



GRAND PARADE

INVESTMENTS LIMITED

2021

SUMMARISED

AUDITED
ANNUAL FINANCIAL
STATEMENTS AT
30 JUNE 2021



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LEVEL OF ASSURANCE

These Summarised Financial Statements are not audited but are extracted from the Annual Financial Statements that have been audited in compliance with the applicable requirement of the Companies Act (No. 71 of 2008) of South Africa.

INTRODUCTION

The 2021 financial year was impacted by the second wave of COVID-19 infections and the associated level 3 restrictions which were in place from December 2020 to February 2021. The restrictions and the general uncertainty following the second COVID-19 wave had a significant impact on the Gaming assets which in turn affected the group earnings. Notwithstanding the challenging trading conditions, the Gaming assets displayed signs of recovery. Sun Slots in particular has been buoyant and has recovered to pre COVID-19 levels and has resumed dividend payments. Overall headline loss for the year reduced as a result of the increase in earnings contribution from the Gaming assets and a significant reduction of the loss from the Food assets. Year to date headline loss contributions from the Foods businesses reduced by R17 million while the year to date headline loss contribution from the Gaming assets improved by R4.0 million. Overall headline loss for the group reduced by R35 million over the year.

GPI's Gaming assets consist of its interest in SunWest, Worcester Casino and Sun Slots. At the start of the financial year these assets resumed trading under extremely strict trading conditions including capacity restrictions, a ban on the sale of alcohol and early curfews. From July to November 2020 these restrictions were gradually lifted which improved the performance of the assets. However, in December 2020 further restrictions were imposed to mitigate the spread of the second wave of COVID 19 infections which eroded all gains made in the first half of the year. SunWest was particularly affected by the disruption in trading and although showing signs of recovery only managed to achieve 52% of 2019 Gross Gaming Revenue (GGR). Sun Slots on the other hand was resilient during these extremely challenging conditions. Revenue was marginally (5%) down on pre-COVID levels. The business is generating positive cash and has resumed dividend payments. For the financial year Sun Slots declared a R240 million dividend (2020: R110 million) resulting in a dividend to the Group of R72 million (2020: R33 million).

The Foods business reduced its headline loss by R17.0 million from a loss of R60.3 million in the prior period to a loss of R43.2 million in the current period. Burger King continued to perform well despite the COVID-19 challenges noted above with comparative sales up 5.9% compared to the prior period (excluding non-trading months). Despite the revenue growth profitability in the business is a concern with gross margins down 2% compared to the prior year due to a shift in sales to home delivery. The business has recently launched its own delivery platform which will assist in mitigating the decrease in profitability. Mac Brothers had a challenging year with revenue down R25.1 million for the year at a Group level. Despite this, the improvement in operational expenditure of R8.4 million, due to the restructure of the business.

GROUP FINANCIAL REVIEW

The Group uses headline earnings to assess the underlying investment contributions to the Group's earnings. The reason for using headline earnings is that it eliminates the one-off effects of the Group's investment activities and therefore provides a comparable view of the Group's continuing earnings.

GPI reported a significant reduction in its headline loss of 56%. Headline loss decreased from a loss of R61.7 million in the prior year to a loss of R27.0 million at the end of June 2021.

The main contributors to the reduction in headline loss are:

- Burger King's headline contribution improved by R11.8 million during the year from a loss of R25.5 million in the prior period to a loss of R13.7 million in the current period.
- Mac Brothers' loss contribution for the period improved by R18.0 million from R41.0 million in the prior period to R23.0 million in the current period, despite a significant decrease in sales as a direct result of the COVID-19 pandemic. The improvement can be attributed to the sharp decrease in operating costs of R8.7 million compared to the prior period.
- The gaming assets' headline earnings contribution increased by R4.0 million from R69.0 million in the prior period to R73.0 million in the current period. The increase in earnings is largely due to the recovery of Sun Slots and Infinity Gaming in the current year against prior year which was offset by a deterioration of earnings from Sunwest.
- The Investment in Spur accounted for a decline of R7.2 million during the current year. No dividends were received from Spur in the current year as they were preserving cash during this period.
- Grand Foods Meat plant increased its headline loss contribution by R5.6 million.
- The savings associated with the liquidation and subsequent closure of Dunkin' Donuts and Baskin-Robbins led to a reduction in the loss contribution of Dunkin' and Baskin-Robbins of R7.0 million.
- Central cost decreased by R6.6 million in the current period largely as a result of reduced finance cost and cost saving initiatives offset by higher transaction costs as a result of the Burger King transaction. Furthermore there was unrecognised tax amounting to R3.4 million in properties in the prior period.

The table below reflects the contribution each investment made to Group headline earnings:

	30 June 2021 R'000s	30 June 2020 R'000s	Movement R'000s	%
Food	(43 241)	(60 256)	17 015	28
Burger King	(13 709)	(25 501)	11 792	46
Mac Brothers	(22 968)	(40 986)	18 018	44
Spur	(73)	7 077	(7 150)	(101)
Grand Foods Meat Plant	(6 491)	(846)	(5 645)	(667)
Gaming	72 978	68 954	4 024	6
SunWest	25 249	39 899	(14 650)	(37)
Sun Slots	44 770	30 744	14 026	46
Worcester Casino	1 389	(50)	1 439	–
Infinity Gaming Africa	1 570	(1 639)	3 209	–
Central costs	(56 765)	(63 396)	6 631	10
Corporate costs (excluding Transaction costs, legal fees, tax and finance cost)	(32 695)	(34 094)	1 399	4
Transaction costs, legal fees and taxation	(16 467)	(11 475)	(4 992)	(44)
Net corporate finance costs	(10 564)	(13 394)	2 830	21
GPI Properties	2 961	(4 433)	7 394	167
Continuing operations	(27 028)	(54 698)	27 670	51
Discontinued operations	–	(6 963)	6 963	100
Dunkin Donuts	–	(3 549)	3 549	100
Baskin Robbins	–	(1 686)	1 686	100
Grand Bakery	–	(1 728)	1 728	100
Headline (loss)/earnings after tax	(27 028)	(61 661)	34 633	56

Dividends

No dividends were declared and paid during the financial year.

Capital structure

The Group reduced its debt by R26.3 million during the year due to a repayment of R16.1 million on its preference debt and R10.1 million on its term loan and finance leases.

	30 June 2021 R'000s	30 June 2020 R'000s	Movement R'000s	%
Holding company facilities	186 970	203 095	(16 125)	8
Sunwest Preference shares	186 970	203 095	(16 125)	8
Spur Preference shares	–	–	–	–
Subsidiary facilities	44 846	54 972	(10 126)	18
GPI Properties Term loans (Mortgage)	43 365	53 491	(10 126)	19
Mac Brothers Finance leases	1 125	1 125	–	–
Burger King Finance leases	356	356	–	–
Total debt	231 816	258 067	(26 251)	10
Debt/EBITDA	1.81	5.19	(3.38)	(65)
Debt/equity	13.8%	15.3%	1.50%	9.15

REVIEW OF INVESTMENT OPERATIONS

FOOD

Burger King

Burger King's total revenue for the year grew to R1.349 billion compared to R1.010 billion in the prior year.

Average monthly restaurant revenues (ARS) increased by 31% from R0.896 million last year to R1.171 million this year, largely as a result of the strong growth in Drive Thru ARS (2020: R1.109 million 2021: R1.438 million)

The current financial period observed substantial changes in consumer traffic trends. Comparative (comparison of stores trading for a full 12 months) Traffic: 2021: -4.5%; 2020: -11.0%.

The changes in service mode mix towards Home Delivery (2021: 15.0% from 2020: 8.1%) and Drive Thru sales (2021: 46.2% from 2020: 36.7%) have resulted in a net comparative sales gain of 11% (2020: 0.8%; 2021: 11%) for all our Drive Thru locations. Overall comparative sales growth in 2021 was 5.9%. (Excluding April and May 2020 that we were closed).

The restrictions on Take Away & Dine In service modes resulted in Mall & In-Line Traffic reducing even further (2020: -12.3%; 2021: -16.6%) resulting in the mix of cash positive locations deteriorating substantially versus pre-COVID performance (Cash positive restaurants: YTD June 2021: 64% vs YTD Mar 2020: 72%).

The sales growth landscape has changed fundamentally for QSR in South Africa, restaurants in general are under pressure. With our focus since 2015 on suburban Drive Thru (DT) location growth (Portfolio Mix DT 2021: 60% vs 2020: 55% vs 2015: 21%) we need to look at mechanisms to capitalise in the Home Delivery growth of 141% we saw in 2021.

The total number of Burger King restaurants as at 30 June 2021 were 102 of which 95 are corporate owned. The net restaurant movement for the year totaled five, which included the opening of seven new restaurants and the closure of two unprofitable restaurants.

Burger King realised a Company EBITDA of R51.70 million during FY2021 compared to R34.62 million in the prior year.

Spur

The repayment of the debt resulted in no finance charges in the current year (2020: R6.8 million), and no dividends were received during the year (2020: R14.1 million). The result is that a small operating cost of R0.1 million (2020: R7.1 million) is reported for the year.

Grand Foods Meat Plant

Grand Foods Meat Plant is directly influenced by Burger King's performance through their agreement with Burger King's main logistics partner, Digistics Proprietary Limited. Grand Foods Meat Plant's revenue increased by 44% to R204 million compared to prior year's R142 million.

Cost of sales outpaced revenue increasing during the period increasing by 53% from R129.1 million to R196.7 million, as a result of the higher input cost. Gross margin for the year decreased by 5% points from 9% to 4% due to higher beef prices in the second and third quarter of the year.

Grand Foods Meat Plant's earnings for the year resulted in a R6.5 million loss after tax, compared to the R1.65 million net loss after tax incurred in the prior year.

Mac Brothers Catering Equipment

The past financial year was unfortunately characterised by a long and protracted recovery from the COVID-19 pandemic and slowdown in the local economy. The latter part of the year showed no improvement in global travel and further lock down restrictions hampered their core market in the leisure, hotel and gaming industry from gaining any real growth momentum. This resulted in a very lack lustre second half performance due to capital budgets of key customers being frozen and projects delayed. This resulted in revenue decreasing by R30.5 million from R131.5 million to R101 million and gross profit decreasing by R3 million from R28 million to R25 million for the year.

Operating costs reduced by R4 million from R53 million to R49 million which includes R1 million in restructuring costs. Spending was curtailed to essential services only and research and development limited to critical projects. On a comparable basis (i.e. excluding the grant income); EBITDA loss improved by R15 million from R24 million in 2020 to R9 million in 2021 and net losses after tax were curtailed to R22 million in 2021 a significant improvement from R40 million in 2020

OTHER

Central costs

The Group's net central costs (excluding funding cost) for the year amounted to R32.7 million, which is 4% lower than the central costs of R34.1 million last year. This is as a result of a restructure of the holding company which led to an improvement in efficiency. The overall savings were partially offset by one-off termination cost and additional transaction costs relating to the Bruger King transaction incurred during the year.

Share capital

No new shares were issued or bought back during the period.

Treasury shares

At 30 June 2021, a total of 40.3 million GPI shares were held as treasury shares by the Grand Parade Share Incentive Trust, GPI Management Services and the GPI Women's B-BBEE Empowerment Trust. These entities are controlled by the Group, with the Grand Parade Share Incentive Trust holding 1.49 million treasury shares, GPI Management Services holding 24 million shares and the GPI Women's' B-BBEE Empowerment Trust holding 14.82 million treasury shares.

Preference shares

During the current year, the Group redeemed 631 redeemable preference shares (SunWest) to Standard Bank at an issue price of R25 400 per share, totalling R16.1 million.

Directors and Company Secretary

There were no changes in the Directors and Company Secretariate during year.

Subsequent events

Sale of Burger King and Grand Foods Meat Plant

In June 2021, the competition authorities prohibited the transaction due to public interest concerns and in particular the loss of Historical Disadvantaged Persons (HDP) ownership that would result from the transaction. Management have been in discussions with the buyer and the competition commissions and have now settled on a list of conditions that the competition commission has approved. Subsequently a request for reconsideration has been filed with the Competitions Tribunal which resulted in the transaction being approved with conditions. As the major condition precedent was not met at 30 June 2021 and significant uncertainty existed as to whether the transaction will be approved. Therefore these assets have not been classified as discontinued operations.

Related party loan

In August 2021, Dr Adams loan, which was granted during his tenure for acquisition of shares, was repaid in full including accrued interest. Subsequently all security has been released over the shares pledged as security for this loan.

iNAV

Management's assessment of the iNAV puts the value of the Group at R4.51 a share including an allowance for head office costs of R75 million (assuming a three-year wind-down) and excluding finance costs and capital gains tax implications. Based on this valuation GPI is trading at a 36% discount to the current share price which presents a good opportunity to unlock value through a controlled sale of assets.

Company		Intrinsic NAV 2021 R'000	Intrinsic NAV 2020 R'000
Food Investments		638 886	675 005
Gaming and leisure		1 216 389	1 123 116
GPI Properties		77 635	105 509
GPI Properties	Independent Appraisal	77 635	115 635
Value		1 932 910	1 903 630
Cash net of anticipated head office cost		5 000	22 943
iNAV		1 937 910	1 926 573
Issued shares		429 718	429 486
iNAV per share (cents)		4.51	4.49
Current share price (cents)		2.89	2.04
Discount		(36%)	(55%)

PROSPECTS

The South African economy grew by a better than expected 1.2% in the second quarter of the financial year, growing for four consecutive quarters. The pace of growth accelerated from 1.0% in the first quarter, which was revised lower from 1.1%. Although the economy is 19.3% larger than a year ago, having recovered off a low base, overall economic activity is now only back to 2017 levels and only expected to recover to pre-COVID levels by the end of 2022.

The work done by management over the last three years in exiting unprofitable businesses, reducing debt, improving the profitability of operational businesses, and reducing head office costs has positioned the group to deliver on its objective of unlocking value for shareholders. The imminent sale of Burger King South Africa and Grand Foods Meat plant will unlock more than R1.15 per share in value. Following the sale of BKSA, the way forward for GPI centres around three major themes:

1. To maximise the value of the business through the sale of the Group's property assets and exiting of MacBrothers.
2. To further reduce head office costs and reduce dividend leakage.
3. To return capital to shareholders by resuming dividend payments.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 June 2021

	Notes	2021 R'000s	2020 R'000s
CONTINUING OPERATIONS			
Revenue	5	1 675 828	1 312 326
Cost of sales		(934 433)	(709 005)
Gross profit		741 395	603 321
Operating costs		(683 785)	(561 601)
Profit from operations		57 610	41 720
Profit from equity-accounted investments		73 253	69 395
Expected credit losses		(742)	(2 906)
Loss on sale of investment		–	(9 050)
Profit on sale of investment property		2 289	–
Impairment of assets		(4 557)	(10 799)
Impairment of goodwill	7.1	–	(38 598)
Depreciation		(103 832)	(95 016)
Amortisation		(5 234)	(6 814)
(Loss)/profit before finance costs and taxation		18 787	(52 068)
Finance income		3 794	5 343
Finance costs		(62 031)	(76 988)
(Loss)/profit before taxation		(39 450)	(123 713)
Taxation		8 825	11 903
(Loss)/profit for the period from continuing operations		(30 625)	(111 810)
DISCONTINUED OPERATIONS			
Loss for the period from discontinued operations	6.2	–	(14 697)
Loss for the period		(30 625)	(126 507)
Other comprehensive loss			
Items that will not be reclassified subsequently to profit or loss		19 092	(13 686)
Realised fair value adjustments on investments held at fair value through OCI		–	26 525
Unrealised fair value adjustments on investments held at fair value through OCI		19 092	(40 211)
Total comprehensive loss for the period		(11 533)	(140 193)

	Notes	2021 R'000s	2020 R'000s
(Loss)/profit for the period from continuing operations attributable to:			
– Ordinary shareholders		(28 993)	(108 830)
– Non-controlling interest		(1 632)	(2 980)
Loss for the period from discontinued operations attributable to:			
– Ordinary shareholders		–	(14 697)
– Non-controlling interest		–	–
		(30 625)	(126 507)
Total comprehensive loss from continuing operations attributable to:			
– Ordinary shareholders		(9 901)	(122 516)
– Non-controlling interest		(1 632)	(2 980)
Total comprehensive loss from discontinued operations attributable to:			
– Ordinary shareholders		–	(14 697)
– Non-controlling interest		–	–
		(11 533)	(140 193)
		Cents	Cents
Basic loss per share	3.5	(6.75)	(28.93)
– Continuing operations	3.5	(6.75)	(25.49)
– Discontinued operations	3.5	–	(3.44)
Diluted loss per share	3.5	(6.75)	(28.92)
– Continuing operations	3.5	(6.75)	(25.48)
– Discontinued operations	3.5	–	(3.44)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 June 2021

	Notes	2021 R'000s	2020 R'000s
ASSETS			
Non-current assets		2 268 137	2 278 699
Investments in jointly controlled entities		638 160	612 911
Investments in associates		351 611	375 608
Investments held at fair value through OCI		162 619	143 527
Goodwill	7.1	55 104	55 104
Investment properties		–	7 599
Property, plant and equipment		554 815	566 263
Intangible assets		20 703	21 952
Right-of-use assets		295 964	318 192
Deferred tax assets		189 161	177 543
Assets classified as held for sale	8.1	25 050	43 959
Current assets		324 507	329 010
Inventory		53 934	64 313
Related party receivable		22 473	22 975
Trade and other receivables		116 866	122 576
Income tax receivable		4 002	1 917
Cash and cash equivalents		127 232	117 229
Total assets		2 617 694	2 651 668
EQUITY AND LIABILITIES			
Capital and reserves			
Total equity		1 710 243	1 719 347
Ordinary share capital		798 586	798 586
Treasury shares		(153 079)	(153 962)
Accumulated profit		1 176 897	1 205 929
Investments held at fair value reserve		(113 028)	(132 120)
Share-based payment reserve		867	914
Non-controlling-interest		(34 612)	(32 980)
Total shareholders' equity		1 675 631	1 686 367
Non-current liabilities		521 919	575 165
Preference shares		131 711	183 696
Interest-bearing borrowings		10 304	16 703
Lease liabilities		365 886	364 682
Provisions		10 580	8 377
Deferred tax liabilities		3 438	1 707
Current liabilities		420 144	390 136
Preference shares		55 260	19 399
Interest-bearing borrowings		33 061	36 788
Lease liabilities		33 344	40 103
Provisions		12 996	7 719
Trade and other payables		172 725	178 824
Dividends payable		10 129	10 129
Income tax payable		190	888
Bank overdraft		102 339	96 286
Total equity and liabilities		2 617 694	2 651 668

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2021

	Ordinary share capital R'000s	Treasury shares R'000s	Accumu- lated profits R'000s	Financial asset fair value reserve R'000s	Share based payment reserve R'000s	Non- controlling interest R'000s	Total equity R'000s
Balance at 30 June 2019	798 586	(1 66 286)	1 401 781	(154 229)	2 085	(30 000)	1 851 937
IFRS 16 transition adjustment	-	-	(33 879)	-	-	-	(33 879)
Total comprehensive income/(loss) for the year	-	-	(123 527)	(13 686)	-	(2 980)	(140 193)
- Loss for the year from continuing operations	-	-	(108 830)	-	-	(2 980)	(111 810)
- Loss for the year from discontinued operations	-	-	(14 697)	-	-	-	(14 697)
- Other comprehensive loss	-	-	-	(13 686)	-	-	(13 686)
Treasury shares allocated to employees	-	12 324	(4 464)	-	(1 791)	-	6 069
Share-based payment reserve expense	-	-	-	-	2 433	-	2 433
Share options lapsed	-	-	1 813	-	(1 813)	-	-
Disposal of Atlas Gaming Holdings	-	-	(1 493)	1 493	-	-	-
Disposal of Spur	-	-	(34 302)	34 302	-	-	-
Balance at 30 June 2020	798 586	(153 962)	1 205 929	(132 120)	914	(32 980)	1 686 367
Total comprehensive income/(loss) for the year	-	-	(28 993)	19 092	-	(1 632)	(11 533)
- Loss for the year from continuing operations	-	-	(28 993)	-	-	(1 632)	(30 625)
- Loss for the year from discontinued operations	-	-	-	-	-	-	-
- Other comprehensive loss	-	-	-	19 092	-	-	19 092
Treasury shares allocated to employees	-	883	(814)	-	(70)	-	(1)
Share-based payment reserve expense	-	-	-	-	748	-	748
Share options lapsed	-	-	775	-	(725)	-	50
Balance at 30 June 2021	798 586	(153 079)	1 176 897	(113 028)	867	(34 612)	1 675 631

Notes

(1) Shares bought back are deducted from share capital at cost.

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 30 June 2021

	Note	2021 R'000s	2020 R'000s
Cash flows from operating activities			
Net cash generated from operations		75 588	40 933
Income tax paid/(received)		(3 846)	5 511
Finance income received		3 794	5 375
Net cash inflow from operating activities		75 536	51 819
Cash flows from investing activities			
Acquisition of property, plant and equipment (excluding land and buildings)		(45 765)	(85 671)
Acquisition of investment properties		–	–
Acquisition of intangibles		(4 470)	(6 380)
Investments made		–	–
Disposal of subsidiary		–	(1 231)
Proceeds from disposal of investment property		32 000	–
Proceeds from disposal of property, plant and equipment and intangible assets		–	3 670
Dividends received		72 001	112 922
Net cash inflow from investing activities		53 766	287 511
Cash flows from financing activities			
Dividends paid		–	(276)
Proceeds from employees on settlement of share awards		–	6 069
Preference share redemption		(16 002)	(228 338)
Repayment of interest-bearing loans		(10 996)	(7 500)
Repayment of lease liabilities		(39 100)	(29 207)
Finance costs		(59 254)	(131 593)
Net cash outflow from financing activities		(125 352)	(390 845)
Net increase/(decrease) in cash and cash equivalents		106 289	(51 515)
Reclassification of Bank overdraft out of cash and cash equivalents		102 339	–
Decrease in cash and cash equivalents		3 950	–
Cash and cash equivalents at the beginning of the year		20 943	72 458
Total cash and cash equivalents at the end of the year		127 232	20 943
Total cash and cash equivalents at year-end comprises of:		127 232	20 943
Cash and cash equivalents		127 232	117 229
Bank overdraft		–	(96 286)

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2021

1. Accounting policies

1.1 Basis of preparation of financial results

The summarised audited financial statements for the period ended 30 June 2021 are prepared in accordance with the JSE Listings Requirements and the requirements of the Companies Act of South Africa 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 summarised financial statements do not include all the information required by IFRS for full financial statements and should be read in conjunction with the 2021 audited Group annual financial statements. The accounting policies applied in the preparation of the audited Group annual financial statements, from which the summarised financial statements were derived, are in terms of IFRS and are consistent with the accounting policies applied in the preparation of previous audited Group financial statements except where the Group has applied new accounting policies or adopted new standards effective for annual reporting periods beginning on or after 1 July 2020. The Group has not early adopted any standard, interpretation or amendments that has been issued but is not yet effective. During the period, various new and revised accounting standards became effective, however, their implementation had no impact on the results of either the current or prior year except as indicated in note 1.2.

These summarised financial statements are not audited but are extracted from audited information. The audited Group annual financial statements were audited by Ernst & Young Inc., who expressed an unmodified opinion thereon. The audited Group annual financial statements and the auditor's report thereon is available for inspection on the Company's website and at the Company's registered office. The directors take full responsibility for the preparation of these summarised financial statements and the financial information has been correctly extracted from the underlying audited Group annual financial statements. These summarised financial statements have been prepared under the supervision of the Chief Financial Officer, Jayson October.

1.2 Changes in accounting policies

The Group has adopted all the new, revised and amended accounting standards which were effective for the Group from 1 July 2020. None of the adoptions had a significant impact.

2. Segment analysis

The chief decision-makers are considered to be the members of the GPI Executive Committee, who review the Group's internal reporting firstly by industry and secondly by significant business unit. The chief decision-makers do not review the Group's performance by geographical sector and therefore no such disclosure has been made. Listed below is a detailed segment analysis:

	External revenue		Inter-segment revenue ⁽¹⁾		Cost of sales		Operating costs ⁽²⁾		Equity accounted earnings		EBITDA ⁽³⁾	
	2021 R000's	2020 R000's	2021 R000's	2020 R000's	2021 R000's	2020 R000's	2021 R000's	2020 R000's	2021 R000's	2020 R000's	2021 R000's	2020 R000's
Food	1 674 817	1 310 908	11 124	7 506	(934 433)	(709 005)	(639 863)	(521 552)	-	-	99 779	80 000
Burger King	1 366 630	1 028 976	-	-	(670 567)	(482 375)	(579 021)	(449 650)	-	-	116 300	96 000
Mac Brothers	104 198	125 605	11 124	7 506	(67 131)	(97 547)	(47 408)	(53 019)	-	-	(10 341)	(24 000)
Spur	-	14 086	-	-	-	-	(73)	(212)	-	-	(73)	(13 000)
Grand Food Meat Plant	203 989	142 241	-	-	(196 735)	(129 083)	(13 361)	(11 674)	-	-	(6 107)	(1 000)
Dunkin Donuts	-	-	-	-	-	-	-	(3 567)	-	-	-	(5 000)
Baskin Robbins	-	-	-	-	-	-	-	(1 701)	-	-	-	(1 000)
Bakery	-	-	-	-	-	-	-	(1 729)	-	-	-	(1 000)
Gaming and leisure	-	-	-	-	-	-	-	-	73 253	69 395	73 253	69 395
SunWest	-	-	-	-	-	-	-	-	25 250	39 869	25 250	39 869
Sun Slots	-	-	-	-	-	-	-	-	45 157	31 255	45 157	31 255
Worcester Casino	-	-	-	-	-	-	-	-	1 276	(90)	1 276	(90)
Infinity Gaming Africa	-	-	-	-	-	-	-	-	1 570	(1 639)	1 570	(1 639)
Group costs	1 011	1 418	39 155	58 414	-	-	(43 922)	(47 044)	-	-	(42 911)	(45 000)
GPI Properties	821	316	15 713	17 482	-	-	4 643	1 248	-	-	5 464	1 248
Central costs	190	1 102	23 442	40 932	-	-	(48 565)	(48 292)	-	-	(48 375)	(46 248)
	1 675 828	1 312 326	50 279	65 920	(934 433)	(709 005)	(683 785)	(568 596)	73 253	69 395	130 121	104 000

⁽¹⁾ Transactions between segments are concluded at arm's length.

⁽²⁾ Certain costs are presented pre elimination of intergroup charges and net profit is after these eliminations.

⁽³⁾ EBITDA excludes inter-segment revenue, impairments and expected credit losses.

	Impairments of assets and goodwill		Depreciation and amortisation		Finance income		Finance costs		Net profit/(loss) after tax		Total assets		Total liabilities	
	2021 R000's	2020 R000's	2021 R000's	2020 R000's	2021 R000's	2020 R000's	2021 R000's	2020 R000's	2021 R000's	2020 R000's	2021 R000's	2020 R000's	2021 R000's	2020 R000's
0 351	(4 557)	(57 060)	(107 902)	(99 932)	2 764	1 150	(45 676)	(53 939)	(47 823)	(121 154)	1 313 050	1 402 836	(670 598)	(751 113)
5 951	(4 497)	(7 418)	(97 057)	(88 781)	2 691	1 039	(40 107)	(40 695)	(17 762)	(29 549)	994 442	1 065 000	(559 147)	(610 245)
4 961	(60)	(41 908)	(7 869)	(7 960)	-	-	(5 210)	(6 020)	(23 497)	(83 168)	89 539	127 844	(76 257)	(112 726)
3 874	-	-	-	-	-	26	-	(6 780)	(73)	7 106	162 709	143 648	(254)	(109)
6 484	-	-	(2 976)	(3 191)	73	52	(359)	(443)	(6 491)	(846)	55 553	55 537	(32 305)	(25 398)
3 567	-	(498)	-	-	-	18	-	(1)	-	(4 047)	4 379	4 379	(1 501)	(1 501)
1 701	-	59	-	-	-	15	-	-	-	(1 627)	474	474	(537)	(537)
1 729	-	(7 295)	-	-	-	-	-	-	-	(9 023)	5 954	5 954	(597)	(597)
9 395	-	-	-	-	-	-	-	-	73 253	69 395	989 771	988 519	-	-
8 869	-	-	-	-	-	-	-	-	25 250	39 869	638 160	612 911	-	-
255	-	-	-	-	-	-	-	-	45 157	31 255	325 252	352 095	-	-
(90)	-	-	-	-	-	-	-	-	1 276	(90)	24 758	23 482	-	-
1 639	-	-	-	-	-	-	-	-	1 570	(1 639)	1 601	31	-	-
5 626	-	(71)	(1 164)	(1 898)	1 030	4 225	(16 355)	(23 049)	(56 055)	(74 748)	314 873	260 313	271 465	(214 188)
564	-	(35)	(1 089)	(1 395)	44	96	(4 700)	(5 537)	6 914	(2 290)	158 105	169 933	(64 101)	(77 917)
7 190	-	(36)	(75)	(503)	986	4 129	(11 655)	(17 512)	(62 969)	(72 458)	156 768	90 380	(207 364)	(136 271)
4 120	(4 557)	(57 131)	(109 066)	(101 830)	3 794	5 375	(62 031)	(76 988)	(30 625)	(126 507)	2 599 213	2 651 668	(942 063)	(965 301)

3. Basic and diluted earnings per share

Basic earnings per share amounts are calculated by dividing the net profit for the year attributable to ordinary equity holders of the Company by the Weighted Average Number of Ordinary Shares (WANOS) in issue during the year.

Diluted earnings per share amounts are calculated by dividing the net profit for the year attributable to ordinary shareholders by the diluted WANOS in issue.

Headline earnings per share amounts are calculated by dividing the headline earnings for the year attributable to ordinary shareholders by the WANOS in issue for the year.

Diluted headline earnings per share amounts are calculated by dividing the headline earnings for the year attributable to ordinary shareholders by the diluted WANOS in issue for the year.

	2021 R'000s Gross	2021 R'000s Net	2020 R'000s Gross	2020 R'000s Net
3.1 Reconciliation of the loss for the year attributable to ordinary shareholders				
Basic and diluted loss per share reconciliation				
Loss for the year		(30 625)		(126 507)
– Continuing operations		(30 625)		(111 810)
– Discontinued operations		–		(14 697)
Non-controlling interest		1 632		2 980
Loss for the year attributable to ordinary shareholders		(28 993)		(123 527)
No adjustments have been made to basic earnings in the calculation of diluted earnings.				
3.2 Reconciliation of headline (loss)/earnings for the year				
Loss for the year attributable to ordinary shareholders		(28 993)		(123 527)
Continuing operations:				
Loss on sale of investments	–	–	9 050	9 050
Impairment of goodwill	–	–	38 598	38 598
Impairment of right-of-use assets	–	–	7 213	5 870
Impairment of intangible assets	242	174	105	76
Impairment of property, plant and equipment	315	2 776	3 481	2 283
Profit on disposal of property, plant, equipment and intangibles	–	–	(1 722)	(1 305)
Profit on disposal of investment property	(2 289)	(752)	–	–
Adjustments by equity-accounted investments	(324)	(233)	(611)	(440)

	2021 R'000s Gross	2021 R'000s Net	2020 R'000s Gross	2020 R'000s Net
Impairment of investment	–	–	–	–
(Profit)/Loss on disposal of plant and equipment	(324)	(233)	(611)	(440)
Discontinued operations:				
Impairment of assets held for sale	–	–	7 734	7 734
Total headline (loss)/profit		(27 028)		(61 661)
Total headline (loss)/profit				
– Continuing operations	(27 028)			(54 698)
– Discontinued operations	–			(6 963)
	(27 028)			(61 661)
		000s		000s
3.3 Reconciliation of WANOS – net of treasury shares				
Shares in issue at beginning of the year	429 485			426 223
Treasury shares issued to employees	17			697
	429 502			426 920
3.4 Reconciliation of diluted WANOS – net of treasury shares				
WANOS in issue – net of treasury shares	429 502			426 920
Effects of dilution from:				
Share options	–			154
Diluted WANOS in issue – net of treasury shares	429 502			427 074
3.5 Statistics		Cents		Cents
Basic loss per share	(6.75)			(28.93)
– Continuing operations	(6.75)			(25.49)
– Discontinued operations	–			(3.44)
Diluted loss per share	(6.75)			(28.92)
– Continuing operations	(6.75)			(25.48)
– Discontinued operations	–			(3.44)
Headline (loss)/profit per share	(6.29)			(14.44)
– Continuing operations	(6.29)			(12.81)
– Discontinued operations	–			(1.63)
Diluted headline (loss)/profit per share	(6.29)			(14.44)
– Continuing operations	(6.29)			(12.81)
– Discontinued operations	–			(1.63)

4. Employee benefits

4.1 Director's emoluments

2021	Salary R'000s	Long-term benefits ⁽¹⁾ R'000s	Bonuses R'000s	Severance pay R'000s	Director's fee R'000s
Executive directors					
M Tajbhai	1 868	202	914	–	
J October	1 492	108	792	–	
Sub-total	3 360	310	1 706	–	
Non-executive directors					
A Abercrombie	–	–	–	–	90
W Geach	–	–	–	–	32
M Bowman	–	–	–	–	28
R van Dijk	–	–	–	–	28
M Nkosi	–	–	–	–	27
R Kader	–	–	–	–	27
Sub-total	–	–	–	–	234
Total	3 360	310	1 706	–	234

⁽¹⁾ Long-term benefits relate to defined retirement contributions.

	Audit and risk committee R'000s	Remuneration and nomination committee R'000s	Investment committee R'000s	Social and ethics committee R'000s	Total remuneration R'000s	Loans advanced R'000s	Share- based payment expense R'000s
–	–	–	–	–	2 984	–	748
–	–	–	–	–	2 392	–	–
–	–	–	–	–	5 376	–	748
4	–	43	74	66	1 087	–	–
2	159	–	–	–	481	–	–
4	89	86	58	–	517	–	–
4	89	–	–	–	373	–	–
5	–	58	109	–	442	–	–
3	–	58	–	45	376	–	–
2	337	245	241	111	3 276	–	–
2	337	245	241	111	8 652	–	748

4. Employee benefits (continued)

4.1 Director's emoluments (continued)

2020	Salary R'000s	Long-term benefits ⁽¹⁾ R'000s	Bonuses R'000s	Severance pay R'000s	Director's fees R'000s
Executive directors					
M Tajbhai	1 711	212	1 700	–	
C Priem ⁽²⁾	1 141	146	1 500	733	
J October ⁽³⁾	305	14	–	–	
Sub-total	3 157	372	3 200	733	
Non-executive directors					
H Adams ⁽⁴⁾	–	–	–	–	33
A Abercrombie ⁽⁵⁾	–	–	–	–	29
W Geach	–	–	–	–	29
M Bowman	–	–	–	–	25
R van Dijk	–	–	–	–	26
K Pillay ⁽⁶⁾	–	–	–	–	9
M Nkosi ⁽⁷⁾	–	–	–	–	15
R Kader ⁽⁸⁾	–	–	–	–	13
Sub-total	–	–	–	–	1 82
Total	3 157	372	3 200	733	1 82

⁽¹⁾ Long-term benefits relate to defined retirement contributions.

⁽²⁾ C Priem resigned as executive directors and financial director 31 March 2020, emoluments are for nine months.

⁽³⁾ J October was appointed financial director on 1 April 2020, emoluments are for three months.

⁽⁴⁾ H Adams resigned as executive director on 30 June 2019 and was appointed non-executive director and chairman on 1 July 2019 and resigned as chairman and non-executive director on 31 January 2020.

⁽⁵⁾ A Abercrombie was appointed chairman on 1 February 2020.

⁽⁶⁾ K Pillay resigned as non-executive director on 21 November 2019.

⁽⁷⁾ M Nkosi was appointed non-executive director on 3 December 2019.

⁽⁸⁾ R Kader was appointed non-executive director on 1 February 2020.

	Audit and risk committee R'000s	Remuneration and nomination committee R'000s	Investment committee R'000s	Social and ethics committee R'000s	Total Remuneration R'000s	Loans advanced R'000s	Share- based payment expense R'000s
–	–	–	–	–	3 623	–	452
–	–	–	–	–	3 520	–	938
–	–	–	–	–	319	–	–
–	–	–	–	–	7 462	–	1 390
88	–	7	20	7	372	–	1 043
88	–	87	79	80	544	–	–
88	150	13	–	7	468	–	–
60	70	127	63	–	510	–	–
61	84	–	–	–	345	–	–
92	25	–	–	–	117	–	–
55	–	59	87	–	301	–	–
80	–	56	–	38	224	–	–
22	329	349	249	132	2 881	–	1 043
22	329	349	249	132	10 343	–	2 433

5. Revenue

5.1 Disaggregation of revenue

	2021 R'000s	2020 R'000s
Revenue from transactions with customers		
Food sales	1 348 060	1 010 457
Meat sales	203 698	141 945
Equipment sales	89 931	124 040
	1 641 689	1 276 442
Other revenue		
Dividends received	–	14 086
Other income*	33 318	21 613
Rental income	821	185
	34 139	35 884
Total revenue		
Revenue from contracts with customers	1 641 689	1 276 442
Other revenue	34 139	35 884
	1 675 828	1 312 326

* Other income includes SETA income and youth wage subsidy.

6. Goodwill

6.1 Reconciliation of goodwill

	Grand Foods Meat Plant R'000s	Mac Brothers R'000s	Disa Road R'000s	Total R'000s
2021				
Cost	53 910	–	1 194	55 104
Accumulated impairment	–	–	–	–
Carrying value at 1 July 2020	53 910	–	1 194	55 104
Impairment	–	–	–	–
Carrying value at 30 June 2021	53 910	–	1 194	55 104
Made up of:				
Cost	53 910	–	1 194	55 104
Accumulated impairment	–	–	–	–

	Grand Food Meat Plant R'000s	Mac Brothers R'000s	Disa Road R'000s	Total R'000s
2020				
Cost	53 910	38 598	1 194	93 702
Accumulated impairment	–	–	–	–
Carrying value at 1 July 2019	53 910	38 598	1 194	93 702
Impairment ⁽¹⁾	–	(38 598)	–	(38 598)
Carrying value at 30 June 2020	53 910	–	1 194	55 104
Made up of:				
Cost	53 910	–	1 194	55 104
Accumulated impairment	–	–	–	–

⁽¹⁾ Refer to note 7.2.1 for details regarding the impairment.

⁽²⁾ Burger King purchased a store from a franchisee on 1 February 2019. The store was purchased for a total consideration of R7.1 million, with identifiable assets of R5.9 million resulting in a goodwill of R1.2 million.

6. Goodwill (continued)

6.2 Goodwill impairment testing

An annual impairment test is performed to assess whether goodwill has been impaired. Goodwill has been allocated for impairment testing purposes to individual cash-generating units (CGUs). The recoverable amount of every CGU has been determined based on a value-in-use calculation using five-year cash flow projections approved by the senior management of each CGU.

6.2.1 Mac Brothers

The annual impairment test was performed on the CGUs and it was determined that the recoverable amounts were lower than the carrying amounts and therefore an impairment loss has been recognised.

Mac Brothers was significantly affected by the decline in the construction and manufacturing industries as well the high operating leverage.

Revenue of R101.5 million for the year ended 30 June 2021 was R13.0 million lower than reported in the prior period. EBITDA, a loss of R26.2 million for the year ended 30 June 2021 was R33.2 million lower than reported in the prior period.

The recoverable amount of the investment was determined to be the value-in-use (VIU) which was higher than fair value less cost to sell of the business.

	2020 R'000s
Impairment calculation:	
Carrying value of investment	79 291
Recoverable amount (VIU)	37 383
Impairment	<u>(41 908)</u>
The impairment has been allocated as follows:	
Goodwill	(38 598)
Right-of-use assets: Property	<u>(3 310)</u>
	<u>(41 908)</u>

The Group used the following inputs to calculate the recoverable amount, pre-tax WACC of 19.85% and EBITDA growth of 24%

7. The assets included in non-current assets held for sale are as follows:

	2021 R'000s	2020 R'000s
Non-current assets		
Land and buildings	19 100	38 009
Property, plant and equipment	5 950	5 950
	25 050	43 959
<i>7.1.1 Reconciliation of land and buildings</i>		
Opening balance – 1 July ⁽¹⁾	38 009	26 395
Transfers from property, plant and equipment ⁽²⁾	–	18 909
Disposal ⁽²⁾	(18 909)	–
Impairment ⁽³⁾	–	(7 295)
Closing balance – 30 June	19 100	38 009
<i>7.1.2 Reconciliation of property, plant and equipment</i>		
Opening balance – 1 July	5 950	9 798
Disposals ⁽⁴⁾	–	(3 409)
Impairment ⁽⁵⁾	–	(439)
Closing balance – 30 June ⁽¹⁾	5 950	5 950
<i>7.1.3 Impairment of non-current assets-held-for-sale</i>		
Land and buildings	–	(7 295)
Property, plant and equipment	–	(439)
	–	(7 734)

⁽¹⁾ In the prior year the building and the property, plant and equipment that was previously used by Grand Bakery to produce the doughnuts for Dunkin Donuts was transferred to non-current assets held-for-sale when it met the requirements in the prior year, management was unable to negotiate a suitable consideration for the building, in part as a result of the limited commercial activity during lockdown, and as such the sale of the building has not been concluded at 30 June 2021. Management remains committed to selling the building and is currently in negotiations with interested parties and thus the building remains classified as held-for-sale despite the sale not being concluded within 12 months of its initial classification as held-for-sale. Management expects the sale to be concluded within 12 months after 30 June 2021. The building is carried at fair value as determined by an independent valuer.

⁽²⁾ In the prior year, the Group signed a sales agreement in June 2020 for the sale of the Group's N1 City building, this asset forms part of the group cost segment, GPI Properties. The sale was concluded in November 2020.

⁽³⁾ In the prior year, the impairment relates to the Bakery building which was impaired to align the carrying value to the fair value determined by the valuation of the property on 30 June 2020.

⁽⁴⁾ In the prior year, the Dunkin Donuts and Baskin-Robbins's property, plant and equipment was auctioned off on 22 August 2019 and sold for R2.5 million and R1.3 million respectively.

⁽⁵⁾ In the prior year, the impairment relates to the property, plant and equipment of Dunkin Donuts and Baskin-Robbins's before it was auctioned on 22 August 2019.

8. Financial instruments – disclosure

8.1 Fair value of financial instruments

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1:** Quoted prices (unadjusted) in active markets for identical assets and liabilities.
- Level 2:** Other techniques for which all inputs which have a significant effect on the recorded fair value and are observable, either directly or indirectly.
- Level 3:** Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data

As at 30 June, the Group held the following instruments measured at fair value:

	Level 1 R'000s	Level 2 R'000s	Level 3 R'000s	Total R'000s
2021				
Investments held at fair value – Spur ⁽¹⁾	162 619	–	–	162 619
Investments held at fair value – Atlas Gaming	–	–	–	–
Total	162 619	–	–	162 619
2020				
Investments held at fair value – Spur ⁽¹⁾	143 527	–	–	143 527
Investments held at fair value – Atlas Gaming	–	–	–	–
Total	143 527	–	–	143 527
		2021	2020	
		R'000s	R'000s	
Current asset		–	–	
Non-current asset		162 619	143 527	
		162 619	143 527	

(1) Investments held at fair value – Spur

8. Financial instruments – disclosure (continued)

8.1 Fair value of financial instruments (continued)

	Level 1 R'000s	Level 3 R'000s	Total R'000s
2021			
Opening balance – 1 July	143 527	–	143 527
Fair value adjustments	19 092	–	19 092
Disposal	–	–	–
Carrying value – 30 June	162 619	–	162 619
2020			
Opening balance – 1 July	183 736	228 868	412 604
Fair value adjustments	(40 209)	31 484	(8 725)
Disposal	–	(260 352)	(260 352)
Closing balance – 30 June	143 527	–	143 527

9. Capital commitments

	2021 R'000s	2020 R'000s
Authorised but not contracted		
Property, plant and equipment	75 000	67 500

Capital commitments relate mostly to the opening of new Burger King stores.

GRAND PARADE INVESTMENTS LIMITED COMPANY INFORMATION

Directors	A Abercrombie <i>(Non-executive Chairman)</i> M Tajbhai <i>(Chief Executive Officer)</i> J October <i>(Chief Financial Officer)</i> WD Geach <i>(Lead independent)</i> MJ Bowman <i>(Non-executive Director)</i> R van Dijk <i>(Non-executive Director)</i> M Nkosi <i>(Non-executive Director)</i> R Kader <i>(Non-executive Director)</i>
Public officer	J October CA(SA)
Registration number	1997/003548/06
Domicile and country of incorporation	South Africa
Nature of business	Investment Holding Company
Registered office	10th Floor, 33 on Heerengracht Heerengracht Street Cape Town 8001
Preparer of the financial statements	The annual financial statements were prepared under supervision of Grand Parade Investments' (GPI) Group Chief Financial Officer, J October CA(SA).
Company Secretary	Statucor Proprietary Limited 6th Floor 119-123 Hertzog Boulevard Foreshore Cape Town 8001
Transfer Secretaries	Computershare Investor Services Proprietary Limited PO Box X3000 Saxonwold 2132
Sponsors	PSG Capital Proprietary Limited PO Box 7403 Stellenbosch 7600
Auditors	Ernst & Young Inc. PO Box 656 Cape Town 8000
Attorneys	Cliffe Dekker Hofmeyr PO Box 695 Cape Town 8000
Bankers	The Standard Bank of South Africa Limited Nedbank Limited