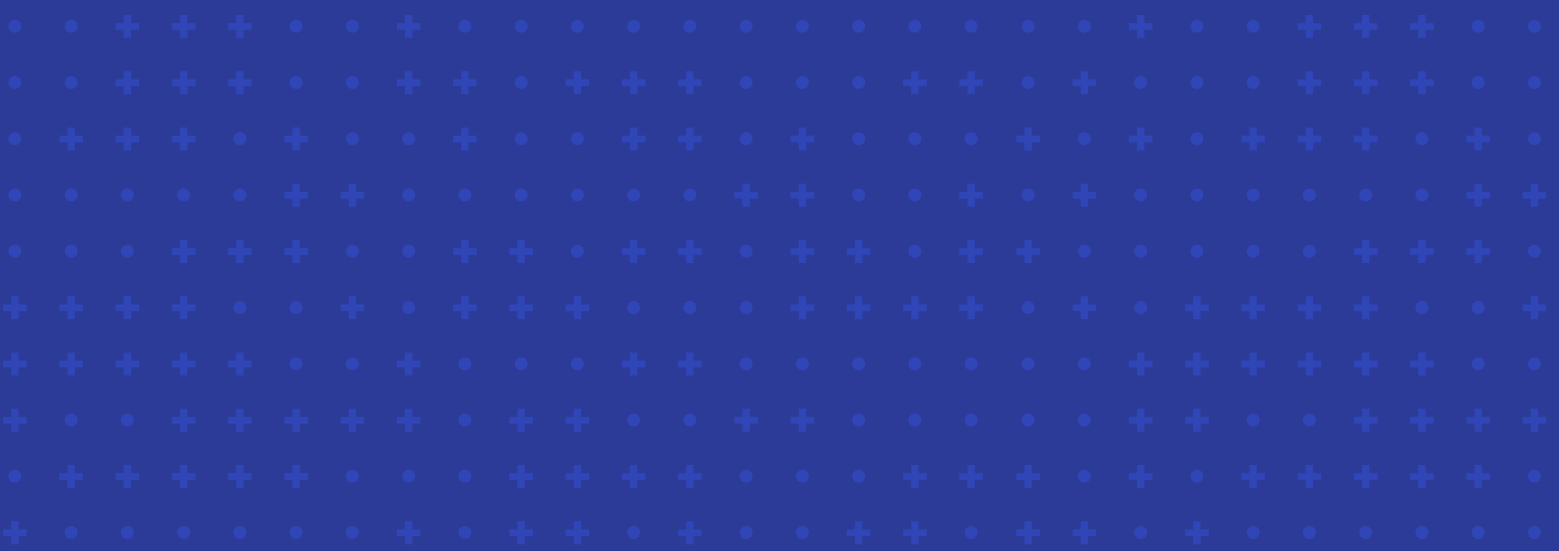




REVIEWED CONDENSED CONSOLIDATED FINANCIAL RESULTS

for the year ended 30 September 2023



CORONATION

TRUST IS EARNED™

Assets under management

R602
billion

Diluted headline
earnings per share

182.9
cents

Fund management
earnings per share

165.2
cents

Final dividend
per share

165.0
cents

CORONATION FUND MANAGERS ANNUAL RESULTS 2023

The year under review was a continuation of the difficult environment that the business has been operating in for the last few years, with anaemic market returns across domestic asset classes reflecting the very weak performance of the South African (SA) economy. Persistent headwinds have negatively impacted the SA savings pool, which has experienced net outflows for over a decade.

Against this unyielding backdrop, we celebrated our 30th birthday this year, which is a significant milestone for an asset management business. We remain a leading investment company and have delivered multi-decade service and investment outperformance for our clients, across all products and geographies.

Close to 95%¹ of our portfolios have outperformed their benchmarks since inception, and the performance of all our key portfolios has been particularly encouraging over the last 12 months. Total assets under management (AUM) have increased by 5% year on year (y/y) at R602 billion (30 September 2022: R574 billion) and average AUM was flat y/y at R620 billion (30 September 2022: R621 billion).

Net outflows for the period amounted to 10% of average AUM. This can largely be attributed to both industry-wide outflows from the global emerging markets asset class, as demand declined after a decade of weak performance, and to the contracting SA savings pool. Management believes that outflows from the domestic savings industry will continue as formal employment remains muted, households come under increasing pressure, and investors continue to externalise their savings.

We believe that the relaxation of Regulation 28 is positive for the SA savings industry and investors, broadening the opportunity set and enhancing diversification. We are also confident that it will be positive for our clients and stakeholders, as Coronation is one of the few local firms with proven and established global capabilities across both emerging and developed markets. We therefore believe that we are well positioned for the internationalisation of the local savings industry as a result of over a decade of ongoing investment in the business.

In an industry that is under severe pressure, with many businesses forced to cut costs, we are determined and well-positioned to come strongly through this cycle and therefore continued to invest in our business. Total operating expenses for the 2023 financial year are up 8% y/y (excluding the impact of the tax matter²). Areas of increased investment include client service systems, strengthening our local and global investment capabilities, optimising information systems, data management and cybersecurity, as well as ensuring compliance with a demanding regulatory environment.

Fund management earnings per share (FMEPS) are down 4% when adjusted for the impact of the tax matter (down 57% when including the impact of the tax matter²). We are encouraged that the Constitutional Court has agreed to hear our case and anticipate that any outcome will be in the second half of the 2024 calendar year. This dispute has no material impact on our long-term sustainability, and we remain a well-capitalised and successful business.²

TRANSFORMATION

We operate in a skills-scarce environment, with increasing levels of emigration, and in an industry where the competition for talent is fierce. With this in mind, we remain focused on fostering our culture that attracts and retains exceptional people to ensure that we consistently deliver on our client promise of long-term outperformance.

A sustainable industry is only as strong as the talent it attracts, and we invest significantly in the development of succession planning. We do this through awarding full bursaries to students pursuing careers in finance, and offering internships and graduate development programmes for young professionals, many of whom become permanent employees.

We are a diverse and inclusive company, and this year we are proud to have been awarded first place in the 11th Annual Accenture Gender Mainstreaming Awards in the category of Gender-reporting by JSE-listed Companies for the second consecutive year and first place in the UN-established Women's Empowerment Principles Awards for Transparency and Reporting. We also ranked first for diversity in both the European Pensions Awards and the Irish Pensions Awards.

We are a Level 1 contributor to B-BBEE³, 31% black owned, and R254 billion, representing 42% of total AUM, is managed by experienced black investment professionals. At an employee level, 64% of our employees are black and 51% are women. Key leadership positions continue to be held by black leaders. These include our CEO, CFO, COO, Head of Institutional Business, Head of Fixed Income, Head of Core Equity and Head of Absolute Return.

Extending beyond our business, we have made significant inroads in transforming our industry. Over the years we have established four black-owned financial services companies; provided financial and training support to black brokerages, independent financial advisors and analysts via partnerships with industry participants; and supported black-owned businesses through our Preferential Procurement Policy.

STEWARDSHIP

We have been active stewards of our clients' capital for 30 years and, since the outset, we have taken a long-term view, with the goal of delivering long-term outperformance to the benefit of all stakeholders. As such, while ESG and sustainability have grown more complex over the last decade,

¹ Asset weighted for funds with a 10-year + history

² Refer to Note 7 of the appended Financial Statements

³ Per the FSC Scorecard

we have always considered these factors and related externalities in our investment and business processes. From an investment perspective, our ESG research and stewardship activities help us to identify and mitigate risks, ensure good governance and understand the drivers of long-term value. Our fifth annual Stewardship Report details our active ownership activities and sets out our stance on some of the key issues facing investment managers and their clients. We continue to encourage investee companies to disclose their carbon emissions profiles in line with the Taskforce for Climate-Related Financial Disclosure framework, and to ensure that their climate-action plans are clear, credible and appropriate to their business operations.

Our commitment to leading in our stewardship activities is reflected in Coronation earning first place in the 2022 ICGN Global Stewardship Disclosure Awards⁴ for asset managers responsible for AUM less than £60 billion.

DIVIDEND

As per our policy, we endeavour to distribute a minimum of 75% of after-tax cash profit. After fully providing for the tax matter in our interim results and assessing any projected future cash requirements, a final gross dividend of 165.0 cents per share has been declared for the financial year ended 30 September 2023 from income reserves, resulting in a net dividend of 132.0 cents per share for shareholders subject to Dividends Tax. In compliance with the Listings Requirements of the JSE Ltd, the following dates are applicable:

- ▶ Declaration date: Tuesday, 21 November 2023
- ▶ Last day to trade cum dividend: Tuesday, 5 December 2023
- ▶ Trading ex-dividend commences: Wednesday, 6 December 2023
- ▶ Record date: Friday, 8 December 2023
- ▶ Payment date: Monday, 11 December 2023

Share certificates may not be dematerialised or rematerialised between Wednesday, 6 December 2023 and Friday, 8 December 2023, both dates inclusive. In terms of Dividends Tax, the following additional information is disclosed: the local Dividends Tax rate is 20%. The number of ordinary shares in issue at the date of this declaration is 349 799 102. Coronation's tax reference number is 9 675 107 719.

PROSPECTS

The environment remains volatile and complex. It is in conditions like these that high-quality teams and proven processes such as ours deliver the most value. We believe that cheap valuations will result in many years of excellent returns for our clients, and will be very positive for the business and its stakeholders.

We will continue to play our role as an active corporate citizen, and will collaborate with peers, industry bodies, our CSI partners and government, to find ways in which to boost South Africa's economic prosperity for the benefit of all citizens.

Coronation is a leading investment firm that has been managing significant assets on behalf of SA individuals as well as local and international institutional investors for 30 years. We have operated successfully through numerous cycles and remain a resilient, well-capitalised and sustainable business, through ongoing investment in our people, our systems and client service.

EXTERNAL AUDIT REVIEW

The external auditors, KPMG Inc., reviewed the condensed consolidated statement of financial position of Coronation Fund Managers Ltd as at 30 September 2023, and the related condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows, earnings per share and condensed consolidated segment report for the period then ended and explanatory notes. The review has been conducted in accordance with the International Standard on Review Engagements 2410 (ISRE 2410). Copies of the unmodified review report of KPMG Inc. are available for inspection at the registered office of the Company together with the condensed consolidated financial statements identified in the auditor's review report.

The auditor's review report does not necessarily report on all of the information contained in this financial results announcement. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditor's engagement, they should obtain a copy of the auditor's review report together with the accompanying financial information from the issuer's registered office. Any forward-looking information contained in this announcement has not been reviewed or reported on by the Company's external auditors.

Alexandra Watson
Chairman
Cape Town
21 November 2023

Anton Pillay
Chief Executive Officer

Mary-Anne Musekiwa
Chief Financial Officer

⁴ Awarded on a biennial basis

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	REVIEWED 30 SEPT 2023 R MILLION	AUDITED 30 SEPT 2022 R MILLION	% CHANGE
Fund management activities			
Revenue (note 2)	3 647	3 738	(2%)
Other income/(losses)	76	(13)	
Total operating expenses	(2 154)	(1 862)	16%
Results from operating activities	1 569	1 863	(16%)
Finance and dividend income	50	16	
Finance expense	(58)	(60)	
Profit from fund management	1 561	1 819	(14%)
Share of profit of equity-accounted investee	5	5	
Sundry gains/(losses)	110	(129)	
Income/(losses) attributable to policyholder linked assets and investment partnerships	13	(3)	
Net fair value gains on policyholder and investment partnership financial instruments	118	122	
Administration expenses borne by policyholders and investors in investment partnerships	(105)	(125)	
Profit before income tax	1 689	1 692	0%
Income tax expense	(1 049)	(411)	
Taxation on shareholder profits (note 9)	(1 036)	(414)	
Taxation on policyholder investment contracts	(13)	3	
Profit for the year	640	1 281	(50%)
Other comprehensive (losses)/gains	(6)	30	
Foreign currency translation differences for foreign operations	(6)	30	
Total comprehensive income for the year	634	1 311	
Profit attributable to:			
- equity holders of the company	640	1 281	(50%)
Profit for the year	640	1 281	
Total comprehensive income attributable to			
- equity holders of the company	634	1 311	(52%)
Total comprehensive income for the year	634	1 311	
Earnings per share (cents)			
- basic	182.9	366.3	(50%)
- diluted	182.9	366.3	(50%)
Headline earnings per share (cents)			
- basic	182.9	366.3	(50%)
- diluted	182.9	366.3	(50%)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	REVIEWED 30 SEPT 2023 R MILLION	AUDITED 30 SEPT 2022 R MILLION
Assets		
Intangible assets	1 088	1 088
Equipment	26	15
Right-of-use assets	58	74
Investment in equity accounted investees	41	41
Deferred tax assets	175	176
Investments backing policyholder funds and investments held through investment partnerships	61 483	54 718
Investment securities	639	1 341
Taxation receivable	–	62
Trade and other receivables	686	684
Cash and cash equivalents	1 141	656
Total assets	65 337	58 855
Liabilities		
Long term borrowings (note 4)	535	481
Long term other payables	29	6
Lease liabilities	88	106
Deferred tax liabilities	41	6
Policyholder investment contract liabilities and liabilities to holders of interests in investment partnerships	61 469	54 712
External investors in consolidated funds (note 6)	–	648
Taxation payable (note 7)	433	–
Trade and other payables	669	857
Total liabilities	63 264	56 816
Net assets	2 073	2 039
Equity		
Share capital and premium	256	256
Retained Earnings	1 668	1 630
Reserves	149	153
Total equity	2 073	2 039

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	SHARE CAPITAL AND PREMIUM R MILLION	FOREIGN CURRENCY TRANSLATION RESERVE R MILLION	RETAINED EARNINGS R MILLION	SHARE- BASED PAYMENT RESERVE R MILLION	TOTAL EQUITY R MILLION
Balance at 30 September 2021 (audited)	256	111	1 888	11	2 266
Total comprehensive income for the year					
Profit for the year			1 281		1 281
Other comprehensive gains					
Currency translation differences		30			30
Total comprehensive income for the year		30	1 281		1 311
Transactions with owners recorded directly to equity					
Share-based payments				1	1
Dividends paid			(1 539)		(1 539)
Total transactions with owners			(1 539)	1	(1 538)
Balance at 30 September 2022 (audited)	256	141	1 630	12	2 039
Total comprehensive income for the year					
Profit for the year			640		640
Other comprehensive losses					
Currency translation differences		(6)			(6)
Total comprehensive income for the year		(6)	640		634
Transactions with owners recorded directly to equity					
Share-based payments				2	2
Dividends paid			(602)		(602)
Total transactions with owners			(602)	2	(600)
Balance at 30 September 2023 (reviewed)	256	135	1 668	14	2 073

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	REVIEWED 30 SEPT 2023 R MILLION	AUDITED 30 SEPT 2022 R MILLION
Cash flows from operating activities		
Profit from fund management	1 561	1 819
Non cash and other adjustments	2	119
Operating profit before changes in working capital	1 563	1 938
Working capital changes	(175)	(170)
Decrease in trade and other receivables	(10)	(15)
Decrease in trade and other payables	(165)	(155)
Cash flows utilised in policyholders and investment partnership activities*	(21)	(1 081)
Cash generated from operations	1 367	687
Interest on lease liability paid	(7)	(12)
Interest paid	(36)	(33)
Income tax paid	(512)	(406)
Net cash generated from operating activities	812	236
Cash flows from investing activities		
Finance and dividend income	43	16
Acquisition of equipment	(25)	(6)
Net disposal of investment securities	210	258
Net cash from investing activities	228	268
Cash flows from financing activities		
Dividends paid	(602)	(1 539)
Proceeds from long term borrowings	46	-
Lease liability paid	(14)	(20)
Net cash utilised in financing activities	(570)	(1 559)
Increase/(decrease) in cash and cash equivalents	470	(1 055)
Net increase in cash and cash equivalents - shareholders	491	26
Net decrease in cash and cash equivalents - policyholders and investment partnerships*	(21)	(1 081)
Cash and cash equivalents at beginning of the year	6 460	7 485
Cash and cash equivalents at beginning of year - shareholders	656	600
Cash and cash equivalents at beginning of year - policyholders and investment partnerships*	5 804	6 885
Effect of exchange rate fluctuations on cash held	(6)	30
Cash and cash equivalents at end of the year	6 924	6 460
Cash and cash equivalents at end of year - shareholders	1 141	656
Cash and cash equivalents at end of year - policyholders and investment partnerships*	5 783	5 804

* The above cash flows include the policyholder and investment partnership activities. These cash flows represent net contributions and withdrawals by policyholders and investment partnerships and the related investing activities. Cash and cash equivalents of policyholders and investment partnerships are not available for use by the shareholders of the Group.

EARNINGS PER SHARE

	REVIEWED 30 SEPT 2023 R MILLION	FULL YEAR AUDITED 30 SEPT 2022 R MILLION
Earnings attributable to shareholders	640	1 281
Earnings attributable to ordinary shareholders	640	1 281
Headline earnings attributable to ordinary shareholders	640	1 281
Earnings per share (cents)		
- basic	182.9	366.3
- diluted	182.9	366.3
Note to the condensed consolidated statement of comprehensive income		
Headline earnings per share (cents)		
- basic	182.9	366.3
- diluted	182.9	366.3
Dividend per share (cents)		
- interim		214.0
- final		172.0

CONDENSED CONSOLIDATED SEGMENT REPORT

	AFRICA		INTERNATIONAL		GROUP	
	REVIEWED 30 SEPT 2023 R MILLION	AUDITED 30 SEPT 2022 R MILLION	REVIEWED 30 SEPT 2023 R MILLION	AUDITED 30 SEPT 2022 R MILLION	REVIEWED 30 SEPT 2023 R MILLION	AUDITED 30 SEPT 2022 R MILLION
Segment external revenue	2 568	2 625	1 079	1 113	3 647	3 738
Segment operating expenses	(1 559)	(1 365)	(595)	(497)	(2 154)	(1 862)
Segment profit	1 009	1 260	484	616	1 493	1 876
Net finance and other income/(expense)	129	(24)	(61)	(33)	68	(57)
Profit from fund management	1 138	1 236	423	583	1 561	1 819
Share of income of equity-accounted investee	5		-		5	5
Sundry gains/(losses)					110	(129)
Income/(losses) attributable to policyholder linked assets and investment partnerships					13	(3)
Profit before income tax					1 689	1 692
Segment assets	1 427	1 635	1 124	1 197	2 551	2 832
Investments*					62 786	56 023
Total assets					65 337	58 855
Segment liabilities	985	1 100	770	350	1 755	1 450
Investor liabilities**					61 509	55 366
Total liabilities					63 264	56 816

Total tax on shareholder profits amounts to R1 036 million (30 September 2022: R414 million) which has largely arisen from the international operations. Tax on policyholder investment contracts amounts to R13 million (30 September 2022: tax gain of R3 million).

* Investments are attributable to investments backing policyholder funds and investments held through investment partnerships, consolidated funds and other assets.

** Investor liabilities include policyholder investment contract liabilities and liabilities to holders of interest in investment partnerships and external investors in consolidated funds.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1 BASIS OF PREPARATION AND ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared in accordance with the framework concepts and the measurement and recognition requirements of the International Financial Reporting Standards (IFRS); the International Accounting Standard 34 Interim Financial Reporting; the Listings Requirements of the JSE Ltd; the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, as well as the South African Companies Act, No. 71 of 2008 (as amended). The condensed consolidated financial statements do not include all of the information required for a complete set of IFRS annual financial statements.

These condensed consolidated financial statements have been prepared in accordance with the historical cost basis except for certain financial instruments which are stated at fair value. The condensed consolidated financial statements are presented in South African Rand (R), rounded to the nearest million.

The preparation of the condensed consolidated financial statements, in conformity with IFRS, requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Key areas in which judgement and estimation uncertainty is applied include:

- ▶ Assessing the impact of the Supreme Court of Appeal (SCA) judgement in favour of SARS, in relation to the SARS vs Coronation Investment Management SA (Pty) Ltd (CIMSA) tax matter, management has determined that the SCA judgement is an obligating event. The total obligation payable by the Group to SARS is management's best estimate as at 30 September 2023.

IFRS do not specifically address the accounting treatment for interest and penalties related to income taxes. The IFRS Interpretations Committee (IFRIC) discussed the accounting for interest and penalties and concluded that a reporting entity should apply and disclose its judgement in assessing whether interest or penalties are themselves income tax.

An entity must assess the facts of the particular matter to determine whether the entity has made a financing decision (intentional or due to an oversight) or whether a significant tax uncertainty exists and as such the total obligation is as a result of the tax uncertainty.

Where the entity has a dispute with the tax authorities and there is significant uncertainty regarding the amount of income tax to be paid, further consideration is required.

There has been a significant uncertainty within the Group regarding taxes due as a result of this dispute, due to a difference of opinion on tax treatment (interpretation of the provisions of Section 9D of the Income Tax Act no. 58 of 1962) between CIMSA and SARS. There was no delay in the payment of any taxes due (as calculated in terms of guidance provided by expert advice and CIMSA's interpretation of the law) as a result of a conscious decision to delay payment nor any administrative oversight. Therefore, any interest charged due to this significant uncertainty in tax treatment is not a financing expense and should be accounted for as an operating expense. In addition, should the Group be liable for any penalties these will be accounted for as an operating expense as well.

- ▶ The valuation of unlisted investments is a notable area of judgement applied in the preparation of these condensed consolidated financial statements. It is the opinion of the directors that fair value approximates carrying amount;
- ▶ Valuation of the share-based payment expense where inputs are based on observable market inputs, adjusted for factors that specifically apply to the transaction and recognise market volatility; and
- ▶ Assessing whether the Group controls an investee by assessing the power over the investee, exposure or rights, to variable returns from its involvement with its investee and the ability to use its power over the investee to affect the amount of the Group's returns.

The accounting policies applied in the presentation of the condensed consolidated financial statements are in terms of IFRS and are consistent with those presented in the 2022 annual financial statements.

These reviewed results have been prepared under the supervision of N Salie CA(SA).

2 REVENUE FROM CONTRACTS WITH CUSTOMERS

	REVIEWED 30 SEPT 2023 R MILLION	AUDITED 30 SEPT 2022 R MILLION
Management fees	3 353	3 277
Performance fees	294	461
	3 647	3 738

Revenue from contracts with customers comprises fees earned in respect of fund management activities.

Refer to the condensed consolidated segment report for disaggregation of revenue based on the geographical split of revenue earned.

All revenue from contracts with customers is earned over time.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3 RELATED PARTY TRANSACTIONS

Related party transactions for the current year are similar to those disclosed in the Group's annual financial statements for the year ended 30 September 2022. No new significant related party transactions arose during the year.

4 LONG-TERM AND SHORT-TERM BORROWINGS

The cumulative redeemable preference shares with fixed rate dividends payable quarterly has a capital payment of R300 million (30 September 2022: R300 million) due on 1 April 2025.

On 31 August 2023 a new tranche of cumulative redeemable preference shares to the amount of R46 million were issued by CIMSA, with dividends linked to JIBAR payable on a quarterly basis and capital repayment due on 31 August 2027.

Additional long-term borrowings at year-end reflect a term loan facility of R189 million (2022: R181 million) with the Standard Bank of South Africa Limited (Standard Bank) entered into on 18 October 2019, amounting to US\$10 million, for the purposes of funding for a Common Contractual Fund (CCF) (refer to note 6) issued by Coronation Global Fund Managers (Ireland) Limited.

The loan facility is at a fixed rate and capital repayment is due on 17 October 2024.

5 FAIR VALUE DISCLOSURE

The table below analyses financial instruments carried at fair value. The different levels have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities. The fair value of policyholder and investment partnership liabilities that are included in Level 1 of the hierarchy are measured with reference to the quoted prices in an active market of the investments underlying the liabilities.

Level 2: Inputs other than quoted prices included in Level 1 that are observable for the assets or liabilities, either directly (i.e. as closing prices) or indirectly (i.e. derived from closing prices). The majority of Level 2 investments are deposits held with financial institutions. The fair values of these deposits are determined using a discounted cash flow valuation methodology based on market rates, reflecting the time value of money and counterparty credit risk. The fair values of the policyholder and investment partnership liabilities included in Level 2 are measured with reference to the fair values of the mentioned assets underlying these liabilities.

Cash and cash equivalent balances along with their related liabilities of 2 462 million (30 September 2022: R2 335 million) have been excluded from the below table in current and prior years respectively.

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	LEVEL 1 R MILLION	LEVEL 2 R MILLION	LEVEL 3 R MILLION	TOTAL R MILLION
September 2023 (Reviewed)				
Investments backing policyholder funds and investments held through investment partnerships	54 012	5 009	–	59 021
Investment securities	629	–	10	639
	54 641	5 009	10	59 660
Policyholder, external investors and investment partnership liabilities	–	59 007	–	59 007
September 2022 (Audited)				
Investments backing policyholder funds and investments held through investment partnerships	47 750	4 663	–	52 383
Investment securities	1 331	–	10	1 341
	49 081	4 663	10	53 724
Policyholder, external investors and investment partnership liabilities	–	53 025	–	53 025

Fair values for all other financial assets and liabilities have not been presented because they are not carried at fair value and their carrying amounts approximate fair values.

5 FAIR VALUE DISCLOSURE (continued)

During the current year, an amount of R108 million (30 September 2022: R88 million) in debentures included in investments backing policy holder funds and investments held through investment partnerships were transferred from Level 1 to Level 2 as these are now considered to be held in an inactive market and R65 million (30 September 2022: R185 million) moved from Level 2 to Level 1 as these are now considered to be in an active market. Transfers between levels of the assets and liabilities held at fair value occur when there is a change in market conditions, with transfers from Level 1 occurring when assets and liabilities are no longer held in an active market and vice versa. Bonds are classified as Level 1 if they have been traded within three months prior to the reporting date as the Level 1 classification for these instruments are based on the liquidity basis.

6 EXTERNAL INVESTORS IN CONSOLIDATED FUNDS

The Group's interest at year-end in the Coronation Global Sustainable Equity Income Fund* is 100% (30 September 2022: 100%), in the Coronation Emerging Markets Diversified Equity Fund* is 100% (30 September 2022: 0%) and in the Coronation International Equity Fund* is 100% (30 September 2022: 100%).

The Group consolidates the Coronation Global Sustainable Equity Income Fund*, the Coronation Emerging Markets Diversified Equity Fund*, and the Coronation International Equity Fund* due to the seed capital invested in the funds relative to the total fund size being significant.

During the year, the Group's interest in Coronation Global Equity Select [ZAR] Feeder Fund has decreased and Coronation no longer holds any interest in this fund and as such is no longer consolidated.

* Common Contractual Fund

7 TAX PAYABLE: SOUTH AFRICAN REVENUE SERVICES (SARS) MATTER

The Group has been the subject of a review by SARS on a matter of principle relating to its international operations, to which management has objected. In the 2021 financial year, this matter was heard in the Western Cape Tax Court ('the Court') and the Court ruled in the Group's favour on 17 September 2021. SARS subsequently appealed this judgment, and the matter was heard before the Supreme Court of Appeal ("SCA") on 17 November 2022. The SCA handed down its judgment on 7 February 2023, in which, based upon its interpretation of certain provisions of the Income Tax Act, upheld SARS' appeal and ordered CIMSA to pay additional taxes in respect of profits earned by its international operations, together with interest and costs. The SCA dismissed SARS' claim for penalties which SARS has subsequently appealed (refer to note 8).

Prior to the SCA ruling, a contingent liability was disclosed as a possible obligation existed at that point. The ruling by the SCA is considered as an obligating event and as such the Group has a present obligation as defined in IFRS to pay the additional taxes and interest. As a result and given that there has been no changes to the corporate structure, management's best estimate of the total obligation payable to SARS includes all the applicable years of assessments from 2012 to 30 September 2023 and amounts to R761 million. The tax payable portion of the total obligation due is disclosed in the tax liability and the interest payable has been recognised as a provision and disclosed in trade and other payables (refer to note 1).

Management, supported by external legal advisers involved in the matter, have since applied to the Constitutional Court for leave to appeal the SCA judgement. On Friday, 1 September 2023, the Constitutional Court issued a directive that it will hear the Company's application for leave to appeal and hear argument on the merits of the matter and we await notice of the hearing date.

Included in tax payable is the SARS matter obligation amounting to R283 million. The related interest is recognised as a part of trade and other payables. Note the total obligation is exclusive of any potential interest (refer to Note 8).

	TAX R MILLION	INTEREST R MILLION	TOTAL R MILLION
Balance at 30 September 2022	–	–	–
Raised during the year*	561	200	761
Payments made to SARS**	(278)	(162)	(440)
Balance at 30 September 2023	283	38	321

* Tax raised includes an amount of R502 million of tax related to prior years and R59 million related to the current year

** An amount of R55 million was paid to SARS in 2020 as security on the outstanding tax matter and pursuant to a successful suspension of payment request. On 28 March 2023 a payment amounting to R219 million was made to SARS on a without prejudice basis in order to facilitate the release of security ceded to SARS. A further payment of R166 million was made to SARS on 21 June 2023 on a without prejudice basis.

8 CONTINGENT LIABILITIES: SOUTH AFRICAN REVENUE SERVICE (SARS) MATTER

As part of the SCA judgement handed down, the SCA dismissed SARS' claim for penalties. Subsequent to this ruling, SARS lodged a cross-appeal to the Constitutional Court to appeal the SCA decision to dismiss the penalties. Management deems it necessary to disclose a contingent liability as the outflow and payment of these penalties is dependent on whether the Constitutional Court will accept the cross-appeal as well as the outcome of the appeal. On 6 September 2023, the Constitutional Court issued a directive that it will hear SARS' application for leave to cross-appeal and hear argument on the merits of the matter. The matter will be set down for hearing by the Constitutional Court in due course. Management, supported by external legal advisers, remains confident of the Group's position and an outflow related to the penalties is not considered probable.

9 RECONCILIATION OF TAXATION ON SHAREHOLDER PROFITS

The tax charge is different to the standard rate as detailed below:

	%	R MILLION
Tax on profit before tax, at SA rate of 27%	27.0%	453
Effect of tax rates in foreign jurisdictions	(3.5%)	(59)
Share-based payment expense	0.0%	1
Tax on capital gain	0.3%	5
Non-deductible expenses	6.9%	116
Tax Exempt Income	(1.6%)	(27)
Non-taxable income	(0.7%)	(12)
Effect of equity-accounted profits included net of tax	(0.1%)	(2)
Additional assessments: South Africa Revenue Services (SARS) Matter	33.5%	561
	61.8%	1 036

10 RECONCILIATION OF FUND MANAGEMENT EARNINGS

Fund management earnings are used by management to measure operating financial performance, being profit for the year excluding the net impact of fair value gains and losses and related foreign exchange on investment securities held by the Group. In management's view, this measure represents the earnings from core business activities of the Group, being fund management activities.

The calculation of fund management earnings is based on headline earnings attributable to ordinary shareholders, adjusted for the after tax and after bonus impact of sundry gains or losses disclosed in the condensed consolidated statement of comprehensive income. These sundry gains and losses include the fair value and foreign exchange movements on investment securities disclosed in the condensed consolidated statement of financial position.

	REVIEWED 30 SEPT 2023 R MILLION	AUDITED 30 SEPT 2022 R MILLION
Headline earnings attributable to ordinary shareholders	640	1 281
Sundry (gains)/losses (condensed consolidated statement of comprehensive income)	(110)	129
Related tax* and bonus impact	48	(57)
Earnings from fund management	578	1 353
Fund management earnings per share (cents)*	165.2	387.0
Diluted fund management earnings per share (cents)	165.2	387.0

The impact of the SARS matter is a reduction in earnings (including the related bonus impact and tax thereon) amounting to R717 million (2022: nil).

* Based on South African corporate tax rate at the capital gains inclusion rate

11 EVENTS AFTER THE REPORTING PERIOD

The final cash dividend for the 2023 financial year of R577 million (165.0 cents per share) was declared based on the actual shares in issue of 349 799 102.

PROFORMA FINANCIAL INFORMATION

The pro forma financial information, which is the responsibility of the Group's directors, is presented in accordance with the JSE Listings Requirements, including JSE Guidance Letter: *Presentation of pro forma financial information dated 4 March 2010* and the SAICA Guide on Pro Forma financial information. The pro forma financial information detailed below, relates to the impact of the SARS matter on the earnings of the group for the year ended 30 September 2023. The Non-IFRS financial information has been presented for illustrative purposes and, due to its nature, may not fairly present the Group's financial position or result. KPMG Inc has issued an unmodified reporting accountants' report on the Non-IFRS financial information for the year ended 30 September 2023, in accordance with International Standard on Assurance Engagements (ISAE) 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the International Auditing and Assurance Standards Board (**Reporting accountant report**). The starting point for all the Non-IFRS financial information has been extracted from the Group's condensed consolidated financial results for the year ended 30 September 2023 ("condensed consolidated financial results"). The non-IFRS reconciliations presented below are comprised of reviewed or audited financial information, as applicable.

FUND MANAGEMENT EARNINGS EXCLUDING IMPACT OF SARS MATTER

Fund management earnings are used by management to measure operating financial performance, being profit for the year excluding the net impact of fair value gains and losses and related foreign exchange on investment securities held by the Group. In management's view, this measure represents the earnings from core business activities of the Group, being fund management activities.

The calculation of fund management earnings is based on headline earnings attributable to ordinary shareholders, adjusted for the after tax and after bonus impact of sundry gains or losses disclosed in the condensed consolidated statement of comprehensive income. These sundry gains and losses include the fair value and foreign exchange movements on investment securities disclosed in the condensed consolidated statement of financial position.

Per note 7 on the SARS matter, the Group has a present obligation as defined in IFRS to pay the additional taxes and interest amounting to R761 million. The proforma financial information below reflects the operational fund management earnings excluding the impact of the SARS matter.

	30 SEPT 2023 R MILLION	30 SEPT 2022 R MILLION
Headline earnings attributable to ordinary shareholders	640	1 281
Sundry (gains)/losses (condensed consolidated statement of comprehensive income)	(110)	129
Related tax* and bonus impact	48	(57)
Earnings from fund management	578	1 353
Obligation raised on SARS Matter (refer to note 7)	761	-
Related bonus impact and tax thereon (27%)	(44)	-
Earnings from fund management excl. SARS Matter	1 295	1 353
Fund management earnings per share (cents)*	165.2	387.0
Diluted fund management earnings per share (cents)	165.2	387.0
Fund management earnings per share (cents)* excl. impact of SARS Matter	370.2	387.0
Diluted fund management earnings per share (cents) excl. impact of SARS Matter	370.2	387.0

The impact of the SARS matter is a reduction in earnings (including the related bonus impact and tax thereon) amounting to R717 million (2022: nil).

* Based on the South African corporate tax rate at the capital gains inclusion rate

TOTAL OPERATING EXPENSES EXCLUDING IMPACT OF SARS MATTER

Per note 7 the total obligation includes both taxes (R561 million) and interest (R200 million). The interest has been recognised in operating expense refer to note 1.

	30 SEPT 2023 R MILLION	30 SEPT 2022 R MILLION
Total operating expenses	(2 154)	(1 862)
Interest recognised on SARS matter	200	-
Related bonus impact	(60)	-
Total operating expenses excluding SARS matter interest	(2 014)	(1 862)

Directors:	A Watson (Chairman)*, A C Pillay (Chief Executive Officer), L Boyce*, N Brown*, J G February*, P Hadebe*, M A Musekiwa (Chief Financial Officer), H Nelson*, M Nhlumayo*, S Ntombela* (* Independent non-executive)
Company Secretary:	N Hawa
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Postal address:	PO Box 44684, Claremont 7735, Cape Town
Registration number:	1973/009318/06
Transfer secretaries:	Computershare Investor Services (Pty) Ltd Rosebank Towers, 15 Biermann Avenue, Rosebank 2196, Gauteng
JSE share code:	CML
ISIN:	ZAE000047353
LEI:	3789001BC9A29E6FF77
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Sponsor:	Valeo Capital (Pty) Ltd

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