, OIH also opened its second Family Pet Centre, an animal mega speciality store, with comprehensive on-site grooming and veterinary services.

Safari & Outdoor experienced a weaker second half of the year, while Inyathi and Formalito had a slightly better year. Family Pet Centre experienced further growth, validating the business model and opportunity.

The value of our investment in OIH reduced by 17,7%. The lower valuation reflects a combination of lower full-year profitability and higher debt at year-end. We have not changed our valuation multiple.

Seven years ago we bought 27% of OIH. Since then our shareholding has increased to 33% without us having to spend a further cent. This business has expanded substantially – both organically and via acquisition, it has bought back shares and it has paid dividends – all from internally generated cash. The management team has excelled in both managing the business and allocating capital.

With the exception of the Family Pet Centre, all of OIH's divisions were closed under the national lockdown, resuming trading under lockdown level 4. Since then, trading has been encouraging, but it is still too early to make any definite judgements.

More information on Safari & Outdoor can be found at www.safarioutdoor.co.za and for Family Pet Centre at www.familypetcentre.co.za .

JB Private Equity Partnership ("JB")

RAC owns and controls 90% of JB, an entity that has as its only investment a 37% stake in Unicorn Capital Partners Limited ("UCP"), a company listed on the JSE with interests in a range of mining services companies, as well as an anthracite mine.

During the year UCP experienced tough trading conditions in most divisions. RAC, together with certain other shareholders, extended loans to UCP in order to support the company.

After our year-end, on 23 July 2020, UCP's board announced that it had received a firm offer from JSE listed mining company Afrimat Limited ("Afrimat"), to acquire all of UCP's shares it does not already own, by way of a scheme of arrangement. If implemented, UCP shareholders will receive one Afrimat share for every 280 UCP shares held. RAC has indicated its irrevocable support for the transaction to both Afrimat and UCP.

In the table above, the value of our investment in UCP reduced by 21% over the financial year. However, this includes an increase in our loans to UCP and hides a 42% reduction in the value of our equity in the business.

Astoria Investments Ltd ("Astoria")

Astoria is a Mauritian-domiciled investment company which is listed in South Africa (JSE) and Mauritius (SEM). Astoria became a 100% subsidiary of RAC during the year on conclusion of a series of transactions. Frankly, even though these transactions enhanced RAC's NAV per share, they took too long.

Astoria's net assets at year-end consisted almost entirely of US$3.7m cash, having paid out a special dividend and a capital repayment during March 2020. This is also the value at which we carry Astoria.

As at the date of this letter, Astoria's underlying investments have mostly been converted to US Dollar cash, its board has been reconstituted, its investment policy amended and an investment manager appointed by the board. In short, Astoria is ready to proceed with the next step in its journey – that of being a listed investment company which focuses on investing in good companies, run by good management teams, acquired at good prices.

Astoria has also made its first investment, teaming up with a management team under the leadership of Benjamin Trisk to acquire the iconic retailer CNA from Edcon. Through this transaction, Astoria became a 70% shareholder in CNA Holdings, with management owning the balance. This transaction closed on 6 April, as Astoria elected to pursue the transaction despite South Africa being under level 5 lockdown at the time. We believe Astoria was able to do this transaction as a result of RAC's prior involvement with OIH, which provided us with first-hand experience of the issues that are specific to niche retailers.

Astoria will report going forward on the progress which is being made at CNA, but since Astoria is a 100% subsidiary of RAC, we will take the liberty of making the following comment:

Dedication by a focused management team, with a love and passion for their product, and substantial skin in the game has been met by generous support by suppliers, landlords, staff and the general public. It does not hurt that the purchase price was negligible. The one remaining ingredient for success, which remains missing at this stage, is a normal trading environment.

Astoria's current size does not justify a continued separate listing. Astoria's board is negotiating with RAC in order to acquire RAC's investments in and loans to Outdoor Investment Holdings, JB Private Equity, ISA Carstens, Transhex and Vehicle Care Group in exchange for shares in Astoria. This potential acquisition by Astoria is subject to a number of approvals and is expected to complete in the fourth quarter of 2020. The transaction will not have an effect on the NAV of RAC.

Once this transaction has completed, it is the RAC Board's intention to pursue a distribution of at least 90,1% of the Astoria shares RAC owns to its shareholders in the form of an in-specie dividend. After such distribution, Astoria shares can resume trading on both stock exchanges.

Announcements about these corporate actions will be made separately.

ISA Carstens Holdings SA (Pty) Ltd ("ISA")

ISA is a holding company for a private tertiary education institution which provides tuition in the health and wellness industry under the ISA Carstens brand. ISA has campuses, including boarding facilities for students, in Stellenbosch and Pretoria. Students pay their tuition fees in full, upfront.

ISA's student numbers increased by 6% to 410 in the 2020 academic year, after a 28% increase in the previous year on the back of healthy growth in student numbers at its Pretoria campus.

ISA owns large parts of its facilities. We value the properties and the school separately. The property value reduced as the new Pretoria student accommodation was only 50% occupied this year. We also increased our discount rate by 1%. The school value reduced as student numbers grew slower than expected and profitability was lower. The net result was that ISA's valuation reduced by 13%.

As at the date of writing, enrolments for the 2021 year are on par with where it was at the same time last year.

ISA continued its education program during lockdown. Final year students returned to campus for practical training from early July. The management and academic team at ISA have done a terrific job to ensure that students finish their academic year in time, with the same standards of education as always. The quality and practicality of an ISA Carstens qualification has been the major element that differentiated ISA in the market place for the past 40 years and we will not compromise on that.

More information about ISA Carstens can be found at www.isacarstens.co.za.

Trans Hex Group (Pty) Ltd ("Transhex")

Transhex is a holding company with assets comprising mostly of cash on its balance sheet and a 33% share in Somiluana, an alluvial diamond mine in Angola. Transhex also has the management contract for Somiluana. RAC owns 39,5% of Transhex

We value Transhex at its delisting price of R1/share, which approximates its NAV as at 31 March 2020, its financial year-end. Our investment is down 2,4% from last year.

As indicated in our update, lockdowns in various global diamond centres have brought the diamond trading business to a virtual halt. It is still pretty much impossible to sell any goods at close to a realistic price. The Angolan mine has been put on care and maintenance, until markets open up sufficiently. As the slogan says: "Diamonds are forever". Transhex's product has survived for millions of years already. We are happy to rather wait a few months longer in order to transact at prices that will ensure a profit, than sell at reduced prices for the sake of it.

Over the past year Transhex has been completely restructured and is now operating under a new – and much leaner – management team. We thank and applaud them for the hard work they have put in.

Transhex is well capitalised and able to withstand this pause in its operations.

Vehicle Care Group ("VCG")

Our investment in VCG is a good example of the benefit of RAC's structure. VCG was previously classified under "Other Investments" but has now moved into our Core Investment category. In this way we have been able to work with and support the management team since our investment whilst allowing them to get on with their business.

In August 2018 RAC teamed up with the management of what was then called "Asset Lending". Management bought control of their business and RAC became a 49.9% shareholder in the business.

At the time Asset Lending provided so-called 'floor finance' to second-hand car dealers in South Africa. Loans were made from its own balance sheet, secured against generous asset cover. Due to the nature of the business, these loans attract favourable interest rates.

Since then, the operating model has been changed to one where the loan book is part-funded by third party capital. This provides a faster growth path and improves profitability on the company's own capital.

Furthermore, through acquisitions and start-ups the business offering has expanded and the Vehicle Care Group was established. Asset Lending was renamed "VCG Invest" and three new divisions were added. The new VCG services include providing insurance, warranties and service plans to the vehicle trade (VCG Protect), acting as an intermediary for obtaining finance and insurance for customers of its group of dealer clients (VCG Finsure) and providing long term motor vehicle rentals to individuals (VCG Flexidrive). The group developed a comprehensive service offering for clients in the second-hand car market. There are many small businesses competing with parts of VCG, but the overall combination provides an opportunity to scale significantly.

VCG's activities were impacted by the national lockdown as the vehicle trade came to a complete standstill for just over three months. Even after the economy started opening up, activity in vehicle registration departments remains frustratingly slow. The team has done a great job at managing the business through this period. At the time of writing, all interest payments to funders have been made and capital to grow the book remains secure. Trade has resumed in the second-hand car market.

Our investment in VCG comprises a combination of equity and loans. The Fair Value has been reduced by 5,5% in the year as the value of loans to all our investee companies have been impaired to reflect uncertainty around the outcome of the COVID-19 pandemic.

RECM Flexible Value Hedge Fund

During the year the fund gained 1,7%. The core of the underlying portfolio remained similar during the year. The fund continues to find opportunities in situations where investor disgust or neglect is high, as well as illiquid or complicated situations. For the most part its investments fall completely outside the ambit of any Exchange Traded Fund, index tracker or other institutional investor.

The year provided a number of profitable transactions on the short side in the listed property sector as well as some large cap previous market darlings. Opportunities were also found in cash-arbitrage opportunities related to going private transactions. The market turmoil during the year also provided opportunities to add to unloved, illiquid smaller stocks.

More information about the RECM Flexible Value Hedge Fund can be found at www.recm.co.za.

Conduit Capital

RAC owns 2,1% of Conduit Capital, a listed specialist insurance and investment business.

This is a non-core investment for us. Recent corporate activity has reduced its attraction as an investment vehicle. Our shareholding reduced somewhat over the past year. We value Conduit at its listed price.

Our Structure

Our investment strategy plays an important role in our success – as does our structure. Control of the Company vests with the two of us, through our holding of all the ordinary shares of the company. Our third partner, Theunis, is a significant shareholder in the business.

When we interrogate our shareholders register, it appears that (jointly) our informal partnership is now the single largest shareholder in RAC. We have skin in this game. Since our last letter to you, we have strapped ourselves even tighter to this rocket, purchasing more preference shares in the market. If you ever wonder about which way potential conflicts in this business get resolved, we would refer you back to this section of our letter.

The three of us all have a very long investment horizon. We plan to remain invested in, and managing the affairs of RAC for a long time. Most investment partnerships do not last, as the partners have different views on important issues. Our partnership disagrees on many things, but not the important ones which relate to strategy and the future of RAC.

The Future

Last year we wrote: *"As we said for the past two years, negative economic environments increase the odds of RAC being able to buy good companies run by good people at a good price. This situation continues – in fact, it might even have become more pronounced in the past year. We have been able to add some interesting investments to our portfolio, which would not have been available in other circumstances."*

We would venture to say that the economic environment in South Africa deteriorated during the year, even before the effects of various responses to the COVID-19 pandemic. None of the recent acquisitions in the group, being VCG, its insurance subsidiary and the acquisition of CNA by Astoria (the last two transactions which closed during lockdown) would have been available to us, let alone at the prices we paid, in other circumstances. All we had to do was to be prepared to put in the effort and sign the agreements.

With our structure in place, Astoria well on its way towards becoming a stand-alone investment company, and circa R100m cash on our balance sheet, we consider ourselves well placed to tackle the next ten years. Depending on the opportunities, that R100m might not be enough though. It helps that the group has at its core Goldrush, a business that could conceivably become a dividend machine, able to fund investments either into more of its own opportunities, or other investments for its shareholders.

Appreciation

We acknowledge and thank the employees, staff and management of the various businesses for the sacrifices they have made together with us, in order to steer their businesses through the fall-out from the COVID-19 pandemic. Most of our investees have also received support from suppliers, landlords, bankers, funders and clients. The various management teams have been able to deal with their different stakeholders in the best possible way. For our part, our only contribution was to encourage them to rather be part of the solution than being part of the problem. In a few cases we facilitated the sharing of crucial knowledge and insights between the various teams as they all worked to find solutions for problems that arose from the lockdown.

An experienced, strongly independent director is invaluable. If possible, even more so today. Once more, the board has concluded that Gerhard, Trent and Zanele exercise objective judgement in fulfilling their duties as independent non-executive directors. We can never pay them enough for the sterling job they do of providing sounding boards and guidance, not to mention the annual probity process they are subjected to as directors of the owner of a gaming company. We are proud to be associated with them.

Finally, thank you to our shareholders. This year it is only appropriate that we highlight our founding shareholders ten years ago. It is gratifying to still see many of your names on our share register – in many cases now with more shares next to your name. We consider ourselves in good company and appreciate the opportunity you have given us to build and grow RAC for us all. We are as excited about the future as the day we listed RAC in 2010. Excitement might be contagious, but knowledge and experience compounds.

As always, we want to leave you with the reminder: If you are involved in any business that meets our investment criteria and that needs capital or a responsible owner with a long-term orientation, please give one of us a call. We can't promise you a deal, but we can promise you a quick answer. You will be surprised how many opportunities have already come our collective way due to the vigilance of our shareholders and their networks.

SHAREHOLDERS' MEETING WITH EXECUTIVE DIRECTORS

This year the customary meeting of RAC preference shareholders with executive directors will be held at 11:00 on Wednesday 19 August via a Microsoft Teams Webinar. As always, we will answer all your questions, even if it takes all day. This is the one opportunity that our fellow shareholders have to ask questions of us in the year. We want to make the most of it.

You will be able to post questions live during the webinar. Or better yet – get in front of the queue and send your questions ahead of time to info@racltd.co.za.

You don't need to be a shareholder to attend. We welcome anybody that is interested in RAC.

In order to attend, please use the following link at the appropriate time. You don't have to have Microsoft Teams installed on your computer. You will have an option to join in your web browser. The link to the meeting is also on our website at www.racltd.co.za or email info@racltd.co.za to request a link to join.

Piet Viljoen
Executive Chairman

Jan van Niekerk
Executive Financial Director

Statement of financial position

at 31 March 2020

	Notes	2020 R	2019 R
ASSETS			
Non–current assets		**1 039 940 624**	1 376 853 748
Investments	5	**1 039 940 624**	1 376 853 748
Current assets		**831 671**	1 000 735
Investments	5	**810 323**	969 658
Trade and other receivables		**–**	9 860
Cash and cash equivalents		**21 348**	21 217
Total assets		**1 040 772 295**	1 377 854 483
EQUITY AND LIABILITIES			
Equity		**1 039 844 613**	1 376 962 756
Share capital – ordinary shareholders		**18 206 250**	18 206 250
Share capital – preference shareholders		**506 296 000**	506 296 000
Retained income		**515 342 363**	852 460 506
Liabilities			
Current liabilities		**927 682**	891 727
Trade and other payables		**926 662**	889 297
Current tax payable		**1 020**	2 430
Total equity and liabilities		**1 040 772 295**	1 377 854 483
Net asset value			
Net asset value attributable to ordinary shareholders	7	**76 234 942**	100 950 349
Net asset value attributable to preference shareholders	7	**963 609 671**	1 276 012 407
Net asset value per ordinary share (cents)	7	**2 033**	2 692
Net asset value per preference share (cents)	7	**2 033**	2 692

Statement of comprehensive income

for the year ended 31 March 2020

	Notes	**2020** **R**	2019 R
Income		**1 572 101**	1 523 370
Operating expenses		**(1 757 096)**	(1 698 371)
Operating loss		**(184 995)**	(175 001)
Fair value loss on subsidiary		**(336 913 124)**	(43 314 549)
Loss before taxation		**(337 098 119)**	(43 489 550)
Taxation		**(20 024)**	(227 661)
Loss for the year		**(337 118 143)**	(43 717 211)
Other comprehensive income for the year net of taxation		**–**	–
Total comprehensive income		**(337 118 143)**	(43 717 211)
Earnings per share			
Per share information (ordinary and preference)			
Basic and diluted (loss)/earnings per share (cents)	6	**(659)**	(85)

Statement of changes in equity

for the year ended 31 March 2020

	Ordinary share capital R	Preference share capital R	Retained income R	Total shareholders' equity R
Balance at 31 March 2018	18 206 250	506 296 000	896 177 717	1 420 679 967
Total comprehensive income	–	–	(43 717 211)	(43 717 211)
Balance at 31 March 2019	**18 206 250**	**506 296 000**	**852 460 506**	**1 376 962 756**
Total comprehensive income	**–**	**–**	**(337 118 143)**	**(337 118 143)**
Balance at 31 March 2020	**18 206 250**	**506 296 000**	**515 342 363**	**1 039 844 613**

Statement of cash flows

for the year ended 31 March 2020

	2020 R	2019 R
Cash flows from operating activities		
Cash utilised in operations	**(1 709 871)**	(1 641 802)
Interest income	**436**	773
Dividends received	**–**	500 000
Tax paid	**(21 434)**	(3 866)
Net cash outflow from operating activities	**(1 730 869)**	(1 144 895)
Cash flows from investing activities		
Sale of investments	**1 731 000**	1 130 868
Net cash inflow from investing activities	**1 731 000**	1 130 868
Net movement in cash and cash equivalents	**131**	(14 027)
Cash and cash equivalents at the beginning of the year	**21 217**	35 244
Cash and cash equivalents at the end of the year	**21 348**	21 217

Selected notes to the abridged annual financial statements

1. BASIS OF PREPARATION

The summary financial statements are prepared in accordance with the requirements of the JSE Limited Listings Requirements for abridged reports, and the requirements of the Companies Act applicable to summary financial statements. The Listings Requirements require abridged reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS), 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 financial statements, from which the summary financial statements were derived, are in terms of International Financial Reporting Standards and are consistent with the accounting policies applied in the preparation of the audited annual financial statements.

These abridged annual financial statements do not contain as much detailed information and disclosures as the audited annual financial statements and should therefore not be considered as a substitute for reading the audited financial statements.

2. GROUP STRUCTURE

RECM and Calibre Limited ("RAC") was established in 2009 as a closed-end investment entity that makes long-term investments, with the objective of generating high real returns from capital appreciation, investment income or both. Investments can be listed or unlisted, public or private, and there are no limits as to the geographic location.

Given that the investment infrastructure of RAC has been set up to facilitate investments and funding in the most efficient manner, investments are made either through fully owned subsidiaries incorporated in South Africa, being RAC Investment Holdings (Pty) Ltd ("RIH") and Livingstone Investments (Pty) Ltd ("Livingstone"), or directly.

Given that the majority of investments are held through RIH, RAC has provided the fair value disclosure in two parts in note 5. Notes 5.1 and 5.3 disclose the investment in RIH as required by IFRS and notes 5.2 and 5.4 provide additional disclosures that the directors deem useful by looking through RIH and RIH's wholly owned subsidiary Livingstone to the underlying investments. All fair value movements on the investment in RIH are recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES

Assessment as investment entity

Entities that meet the definition of an investment entity within IFRS 10 are required to measure their subsidiaries at fair value rather than consolidate them. The criteria, which define an investment entity, are as follows:

- an entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- an entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- an entity that measures and evaluates the performance of substantially all its investments on a fair value basis (refer to note 5 for additional disclosures relating to fair value).

Based on the above, the Company is considered to meet all three conditions of the definition and, hence, qualifies as an investment entity. Consolidated Financial Statements are, therefore, not prepared.

In line with RAC carrying its investment in RIH at fair value, RAC has also applied the exemption in IAS 28 to carry any interests in associates and joint ventures at fair value through profit or loss. Such application is applied consistently due to the fact that the Company is an investment entity and evaluates its investments on a fair value basis. The Company reports to its investors via annual and semi-annual results and to its management, via internal management reports, on a fair value basis. All investments are reported at fair value to the extent allowed by IFRS in the Company's annual report.

The Board has also concluded that the Company meets the additional characteristics of an investment entity, in that it has exposure, directly or indirectly, to more than one investment; the investments are predominantly in the form of equities and similar securities; and its investors are not related parties. These conclusions will be reassessed on an annual basis, if any of these criteria or characteristics change.

Selected notes to the abridged annual financial statements

continued

4. AUDIT OPINION

This abridged report is extracted from audited information, but is not itself audited. The annual financial statements, which exclude the shareholders' letter, were audited by Ernst & Young Inc., who expressed an unmodified opinion thereon. The audited annual financial statements and the auditor's report thereon are available for inspection at the company's registered office. The Directors take full responsibility for the preparation of the abridged report and that the financial information has been correctly extracted from the underlying annual financial statements.

The audited financial statements, which were prepared under the supervision of the FD, Jan van Niekerk, are available for inspection at the Company's registered office and will be included in the Integrated Annual Report 2020 available for download from www.racltd.co.za.

	2020 R	2019 R
5. INVESTMENTS		
Fair value hierarchy of financial assets		
Level 2		
Class 4 – Money market fund	**810 323**	969 658
	810 323	969 658
Level 3		
Class 5 – Unlisted shares – Unquoted – fair value through profit or loss	**1 039 940 624**	1 376 853 748
	1 039 940 624	1 376 853 748
Total financial assets at fair value	**1 040 750 947**	1 377 823 406
Total assets at fair value through profit or loss	**1 040 750 947**	1 377 823 406
Non-current assets – fair value through profit or loss	**1 039 940 624**	1 376 853 748
Current assets – fair value through profit or loss	**810 323**	969 658
Total investments	**1 040 750 947**	1 377 823 406
Management classifies money market fund as current and other investments as non-current.		
Level 3 reconciliation		
Opening balance	**1 376 853 748**	1 420 152 165
Purchases	**–**	16 132
Loss on investments recognised in profit or loss	**(336 913 124)**	(43 314 549)
Closing balance	**1 039 940 624**	1 376 853 748

5. INVESTMENTS continued

Level 1

Class 1 financial assets are valued at the listed price per the exchange on which they trade.

Level 2

Class 3 financial assets are valued based on the price of the underlying assets.

Class 4 financial assets are valued by taking the following market observable data into account and applying them to the holdings:

- credit spread of the institution at which the funds are held
- any difference in the interest rate earned and what is available in the market

Class 6 financial assets are unlisted shares valued at the last traded price between third parties if the transaction occurred within the last 6 months.

Level 3

Class 5 unlisted unquoted shares are valued using a number of valuation techniques based on the following unobservable market data for each investment as applicable:

- Net profit of investee
- Equity and net debt of investee
- Return on capital
- Price/Earnings ratio
- Expected cash flows
- NAV of the investee if it recognises its assets and liabilities at fair value

Management uses the above information in multiple valuation techniques as applicable by comparing the investee information to similar type entities in the listed market. The nature of the fair value calculations means that there is a range of reasonable possible alternative outcomes for the fair values as they are sensitive to indirect and direct quantifiable inputs.

There have been no significant changes to the inputs to the fair valuation calculations of the investments to which RAC is exposed. RIH has continued to be valued based on its NAV which is driven by the valuation of the underlying investments. Management is responsible for preparing the valuations which are reviewed by the Audit and Risk Committee and approved by the Board.

5. INVESTMENTS continued

In terms of IFRS, RAC is an Investment Entity, and therefore no consolidated results are required to be prepared. IFRS requires the fair value disclosure to be prepared at the Unit of Account Level (i.e.: at the level of shares that RAC owns and those are shown above). The Board of Directors has provided the following disclosures looking through the 100% held subsidiaries, RIH, Livingstone and Astoria Investments Ltd ("Astoria") to the underlying investments. In addition, a summary of the NAV of RIH as well as the underlying valuation techniques and sensitivities have been provided.

	2020 R	2019 R
Fair value hierarchy of financial assets held by RAC Investment Holdings (Pty) Ltd, Livingstone Investments (Pty) Ltd and Astoria Investments Ltd		
Level 1		
Class 1 – Listed shares – Quoted	**8 302 500**	533 319 428
	8 302 500	533 319 428
Level 2		
Class 3 – Hedge fund	**38 089 199**	37 471 361
Class 4 – Money market fund	**39 609 729**	12 443 554
Class 6 – Unlisted shares – Last traded price – fair value through profit or loss	**36 474 981**	–
	114 173 909	49 914 915
Level 3		
Class 5 – Unlisted shares – Unquoted – fair value through profit or loss	**1 022 528 388**	1 350 945 307
	1 022 528 388	1 350 945 307
Total financial assets at fair value	**1 145 004 797**	1 934 179 650
Non-current assets	**39 609 729**	1 921 736 096
Current assets	**1 105 395 068**	12 443 554
Total investments	**1 145 004 797**	1 934 179 650
Summary of Net Asset Value of RIH, Livingstone and Astoria		
Total investments from above	**1 145 004 797**	1 934 179 650
Loans and receivables	**81 625 260**	91 377 348
Cash and cash equivalents	**69 905 533**	43 532 573
Deferred tax	**(809 467)**	(110 178 022)
Contingent consideration and options	**–**	16 616 415
Loans and payables	**(5 712 804)**	(248 329 362)
Preference shares	**(250 072 695)**	(350 344 854)
Net asset value of RIH, Livingstone and Astoria	**1 039 940 624**	1 376 853 748

5. INVESTMENTS continued

5.1 Description of significant unobservable inputs and their sensitivities of investments held by RAC (level 3 investments)

31 March 2020

	Valuation technique	Fair value Rm	Significant unobservable inputs	Range	Sensitivity
RAC Investment Holdings ("RIH")	NAV	1 039,9	Earnings and multiple of the underlying investments (refer to breakdown below)	N/A	A change in the valuation techniques as documented below would result in an increase in fair value of approximately R203,4m or decrease in fair value of approximately 201,9m.

5.2 The below table shows the sensitivities per underlying investment held by RIH as if these were held directly by RAC (level 3 investments)

Outdoor Investment Holdings	Multiple	79,3	PBIT	6	A change in multiple by 1 would result in a change in fair value of approximately R22,3m.
Goldrush Group	Multiple	858,1	Sustainable EBITDA	7	An increase or decrease in the EBITDA multiple by 1 would result in a change in fair value of approximately R167,1m.
JB Private Equity Investors Partnership	NAV	47,1	N/A	N/A	The NAV of the JB Private Equity Investors Partnership is directly linked to the underlying investment in Unicorn Capital Partners Limited (which is listed on the JSE) and it is not currently significantly impacted by any fair value adjustment to trade and other payables and therefore NAV of the JB Private Equity Investors Partnership is considered to be fair value. A 10% upward or downward movement in the Unicorn Capital Partners share price would have a R4,7m impact on the Partnership NAV.
ISA Carstens (excluding non equity investments)	Multiple	28,6	PAT	6	A change in multiple up or down by 1 would results in a change in fair value of approximately R0,9m.
	Capitalisation rate		Rent received	8,5% – 9,5%	An increase in the capitalisation rate by 1% would result in a decrease in fair value of approximately R6m whereas a decrease in the capitalisation rate by 1% would result in an increase in fair value of approximately R7,5m.
IASeminars SA	Multiple	9,1	Sales	0,4	A change in multiple by 10% would result in a change in fair value of approximately R0,9m.
Other level 3 investments		**0,3**			
Total		**1 022,5**			

5. INVESTMENTS continued

5.3 Description of significant unobservable inputs and their sensitivities of investments held by RAC (level 3 investments).

31 March 2019

	Valuation technique	Fair value Rm	Significant unobservable inputs	Range	Sensitivity
RAC Investment Holdings ("RIH")	NAV	1 377	Earnings and multiple of the underlying investments (refer to breakdown below)	N/A	A change in the valuation techniques as documented below would result in a change in fair value of R220m.

5.4 The below table shows the sensitivities per underlying investment held by RIH as if these were held directly by RAC (level 3 investments)

Outdoor Investment Holdings	Multiple	96,3	PBIT	6	A change in multiple by 1 would result in a change in fair value of approximately R23,1m.
Goldrush Group	Multiple	1 089,3	EBITDAR	7	An increase or decrease in the EBITDAR multiple by 1 would result in a change in fair value of approximately R175,3m.
JB Private Equity Investors Partnership	NAV	82,5	N/A	N/A	The NAV of the JB Private Equity Investors Partnership is directly linked to the underlying investment in Unicorn Capital Partners Limited (which is listed on the JSE) and it is not currently significantly impacted by any fair value adjustment to trade and other payables and therefore NAV of the JB Private Equity Investors Partnership is considered to be fair value. A 10% upward or downward movement in the Unicorn Capital Partners share price would have a R8,2m impact on the Partnership NAV.
ISA Carstens (excluding non equity investments)	Multiple	35,2	Sustainable PAT	3	A change in multiple up or down by 1 would results in a change in fair value of approximately R5m.
	Capitalisation rate		Rent received	9%	A change in the capitalisation rate up or down by 1% would result in a change in fair value of approximately R3,8m.
SA College	Multiple	41,9	Sales	0,8	A change in multiple by 10% would result in a change in fair value of approximately R4,6m.
Other level 3 investments		**5,9**			
Total		**1 351,10**			

5. INVESTMENTS continued

Factors that were considered in all valuations include the current market conditions, the invested market segment, and any interest rate uncertainty. The nature of fair value calculations being somewhat subjective and sensitive to direct and indirect quantifiable inputs means that there is a range of reasonably possible alternative outcomes for the fair values of these investments. Where we have influence over our investee companies, we plan to play an active role in the long-term strategy of the Company, ensuring that our interests are aligned.

Goldrush

In valuing Goldrush for the period since initial investment up until 31 March 2019, sustainable EBITDAR (earnings before interest, tax depreciation, amortisation and machine rentals) was used as the yardstick with which to measure the progress of the business. A multiple of 7 was applied to this yardstick to get to the enterprise value of Goldrush. The multiple of 7 anticipated some years of accelerated growth in earnings resulting from the nearly complete capital investment plan in both the bingo and LPM divisions.

In calculating sustainable EBITDAR, the costs incurred when opening new sites and the start-up operating losses of bingo properties were consistently added back each year.

From the beginning of this financial year, the valuation method was amended to reflect the maturing of the business. Rentals are now included in the earnings calculation and RAC adopted sustainable EBITDA, rather than EBITDAR, as the yardstick.

The enterprise value calculated at 7 times sustainable EBITDAR at the end of the 2019 financial year, provided the same value as when a 9 times multiple was applied to sustainable EBITDA. Accordingly, Goldrush was valued at 9 times sustainable EBITDA at 30 September 2019 for RAC's interim results. This multiple still reflected our view of accelerated growth at Goldrush because of the prior capital expenditure rolling out the bingo and LPM divisions.

In our year-end valuation, because of the COVID-19 uncertainty, we removed any immediately anticipated growth expectation and valued Goldrush on 7 times sustainable EBITDA. The chosen multiple of 7 times is:

- lower than the 25-year average EBITDA multiples of comparable listed South African gaming operators, which range between 7.2 and 9.2; and
- lower than the EBITDA multiples at which true arms-length transactions in the gaming industry happened in the past few years, mostly being around 8 times EBITDA.

As Goldrush's capital investment program comes to an end in the bingo and LPM division, sustainable EBITDA will equal EBITDA soon.

Outdoor Investment Holdings

We continue to value OIH on a multiple of 6 x PBIT (profit before interest and tax) as we have done for the last 3 years. Given the specialist nature of OIH and there not being much reliable comparative data for such a business in South Africa, our multiple is based on our best estimate of the long-term growth prospects of the business taking into account the overall economy and ALSI. It takes into account that part of the business has matured (Safari and Outdoor) with less opportunity to outperform the general economy as well as the potential for the likes of the Family Pet Centre to experience faster growth as their levels of customers grow from a relatively small base.

ISA Carstens

The two main valuation drivers of the ISA Carstens group are the Education Services it provides as well as the properties that it owns. For the valuation of the properties, independent specialist property valuers were appointed to determine the values of the properties. The capitalisation rates used for the valuation of the properties of between 8,5% and 9,5% are well within the industry rates and therefore we felt no need to make any change to the values of properties as determined by the specialists. For the valuation of the Education Services, we applied a multiple of 6 to PAT (profit after tax). Whilst this is lower than many of the listed education businesses, it provides a better long-term view of the business.

		2020	2019
6.	**EARNINGS AND HEADLINE EARNINGS PER SHARE**		
	Earnings and headline earnings per shares are based on the (loss)/profit attributable to ordinary and preference shareholders in issue during the year.		
	Number of shares in issue at year-end		
	Ordinary shares	**3 750 000**	3 750 000
	Preference shares	**47 400 000**	47 400 000
	Reconciliation of issued shares to weighted average number of shares		
	Ordinary shares (opening and closing balance)	**3 750 000**	3 750 000
	Preference shares (opening and closing balance)	**47 400 000**	47 400 000
	Total weighted average number of shares	**51 150 000**	51 150 000
	Earnings		
	Net loss after tax	**(337 118 143)**	(43 717 211)
	Headline earnings	**(337 118 143)**	(43 717 211)
	Basic and diluted earnings per ordinary and preference shares (cents)	**(659)**	(85)
	Basic and diluted headline earnings per ordinary and preference shares (cents)	**(659)**	(85)
7.	**NET ASSET VALUE PER SHARE**		
	Net asset value per share is calculated by dividing the net asset value attributable to each class of share by the number of shares in issue as at year end. Given the ordinary and preference shares have the same rights to the net asset value of the company, net asset value per share is the same for both classes.		
	Number of shares in issue at year-end		
	Ordinary shares	**3 750 000**	3 750 000
	Preference shares	**47 400 000**	47 400 000
	Net asset value attributable to ordinary shareholders	**76 234 942**	100 950 349
	Net asset value attributable to preference shareholders	**963 609 671**	1 276 012 407
	Net asset value per ordinary share (cents)	**2 033**	2 692
	Net asset value per preference share (cents)	**2 033**	2 692

8. SUBSEQUENT EVENTS

Subsequent to year-end the following significant transactions have occurred in RIH and Livingstone:

- Astoria appointed RAC Advisory (Mauritius) Limited as its Investment Manager as from 5 May 2020;
- Afrimat Limited issued a letter of firm intention to the Board of Unicorn Capital Partners Limited to acquire all the shares in Unicorn Capital Partners Limited, which it does not already own. JB Private Equity Investors Partnership has provided an irrevocable undertaking to vote in favour of the offer from Afrimat Limited;
- Subsequent to year-end, RIH received an indicative term sheet from Absa to extend the repayment date on the preference shares from 30 October 2020 to 29 October 2021 as well as to reduce the dividend rate, which is still to be finalised along with the signing of the updated agreements.
- For subsequent events relating specifically to COVID-19, please refer to note 9.

9. COVID-19

The worldwide outbreak of COVID-19 during mid-January 2020 and various governments' actions to try and curtail the spread of the virus, has had a significant negative impact on the world's economies, including South Africa.

At this stage of the outbreak, a high level of uncertainty exists regarding the impact on the global and the South African economy as a result of the numerous lockdowns that have been implemented.

As at the time of signing these financial statements, South Africa has started to lift lockdown restrictions to varying degrees.

Whilst the effects of the COVID-19 outbreak and the resulting national lockdown have had no direct negative impact on the company from an operational perspective, the Directors of RAC have considered if any additional financing is required as well as the cash flow requirements for the next 12 months. At this stage, no additional financing is required, and the company remains a going concern.

The underlying investee businesses have been impacted to varying degrees, of which a short summary is provided below.

Goldrush

As from 25 March 2020, all of Goldrush's properties were closed which reduced EBITDA (earnings before interest, tax, depreciation and amortization) (our primary input for determining the Enterprise Value of Goldrush) for the year ended 31 March 2020. Its online offering, through www.gbets.co.za remained in operation and it experienced a marked increase in activity over the last three months. This is still however a small part of the total business and is unlikely to make a meaningful difference to the fortunes of the group any time soon. The Goldrush management team acted very early and pro-actively to secure the financial stability of the group by obtaining support from the group's bankers, landlords, major suppliers and all staff who took significant salary sacrifices. Goldrush started opening some of its sites as from 1 July 2020 which was earlier than originally expected. Whilst the level of daily turnover does not match pre-lockdown levels, the current levels of turnover are sufficient to see the group through the current lockdown levels without the requirement of further capital from shareholders or debt funders.

Outdoor Investment Holdings ("OIH")

All of OIH's stores, with the exception of the two Family Pet Centres, were closed under the initial lockdown, but resumed trading under lockdown level 4, which was earlier than management originally planned for. As with the other businesses, staff, suppliers and their bankers have been supportive of the business. Encouraging numbers of customers have returned to the stores since they reopened.

9. COVID-19 (continued)

ISA Carstens (”ISA”)

ISA’s campuses closed in line with other tertiary institutions in March. The education team activated its online learning platform and teaching of the students continued. The flow of the annual curriculum for all students has been re-organised in order to ensure that the theoretical part of the training is being done while the lockdown is in place. Some students have returned to campus in the third academic term of the year to complete their practical training. ISA has been able to continue to meet its obligations in teaching its students and therefore it would appear at this stage that the impact of COVID-19 on ISA has been limited.

Astoria Investments Limited (“Astoria”)

As announced in Astoria’s quarterly results, all conditions for Astoria’s purchase of CNA from Edcon were fulfilled as of 7 April 2020, and Astoria is now a 70% shareholder of CNA Holdings (Pty) Ltd, a new company that was set up to house the business of CNA. Stores opened for trading subject to lockdown regulations. CNA has received overwhelming support from landlords, suppliers and staff during this period. CNA has experienced encouraging levels of trading after lockdown regulations in South Africa have been somewhat relaxed.

Unicorn Capital Partners (“UCP”)

Unicorns main businesses, being the Nkomathi Anthracite mine, JEFF and Geosearch, were all negatively impacted as a result of the lockdown but started trading under level 4. Operations have slowly been ramping up but remain well below normal levels.

Transhex

Lockdowns in various global diamond centres have brought the diamond trading business to a virtual halt. The Angolan mine has been put on care and maintenance to reduce the variable costs and preserve the cash balances. The mine will remain as such until markets open up again. The company should have sufficient cash to meet its requirements until the diamond markets begin trading again.

What the underlying investees all have in common is that they have been able to proactively manage the initial impact of the lockdown as well as amend their business practices to operate safely and efficiently post lockdown in South Africa.

As expected, the investees have all seen decreased revenues with some corresponding reduction in costs and whilst it is encouraging to see the lockdown being lifted and businesses starting to operate once again, it is still too early to say how long it will take for operations to return to levels as seen prior to the lockdown. At this stage, the investee companies all remain going concerns as a result of the efforts of their management teams.

Invitation to Preference Shareholders' meeting with Executive Directors

RECM AND CALIBRE

RECM and Calibre Limited
(Incorporated in the Republic of South Africa)
(Registration number 2009/012403/06)
Preference share code: RACP • ISIN: ZAE000145041
("RAC" or "the Company")

This year the meeting of RAC preference shareholders with executive directors will be held at 11:00 on Wednesday 19 August via a Microsoft Teams Webinar. You don't need to be a shareholder to attend.

In order to attend, please use the following link at the appropriate time. You don't have to have Microsoft Teams installed on your computer. You will have an option to join in your web browser.

The link to the meeting is also on our website at www.racltd.co.za or you can email info@racltd.co.za to request a link to join.

As always, we will answer all your questions, even if it takes all day. This is the one opportunity that our fellow shareholders have to ask questions of us in the year. We want to make the most of it.

You will be able to post questions live during the webinar, or you can send your questions before the time to info@racltd.co.za.

G Simpson
Company Secretary

Corporate information

RECM AND CALIBRE LIMITED

("RAC" or "the Company")

COUNTRY OF INCORPORATION AND DOMICILE

South Africa

NATURE OF BUSINESS AND PRINCIPAL ACTIVITIES

Investments as principal activities

COMPANY REGISTRATION NUMBER

2009/012403/06

PREFERENCE SHARE CODE

RACP

ISIN

ZAE000145041

DIRECTORS

T de Bruyn (*Non-Executive Director*)

Z Matlala (*Independent Non-Executive Director*)

T Rossini (*Independent Non-Executive Director*)

JG Swiegers (*Lead Independent Non-Executive Director*)

JC van Niekerk (*Executive Financial Director*)

PG Viljoen (*Executive Chairperson*)

COMPANY SECRETARY

G Simpson

FINANCIAL STATEMENTS INTERNALLY COMPILED BY

D Schweizer – Chartered Accountant (S.A.)

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