GOLDRUSH HOLDINGS LIMITED

(Previously RECM and Calibre Limited)

CONDENSED UNAUDITED INTERIM CONSOLIDATED FINANCIAL RESULTS

For the six months ended 30 September 2024

Incorporated in the Republic of South Africa

(**Registration Number** 2009/012403/06)

Preference share code: GRSP *(Previously RACP)*

ISIN: ZAE000145041

Letter to shareholders

Dear fellow shareholders

This is our first letter since deciding that our investment in Goldrush is not for sale. That decision prompted us to change our company's name to "Goldrush Holdings". This reflects our 59.4% shareholding in Goldrush Group, our single largest asset

With this change came a change in how we account for our investment. In the past, under "Investment Entity Accounting", we calculated the Net Asset Value ("NAV") of the listed company to provide the best indication of what the fair underlying value of the assets (being the shares in Goldrush Group) are. Under our new accounting policy, we don't have to do that calculation anymore. We can now simply present the consolidated financial statements of the group.

Needless to say – comparisons between the two accounting methods are not straight forward, but we will do our best to explain. The basics for us as shareholders remain the same: In owning a share of Goldrush Holdings, we own a claim on the future cashflows of one of South Africa's pre-eminent gaming companies. Here's how it works.

Goldrush Holdings Ltd ("**Goldrush Holdings**") has 45 092 581 participating preference shares net in issue, which are listed on the JSE Limited, and 3 750 000 unlisted ordinary shares. The economics of the participating preference shares and the ordinary shares are identical, with the participating preference shares having limited voting rights. This means the economics are divided equally among a total of 48 842 581 shares.

Goldrush Holdings owns 100% of an investment subsidiary, aptly called Goldrush Investments (Pty) Ltd ("**Goldrush Investments**"), which in turn owns 59.4% of Goldrush Group (Pty) Ltd ("**Goldrush**").

A quick calculation shows that every 822 266 Goldrush Holdings shares (ordinary and/or preference) gives you exposure to 1% of the economics of Goldrush.

Goldrush Holdings and Goldrush Investments are part of the legal structure of being a listed company. Goldrush is where all the action is. It owns all the licenses, rents all the properties, operates all the machines, and employs all the people doing the work. It is also the engine that generates the cash that will ultimately flow to you as a shareholder of the controlling entity.

The remaining item between you and your share of that cashflow stream is R273m of debt. From the dividends that Goldrush pays, we first service the cost of this funding, pay for the expenses of the structure and the rest we can use to settle the outstanding debt.

Overview of the first half

Goldrush's land-based operations, Bingo, Limited Payout Machines, and Retail Sports Betting, struggled during the first six months of the financial year while the Online business powered ahead. The operating environment improved somewhat, with a welcome reprieve from the load-shedding of the past few years. This enhanced our ability to operate the physical premises and reduced direct diesel expenses. Lower interest rates will benefit Goldrush, but the timing of the first interest rate cut in this cycle was too late to impact these results.

Total Gross Gaming Revenue for the six months was R902.5m, 5% up from last year. Food and beverage revenue, which is only associated with our Bingo premises, reduced by 15% to R34.2m as some restaurant areas were outsourced to specialist operators.

The gross profit of the gaming operations increased by 2% to R522.8m, and Goldrush repaid R34m of its bank debt.

Goldrush Holdings produced earnings of 114.11 cents and headline earnings of 113.77 cents per share for the first six months of the year. Not all of these earnings are recurring though, as some of it stems from the reversal of the deferred tax liability.

The cash generated by the business in this period was used *inter alia* to maintain and grow its gaming infrastructure (to increase revenue per gaming position), pay down debt, and buy back participating preference shares.

Bingo

The number of Electronic Bingo Terminals (“EBTs”) in operation was 4 486, 1% less than last year. The slight decrease in EBTs was due to the reduction of EBTs in certain properties, combined with the opening of one new property. The Bingo division generated gross gaming revenue for the period of R509m, which is 3% lower than the same time last year. The average revenue per machine was down by 3% compared to the previous period.

With the Bingo division being the most significant part of the business, both in terms of invested capital, actual operations and revenue, the team's focus is to grow the revenue per machine substantially over the next few years to unlock the operational leverage in this asset. The benefits of the marketing activities of the Bingo division also support and enhance the rest of the business’s marketing efforts.

Limited Pay-out Machines (“LPM”)

After the blackouts of early 2023, about 200 machines were removed from impacted and underperforming premises to be relocated to premises with better economics. The process of re-locating LPMs took much longer than anticipated, which means that the number of active machines at the end of the reporting period was 2 714, 2% less than last year. Gross gaming revenue for the LPM division totalled R215m for the period, which is basically the same as the previous period, with average revenue per machine 2% higher than the preceding period.

The immediate focus remains on getting all machines operating and established in areas with sound economics. The process of rolling out LPMs has gained some traction recently.

Retail Sports Betting

Retail Sports Betting experienced a reduction of 1% in revenue despite the closure of three unprofitable stores. The division generated gross gaming revenue for the six months of R63m.

While land-based Retail Sports Betting has been under pressure from rampant growth in online gaming in the country, the focus in the division is on closing down marginal or unprofitable sites at the end of their lease periods.

Online Gaming

Online Gaming experienced strong growth in the six months, with gross gaming revenue up 102% from R57m in the previous period to R115m in this period. The online gaming market in South Africa continues its rapid growth, and two Goldrush brands - Gbets.co.za and Goldrush.co.za - compete in this market. The growth in the business over the last two years has meant that it has grown big enough to experience some of the scale benefits inherent in the online business model. The strong revenue growth also allows for increased marketing spend, which helps with the overall brand building.

The online gaming environment in South Africa remains very competitive. Still, despite this, the Goldrush team has grown our business aggressively, focusing on running the division efficiently and profitably, rather than aiming for market share only.

Transition comparisons

For those of you who, like us, have been shareholders for a long time, we thought it would be helpful to compare the results for this period to the way we had reported in the past – with a focus on the Net Asset Value per share of the company.

In this set of consolidated results for 30 September 2024, we report the Net Asset Value per share from consolidated operations of R15.40. When analysing the 8.8% increase when comparing this to the R14.15 we reported in March 2024, you can think of it as follows: We started with the Net Asset Value of the company as of 31 March and removed the deferred tax liability of R52.7m since we will not be selling Goldrush Group. This leads to an increase in the Group's net asset value. The Group then generated profits, which also increased the NAV of the Group. And lastly, we bought back about 1.7% of the outstanding preference shares in this period at a price well below their NAV, which further enhances the NAV per share.

Had we continued to account for the investment in Goldrush Group under the investment entity accounting framework using the same valuation methodology as at 31 March 2024, the NAV/share would come to R14.22. The 0.5% change over the 6 months reflects the abovementioned lacklustre trading experience.

Balance Sheet

The sharp-eyed amongst you would have noticed in the opening paragraph of our letter that the number of participating preference shares has reduced by 866 234. That is because Goldrush Group repurchased 360 876 shares and Goldrush Investments repurchased 505 358 shares in this period. That is a combined 1.7% of all the shares outstanding.

As of 30 September 2024, Goldrush Investments has outstanding debt of R272.8m, cash of R2.5m and other remaining investments of R15.9m (Calgro Ltd shares listed on the JSE.)

During the six months, the bank funding that was repaid was R34m by Goldrush Group.

The expenses of the holding structure comprised an investment management fee of R3.7m (last year R4.8m) to Regarding Capital Management (Pty) Ltd, operating expenses of R1.5m (last year R1.6m) and the cost of our preference share funding, which was R15.3m (last year R15m).

Outlook

Having arrived at a stand-alone listed structure for Goldrush, it is worth pointing out the group structure, which combines operating leverage with financial leverage. This structure works both ways – in periods when the operating experience struggles, the negative effect will be exacerbated by the financial leverage in the structure. In contrast, periods of operating excellence will translate into outsized gains for shareholders. The year's first six months were somewhere in-between, with a flat performance all round.

We have engaged with our banking partners to set the group's debt structure to prioritise the reduction of debt at Goldrush Investments (let's call it the "head office" level) ahead of the reduction of debt at the operating subsidiaries. This restructuring is expected to be concluded before the financial year's end and will appropriately align banking covenants on the various levels.

We are pleased with how the Goldrush management team has dealt with the factors under their control and found solutions for factors outside of their control in the first six months of the year.

The first interest rate cut in this cycle has not helped the results for our shareholders yet. We expect future cuts to support consumer spending and reduce the cost of funding for Goldrush. We do not blame interest rates for the slow performance of Goldrush, nor will we claim credit for the benefit when it arrives. What we can do is structure the aggregate amount of debt to be optimal through time. We believe we have done just that.

For the immediate future, Goldrush's focus is the two biggest levers we can pull to improve the prosperity of our staff, funders and shareholders: ensuring that the brand of the business keeps on growing while maintaining the integrity of our licenses, and increasing revenue per gaming position in aggregate. Expenses have always been closely watched in this group.

As always, we love discussing our business with anybody.

Signed on behalf of the Board

Piet Viljoen **Jan van Niekerk**

Cape Town

18 November 2024

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