



ANNUAL FINANCIAL  
STATEMENTS



Hosken Consolidated Investments Limited

2024

# OPERATING STRUCTURE

AS AT 31 MARCH 2024

## LISTED COMPANIES


**TSOGO SUN**  
CASINOS . HOTELS  
50.1%

**FRONTIER**  
Transport Holdings  
81.9%

**eMedia**  
Holdings  
80.3%

**DENEB**  
INVESTMENTS LIMITED  
84.8%

  
**Southern Sun**  
41.5%

  
**PLATINUM**  
GROUP  
METALS  
26.3%

## UNLISTED COMPANIES

**HCI**  
RESOURCES

100%

 **Impact**  
Oil & Gas

49.9%

**HCI**

HCI Properties  
(Division)

100%

  
**alphawave**

42.4%

**GRIPP**  
— ADVISORY —

75.0%

  
**LA CONCORDE**

89.8%

## TRUST

**HCI** foundation 

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# SHAREHOLDERS' SNAPSHOT

## ANALYSIS OF SHAREHOLDERS

Listed below is an analysis of shareholdings extracted from the register of ordinary shareholders at 31 March 2024.

	Number of shareholders	% of current shareholders	Number of shares	% of issued capital
<b>Range of holdings</b>				
1 – 1 000	2 828	76.4	509 648	0.6
1 001 – 10 000	584	15.8	1 941 782	2.3
10 001 – 50 000	175	4.7	4 282 786	5.0
50 001 – 100 000	41	1.1	3 161 095	3.7
100 001 – 500 000	53	1.4	12 007 620	14.0
500 001 – 1 000 000	8	0.2	6 012 358	7.0
1 000 001 shares and over	13	0.4	57 705 359	67.4
	3 702	100.0	85 620 648	100.0

## Type of shareholder

Banks and custodians	88	2.4	7 370 083	8.6
Close corporation	6	0.2	2 860	0.0
Individual	2 777	75.0	24 163 022	28.2
Other corporation	225	6.1	11 410 842	13.3
Pension, provident, retirement and other funds	255	6.9	13 475 769	15.7
Private company	94	2.5	26 911 829	31.5
Public company	24	0.6	562 786	0.7
Trust	233	6.3	1 723 457	2.0
	3 702	100.0	85 620 648	100.0

## Shareholders' diary

Financial year-end	31 March
Annual general meeting	29 August
Reports	
– Condensed annual report	May
– Annual financial statements	July
– Interim report at 30 September	November

# SHAREHOLDERS' SNAPSHOT

(CONTINUED)

## SHAREHOLDINGS GREATER THAN 5%

	2024 %	2023 %
Southern African Clothing and Textile Workers Union	23.3	24.7
Chearsley Investments Proprietary Limited	7.6	7.6
Squirewood Investments 64 Proprietary Limited*	5.3	5.3
Zarclear (RF) Proprietary Limited	5.6	2.2
Rivetprops 47 Proprietary Limited	5.0	4.3
	46.8	44.1

\* Treasury shares

## SHAREHOLDER SPREAD

	Percentage held		Number of shareholders	
	2024 %	2023 %	2024	2023
Public	52.2	51.5	3 684	3 936
Non-public	47.8	48.5	18	18
Directors	7.9	7.9	6	6
Associates of directors	11.0	10.3	7	7
Significant shareholder	23.3	24.7	1	1
Share trust	0.2	0.2	1	1
Foundation	-	-	1	1
Treasury shares	5.4	5.4	2	2
	100.0	100.0	3 702	3 954

## Stock exchange performance

Total number of shares traded ('000)	17 440
Total value of shares traded (R'000)	3 465 610
Market price (cents per share)	
– Closing	17 200
– High	24 342
– Low	16 502
Market capitalisation (R'000)	13 909 664

# APPROVAL OF ANNUAL FINANCIAL STATEMENTS

The directors of Hosken Consolidated Investments Limited are responsible for the preparation, integrity and fair presentation of the annual financial statements of the Company and of the Group, as set out on pages 23 to 134, and for other information contained therein. The financial statements for the year ended 31 March 2024 have been prepared in accordance with IFRS® Accounting Standards, the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the Listings Requirements of the JSE Limited and the Companies Act of South Africa and include amounts based on prudent judgements and estimates by management.

The going concern basis has been adopted in preparing the financial statements. The directors have no reason to believe that the Group or any company within the Group will not be a going concern in the foreseeable future based on forecasts and available cash resources. These financial statements support the viability of the Company and the Group.

The financial statements have been audited by the independent auditing firm, Forvis Mazars, which was given unrestricted access to all financial records and related data, including minutes of all meetings of shareholders, the board of directors and committees of the board. The directors believe that all representations made to the independent auditor during the audit were valid and appropriate.

The financial statements for the year ended 31 March 2024 were approved by the board of directors on 26 July 2024 and are signed on its behalf by:



VE Mphande  
Chairperson



JA Copelyn  
Chief Executive  
Officer



JR Nicolella  
Financial Director

Cape Town  
26 July 2024

# STATEMENTS OF RESPONSIBILITY

FOR THE YEAR ENDED 31 MARCH 2024

## DECLARATION BY CHIEF EXECUTIVE OFFICER AND FINANCIAL DIRECTOR

Each of the directors, whose names are stated below, hereby confirm that:

- (a) the consolidated and separate annual financial statements set out on pages 23 to 134, fairly present in all material respects the financial position, financial performance and cash flows of the Group and the Company in accordance with IFRS Accounting Standards, the requirements of the JSE Limited and Companies Act of South Africa;
- (b) to the best of our knowledge and belief, no facts have been omitted or untrue statements made that would result in the annual financial statements being false or misleading;
- (c) internal financial controls have been put in place to ensure that material information relating to the Company and its subsidiaries have been provided to effectively prepare the annual financial statements of the Group and the Company;
- (d) the internal financial controls are adequate and effective and can be relied upon in compiling the annual financial statements, having fulfilled our role and function as executive directors with primary responsibility for implementation and execution of controls;
- (e) where we are not satisfied, we have disclosed to the audit and risk committee and the external auditor any deficiencies in design and operational effectiveness of the internal financial controls and have remediated the deficiencies; and
- (f) we are not aware of any fraud involving directors.



JA Copelyn  
Chief Executive Officer



JR Nicolella  
Financial Director

Cape Town  
26 July 2024

## DECLARATION BY COMPANY SECRETARY

Hosken Consolidated Investments Limited (HCI) has complied with all statutory and regulatory requirements in accordance with the Financial Markets Act, Act 19 of 2012, and all directives issued by the Financial Sector Conduct Authority.

In terms of section 88 of the Companies Act, Act 71 of 2008, as amended (the Act), I hereby confirm that HCI has lodged with the Companies and Intellectual Property Commission all such returns as are required of a public company in terms of the Act and that all such returns are true, correct and up to date.

### *HCI Managerial Services Proprietary Limited*

HCI Managerial Services Proprietary Limited  
Company Secretary

Cape Town  
26 July 2024

# REPORT OF THE AUDIT AND RISK COMMITTEE

*Chairperson: Mr MH Ahmed*

*Members: Mr JG Ngcobo and Ms RD Watson*

## INTRODUCTION

The audit and risk committee (committee) has pleasure in submitting this report in respect of the past financial year of the Group, as required by section 94 of the Companies Act, Act 71 of 2008, as amended (the Act). The responsibilities and functions carried out by the committee during the year under review are set out in this report.

The committee is a statutory committee constituted in terms of section 94(7) of the Act to provide oversight of the financial reporting process, the audit process, the Company's system of internal controls and compliance with laws and regulations. The committee serves as the audit and risk committee for Hosken Consolidated Investments Limited (HCI or the Company), HCI Resources Proprietary Limited (formerly HCI Coal Proprietary Limited), HCI Managerial Services Proprietary Limited, HCI's property division, La Concorde Holdings Limited and GRiPP Advisory Proprietary Limited.

The committee's mandate is set out in its terms of reference and includes the following responsibilities:

- monitoring the accuracy and integrity of the Group's financial and other reporting;
- monitoring the effectiveness of risk management processes and internal controls;
- reviewing and approving the internal audit plan and scope of work, including the expertise of the internal auditors;
- reviewing the independence of the external auditor;
- recommending the appointment of the external auditor to shareholders on an annual basis;
- reviewing the scope, results and cost-effectiveness of independent accounting and valuation services; and
- reviewing the expertise and experience of the financial director.

## COMPOSITION

In terms of the Act shareholders are required to approve audit and risk committee members at the annual general meeting (AGM) of the Company. Three independent non-executive directors of the Company were approved by shareholders at the 2023 AGM to serve until the next AGM scheduled for 29 August 2024.

Mr MH Ahmed, Mr JG Ngcobo and Ms RD Watson have been nominated to the committee, subject to shareholder approval at the AGM. The election of members of the committee will take place by way of separate resolutions to be considered by shareholders. The content of these ordinary resolutions is set out in the notice of the AGM.

At least two independent non-executive directors are required to form a quorum.

The committee members possess all the required qualifications, skills and experience to ensure that the committee is suitably skilled to perform the role required by the terms of reference of the committee. The chairperson of the board is not a member of the committee. The committee met three times during the year under review.

The attendances of the committee members are presented below:

Committee member	Number of meetings	Attendance of members
MH Ahmed	3	3
JG Ngcobo	3	3
RD Watson	3	3

The financial director, the Group's risk officer and the Group financial manager attend the meetings as permanent invitees, along with the external and internal auditors. Other directors and members of management attend, as required.

## ROLE, PURPOSE AND FUNCTION

### Combined assurance

With the assistance of internal audit, external audit, the financial director and the chief risk officer, the committee provides assurance to the board that the risk management process, internal controls and financial reporting processes are integrated into the daily business activities of the business entities in line with the risk appetite of the Company.

### External auditor

The external auditor for the period under review was Forvis Mazars and Ms Yolandie Ferreira was the designated auditor.

The committee has:

- confirmed the independence of the external auditor as per section 92 of the Act and reviewed their performance;
- approved the fees to be paid to the external auditor and their terms of engagement;
- determined the nature and extent of any non-audit services that the external auditor may provide to the Company and its wholly-owned subsidiaries;
- pre-approved any proposed agreement with the external auditor for the provision of non-audit services to the Company and its wholly-owned subsidiaries;
- considered the key audit matters as identified by the external auditor;

# REPORT OF THE AUDIT AND RISK COMMITTEE

(CONTINUED)

- provided for regular confidential meetings between the committee members and the external and internal auditors; and
- considered all entities included in the consolidated financial statements in respect of financial reporting procedures.

## Risk management

The board acknowledges that it is accountable for the process of risk management and the system of internal control of the Group. As HCI is an investment holding company, under the auspices of the chief risk officer, the risk management process considers the risks and opportunities within the Company as well as those inherent in its portfolio of investments.

The committee is an integral component of the risk management process and, specifically, the committee ensures, by enquiry of management, external and internal auditors, that all material corporate risks have been identified, assessed, monitored and effectively managed.

The committee further enables the principle that risk management is also about analysing opportunities and not only guarding against downside possibilities. Internal control structures have been implemented to ensure that significant business and financial risk is identified and appropriately managed:

- it is management's responsibility to design, implement and monitor the risk management policies;
- risk assessments are performed on a continual basis;
- frameworks and methodologies are implemented to increase probability of anticipating unpredictable risks;
- risk responses by management are considered and implemented;
- risks are monitored continuously; and
- the board should receive assurance regarding effectiveness of risk management.

The committee is accountable to the board for implementing and monitoring the processes of risk management and integrating this into day-to-day activities. The committee, however, does not assume the functions of management, which remain the responsibility of the executive directors, officers and other members of senior management.

A disciplined and timeous reporting structure enables the committee to be fully apprised of Group company activities, risks and opportunities. This is achieved by requiring that subsidiary companies report their key risks and responses to the committee on a biannual basis, with additional exception reporting as required.

The focus of the committee is on those risks which may negatively impact the long-term sustainability of the business or have a material impact on short-term performance.

This continual emphasis on risk management assists the board to foster a culture in the HCI Group that emphasises and demonstrates the benefits of a risk-based approach to internal controls and management of the Group.

Effective risk management is seen as fundamental to the sustainability of the Group's interests.

## Material risks

A high-level description of all immediately identifiable material risks which are specific to the Group and the industries in which it operates are listed below:

- Risk of deterioration in economic environment in South Africa, including:
  - policy uncertainty as a result of the new coalition government that has been formed following the May 2024 general elections;
  - continuation of electricity supply constraints and load shedding affecting business confidence and resulting in additional costs of business for subsidiary companies;
  - negative effects of South Africa remaining on the grey list of countries by The Financial Action Task Force (FATF) due to its structural deficiencies in combating money laundering, terrorism financing and illicit financial flows; and
  - geopolitical tensions with the United States of America and European Union given South Africa's ties with Russia via BRICS.
- Policy uncertainty/regulatory changes, including:
  - compliance with changing broad-based black economic empowerment (B-BBEE) and employment equity regulations;
  - compliance with beneficial ownership disclosure regulations in relation to anti-money laundering and combating terrorism financing legislation;
  - finalisation of digital terrestrial television migration;
  - changes in tobacco legislation impacting the casino industry; and
  - oil and gas exploration rights in South Africa.
- Societal and business risks relevant to the Group:
  - political and social unrest in South Africa;
  - robberies and assaults on buses;
  - unrest affecting mining operations and bus transport;
  - unreliable and costly utilities due to load shedding and water shortages;
  - commodity price risk for coal, oil and palladium; and
  - cyber and information-related risk.

### Internal audit

HCI has a majority shareholding in GRiPP Advisory Proprietary Limited (GRiPP), a company in the business of providing internal audit services. The internal audit function is outsourced to GRiPP who is responsible for providing internal audit services to the Group on an arm's length basis. Internal audit procedures are performed in line with approved audit plans that are tailored for each entity using a combined assurance approach. The internal audit function reports to the chairperson of the committee, thereby ensuring its independence and, where appropriate for listed entities, reports to each of the listed entities' audit and risk committees separately.

The committee is satisfied that the internal audit function operated effectively during the year under review, and their work was predominantly adequate and fit for purpose.

### Information technology (IT) governance

The IT environment of subsidiary companies is reported on to the committee on a regular basis. The HCI executive committee assumes responsibility for IT governance at head office level and reports on the level of preparedness are submitted to the committee for review. IT has limited scope at a Group level and the Company has therefore substantially outsourced its IT functions to a credible service provider via a service level agreement.

To ensure continuous improvements of cybersecurity at HCI and limit the possibility of cyberthreats, the internal audit function carries out six-monthly vulnerability tests on the Company's IT infrastructure.

### Compliance

This committee has oversight responsibility in respect of compliance by HCI of laws and regulations.

The social and ethics committee has oversight of the Group's health and safety compliance.

### Fraud and whistleblowing

The committee has oversight of the Company's whistleblowing programme. During the period under review no instances of fraud requiring action at a Group level were raised or identified. The committee is satisfied that the Company has made adequate and appropriate provision for whistleblowing.

### Corporate governance

HCI is committed to the highest standards of business integrity, ethics and professionalism. The King IV Report on Corporate Governance™ (King IV) for South Africa 2016, copyright and trademarks are owned by the Institute of Directors in Southern Africa non-profit company and all of its rights are reserved, became effective for years starting on or after 1 April 2017. King IV, which is applied

on an apply-and-explain basis, advocates an outcomes-based approach and defines corporate governance as the exercise of ethical and effective leadership towards the achievement of the following governance outcomes:

- ethical culture;
- good performance;
- effective control; and
- legitimacy.

HCI has reviewed the practices underpinning the principles promoted in King IV™. Many of these principles are entrenched in the Group's internal controls, policies and procedures governing corporate conduct. The committee is satisfied that HCI, in all material aspects, complies with the major recommendations of the King IV™ code to ensure that sound corporate governance and structures are applied within the Group.

For the detailed King IV™ application register please visit the Company website: [www.hci.co.za](http://www.hci.co.za).

### Financial director and finance function

The Company employs a full-time financial director who is also an executive director of the Company. Mr JR Nicolella holds a CA(SA) qualification and has extensive executive experience. During the period under review, the committee considered the expertise and experience of the financial director and is satisfied that, in terms of paragraph 3.84(g) of the JSE Listings Requirements, Mr JR Nicolella has the appropriate skills, expertise and experience to meet the responsibilities of the position. The committee has also, in terms of King IV™, assessed the expertise of the finance function and the committee is satisfied that the finance team has the required and adequate skills to perform their duties.

### Financial statements and going concern

The committee has:

- reviewed the separate and consolidated financial statements of the Company for the year ended 31 March 2024 and is satisfied that they comply with IFRS Accounting Standards and the requirements of the Act, that the accounting policies used are appropriate and that all procedures operated effectively in terms of the JSE Listings Requirements;
- reviewed the legal matters that could have a significant impact on the Group's financial statements;
- reviewed a documented assessment by management of the going concern premise of the Company and has concluded that the HCI Group is a going concern and that the consolidated annual financial statements have been prepared in accordance with the going concern concept. The board has accepted the recommendation of the committee that the Company is operating as a going concern and has reported that status in the 2024 annual financial statements;

# REPORT OF THE AUDIT AND RISK COMMITTEE

(CONTINUED)

- considered the JSE's most recent report on the proactive monitoring of financial statements and, where necessary, those of previous periods. The committee has taken appropriate action to respond to the findings as highlighted in the JSE's report with regards to the annual financial statements for the year ended 31 March 2024;
- reviewed the establishment of appropriate financial reporting procedures;
- reviewed the areas of focus in the financial statements. The committee is of the view that where significant judgements are involved in the preparation of the financial statements that could have a material impact on those financial statements, the financial director, management and the committee have exercised appropriate care and skill in making those judgements;
- reviewed the key audit matters identified by the external auditor and is satisfied that they have been adequately addressed:

The following Group key audit matters have been detailed in the audit opinion:

- casino licences impairment assessment;
- fair value of investment properties;
- goodwill impairment assessment;
- investment in associate – Southern Sun Limited – impairment assessment; and
- investment in associate – Impact Oil & Gas Limited – impairment assessment.

The following Company key audit matter has been detailed in the audit opinion:

- investment in subsidiary companies – impairment assessment.
- confidence that the internal control system and governance structures that have been put in place, have operated effectively during the year.

## Sustainability reporting

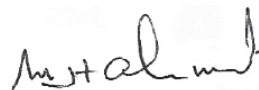
The committee considered the Company's sustainability information and has assessed its consistency with operational and other information known to committee members. The committee is satisfied that the sustainability information is reliable and consistent with the financial results.

## Other matters

- the committee receives and deals with complaints and concerns from within and outside the Company relating to all matters within its terms of reference. No complaints were received during the current or prior year;
- the committee has the right to obtain independent external professional advice to assist with the execution of its duties, at the Company's expense;
- the committee has decision-making authority regarding its statutory duties and is accountable in this regard to both the board and the shareholders. On all responsibilities delegated to it by the board, other than its statutory duties, the committee makes recommendations for approval by the board; and
- the chairperson of the committee attends AGMs and is available to answer any questions in relation to matters pertaining to the responsibilities of the committee.

## Recommendation of the annual financial statements

The committee has reviewed the annual financial statements of Hosken Consolidated Investments Limited and the Group for the year ended 31 March 2024 and, based on the information provided to the committee, the committee recommends the adoption of the annual financial statements by the board.



MH Ahmed  
Chairperson: Audit and Risk Committee

26 July 2024

# REPORT OF THE INDEPENDENT AUDITOR

TO THE SHAREHOLDERS OF HOSKEN CONSOLIDATED INVESTMENTS LIMITED

## REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

### Opinion

We have audited the consolidated and separate financial statements of Hosken Consolidated Investments Limited (the Group and Company) set out on pages 23 to 131, which comprise the consolidated and separate statements of financial position as at 31 March 2024, and the consolidated and separate statements of profit or loss and other comprehensive income, consolidated and separate statements of changes in equity and consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including material accounting policy information.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Hosken Consolidated Investments Limited as at 31 March 2024, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB) and the requirements of the Companies Act of South Africa.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements* section of our report. We are

independent of the Group and Company in accordance with the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors* (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Other matter

The consolidated and separate financial statements of Hosken Consolidated Investments Limited for the year ended 31 March 2023 were audited by another auditor who expressed an unmodified opinion on those statements on 31 July 2023.

### Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

# REPORT OF THE INDEPENDENT AUDITOR

(CONTINUED)

## CONSOLIDATED FINANCIAL STATEMENTS

### Key audit matter

### How our audit addressed the key audit matter

*Casino licences impairment assessment – included as part of Note 4 to the consolidated financial statements*

The Group has casino licences with a carrying value of R8.8 billion as at 31 March 2024.

Intangible assets with indefinite useful lives are required to be tested annually for impairment in accordance with IAS 36 *Impairment of Assets* and the Group's accounting policy (Note 1(g)).

The recoverable amount of individual casino licences was determined by management with reference to their value in use as part of the cash-generating units (CGUs) to which it relates. The value in use of individual CGUs was calculated using discounted cash flow (DCF) projections. Significant estimates and judgements were applied by management in performing these calculations to determine whether any impairment or reversal of impairment was required. The key assumptions and unobservable inputs are disclosed in Note 4 to the consolidated financial statements.

Management concluded, based on their assessment, that nine licences required an impairment amounting to R2.7 billion. The impairment was attributed to the projected cash flows being less than anticipated in the previous year.

The impairment assessment of the casino licences is considered to be a matter of most significance to the current-year audit of the consolidated financial statements, due to:

- the significant judgements and estimates made by management in determining the key assumptions used in the value-in-use calculation, i.e. the DCF growth rates, pre-tax discount rates and long-term growth rate; and
- the magnitude of the carrying values of the casino licences as at 31 March 2024.

Our audit procedures, amongst others, included the following:

- We evaluated management's current-year calculations for consistency with the prior-year methodology and noted no exceptions.
- With the assistance of our internal valuation specialists, we obtained the value-in-use calculations from management per CGU and performed the following procedures:
  - o assessed whether the methodology applied by management to calculate the value in use of the casino licences is consistent with industry best practice and the requirements of IAS 36;
  - o recalculated the carrying value of each CGU to ensure mathematical accuracy;
  - o assessed the appropriateness and reasonability of assumptions made in the projected cash flow forecasts by comparing the current-year actual results for certain metrics to the 2024 financial year figures included in the prior-year cash flow forecast, considering whether the cash flow forecasts in the past had been reasonable; and
  - o assessed the reasonability of the discount rates used by management by recalculating the discount rates, considering available market data. The recalculated discount rate was compared to the discount rate used by management and the DCF calculation was recalculated and compared to management's DCF calculation. The use of our independently recalculated discount rates and DCF calculations were within range of management's DCF calculations (valuations) performed.

The recalculated discount rate included the cost of debt and equity (which included assessing the risk-free rates in the market, market risk premiums and the beta of comparable companies) and the relevant weighting thereof.
- We assessed the accuracy and completeness of the disclosures in Note 4 to the consolidated financial statements against the requirements of IAS 36.

## Key audit matter

## How our audit addressed the key audit matter

### *Fair value of investment property – Note 2 to the consolidated financial statements*

The Group owns a portfolio of investment properties with a carrying value of R5.2 billion as at 31 March 2024.

IAS 40 *Investment Property* and the Group's accounting policy (Note 1(f)) requires investment properties to be carried at fair value. The fair value of investment properties is calculated in accordance with the requirements of IFRS 13 *Fair Value Measurement*.

The valuations of the portfolio of investment properties are performed annually, either by external property valuers or internally by management. The majority of the valuations are performed using either the DCF method or the income capitalisation method.

The Group recognised a total fair value gain amounting to R40 million relating to fair value adjustments on investment properties in the statements of profit or loss for the year ended 31 March 2024.

The valuation of the portfolio of investment properties is considered to be a matter of most significance to the current-year audit of the consolidated financial statements, due to:

- the significant judgements and estimates made in determining the key assumptions used in the calculations of the fair value of the investment properties, i.e. income and expense growth rates, vacancy rates, terminal capitalisation rates and discount rates for properties valued using the DCF method or the income capitalisation method; and bulk rates and selling prices per square metre (sqm) for properties valued using the comparable sales method; and
- the magnitude of the carrying values of the investment properties as at 31 March 2024.

Our audit procedures, amongst others, included the following:

- We evaluated management's current-year calculations for consistency with the prior-year methodology and noted no exceptions.
- We obtained the valuation reports from management and agreed the fair values of investment properties to the valuation reports from the external property valuer(s) and internal valuations, as applicable.
- For the properties where external valuations were performed, we assessed the external valuers' objectivity, independence and expertise by confirmation of their affiliation with the relevant professional body.
- For the properties where management valuations were performed, we assessed management's expertise with reference to their qualifications and industry experience.
- We assessed whether the valuation techniques and methodologies applied by management and their external valuers are consistent with generally accepted property valuation techniques and the requirements of IFRS 13.
- For a sample of investment properties, we assessed the appropriateness and reasonability of the assumptions applied by management or the external valuer(s) in determining the fair value of investment properties by:
  - assessing the accuracy of the category, location and grade of the property by comparing it to the relevant evidence provided by management;
  - assessing the reasonability of both income and expense growth rates by comparing it to relevant internal data and external market information;
  - comparing projected cash flows used in the valuations to management's approved budgets, including the projected cash flows for reasonability; and
  - assessing the reasonability of vacancy rates, terminal capitalisation rates and discount rates by comparing the rates applied by management to the external market information relating to rates.
- We assessed the accuracy and completeness of the disclosures in Notes 2 and 46.3 to the consolidated financial statements against the requirements of IAS 40 and IFRS 13.

# REPORT OF THE INDEPENDENT AUDITOR

(CONTINUED)

## Key audit matter

## How our audit addressed the key audit matter

*Goodwill impairment assessment – Note 3 to the consolidated financial statements*

The Group has goodwill with a carrying value of R3.8 billion as at 31 March 2024, the majority of which is allocated to the gaming CGU.

Goodwill is required to be tested annually for impairment in accordance with IAS 36 *Impairment of Assets* and the Group's accounting policy (Note 1(c)(iii)).

The recoverable amount of the CGU related to gaming was determined by management with reference to the highest of its fair value less costs of disposal and its value in use, which was calculated using DCF projections. Significant estimates and judgements were applied by management in performing these calculations to determine whether any impairment was required. The key assumptions and unobservable inputs are disclosed in Note 3 to the consolidated financial statements.

Management concluded, based on its assessment, that no impairment of the goodwill allocated to the gaming CGU was required.

The impairment assessment of the goodwill related to gaming is considered to be a matter of most significance to the current-year audit of the consolidated financial statements, due to:

- the significant judgements and estimates made by management in determining the key assumptions used in the value-in-use calculation, i.e. income and expense projections, the DCF growth rates, pre-tax discount rates and long-term growth rate; and
- the magnitude of the carrying value of the goodwill related to gaming as at 31 March 2024.

Our audit procedures, amongst others, included the following:

- We evaluated management's current-year calculations for consistency with the prior-year methodology and noted no exceptions.
- With the assistance of our internal valuation specialists, we obtained the value-in-use calculations from management for the gaming CGU and performed the following procedures:
  - assessed whether the methodology applied by management to calculate the value in use of the goodwill related to gaming is consistent with industry best practice and the requirements of IAS 36;
  - recalculated the carrying value of the gaming CGU to ensure mathematical accuracy;
  - assessed the appropriateness and reasonability of assumptions made in the projected cash flow forecasts relevant to gaming, by comparing the current-year actual results for certain metrics to the 2024 financial year figures included in the prior-year cash flow forecast, to determine whether the cash flow forecasts in the past had been reasonable; and
  - assessed the reasonability of the discount rates used by management by recalculating the discount rates, using available market data relevant to discount rates. The recalculated discount rates were compared to the discount rates used by management and the DCF calculations were recalculated and compared to management's DCF calculations. The use of our independently calculated discount rates and the resulting recalculated cash flow calculations were within range of management's valuations performed. The recalculated discount rates took into account the cost of debt and equity (which included assessing the risk-free rates in the market, market risk premiums and the beta of comparable companies) and the relevant weighting thereof.
- We assessed the accuracy and completeness of the disclosures in Note 3 to the consolidated financial statements against the requirements of IAS 36.

## Key audit matter

*Investment in Associates – Southern Sun impairment assessment – included as part of Note 6 to the consolidated financial statements*

Included in the consolidated financial statements' carrying value of investments in associates is an investment in Southern Sun Limited (SS) with a carrying value of R3.8 billion as at 31 March 2024.

Investments in associates are required to be tested for impairment if there is objective evidence that the investment is impaired in accordance with IAS 36 *Impairment of Assets* and the Group's accounting policy (Note 1(c)(ii)).

The recoverable amount of the investment in associate was determined by management with reference to its value in use, which was calculated using DCF projections. Significant estimates and judgements were applied by management in performing these calculations to determine whether any impairment was required. The key assumptions and unobservable inputs are disclosed in Note 6 to the consolidated financial statements.

Management concluded, based on its assessment, that no impairment or impairment reversal on the SS investment in associate (SS investment) was required.

The impairment assessment of the SS investment is considered to be a matter of most significance to the current-year audit of the consolidated financial statements, due to:

- the significant judgements and estimates made by management in determining the key assumptions used in the value-in-use calculation, i.e. income and expense projections, the DCF growth rates, pre-tax discount rates and long-term growth rate; and
- the magnitude of the carrying value of the SS investment as at 31 March 2024.

## How our audit addressed the key audit matter

### Southern Sun impairment assessment procedures

Our audit procedures, amongst others, included the following:

- We evaluated management's current-year calculations for consistency with the prior-year methodology and noted no exceptions.
- With the assistance of our internal valuation specialists, we obtained the value in use calculation from management for the SS investment and performed the following procedures:
  - assessed whether the methodology applied by management to calculate the value in use of the SS investment is consistent with industry best practice and that it complies with the requirements of IAS 36;
  - recalculated the carrying value of the SS investment to ensure mathematical accuracy;
  - assessed the appropriateness and reasonability of assumptions made in the projected cash flow forecast by comparing the current-year actual results for valuation-specific metrics to the 2024 financial year figures included in the prior-year cash flow forecast to consider whether the cash flow forecasts in the past had been reasonable; and
  - assessed the reasonability of the discount rate used by management by recalculating the discount rate, taking into account relevant, available market data. The recalculated discount rate was compared to the discount rate used by management and the resulting DCF calculation was recalculated and compared to management's DCF calculation. The use of our independently calculated discount rate in management's assessment was within range of management's valuation performed.

The recalculated discount rate took into account the cost of debt and equity (which included assessing the risk-free rates in the market, market risk premiums and the beta of comparable companies) and the relevant weighting thereof.
- We assessed the accuracy and completeness of the disclosures in Note 6 to the consolidated financial statements against the requirements of IAS 36.

# REPORT OF THE INDEPENDENT AUDITOR

(CONTINUED)

## SEPARATE FINANCIAL STATEMENTS

### Key audit matter

*Investment in Associates continued –  
Impact Oil & Gas impairment assessment  
– included as part of Note 6 to the  
consolidated financial statements*

Included in the carrying value of investments in associates is an investment in Impact Oil & Gas (IOG) with a carrying value of R3.3 billion as at 31 March 2024. Investments in associates are required to be tested for impairment if there is objective evidence that the investment is impaired in accordance with IAS 36 *Impairment of Assets* and the Group's accounting policy (Note 1(c)(ii)).

During the current year additional shares were purchased which increased the carrying value of the investment by R965 million.

Subsequent to year-end, additional share purchase agreements were entered into.

The recoverable amount of the investment in associate was determined by management with reference to the fair value less costs to sell, which was based on share subscription agreements used to fund the investment in associate during the year.

Management concluded, based on its assessment, that no impairment of the IOG investment was required.

The impairment assessment of the IOG investment is considered to be a matter of most significance to the current-year audit of the consolidated financial statements, due to:

- the significant judgements made by management in determining the value in use; and
- the magnitude of the carrying value of the IOG investment as at 31 March 2024.

### How our audit addressed the key audit matter

#### Impact Oil and Gas impairment assessment procedures

Our audit procedures, amongst others, included the following:

- We obtained management's assessment of the accounting principles and the relevant calculations regarding the purchase of the additional IOG shares, and accounting of the carrying value of the associate in terms of IAS 28 *Investments in Associates and Joint Ventures*.
- We inspected the share subscription agreement and the payments made per the bank statements supporting the purchase of the additional IOG shares.
- We inspected the equity statement confirming the total number of shares in issue and recalculated the updated percentage of shares held in IOG.
- We obtained the fair value less costs to sell calculation from management and agreed it to the share subscription agreement and noted no impairment indicators.
- We obtained the share buy-back agreements entered into subsequent to year and did not note any impairment indicators.
- We assessed the accuracy and completeness of the disclosures in Note 6 to the consolidated financial statements against the requirements of IAS 36.

## SEPARATE FINANCIAL STATEMENTS

### Key audit matter

*Investment in subsidiary companies' impairment assessment – Note 8 to the consolidated financial statements*

At 31 March 2024 the carrying value of investments in subsidiaries amounted to R13.8 billion, which is included in the "investments in and amounts owing from subsidiary companies" balance in the separate statement of financial position.

Investments in subsidiaries are required to be tested for impairment if there is objective evidence that the investment is impaired in accordance with IAS 36 *Impairment of Assets* and the Company's accounting policies (Note 2(v)(i)).

Impairment indicators were identified by management and impairments amounting to R984 million were recognised in the current year on the TIH Prefco (RF) Proprietary Limited and Tsogo Sun Limited investments based on the value-in-use calculations performed by management.

An impairment reversal of R320 million was recognised on the Frontier Transport Holdings Limited investment based on the weighted average listed share price.

The assessment of impairments and impairment reversals relating to investments in subsidiaries is considered to be a matter of most significance to the current-year audit of the separate financial statements due to:

- the significant judgements and estimates made by management in determining the key assumptions used in the value-in-use calculations, i.e. income and expense projections, the DCF growth rates, pre-tax discount rates and long-term growth rates, and the recoverable amount calculation, i.e. the weighted average listed share price;
- the magnitude of the impairments and impairment reversal recognised; and
- the magnitude of the carrying values of the investments in subsidiaries to the separate financial statements as at 31 March 2024.

### How our audit addressed the key audit matter

Our audit procedures, amongst others, included the following:

- We evaluated management's current-year calculations for consistency with the prior-year methodology and noted no exceptions.
- With the assistance of our internal valuation specialists, we obtained the value-in-use calculations from management for the investments in subsidiaries (TIH Prefco (RF) Proprietary Limited and Tsogo Sun Limited) and performed the following procedures:
  - o assessed whether the methodology applied by management to calculate the value in use of the subsidiaries is consistent with industry best practice and that it complies with the requirements of IAS 36;
  - o recalculated the carrying value of the investments in these two subsidiaries to ensure mathematical accuracy;
  - o assessed the appropriateness and reasonability of assumptions made in the projected cash flow forecasts for these two subsidiaries by comparing the current-year actual results for certain metrics to the 2024 financial year figures included in the prior-year cash flow forecasts to consider whether the cash flow forecasts in the past had been reasonable;
  - o assessed the reasonability of the discount rates used by management by recalculating the discount rates, taking into account relevant, available market data. The recalculated discount rate was compared to the discount rate used by management of these two subsidiaries and the DCF calculations were recalculated and compared to the management of these two subsidiaries' DCF calculations. The use of our independently calculated discount rates in managements' assessment was within range of managements' valuation performed. The discount rate recalculated took into account the cost of debt and equity (which included assessing the risk-free rates in the market, market risk premiums and the beta of comparable companies) and the relevant weighting thereof; and
  - o performed independent sensitivity analyses on the value-in-use calculations to assess the reasonability of the valuations performed by management. Based on this assessment, no further impairments were required.
- We obtained the volume weighted share price of Frontier Holdings Transport Holdings Limited from independent and external sources which has been verified to be credible and recalculated both the recoverable amount and impairment reversal for mathematical accuracy and reasonability.
- We assessed the accuracy and completeness of the disclosures in Note 8 to the financial statements against the requirements of IAS 36.

# REPORT OF THE INDEPENDENT AUDITOR

(CONTINUED)

## Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Hosken Consolidated Investments Limited Annual Financial Statements for the year ended 31 March 2024", which includes the Directors' Report, the Report of the Audit and Risk Committee and the Declaration by Company Secretary as required by the Companies Act of South Africa. The other information does not include the consolidated or the separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of the directors for the consolidated and separate financial statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB) and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and/or Company or to cease operations, or have no realistic alternative but to do so.

## Auditor's responsibilities for the audit of the consolidated and separate financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement,

whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and/or Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and/or Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated and separate financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that Forvis Mazars has been the auditor of Hosken Consolidated Investments Limited for one year.



#### **Forvis Mazars**

Registered Auditors  
Partner: Yolandie Ferreira  
Registered Auditor  
31 July 2024

Rialto Road  
Grand Moorings Precinct  
Century City  
7441

# DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2024

## 1. Nature of business

Hosken Consolidated Investments Limited (HCI) is an investment holding company, incorporated in South Africa and listed on the JSE Limited.

## 2. Operations and business

The business operations of HCI include investing in opportunities as identified by the board of directors and the adding of value to these investments over time. As such, HCI has itself consciously established and pursued an investment policy in terms of which it has endeavoured to maintain significant equity and capital participation in entrepreneurially-run companies with significant growth potential. The investments are constantly reviewed and new ones sought to complement them.

Refer to pages 16 to 41 of the integrated annual report for an overview of operations for the year under review.

## 3. Restatement of comparative results

Details of the restatement of comparative results are set out in note 48 of this report.

## 4. Changes to the Group's shareholding in subsidiaries

Details of changes to the Group's shareholding in subsidiaries are set out in note 8 of this report.

## 5. Disposal group assets and liabilities held for sale

Details of disposal group assets and liabilities held for sale are set out in note 15 of this report.

## 6. Share capital

Details of the authorised and issued share capital are set out in note 16 of this report.

## 7. Directorate

Details of the directors of the Company appear in the Corporate administration section of this report.

No changes were made to the directorate for the year under review.

## 8. Composition of the board

The board has assumed responsibility, in line with the board charter, for the composition of the board by ensuring diversity, gender parity, skills, knowledge and resources to effectively discharge its governance role and responsibilities and carry out all its duties.

At 31 March 2024 the board comprised of eleven members which included four executive directors, one non-executive director and six independent non-

executive directors. There is a clear balance of power and authority at the board of directors' level.

The board is chaired by Mr VE Mphande, an independent non-executive director, who is not a former CEO of the Company. There is a clear division of responsibilities between the chairperson and chief executive officer. The board does not deem it necessary to appoint a lead independent director.

Board member	Number of board meetings	Attendance of members
MH Ahmed	6	6
JA Copelyn	6	6
TG Govender	6	6
MF Magugu	6	6
L McDonald	6	6
SNN Mkhwanazi	6	6
VE Mphande (chair)	6	6
JG Ngcobo	6	6
JR Nicolella	6	6
Y Shaik	6	6
RD Watson	6	6

## 9. Dividends

Ordinary dividend number 62, in the amount of R1.00 (one rand) per share, was declared on 23 May 2024 and will be paid to shareholders on 29 July 2024.

## 10. Gender diversity

The board of directors has adopted a policy on gender diversity at board level and agreed on voluntary targets. The board has reached its gender target of 25% women.

## 11. Race diversity

The board of directors has adopted a policy on race diversity at board level. The voluntary target was set at a majority of members being people classified as "black". 82% of the members of the board are classified as "black".

## 12. Company secretary

HCI Managerial Services Proprietary Limited held the office of the company secretary for the 12 months ended 31 March 2024. The secretarial department is under the supervision of Cheryl Philip (FCIS) who is empowered, and authorised, to provide corporate governance services to the board and management. The board has evaluated the performance and

independence of the company secretary during the period under review and it is satisfied that the company secretary is competent and has the appropriate qualifications and experience required by the Group to administer the secretarial obligations of the Company. The secretary has an arm's length relationship with the board of directors.

The name, business and postal address of the company secretary are set out in the Corporate administration section of this report.

### 13. Financial director

Mr JR Nicolella is the full-time executive financial director of the Company.

### 14. Auditor

Subject to shareholder approval, Forvis Mazars will continue in office as the Company's external auditor for the 2025 financial year in accordance with section 90 of the South African Companies Act, with Yolandie Ferreira as the designated auditor.

### 15. Auditor's report

The consolidated and separate financial statements have been audited by Forvis Mazars and their unqualified audit report on the consolidated and separate financial statements is included on pages 11 to 19 of this report.

### 16. Significant shareholders

The Company's shareholders that own 5% or more of the issued shares are the Southern African Clothing and Textile Workers Union, Cheersley Investments Proprietary Limited, Zarclear (RF) Proprietary Limited, Squirewood Investments 64 Proprietary Limited and Rivetprops 47 Proprietary Limited who own 23.3%, 7.6%, 5.6%, 5.3% and 5.0% respectively. No shareholder has a controlling interest in the Company.

### 17. Special resolutions

The following special resolutions were passed by the Company's shareholders at the annual general meeting (AGM) of shareholders held on 1 September 2023:

- granting the directors the authority, subject to the provisions of the Act and the JSE Listings Requirements, to allot and issue ordinary shares of the Company (or to issue options or securities convertible into ordinary shares) for cash to such person or persons, on such terms and conditions as they may deem fit. The aggregate number of

ordinary shares to be allotted and issued for cash is limited as set out in the resolution;

- approval of the fees payable to non-executive directors for their services as directors or as members of the board sub-committees in respect of the financial period 1 September 2023 until the next AGM of the Company; and
- granting the Company and the subsidiaries of the Company a general authority contemplated in terms of paragraph 5.72 of the JSE Listings Requirements, for the acquisition by the Company, or a subsidiary of the Company, of ordinary shares issued by the Company.

### 18. Special resolutions of subsidiaries

The statutory information relating to special resolutions passed by subsidiaries is available from the registered office of the Company.

### 19. Shareholding of directors

The shareholding of directors of the Company and their participation in the share incentive scheme of the Company as at 31 March 2024 are set out in notes 41 and 40 of this report, respectively.

### 20. Directors' emoluments

Directors' emoluments incurred by the Company and its subsidiaries for the year ended 31 March 2024 are set out in note 42 of this report.

### 21. Subsidiaries

Details of the Company's subsidiaries are set out in annexure A to this report.

### 22. Borrowing powers

There are no limits placed on borrowing in terms of the memorandum of incorporation. Certain companies in the Group have entered into various loan agreements with providers of loan finance. These loan agreements include various covenants and undertakings by companies in the Group which may restrict the Group's borrowing powers. Details of these covenants and undertakings are set out in note 19 of this report.

### 23. Litigation statement

The directors are not aware of any legal or arbitration proceedings (including proceedings which are pending or threatened) that may have a material impact on the financial position of the Group for the 12 months after 31 March 2024.

# DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2024 (CONTINUED)

## 24. Material change

There has been no material change in the financial or trading position of the HCI Group since the publication of its condensed annual financial statements on 23 May 2024.

## 25. Events subsequent to reporting date

Events that occurred subsequent to the reporting date are set out in note 47 of this report.

## 26. Going concern

The directors have assessed the cash flow forecasts and borrowing profiles of all entities within the Group and are of the view that the Group has sufficient liquidity to meet its obligations for the foreseeable future. Details of the going concern assessment are set out in accounting policy 2(i).

## 27. Preparer

These annual financial statements were prepared under the supervision of the financial director, Mr JR Nicolella, CA(SA).



VE Mphande  
Chairperson



JA Copelyn  
Chief Executive Officer

Cape Town  
26 July 2024



# STATEMENTS OF FINANCIAL POSITION

AS AT 31 MARCH 2024

	Notes	Group		Company	
		2024 R'000	2023 R'000	2024 R'000	2023 R'000
<b>ASSETS</b>					
<b>Non-current assets</b>		<b>44 824 354</b>	<b>45 666 976</b>	<b>18 988 856</b>	<b>18 398 809</b>
Property, plant and equipment	1	16 376 146	16 324 722	-	-
Right-of-use assets	26	372 657	299 782	-	-
Investment properties	2	5 204 210	5 052 816	-	-
Goodwill	3	3 824 589	3 824 589	-	-
Intangible assets	4	9 121 540	11 861 621	-	-
Intangible assets mining	5	39 959	25 218	-	-
Investments in associates and joint arrangements	6	7 932 140	6 465 307	566 986	546 986
Other financial assets	7	1 662 181	1 487 781	-	-
Investments in and amounts owing from subsidiary companies	8	-	-	18 410 838	17 840 791
Deferred taxation	9	235 286	261 307	-	-
Finance lease receivables	10	4 873	6 860	-	-
Non-current receivables	11	50 773	56 973	11 032	11 032
<b>Current assets</b>		<b>6 243 672</b>	<b>6 025 551</b>	<b>38 486</b>	<b>21 964</b>
Inventories	12	870 980	1 020 986	-	-
Programme rights	13	1 364 880	945 387	-	-
Other financial assets	7	104 237	-	-	-
Trade and other receivables	14	2 157 874	1 883 759	27 185	21 510
Taxation		33 396	83 541	-	-
Cash and cash equivalents	39.9	1 712 305	2 091 878	11 301	454
Disposal group assets held for sale	15	152 642	170 396	-	-
<b>Total assets</b>		<b>51 220 668</b>	<b>51 862 923</b>	<b>19 027 342</b>	<b>18 420 773</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Capital and reserves</b>		<b>28 193 640</b>	<b>28 164 962</b>	<b>17 858 187</b>	<b>17 474 818</b>
Equity attributable to equity holders of the parent		<b>19 007 454</b>	<b>18 168 070</b>	<b>17 858 187</b>	<b>17 474 818</b>
Ordinary share capital	16	20 218	20 218	21 405	21 405
Share premium	16	-	-	17 158	17 158
Other reserves	17	1 257 299	1 064 800	-	-
Accumulated profits		17 729 937	17 083 052	17 819 624	17 436 255
Non-controlling interest	8	9 186 186	9 996 892	-	-
<b>Non-current liabilities</b>		<b>17 389 343</b>	<b>19 785 601</b>	<b>-</b>	<b>-</b>
Borrowings	19	11 925 641	13 681 541	-	-
Lease liabilities	26	429 464	381 383	-	-
Post-retirement benefit liabilities	20	130 026	131 702	-	-
Long-term incentive plan	21	22 585	39 996	-	-
Long-term provisions	22	82 397	80 135	-	-
Deferred revenue and income	23	91 054	94 949	-	-
Deferred taxation	9	4 708 176	5 375 895	-	-
<b>Current liabilities</b>		<b>5 635 920</b>	<b>3 910 595</b>	<b>1 169 155</b>	<b>945 955</b>
Trade and other payables	24	2 667 238	2 494 662	2 849	2 709
Deferred revenue and income	23	79 037	65 132	-	-
Financial liabilities	18	-	1 206	-	848
Amounts owing to subsidiary companies	8	-	-	1 111 365	887 133
Current portion of borrowings	19	2 428 551	804 071	54 897	54 897
Taxation		32 985	47 929	44	243
Provisions	22	229 300	210 406	-	-
Long-term incentive plan	21	91 666	139 156	-	-
Bank overdrafts	25	107 143	148 033	-	125
Disposal group liabilities held for sale	15	1 765	1 765	-	-
<b>Total equity and liabilities</b>		<b>51 220 668</b>	<b>51 862 923</b>	<b>19 027 342</b>	<b>18 420 773</b>

# STATEMENTS OF PROFIT OR LOSS

FOR THE YEAR ENDED 31 MARCH 2024

	Notes	Group		Company	
		2024 R'000	2023 R'000	2024 R'000	2023 R'000
Revenue	28	13 306 005	12 575 559	1 211 488	747 579
Net gaming win		9 672 551	9 626 677	-	-
Property rental income		754 670	696 699	-	-
<b>Income</b>		<b>23 733 226</b>	<b>22 898 935</b>	<b>1 211 488</b>	<b>747 579</b>
Depreciation and amortisation		(1 218 507)	(1 161 767)	-	-
Other operating expenses and income		(17 686 268)	(17 259 883)	(16 304)	(6 944)
Investment income	29	258 649	299 532	7 920	6 894
Equity-accounted (losses)/earnings of associates and joint arrangements	6	(171 751)	198 348	-	-
Investment surplus	30	490 228	152 384	94 451	65 500
Fair value adjustments on investment properties	2	38 044	80 295	-	-
Impairment reversals	31	-	3 163 984	465 764	2 983 475
Asset impairments	32	(2 811 522)	(398 310)	-	-
Fair value adjustments on financial instruments	7, 18	(59 807)	(70 843)	6 483	(848)
Impairment of goodwill and investments	33	(13 181)	-	(1 367 639)	(85 065)
Finance costs	34	(1 425 153)	(1 194 861)	(4 236)	(9 630)
<b>Profit before taxation</b>	35	<b>1 133 958</b>	<b>6 707 814</b>	<b>397 927</b>	<b>3 700 961</b>
Taxation	36	(388 270)	(1 620 042)	(14 558)	(1 490)
<b>Profit for the year from continuing operations</b>		<b>745 688</b>	<b>5 087 772</b>	<b>383 369</b>	<b>3 699 471</b>
Discontinued operations	37	-	(9 064)	-	-
<b>Profit for the year</b>		<b>745 688</b>	<b>5 078 708</b>	<b>383 369</b>	<b>3 699 471</b>
Attributable to:					
Equity holders of the parent		651 898	3 207 067		
Non-controlling interest	8	93 790	1 871 641		
		<b>745 688</b>	<b>5 078 708</b>		
Earnings/(losses) per share (cents)	38.1	806.11	3 965.71		
Continuing operations		806.11	3 973.97		
Discontinued operations		-	(8.26)		
Diluted earnings/(losses) per share (cents)	38.2	789.31	3 896.66		
Continuing operations		789.31	3 904.78		
Discontinued operations		-	(8.12)		

# STATEMENTS OF OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2024

	Group		Company	
	2024 R'000	2023 R'000	2024 R'000	2023 R'000
Profit for the year	745 688	5 078 708	383 369	3 699 471
Other comprehensive income net of tax:				
<i>Items that will subsequently be reclassified to profit or loss</i>				
Foreign currency translation differences	294 616	596 944	-	-
Fair value adjustments on cash flow hedges (refer to note 7)	(78 729)	39 255	-	-
Share of other comprehensive income/(losses) of equity-accounted investments (refer to note 6)	26 700	(12 996)	-	-
Equity-accounted hedging reserves reclassified to profit or loss on disposal of interests in associates and joint arrangements (refer to note 6)	4 116	-	-	-
Income tax relating to items that will subsequently be reclassified to profit or loss	22 616	(10 599)	-	-
<i>Items that will not subsequently be reclassified to profit or loss</i>				
Actuarial gains on post-employment benefit liabilities (refer to note 20.2)	5 148	13 261	-	-
Revaluation of owner-occupied land and buildings on transfer to investment properties (refer to note 1)	4 248	-	-	-
Fair value adjustments on equity instruments designated at fair value through other comprehensive income (refer to note 7)	(241 210)	121 335	-	-
Share of other comprehensive income of equity-accounted investments (refer to note 6)	-	432	-	-
Income tax relating to items that will not subsequently be reclassified to profit or loss	(2 308)	(3 580)	-	-
Total comprehensive income for the year	780 885	5 822 760	383 369	3 699 471
Attributable to:				
Equity holders of the parent	830 684	3 874 154		
Non-controlling interest	(49 799)	1 948 606		
	780 885	5 822 760		

# STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2024

<b>GROUP</b>	Share capital R'000	Other reserves R'000	Accumulated profits R'000	Non-controlling interest R'000	Total R'000
Balance at 31 March 2022	20 218	370 020	13 929 986	8 507 199	22 827 423
Total comprehensive income	-	658 640	3 215 514	1 948 606	5 822 760
Profit for the year	-	-	3 207 067	1 871 641	5 078 708
Other comprehensive income for the year (net of tax)	-	658 640	8 447	76 965	744 052
Equity-settled share-based payments (refer to note 40)	-	28 612	-	-	28 612
Effects of changes in holding (refer to note 8)	-	(542)	(40 904)	4 315	(37 131)
Disposal of subsidiaries	-	-	-	461	461
Share of direct equity movements of equity-accounted investments (refer to note 6)	-	27 933	(896)	600	27 637
Dividends	-	-	(40 511)	(464 289)	(504 800)
Release of share-based payment reserve to accumulated profits	-	(19 863)	19 863	-	-
Balance at 31 March 2023	20 218	1 064 800	17 083 052	9 996 892	28 164 962
Total comprehensive income/(loss)	-	175 679	655 005	(49 799)	780 885
Profit for the year	-	-	651 898	93 790	745 688
Other comprehensive income/(loss) for the year (net of tax)	-	175 679	3 107	(143 589)	35 197
Equity-settled share-based payments (refer to note 40)	-	31 231	-	-	31 231
Effects of changes in holding (refer to note 8)	-	(822)	(58 138)	(57 118)	(116 078)
Share of direct equity movements of equity-accounted investments (refer to note 6)	-	(2 358)	28 411	(29 310)	(3 257)
Dividends to non-controlling shareholders of subsidiaries	-	-	-	(701 855)	(701 855)
Extinguishment of borrowings from non-controlling interests (refer to note 19)	-	-	10 376	27 376	37 752
Transfer of reserves to accumulated profits	-	(9 782)	9 782	-	-
Release of share-based payment reserve to accumulated profits	-	(1 449)	1 449	-	-
Balance at 31 March 2024	20 218	1 257 299	17 729 937	9 186 186	28 193 640
Notes	16	17		8	
<b>COMPANY</b>		Share capital R'000	Share premium R'000	Accumulated profits R'000	Total R'000
Balance at 31 March 2022		21 405	17 158	13 779 600	13 818 163
Total comprehensive income		-	-	3 699 471	3 699 471
Dividends		-	-	(42 816)	(42 816)
Balance at 31 March 2023		21 405	17 158	17 436 255	17 474 818
Total comprehensive income		-	-	383 369	383 369
Balance at 31 March 2024		21 405	17 158	17 819 624	17 858 187
Note		16	16		

# STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2024

	Notes	Group		Company	
		2024 R'000	2023 R'000	2024 R'000	2023 R'000
<b>Cash flows from operating activities</b>		<b>2 802 717</b>	<b>2 999 835</b>	<b>1 142 808</b>	<b>693 465</b>
Cash generated by operating activities		<b>5 942 645</b>	<b>5 639 308</b>	<b>1 161 801</b>	<b>742 177</b>
Cash generated by operations	39.1	<b>6 158 269</b>	<b>5 940 767</b>	<b>1 159 416</b>	<b>740 635</b>
Interest income		<b>149 820</b>	<b>189 066</b>	<b>659</b>	<b>1 936</b>
Changes in working capital	39.2	<b>(365 444)</b>	<b>(490 525)</b>	<b>1 726</b>	<b>(394)</b>
Finance costs	39.3	<b>(1 464 445)</b>	<b>(1 248 961)</b>	<b>(4 236)</b>	<b>(4 643)</b>
Taxation paid	39.4	<b>(975 755)</b>	<b>(891 690)</b>	<b>(14 757)</b>	<b>(1 253)</b>
Dividends paid	39.5	<b>(699 728)</b>	<b>(498 822)</b>	<b>-</b>	<b>(42 816)</b>
<b>Cash flows from investing activities</b>		<b>(2 680 692)</b>	<b>(1 843 081)</b>	<b>(1 137 471)</b>	<b>(576 935)</b>
Business combinations/disposal of subsidiaries	39.6	<b>-</b>	<b>(276 307)</b>	<b>-</b>	<b>-</b>
Investment in:					
- Subsidiary companies		<b>-</b>	<b>-</b>	<b>(555)</b>	<b>(233)</b>
- Associates and joint arrangements	6	<b>(1 322 113)</b>	<b>(525 037)</b>	<b>-</b>	<b>-</b>
- Financial assets	7	<b>(595 651)</b>	<b>(181 789)</b>	<b>-</b>	<b>-</b>
Loans advanced to subsidiary companies		<b>-</b>	<b>-</b>	<b>(1 488 268)</b>	<b>(645 202)</b>
Loans to associates and joint arrangements					
- Advanced	6	<b>(235)</b>	<b>-</b>	<b>-</b>	<b>-</b>
- Repaid	6	<b>21 132</b>	<b>19 987</b>	<b>-</b>	<b>-</b>
Dividends received		<b>68 156</b>	<b>102 243</b>	<b>-</b>	<b>-</b>
Short-term loans repaid		<b>16</b>	<b>-</b>	<b>-</b>	<b>-</b>
Long-term receivables repaid		<b>2 396</b>	<b>87 881</b>	<b>-</b>	<b>-</b>
Proceeds on disposal of investments	6	<b>351 352</b>	<b>68 500</b>	<b>351 352</b>	<b>68 500</b>
Proceeds from insurance claims for capital assets		<b>13 844</b>	<b>18 542</b>	<b>-</b>	<b>-</b>
Government grants received		<b>13 478</b>	<b>12 110</b>	<b>-</b>	<b>-</b>
Intangible assets					
- Additions	39.7	<b>(108 674)</b>	<b>(190 989)</b>	<b>-</b>	<b>-</b>
- Disposals		<b>-</b>	<b>368</b>	<b>-</b>	<b>-</b>
Investment properties					
- Additions	2	<b>(83 091)</b>	<b>(118 802)</b>	<b>-</b>	<b>-</b>
- Disposals		<b>65 042</b>	<b>35 231</b>	<b>-</b>	<b>-</b>
Property, plant and equipment					
- Additions	39.8	<b>(1 151 230)</b>	<b>(1 076 334)</b>	<b>-</b>	<b>-</b>
- Disposals		<b>44 886</b>	<b>181 315</b>	<b>-</b>	<b>-</b>
<b>Cash flows from financing activities</b>		<b>(461 801)</b>	<b>(1 250 453)</b>	<b>5 635</b>	<b>-</b>
Transactions with non-controlling shareholders	8	<b>(114 953)</b>	<b>(34 699)</b>	<b>-</b>	<b>-</b>
Principal paid on lease liabilities	26	<b>(75 977)</b>	<b>(68 344)</b>	<b>-</b>	<b>-</b>
Other liabilities raised		<b>5 635</b>	<b>-</b>	<b>5 635</b>	<b>-</b>
Borrowings					
- Raised	19	<b>3 212 228</b>	<b>3 763 719</b>	<b>-</b>	<b>-</b>
- Repaid	19	<b>(3 488 734)</b>	<b>(4 911 129)</b>	<b>-</b>	<b>-</b>
<b>Cash and cash equivalents</b>					
Movements		<b>(339 776)</b>	<b>(93 699)</b>	<b>10 972</b>	<b>116 530</b>
At the beginning of the year		<b>1 944 134</b>	<b>2 036 768</b>	<b>329</b>	<b>(116 201)</b>
Foreign exchange difference on translation of foreign subsidiaries		<b>1 093</b>	<b>1 065</b>	<b>-</b>	<b>-</b>
At the end of the year	39.9	<b>1 605 451</b>	<b>1 944 134</b>	<b>11 301</b>	<b>329</b>

# ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 MARCH 2024

## 1. MATERIAL ACCOUNTING POLICIES

The material accounting policies adopted in the preparation of the separate and consolidated annual financial statements of the Company are set out below. These policies have been consistently applied to all periods presented, except as disclosed in accounting policy note 3.1.

### (a) Basis of preparation

The consolidated and separate Company financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB), Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the Listings Requirements of the JSE and the requirements of the Companies Act of South Africa. The financial statements have been prepared under the historical cost convention, as modified by the remeasurement to fair value of certain financial instruments and investment properties as described in the accounting policies below.

### (b) Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive committee (Exco), consisting of four executive directors, including the chief executive officer (CEO) and financial director (FD). Reportable segments have been identified based on the principal operating activities of entities within the Group.

### (c) Basis of consolidation

The consolidated financial statements include the financial information of the subsidiaries, associates and joint arrangements of the Group.

#### (i) *Subsidiaries*

Subsidiaries are all entities over which the Group has control. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are included in the financial statements from the date control commences until the date control ceases.

The Group applies the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred, and the equity instruments issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in

a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree at the non-controlling interest's proportionate share of the acquiree's net assets.

The Company records its investments in subsidiaries at cost less any impairment losses. These interests include any intergroup loans receivable, which represent by nature a further investment in the subsidiary. Intergroup loan receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Company determines at each reporting date whether there is any objective evidence that the investment in the subsidiary is impaired. If this is the case, the Company calculates the amount of impairment as the difference between the recoverable amount of the subsidiary and its carrying value and recognises the amount immediately in profit or loss.

Intragroup balances, and any unrealised gains and losses or income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated financial statements.

#### (ii) *Associates and joint arrangements*

The Company records its investments in associates at cost less any impairment losses, while the Group applies the equity method of accounting to account for its investments in associates and joint ventures. Under this method, the investment is initially recognised at cost and the carrying value subsequently adjusted for the recognition of the investor's share of changes in the equity of the investee after the date of acquisition, as well as dividends received. After initial recognition, the Group recognises its share of the investee's profit or loss and other comprehensive income, respectively, in the statement of profit or loss and the statement of other comprehensive income. Other changes in equity recognised by the Group's associates and joint ventures include changes in its share-based payment reserves, transactions with non-controlling shareholders and other direct equity movements. The Group accounts for its share in these changes in equity as a direct equity movement in the statement of changes in equity.

The Group's investments in associates and joint ventures include goodwill (net of any accumulated impairment loss) identified on acquisition. When the Group increases its shareholding in an investee, the cost of the additional investment is added to the carrying value of the investment. The acquired share in the investee's identifiable net assets, as well as goodwill arising, is calculated using fair value information at the date of acquiring the additional

interest. Any excess of the Group's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment at date of acquisition, is recognised as income in the period in which the investment is acquired and included in equity-accounted earnings of associates and joint arrangements in the statement of profit or loss.

Partial disposals of associates and joint ventures are accounted for as dilutions in shareholding. Gains or losses are calculated on the date that the dilution in shareholding occurs and recognised in profit or loss. The Group's proportionate share of equity-accounted gains or losses previously recognised in other comprehensive income is reclassified to profit or loss when a dilution occurs if the gains or losses are required to be reclassified to profit or loss in terms of the applicable accounting standard. Gains or losses on dilutions in shareholding and related reclassifications of other comprehensive income to profit or loss, are included in the investment surplus balance in the statement of profit or loss.

Joint arrangements relating to investment properties are accounted for as joint operations, with the Group's share of its assets, liabilities, revenue and expenses incorporated in the financial statements.

At each reporting date the Company and Group determine whether there is any objective evidence that its investment in an associate or joint arrangement is impaired. If this is the case, the impairment is calculated as the difference between the recoverable amount of the investment and its carrying value and recognised immediately in profit or loss.

### **(iii) Goodwill**

Goodwill is stated at cost less impairment losses and is reviewed for impairment at the end of each year. Additional impairment testing is performed during the course of the year when there are indicators that goodwill may be impaired. Goodwill is allocated to cash-generating units (CGUs) for the purpose of impairment testing. Each of those CGUs is identified in accordance with the basis on which the businesses are managed from both a business type and geographical basis.

## **(d) Foreign exchange**

### **(i) Functional and presentation currency**

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in South African Rand which is the Group's presentation and the Company's functional currency.

### **(ii) Transactions and balances**

The financial statements for each Group company have been prepared on the basis that transactions in foreign currencies are recorded in their functional currency at the rate of exchange ruling at the date of the transaction. Monetary items denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date, with the resultant translation differences being recognised in profit or loss. Non-monetary assets and liabilities are measured at historical cost. Translation differences on non-monetary assets, such as equity investments designated at fair value through other comprehensive income, are recognised in other comprehensive income.

### **(iii) Foreign subsidiaries and associates – translation**

Once-off items in the statement of profit or loss and statement of cash flows of foreign subsidiaries and associates expressed in currencies other than the South African Rand are translated to South African Rand at the rates of exchange prevailing on the day of the transaction. All other items are translated at weighted average rates of exchange for the relevant reporting period. Assets and liabilities of these undertakings are translated at closing rates of exchange at each reporting date. All translation exchange differences arising on the retranslation of opening net assets together with differences between items of profit or loss translated at average and closing rates are recognised as a separate component of equity via other comprehensive income. For these purposes net assets include loans between Group companies that form part of the net investment, for which settlement is neither planned nor likely to occur in the foreseeable future and is either denominated in the functional currency of the parent or the foreign entity. When a foreign operation is disposed of any related exchange differences in equity are recycled through profit or loss as part of the gain or loss on disposal.

Goodwill arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the rate of exchange at the reporting date.

## **(e) Property, plant and equipment**

Property, plant and equipment are stated at cost net of accumulated depreciation and any impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the assets. Subsequent costs are included in the asset's carrying value or recognised as a separate asset as appropriate, only when it is

# ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 MARCH 2024 (CONTINUED)

probable that future economic benefits associated with the specific asset will flow to the Group and the cost can be measured reliably. Repairs and maintenance costs are charged to profit or loss during the financial period in which they are incurred.

Assets' residual values, useful lives and depreciation methods are reviewed and adjusted, if appropriate, at each reporting date.

## Depreciation

No depreciation is provided on freehold land or assets in the course of construction. In respect of all other property, plant and equipment, depreciation is provided on a straight-line basis at rates calculated to write off the cost less the estimated residual value of each asset over its expected useful life.

## (f) Investment properties

Investment properties are stated at fair value representing estimated market value. Changes in fair value are recognised in profit or loss in the period in which they arise.

If an owner-occupied property becomes an investment property, it is reclassified to investment property. The property is revalued to fair value through other comprehensive income before being transferred, with the fair value becoming its cost at the date of reclassification for subsequent accounting purposes.

## (g) Intangible assets

Intangible assets are stated at cost less accumulated amortisation and impairment losses. Cost is usually determined as the amount paid by the Group, unless the asset has been acquired as part of a business combination.

Intangible assets with indefinite lives are not amortised but are subject to annual reviews for impairment.

Intangible assets with finite lives are amortised on a straight-line basis over their estimated useful lives and only tested for impairment where there is a triggering event. The directors' assessment of the useful life of an intangible asset is based on the nature of the asset acquired, the durability of the products to which the asset attaches and the expected future impact of competition on the business.

Intangible assets acquired as part of a business combination are recognised separately when they are identifiable and it is probable that economic benefits will flow to the Group.

### (i) Computer software

Where computer software is not an integral part of a related item of property, plant and equipment the software is capitalised as an intangible asset.

Capitalised computer software is amortised over its estimated useful life of two to ten years.

Costs associated with maintaining computer software programs are expensed as incurred.

### (ii) Casino licences and bid costs

Costs incurred during the bidding process for a casino licence are capitalised to casino licences and bid costs by the individual casino on the successful award of the casino licence as these costs are directly attributable to the award of the licence. Payments made to gaming boards for enhancements of existing casino licences, such as additional gaming positions, are capitalised to the underlying casino licence by the individual casino.

Casino licences without expiry dates are not amortised as they are considered to have indefinite lives and are tested for impairment on the same basis as goodwill (refer to accounting policy 1(c)(iii) above).

### (iii) Distribution rights

Distribution rights represent multi-territory and multi-platform programming rights that the Group is able to sell to other content acquirers in the media industry. Distribution rights are initially recognised at cost and subsequently amortised over the products' useful life.

Distribution rights are tested for impairment annually until they are brought into use.

### (iv) Intangible assets – mining

Capitalised evaluation and exploration expenditure, and capitalised development expenditure with finite lives are amortised over their estimated useful life.

Direct attributable expenses relating to mining and other major capital projects, site preparations, and exploration and development are capitalised until the asset is brought to a working condition for its intended use. These costs include dismantling and site restoration costs to the extent that these are recognised as a provision.

Costs capitalised to evaluation and exploration expenditure are transferred to capitalised development costs once the technical feasibility and commercial viability of developing the mine has been established and the decision to develop the mine has been taken by the directors.

### (v) Programming under development

Programming under development represents the cost of content that is still in the process of being developed and cannot yet be brought into use. Once ready for use, these assets are transferred to programming completed (if the intention is to sell or license the content) or programming rights (if the content will be used for broadcasting purposes) (see accounting policy 1(j)).

**(vi) Programming completed**

Programming completed represents internally produced content that is available to be licensed to broadcasters. The amortisation method is consistent with the amount received for individual titles licensed to these broadcasters.

**(h) Financial instruments**

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

**(i) Financial assets**

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- amortised cost;
- fair value through profit or loss (FVTPL); and
- fair value through other comprehensive income (FVOCI).

The classification is determined by both the entity's business model for managing the financial asset and the contractual cash flow characteristics of the financial asset.

At initial recognition the Group measures a financial asset at its fair value plus, in the case of financial assets at amortised cost or at FVOCI, transaction costs that are directly attributable to the acquisition of the financial asset. Trade receivables are measured at their transaction price in accordance with IFRS 15.

**(i) Financial assets at amortised cost**

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model with the objective to hold the financial assets and collect its contractual cash flows; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition these assets are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and most other receivables, investments in cumulative redeemable preference shares and loan receivables fall into this category of financial instruments.

**(ii) Financial assets classified as fair value through profit or loss (FVTPL)**

Financial assets that are held within a business model other than "hold to collect" or "hold to collect and sell", are classified as FVTPL and include the Group's investments in listed equities and unit trust funds. Further, irrespective of business model, financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply (see accounting policy 1(h)(iv) below).

Assets in this category are measured at fair value with gains or losses recognised in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

Dividend income from FVTPL investments is recognised in profit or loss as part of investment income when the Group's right to receive payments is established.

**(iii) Financial assets classified as fair value through other comprehensive income (FVOCI)**

The Group's investments in equity instruments, that are not held for trading, are classified as financial assets at FVOCI only if the Group has made an irrevocable election at the time of initial recognition to account for the investment at FVOCI.

Where the Group has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no reclassification of these gains and losses to profit or loss on derecognition of the investment.

Dividends on FVOCI equity instruments are recognised in profit or loss as part of investment income when the Group's right to receive payments is established.

The Group has irrevocably elected to measure its equity investments in SunWest Casino, Worcester Casino and City Lodge Hotels at FVOCI. These investments are held as long-term strategic investments that are not expected to be sold in the short to medium term.

**(ii) Impairment of financial assets**

The Group uses forward-looking information to recognise expected credit losses (ECLs) in accordance with the impairment requirements of IFRS 9. The Group's debt instruments carried at amortised cost fall within the scope of these requirements.

The Group applies a simplified model of recognising lifetime ECLs on trade receivables

# ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 MARCH 2024 (CONTINUED)

as these items do not contain a significant financing component. ECLs are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Group uses its historical experience, external indicators and forward-looking information to calculate the ECLs using a provision matrix. Details on the calculation of trade receivable ECLs are presented in note 14.

The balance of the Group's financial assets measured at amortised cost comprises cash and cash equivalents, investments in cumulative redeemable preference shares, loan receivables and other receivables to which the general model is applied.

ECLs are presented in other operating expenses and income as set out in note 35.

### **(iii) Financial liabilities**

The Group's financial liabilities include borrowings, trade and other payables, derivative financial instruments and bank overdrafts.

Financial liabilities are initially measured at fair value and, where applicable, adjusted for transaction costs. Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for the Group's derivatives, which are subsequently carried at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

### **(iv) Derivative financial instruments and hedge accounting**

Derivative financial instruments are recognised at fair value on the date a derivative contract is entered into and subsequently remeasured to fair value at each reporting date. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument and the nature of the item being hedged.

Certain derivative instruments, while providing effective economic hedges under the Group's policies, are not designated as hedges; these include forward exchange contracts. Changes in the fair value of the Group's forward exchange contracts are immediately recognised in profit or loss. The Group does not hold or issue derivative financial instruments for speculative purposes.

*Cash flow hedges that qualify for hedge accounting*

At inception of a hedge relationship the Group documents the economic relationship between hedging instruments and hedged items, including whether changes in the cash flows of

the hedging instruments are expected to offset changes in the cash flows of hedged items. The Group documents its risk management objective and strategy for undertaking its hedge transactions. Derivatives are designated as hedges of a particular risk associated with the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges).

IFRS 9 provides an accounting policy choice allowing entities to continue with the hedge accounting requirements of IAS 39 Financial Instruments: Recognition and Measurement until the macro hedging project is finalised, or they can apply IFRS 9. The Group has elected to apply IFRS 9.

Derivative instruments used solely for hedging purposes by the Group comprise interest rate swaps. To the extent that the hedge is effective, changes in the fair value of interest rate swaps are recognised in other comprehensive income and included within the cash flow hedge reserve in equity. However, if the Group closes out its position early, the cumulative fair value gains and losses recognised in other comprehensive income are frozen and reclassified from the cash flow hedge reserve to profit or loss within finance costs using the effective interest method. To the extent that derivatives used to manage cash flow interest rate risk are ineffective, changes to the fair value of these instruments are recognised in profit or loss.

Cash flow hedge accounting is discontinued when a hedging instrument expires, is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting. At that time, for forecast transactions, any cumulative gain or loss existing in equity remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately reclassified to profit or loss.

### **(v) Cash and cash equivalents**

Cash and cash equivalents are initially measured at fair value and include cash in hand, bank deposits with financial institutions and bank overdrafts. After initial recognition, these are measured at amortised cost using the effective interest method.

Bank overdrafts are included within cash and cash equivalents in the statement of cash flows as they form an integral part of the Group's cash management.

### **(vi) Fair value**

The fair values of quoted investments are based on current bid prices. The Group establishes fair

value by using valuation techniques for unlisted securities or if the market for a financial asset is not active. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis and option pricing models, making maximum use of market inputs and relying as little as possible on entity-specific inputs.

#### **(i) Inventories**

Inventories are valued at the lower of cost or net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less selling expenses. Operating equipment utilised within 12 months is recognised as an expense based on usage. Allowance is made for slow-moving goods and obsolete materials are written off.

#### **(j) Programming rights**

Programming rights acquired or internally produced by the Group are initially measured at cost and are amortised over the number of licensed broadcasting runs.

Programming rights classified as features are amortised in line with advertising revenue earned. It is estimated that features will generate advertising revenue over more than two runs and are therefore amortised at a rate of 40% on the first run, 40% on the second run and 20% on the remaining run. For genres other than features the cost is amortised on the first run.

Programming rights are carried at the lower of cost or net realisable value. If, at the end of the licence period, the number of licensed broadcasting runs has not been fully utilised, a write-off is accounted for through the statement of profit or loss.

#### **(k) Share capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options are included in the share premium account.

Where subsidiaries hold shares in the Company's equity share capital, the consideration paid to acquire these shares is deducted from total shareholders' equity as treasury shares. Where such shares are subsequently sold or reissued, any consideration received is included in shareholders' equity. Shares issued to or held by share incentive plans within the Group are treated as treasury shares until such time when participants pay for and take delivery of such shares.

#### **(l) Impairments and impairment reversals**

This policy covers all assets except financial assets (see accounting policy 1(h)), inventories (see accounting policy 1(i)), deferred tax assets,

programming rights (see accounting policy 1(j)) and disposal group assets classified as held for sale (see accounting policy 1(m)). Impairment and impairment reversal reviews are performed by comparing the carrying value of the asset to its recoverable amount, being the higher of the fair value less cost of disposal and value in use. The fair value less cost of disposal is considered to be the amount that could be obtained on disposal of the asset. The value in use of the asset is determined by discounting, at a market-based pre-tax discount rate, the expected future cash flows resulting from its continued use, including those arising from its final disposal. When the carrying values of non-current assets are written up or down by any impairment reversal or impairment, the gain or loss is recognised in profit or loss in the period in which it is incurred.

Where the asset does not generate cash flows that are independent from the cash flows of other assets, the Group estimates the recoverable amount of the cash-generating unit (CGU) to which the asset belongs.

Goodwill and intangible non-current assets with an indefinite life or not yet ready for use are, as a minimum, tested annually for impairments or impairment reversals. Assets subject to amortisation or depreciation are reviewed for impairments or impairment reversals if circumstances or events change to indicate that the carrying value may need to be adjusted.

#### **(m) Disposal group assets and liabilities held for sale**

Items classified as disposal group assets and liabilities held for sale are measured at the lower of carrying amount and fair value less costs to sell.

Such disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continued use.

#### **(n) Provisions**

The Group recognises provisions for bonus plans based on rates negotiated with union bargaining councils, the results of the Company and the performance of relevant employees or at the discretion of Company management. These criteria are only finalised after the Group's year-end and payments are dependent upon the employee being in the Company's service at the date of payment.

Long-term environmental obligations are based on the Group's environmental plans, in compliance with current regulatory requirements. Provision is made based on the net present value of the estimated cost of restoring the environmental disturbance that has occurred up to the reporting date. The estimated cost of rehabilitation is reviewed annually and adjusted as appropriate for changes in legislation or technology. Cost estimates are not reduced by the potential proceeds from the sale of assets or from plant clean-up at closure, in view of the uncertainty of estimating the potential future proceeds. Annual

# ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 MARCH 2024 (CONTINUED)

contributions are made to the Group's Environmental Rehabilitation Trust Fund created in accordance with statutory requirements, to provide for the funding of the estimated cost of pollution control and rehabilitation during and at the end of the life of mines.

A repurchase of service provision is raised in respect of retrenchment costs that will be payable to employees who would be surplus to requirements, should the government award the operating of some public transport routes to other third parties.

## (o) Revenue recognition

Revenue mainly arises from the sale of goods by the Group's branded products and manufacturing, media and broadcasting, coal mining and transport operations as well as services rendered by the Group, of which the following represents the most material revenue streams:

- advertising revenue;
- revenue from operational contracts with the Department of Transport and the City of Cape Town for the provision of bus services;
- bus ticket revenue;
- hotel room revenue;
- food and beverage revenue;
- licence fees;
- tenant recoveries; and
- entrance fees

To determine whether to recognise revenue, the Group follows a five-step process:

- identifying the contract with a customer;
- identifying the performance obligations;
- determining the transaction price;
- allocating the transaction price to the performance obligations; and
- recognising revenue when/as the performance obligations are satisfied.

Revenue is recognised either at a point in time or over time, when (or as) the Group satisfies performance obligations by transferring the promised goods or services to its customers.

Revenue from contracts with customers is recognised when control of the goods or services is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The transaction price for a contract excludes any amounts collected on behalf of third parties. The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

The Group recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these

amounts as deferred revenue in the statement of financial position. Similarly, if the Group satisfies a performance obligation before it receives the consideration, the Group recognises a receivable in its statement of financial position as only the passage of time is required before payment of these amounts will be due.

## (i) Sale of goods

Revenue from the sale of goods for a fixed fee is recognised when or as the Group transfers control of the assets to the customer. For stand-alone sales of goods, control transfers at the point in time the customer takes undisputed delivery of the goods. Revenue from the sale of goods is generally recognised at a point in time, except for the Group's tooling supply arrangements where control is transferred over a period of time and revenue is recognised when associated costs can be reliably estimated. When revenue is recognised over time, costs incurred to fulfil the contract to date are effectively recognised immediately, since the revenue recognised represents recovery of costs incurred at zero profit margin.

Some products are sold with volume rebates and trade discounts. Revenue from these sales is recognised based on the price specified in the contract, net of the estimated returns, rebates and discounts to the extent that it is highly probable.

The Group does not expect to have any contracts where the period between the transfer of the promised goods to the customer and payment by the customer exceeds one year. Consequently, the Group does not adjust any of the transaction prices for the time value of money.

## (ii) Rendering of services

### *Advertising revenue*

Advertising revenue is recognised in profit or loss on a straight-line basis over the term of the agreement, net of value-added taxation. The performance obligation is fulfilled when the commercial advert is aired as per the contractual term.

### *Operational contract revenue*

Operational contracts with the Department of Transport and the City of Cape Town relate to contracts for the provision of bus services. Revenue is recognised over time as the kilometres in respect of these services have been travelled.

### *Bus ticket revenue*

Revenue from single-journey bus tickets is recognised at the point in time that the ticket is sold.

Revenue from the sale of multi-journey tickets is recognised as rides are utilised. At year-end, deferred revenue is recognised for unused rides on these tickets.

#### *Hotel room, food and beverage revenue*

Hotel room revenue is recognised over time due to the nature of accommodation being consumed by customers over a period of time. The customer simultaneously receives and consumes the benefits provided as provision of a room is made to the customer.

Food and beverage revenue is recognised at a point in time.

#### *Licence fees*

Licence fees are recognised on a straight-line basis, net of value-added taxation. The performance obligation is satisfied over time as the customer consumes the benefit of access to channels aired.

#### *Tenant recoveries*

Tenant recoveries are recognised over time as the services are provided to the tenant.

#### *Entrance fees*

Entrance fees are recognised over time as the customer receives and consumes the economic benefits.

### **(iii) Payment terms**

No element of financing is present as sales of the Group's goods and services are generally made by cash or negotiated credit terms of up to 45 days.

### **Revenue other than from contracts with customers**

#### ***Dividend income***

Company dividend income is recognised when the right to receive payment is established.

### **(p) Net gaming win**

Net gaming win comprises the net table and electronic gaming machines win derived by the gaming operations. In terms of accounting standards, betting transactions concluded under gaming operations meet the definition of derivatives and income from gaming operations therefore represents the net position arising from financial instruments. The net gaming win is measured as the net cash received from betting transactions from gaming operations. Due to the short-term nature of the Group's gaming operations, all income is recognised in profit or loss immediately, at fair value.

In the gaming industry, where the nature of betting transactions in respect of table games makes it difficult to separate bets placed by customers and winnings paid to customers, it follows that gaming

operations experience practical difficulties reflecting output tax separately from input tax. Accordingly, the South African Revenue Service issued Binding General Ruling 59 (BGR 59), in accordance with the revised section 72 of the Value Added Tax (VAT) Act decision process. BGR 59 allows gaming operators to account for VAT, in respect of table games, by applying the tax fraction to the gross gaming revenue as stipulated in the provincial gaming regulations. The gross gaming revenue is defined as the difference between the amount of money wagered by customers and the amount of money returned to such customers by the gaming operator as direct winnings from the gambling activities in which the customers participated.

In respect of electronic gaming machines, the aggregate amount of bets placed over a time period and the aggregate amount of winnings payouts over the same time period are recorded by a central monitoring system, as approved by the relevant provincial gaming board. Based on this, operators of electronic gaming machines are required to account for output tax on the aggregate bets placed and input tax deductions on the aggregate winnings payouts, for each tax period.

Provincial gaming levies are calculated by applying the tax fraction to the net betting transaction for both table games and electronic gaming machines.

Any change in either the VAT rate or the provincial gaming levies would be borne by the Group and would have no impact on customers. VAT and gaming levies are therefore treated as direct costs and are included in net gaming win in the statement of profit or loss.

### **(q) Investment income**

#### ***(i) Interest income***

Interest income is recognised using the effective interest method. When a receivable is impaired the Group reduces the carrying amount to its recoverable amount by discounting the estimated future cash flows at the original effective interest rate and continuing to unwind the discount as interest income.

#### ***(ii) Dividend income***

Dividend income in the Group is recognised when the right to receive payment is established.

### **(r) Leases**

The Group accounts for a contract, or a portion of a contract, as a lease when it conveys the right to use an asset for a period of time in exchange for consideration. Leases are those contracts that satisfy the following criteria:

- there is an identified asset;
- the Group obtains substantially all the economic benefits from use of the asset; and
- the Group has the right to direct use of the asset.

# ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 MARCH 2024 (CONTINUED)

## *(i) The Group is the lessee*

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- leases of low-value assets; and
- leases with a term of 12 months or less.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined with reference to the rate inherent in the lease unless this is not readily determinable, in which case the Group's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

Subsequent to initial measurement, lease liabilities increase as a result of interest charged on the outstanding balance and are reduced for lease payments made. The finance costs are charged to profit or loss over the lease period so as to produce a constant periodic rate of interest for each period.

Right-of-use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received. These assets are depreciated on a straight-line basis over the term of the lease or over the economic life of the asset if, rarely, this is judged to be shorter than the lease term.

When the Group revises its estimate of the term of any lease (because, for example, it reassesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to be made over the revised term, which are discounted at the revised discount rate. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised, except in this instance the revised payments are discounted at the discount rate used on initial measurement of the lease liability. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being depreciated over the remaining (revised) lease term.

When the Group renegotiates the contractual terms of a lease with the lessor, the accounting depends on the nature of the modification:

- if the renegotiation results in one or more additional assets being leased for an amount commensurate with the stand-alone price

for the additional rights-of-use obtained, the modification is accounted for as a separate lease in accordance with the above policy;

- in all other cases where the renegotiated terms increase the scope of the lease (whether that is an extension to the lease term, or one or more additional assets being leased), the lease liability is remeasured using the discount rate applicable on the modification date, with the right-of-use asset being adjusted by the same amount;
- if the renegotiation results in a decrease in the scope of the lease, both the carrying amount of the lease liability and right-of-use asset are reduced by the same proportion to reflect the partial or full termination of the lease with any difference recognised in profit or loss. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date. The right-of-use asset is adjusted by the same amount.

## *(ii) The Group is the lessor*

The Group classifies these leases as finance leases or operating leases.

For finance leases the Group recognises finance lease receivables in its statement of financial position. Finance income is recognised based on a pattern reflecting a constant periodic rate of return on the Group's net investment in the finance lease.

Assets leased to third parties under operating leases are included in investment properties and property, plant and equipment in the statement of financial position. Rental income (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term.

## **(s) Income tax**

The tax expense for the period comprises current and deferred tax. Tax is recognised in the statement of profit or loss except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case the related tax follows these items and is also recognised in equity or other comprehensive income. The current tax expense is based on the results for the year as adjusted for items that are not taxable or not deductible. The Group's liability for current taxation is calculated using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised, using the liability method, in respect of all temporary differences arising between the tax bases of assets and liabilities and their carrying values in the consolidated financial

statements, except where the temporary difference arises from goodwill or from the initial recognition (other than a business combination) of other assets and liabilities in a transaction that affects neither accounting nor taxable profit.

Deferred tax is measured at the tax rates expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted at the reporting date.

**(t) Employee benefits**

**(i) Defined contribution plans**

For defined contribution plans, subsidiaries of the Group pay contributions to public administered provident plans on a contractual basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expenses when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

**(ii) Other post-employment obligations**

Certain subsidiaries of the Group operate defined benefit plans for post-retirement medical benefits. The assets of the scheme are held separately from those of the Group and are administered by trustees. The liability recognised in the statement of financial position in respect of the plan is the present value of the defined benefit obligation at the reporting date, together with adjustments for unrecognised actuarial gains and losses and past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of South African government bonds that have terms to maturity approximating the terms of the related plan liability.

Actuarial gains and losses arising from experience adjustments, and changes in actuarial assumptions, are recognised in full and charged or credited to equity in other comprehensive income in the period in which they arise.

All other costs are recognised immediately in profit or loss.

**(iii) Bonus plans**

The Group recognises a liability and an expense for bonuses where contractually obliged or where there is a past practice that has created a constructive obligation. An accrual is maintained for the appropriate proportion of the expected bonuses which would become payable at the

year-end. Bonuses are treated as provisions if the amount or timing of payment is uncertain (refer to accounting policy 1(n)).

**(iv) Employee leave entitlement**

An accrual is made for the estimated liability to employees for annual leave up to the reporting date.

**(u) Share-based payments**

**(i) Equity-settled**

The Group has granted share options to employees in terms of The HCI Employee Share Scheme. In terms of IFRS 2 these options are fair valued at the date of grant and recognised as an expense over the relevant vesting periods. The fair value of options granted is measured using the Black-Scholes model.

**(ii) Cash-settled**

Goods or services, including employee services received in exchange for cash-settled share-based payments, are recognised at the fair value of the liability incurred and are expensed when consumed, or capitalised as assets. The long-term incentive plan liability is remeasured to its fair value at each reporting date, with all changes recognised immediately in profit or loss.

The fair value of the liability is determined with reference to the subsidiary company's share price. This is adjusted for management's best estimates of the appreciation, bonus and performance units expected to vest and management's best estimate of the performance criteria assumptions on the performance units.

**(v) Earnings per share**

Earnings per share is based on the weighted average number of shares in issue during the year, net of treasury shares, and profit attributable to ordinary shareholders. Headline earnings per share is calculated in terms of the requirements set out in Circular 01/2023: Headline Earnings as issued by the South African Institute of Chartered Accountants.

**(w) Government grants**

Government grants are recognised as other income when there is reasonable assurance that the Group will comply with the relevant conditions attached to them and that the grant will be received.

Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the cost that they are intended to compensate. Government grants relating to the purchase of property, plant and equipment are recognised as non-current deferred income and credited to profit or loss on a straight-line basis over the expected lives of the related assets.

# ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 MARCH 2024 (CONTINUED)

## 2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Judgement also needs to be exercised in applying the Group's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group has identified the following estimates and assumptions as having a significant risk of causing a material adjustment to the carrying amounts of its assets and liabilities within the next financial year:

### (i) Going concern

The consolidated and separate annual financial statements of the Company have been prepared on the basis of accounting policies applicable to a going concern. This basis assumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

Although the Company's current liabilities exceed current assets at 31 March 2024, R1 111 million of the Company's total current liabilities of R1 169 million was owing to wholly-owned subsidiaries and repayable by mutual agreement of the parties, while the remaining R58 million was owing to third parties. At 31 March 2024 the Company owned listed shares with a carrying value of R5 983 million, mitigating the liquidity risk identified through the net current liability position.

The Company and other Group entities were in compliance with all debt covenants imposed by funders during the current year (refer to note 19). The directors are not aware of any circumstances whereby the Company or Group will not be able to meet their covenant requirements for the year ending 31 March 2025.

Cash flow forecasts and available cash resources of the Company and the Group were considered by the directors and they are of the view that all entities within the Group have access to sufficient resources and liquidity to meet their obligations as they fall due and to continue operations as a going concern for the foreseeable future. The directors are not aware of any material changes that may adversely impact the Company or the Group.

### (ii) Fair value of investment properties

Investment properties owned by the Group represent a significant proportion of the Group's asset base. Estimates made in determining the fair values of these properties in particular, affect the Group's financial position and performance.

The fair value of the Group's entire investment property portfolio is based on annual valuations carried out at year-end. External valuations are performed in cycles (not exceeding three years) by independent, professionally qualified valuers with

relevant experience in the location and category of the investment properties being valued. Internal valuations are performed by management for the intervening years. Details regarding the significant unobservable inputs used in the valuation of these properties, together with a sensitivity analysis should these significant unobservable inputs change, are presented in note 2.

### (iii) Estimated impairment and impairment reversals of goodwill and indefinite lived intangible assets

The Group tests annually whether goodwill and indefinite lived intangible assets have suffered any impairment, in accordance with the accounting policies stated in 1(c)(iii) and 1(g) above. The recoverable amounts of CGUs have been determined based on value-in-use calculations.

These calculations require the use of estimates and significant judgement when evaluating the inputs used as detailed in notes 3 and 4.

### (iv) Impairment reversal assessment of investment in associate

Following indicators of an impairment reversal as detailed in note 6, the Group determined the recoverable amount of its investment in Southern Sun with reference to its value in use. These calculations required the use of estimates and judgements as detailed in note 6.

### (v) Fair value of financial instruments that are not traded in an active market

The fair value of financial instruments that are not traded in an active market (for example unlisted investments) is determined by using valuation techniques. The Group uses its judgement in selecting a valuation method and makes assumptions that are mainly based on market conditions existing at the end of each reporting period.

The Group used the discounted cash flow valuation method to determine the fair value of its unlisted equity investments in SunWest and Worcester Casinos carried at FVOCI. Refer to note 7 for the significant unobservable inputs used in this fair value measurement together with a sensitivity analysis should any of these inputs change.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of the Company's assets and liabilities within the next financial year are as follows:

### (i) Impairment and impairment reversal assessments of investments in subsidiaries

The Company recognised impairments and impairment reversals totalling R984 million and R320 million, respectively, on several investments in subsidiary company shares during the current year. This followed indicators that the carrying values had to be reassessed for possible impairments or impairment reversals. Further details on the estimates and judgements made are provided in note 8.

### 3. NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS TO EXISTING STANDARDS

#### 3.1 New standards, interpretations and amendments adopted as at 1 April 2023

The Group adopted the following applicable amendments to existing standards, as issued by the IASB, during the current year:

- IAS 1 Presentation of Financial Statements (Amendment: Disclosure of Accounting Policies);
- IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (Amendment: Definition of Accounting Estimates); and
- IAS 12 Income Taxes (Amendment: Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction).

Other than the impact of the IAS 1 amendments as detailed below, the adoption of these accounting pronouncements had no significant impact on the Group.

##### Amendments to IAS 1 Presentation of Financial Statements

The Group adopted the amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements – Disclosure of accounting policies from 1 April 2023. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in the financial statements.

The amendments require the disclosure of “material”, rather than “significant”, accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand information in the financial statements.

Management reviewed the accounting policies and made updates to the information disclosed in Accounting policies note 1 in line with the amendments.

#### 3.2 New standards, interpretations and amendments that are not yet effective

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB that are effective in future accounting periods of the Group. The most significant of these, which the Group has decided not to early adopt, are the following:

Standard	Details of standard or amendment	Annual periods beginning on or after
IAS 1 Presentation of Financial Statements	<p>Amendment: Classification of Liabilities as current/non-current and Long-term Debt Affected by Covenants:</p> <ul style="list-style-type: none"> <li>• classification is based on whether the right to defer settlement by at least 12 months exists at the reporting date and is not affected by expectation of settlement;</li> <li>• specify that covenants to be complied with after the reporting date do not affect the classification of debt as current or non-current at the reporting date; and</li> <li>• require a company to disclose information about these covenants in the notes to the financial statements.</li> </ul> <p>These amendments are not expected to have an impact on the Group, since its dates for covenant testing coincide with its reporting date and all Group entities are expected to be in compliance with their debt covenants for the foreseeable future.</p>	The Group will apply the amendments to IAS 1 from annual periods beginning 1 April 2024
IFRS 18 Presentation and Disclosure in Financial Statements	<p>New standard: This standard deals with the presentation and disclosure of information in general purpose financial statements; new requirements:</p> <ul style="list-style-type: none"> <li>• specified totals or subtotals within the statement of profit or loss;</li> <li>• disclosure of management-defined performance measures;</li> <li>• aggregation and disaggregation of financial information based on the identified “roles” of the primary financial statements and the notes; and</li> <li>• consequential amendments to other accounting standards.</li> </ul> <p>The Group is in the early stages of assessing the impact of the new standard.</p>	The Group will apply the amendments to IFRS 18 from annual periods beginning 1 April 2027

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

	Group		
	2024 R'000	2023* R'000	2022* R'000
<b>1. PROPERTY, PLANT AND EQUIPMENT</b>			
<b>Cost</b>			
Broadcast studios and equipment	653 918	623 597	628 027
Buses	2 190 333	2 073 397	2 066 689
Land and buildings	13 943 968	13 960 445	13 610 890
Leasehold improvements	496 905	493 293	485 998
Mining infrastructure	128 483	69 780	69 780
Other equipment and vehicles	647 637	612 161	577 748
Plant and machinery	7 263 393	6 683 651	6 123 705
Properties under construction	66 455	78 071	30 808
	<b>25 391 092</b>	<b>24 594 395</b>	<b>23 593 645</b>
<b>Accumulated depreciation and impairments</b>			
Broadcast studios and equipment	(525 228)	(483 291)	(460 527)
Buses	(966 394)	(918 006)	(890 894)
Land and buildings	(2 094 533)	(1 902 241)	(1 673 302)
Leasehold improvements	(328 887)	(307 860)	(280 699)
Mining infrastructure	(99 106)	(51 168)	(48 274)
Other equipment and vehicles	(354 992)	(320 432)	(309 303)
Plant and machinery	(4 645 806)	(4 286 675)	(3 882 523)
Properties under construction	-	-	(1 178)
	<b>(9 014 946)</b>	<b>(8 269 673)</b>	<b>(7 546 700)</b>
<b>Carrying value</b>			
Broadcast studios and equipment	128 690	140 306	167 500
Buses	1 223 939	1 155 391	1 175 795
Land and buildings	11 849 435	12 058 204	11 937 588
Leasehold improvements	168 018	185 433	205 299
Mining infrastructure	29 377	18 612	21 506
Other equipment and vehicles	292 645	291 729	268 445
Plant and machinery	2 617 587	2 396 976	2 241 182
Properties under construction	66 455	78 071	29 630
	<b>16 376 146</b>	<b>16 324 722</b>	<b>16 046 945</b>
* Restated, refer to details as set out in note 48.1.			
<b>Movements in property, plant and equipment</b>			
<b>Balance at the beginning of the year</b>			
Broadcast studios and equipment	140 306	167 500	
Buses	1 155 391	1 175 795	
Land and buildings	12 058 204	11 937 588	
Leasehold improvements	185 433	205 299	
Mining infrastructure	18 612	21 506	
Other equipment and vehicles	291 729	268 445	
Plant and machinery	2 396 976	2 241 182	
Properties under construction	78 071	29 630	
	<b>16 324 722</b>	<b>16 046 945</b>	

	Group	
	2024 R'000	2023 R'000
<b>1. PROPERTY, PLANT AND EQUIPMENT continued</b>		
<b>Additions</b>		
Broadcast studios and equipment	42 746	38 442
Buses	177 935	82 483
Land and buildings	72 283	87 840
Leasehold improvements	17 243	17 661
Mining infrastructure	29 305	-
Other equipment and vehicles	102 424	82 269
Plant and machinery	836 706	769 912
Properties under construction	56 495	78 452
	<b>1 335 137</b>	<b>1 157 059</b>
Notes	39.8	39.8
<b>Business combinations/(disposal of subsidiaries and businesses)</b>		
Broadcast studios and equipment	-	(1 378)
Land and buildings	-	342 514
Other equipment and vehicles	-	(1 188)
Plant and machinery	-	46 411
	-	386 359
<b>Transfer from disposal group assets held for sale</b>		
Land and buildings	-	37 496
	-	37 496
<b>Disposals</b>		
Broadcast studios and equipment	(64)	(680)
Buses	(11 406)	(11 988)
Land and buildings	(20)	(167 169)
Other equipment and vehicles	(22 304)	(17 563)
Plant and machinery	(17 334)	(19 241)
	<b>(51 128)</b>	<b>(216 641)</b>
<b>Transfers</b>		
Land and buildings	(49 197)	101 818
Leasehold improvements	-	(12)
Mining infrastructure	29 398	-
Other equipment and vehicles	(25 672)	14 135
Plant and machinery	62 448	20 146
Properties under construction	(70 293)	(30 164)
	<b>(53 316)</b>	<b>105 923</b>
Notes	2, 12	2, 12

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024 (CONTINUED)

		Group	
		2024 R'000	2023 R'000
<b>1.</b>	<b>PROPERTY, PLANT AND EQUIPMENT continued</b>		
	<b>Depreciation</b>		
	Broadcast studios and equipment	(54 298)	(63 578)
	Buses	(89 633)	(83 303)
	Buildings	(172 730)	(188 385)
	Leasehold improvements	(34 380)	(37 220)
	Mining infrastructure	(47 938)	(2 894)
	Other equipment and vehicles	(51 702)	(50 360)
	Plant and machinery	(639 219)	(623 930)
		<b>(1 089 900)</b>	<b>(1 049 670)</b>
	<b>Impairments</b>		
	Buses	(8 348)	(7 596)
	Land and buildings	(63 353)	(93 498)
	Leasehold improvements	(278)	(295)
	Other equipment and vehicles	(1 830)	(4 012)
	Plant and machinery	(21 990)	(37 504)
		<b>(95 799)</b>	<b>(142 905)</b>
	Notes	32	32
	<b>Impairment reversals</b>		
	Other equipment and vehicles	-	3
		-	3
	Note		31
	<b>Borrowing costs capitalised</b>		
	Properties under construction	2 182	153
		<b>2 182</b>	<b>153</b>
	<b>Revaluation on transfer to investment properties</b>		
	Land and buildings	4 248	-
		<b>4 248</b>	<b>-</b>
	<b>Balances at the end of the year</b>		
	Broadcast studios and equipment	128 690	140 306
	Buses	1 223 939	1 155 391
	Land and buildings	11 849 435	12 058 204
	Leasehold improvements	168 018	185 433
	Mining infrastructure	29 377	18 612
	Other equipment and vehicles	292 645	291 729
	Plant and machinery	2 617 587	2 396 976
	Properties under construction	66 455	78 071
		<b>16 376 146</b>	<b>16 324 722</b>

## 1. PROPERTY, PLANT AND EQUIPMENT continued

### Transfer to investment properties

The Group's Palazzo Towers West office building was previously classified as owner-occupied property in line with IAS 16 *Property, Plant and Equipment* on the basis that it was significantly occupied by entities within the Group. During the year the property became no longer owner-occupied and was consequently transferred from property, plant and equipment to investment properties (refer to note 2). In accordance with IAS 16 and IAS 40 *Investment Property*, the property was revalued to its fair value of R76 million before being transferred and a fair value gain of R4 million recognised in other comprehensive income.

### Useful lives and depreciation

The following useful lives were used in the calculation of depreciation:

Broadcast studios and equipment	5 to 8 years
Buses	3 to 24 years
Buildings	15 to 50 years
Leasehold improvements	Shorter of the lease term or 50 years
Mining infrastructure (refer to note 5)	Life of the mine
Other equipment and vehicles	1 to 15 years
Plant and machinery	2 to 26 years

The Group reviews the useful lives and residual values of its property, plant and equipment at each reporting date. Adjustments to depreciation in respect of the reassessed useful lives and residual values are made prospectively and resulted in a reduction of R52 million (2023: reduction of R34 million) to the depreciation charge for the year. The reassessment of residual values will increase depreciation by R6 million in the following year.

### Impairment of property, plant and equipment

The Group recognised impairments of property, plant and equipment to the value of R96 million (2023: R143 million) during the year.

Property, plant and equipment of the Group's gaming operations was impaired by R86 million (2023: R132 million) during the year under review. Current and prior-year impairments most significantly relate to the Hemingways Precinct as a result of its value in use being lower than its carrying value (refer to note 4). The Group recognised impairments totalling R80 million (2023: R108 million) in respect of this precinct during the current year. Prior-year impairments further include R17 million in respect of properties at the Goldfields Precinct, most significantly as a result of the slower-than-expected recovery of trade at the precinct. The remaining prior-year impairments relate to various casinos and hotel equipment impaired.

Buses with a book value of R9 million (2023: R8 million) were impaired by the Group as a result of being destroyed in acts of violence during the year.

### Operating leases

At the reporting date the Group had contracted with tenants for the following future lease payments under non-cancellable operating leases for land and buildings, machinery and gaming equipment:

	Group	
	2024 R'000	2023 R'000
Future lease payments receivable:		
– within one year	75 042	69 098
– within one to two years	55 297	54 548
– within two to three years	39 763	36 244
– within three to four years	29 807	21 308
– within four to five years	11 503	5 156
– after five years	4 926	2 717
	<b>216 338</b>	<b>189 071</b>

A register of land and buildings is available for inspection at the registered office of the Company.

### Encumbrances

Details of the assets that serve as security for borrowings are presented in note 19.

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024 (CONTINUED)

	Group	
	2024 R'000	2023 R'000
<b>2. INVESTMENT PROPERTIES</b>		
Investment properties consist of:		
Investment properties at fair value	5 080 225	4 928 563
Non-current operating lease equalisation assets	123 985	124 253
	<b>5 204 210</b>	<b>5 052 816</b>
Investment properties relate to the Group's interests in the following segments:		
Properties	3 587 167	3 493 471
Gaming	442 756	348 780
Branded products and manufacturing	1 024 362	1 063 513
Other	149 925	147 052
	<b>5 204 210</b>	<b>5 052 816</b>

## Properties segment

Investment properties, totalling R3 587 million (2023: R3 493 million), are carried at fair value at 31 March 2024. Refer to pages 36 to 39 of the integrated annual report for an overview of properties included in the Group's properties segment. During the year under review, a fair value gain of R43 million (2023: gain of R71 million) was recognised in the statement of profit or loss in respect of these properties.

The fair values of all properties have been arrived at on the basis of internal valuations carried out by the directors. The directors referred to external valuations carried out by Quadrant Properties Proprietary Limited, an independent firm of valuers not related to the Group, during the prior year. Details on the valuation methods applied and the significant unobservable inputs used, are presented in the tables below:

Significant unobservable inputs								
Net cash flows								
Valuation method	Number of properties	Fair value R'000	Income growth %	Expense growth %	Net income growth %	Vacancy %	Terminal capitalisation rate %	Discount rate %
<b>2024</b>								
Discounted cash flow	11	3 039 120	4.3 – 7.0	5.3 – 8.9	5.1 – 9.7	0 – 7.2	9.0 – 12.0	14.0 – 16.5
Discounted cash flow <sup>1</sup>	1	158 000	6.5	5.8	6.5	13.6	10.0	15.0
Discounted cash flow <sup>2</sup>	7	180 427	3.5 – 6.5	6.0	8.3	4.0	10.0 – 10.8	15.0 – 15.8
Discounted cash flow <sup>3</sup>	2	142 000	4.3	5.3	5.0	0	10.0	15.0
Direct comparable sales <sup>4</sup>	2	67 620	N/A	N/A	N/A	N/A	N/A	N/A
	<b>23</b>	<b>3 587 167</b>						
<b>2023</b>								
Discounted cash flow	11	2 931 230	4.7 – 9.8	5.5 – 8.8	5.5 – 11.4	0 – 11	9.0 – 14.3	14.0 – 18.5
Discounted cash flow <sup>1</sup>	1	158 000	7.7	5.8	9.2	25.3	10.5	15.8
Discounted cash flow <sup>2</sup>	7	195 621	3.7 – 6.5	5.5	7.0	47.8	9.3 – 10.3	14.5 – 15.5
Discounted cash flow <sup>3</sup>	2	141 000	4.8	5.3	5.5	0	9.3	14.3
Direct comparable sales <sup>4</sup>	2	67 620	N/A	N/A	N/A	N/A	N/A	N/A
	<b>23</b>	<b>3 493 471</b>						

<sup>1</sup> Fair value includes R16 million (2023: R16 million) relating to spare bulk (available areas the Group may develop based on available land and permission to develop), based on 10 000 m<sup>2</sup> of land at a bulk rate of R1 600/m<sup>2</sup> (2023: 10 000 m<sup>2</sup> of land at a bulk rate of R1 600/m<sup>2</sup>).

<sup>2</sup> Fair value includes R15 million (2023: R45 million) relating to spare land and spare bulk, based on 26 517 m<sup>2</sup> of land at a rate of R551/m<sup>2</sup> (2023: 143 residential units at R174 000 each and spare bulk of 7 400 m<sup>2</sup> of land at a bulk rate of R2 750/m<sup>2</sup>).

<sup>3</sup> Fair value includes R16 million (2023: R16 million) relating to spare bulk, based on 6 896 m<sup>2</sup> of land at a bulk rate of R2 350/m<sup>2</sup> (2023: 6 896 m<sup>2</sup> of land at a bulk rate of R2 350/m<sup>2</sup>).

<sup>4</sup> The fair value of vacant land was determined by applying the direct comparable sales method and based on 32 029 m<sup>2</sup> of land at a rate of R460/m<sup>2</sup> and 52 900 m<sup>2</sup> of land valued at R1 000/m<sup>2</sup>.

The table below indicates the sensitivities of the investment property portfolio by increasing or decreasing value inputs as follows:

	2024		2023	
	Increase R'000	Decrease R'000	Increase R'000	Decrease R'000
5% change in the net cash flows	166 585	(185 735)	204 983	(195 082)
0.25% change in the terminal capitalisation rate	(64 534)	49 140	(72 890)	62 554
0.5% change in the discount rate	(58 076)	58 431	(80 449)	68 987

## 2. INVESTMENT PROPERTIES continued

### Gaming segment

The fair value of investment properties owned by the Group's gaming interests, totalling R448 million (2023: R354 million), has been arrived at on the basis of external valuations carried out at 31 March 2024 by Norman Griffiths, an independent property valuer not related to the Group.

During the year under review, the gaming group recognised a loss of R5 million (2023: loss of R17 million) relating to fair value adjustments on investment properties in the statement of profit or loss. The fair values have been determined using capitalised values of the projected rental income together with the assessment of development land. Vacancies have been considered based on historical and current vacancy factors as well as the nature, location, size and popularity of the properties.

Significant unobservable inputs were as follows:

	2024	2023
Capitalisation rate applied to rental income	9.3% – 10.0%	9.5%
Vacancy rate	0% – 25.0%	10.0%
Weighted average projected rental income decrease rate	1.4%	6.8%

The table below indicates the sensitivities of the gaming group's investment property portfolio by increasing or decreasing value inputs as follows:

	2024		2023	
	Increase R'000	Decrease R'000	Increase R'000	Decrease R'000
1% change in the capitalisation rate	(25 803)	32 817	(30 920)	39 549
1% change in the vacancy rate	(3 254)	4 507	(4 496)	3 800
1% change in projected rental income	3 761	(3 254)	2 547	(3 242)

### Branded products and manufacturing segment

The fair value of investment properties owned by the Group's branded products and manufacturing interests, totalling R1 044 million at 31 March 2024 (2023: R1 081 million), had been arrived at on the basis of external valuations carried out by David Newman Property Management, an independent property valuer not related to the Group. The valuation technique applied was the capitalisation of income method. The valuation model considers the net operating income of the rent collected and divides it by the capitalisation rate (investor's rate of return), taking into account expected rental income and anticipated expenses for the next 12 months, the properties' location and structure as well as the rental-producing capacity of similar buildings in similar locations. This segment's investment property portfolio was valued at a weighted average capitalisation rate of 9.8% (2023: 9.7%).

During the year under review, the Group recognised a gain of R3 million (2023: gain of R11 million) relating to fair value adjustments on this segment's investment properties in its statement of profit or loss.

Significant unobservable inputs were as follows:

	2024	2023
Capitalisation rate	8.3% – 11.0%	8.0% – 9.8%
Occupation rate	95% – 100%	97% – 100%
Projected income	R34/m <sup>2</sup> – R80/m <sup>2</sup> based on 239 198 m <sup>2</sup> lettable area	R30/m <sup>2</sup> – R81/m <sup>2</sup> based on 204 998 m <sup>2</sup> lettable area

The table below indicates the sensitivities of the Group's investment property portfolio by increasing or decreasing value inputs as follows:

	2024		2023	
	Increase R'000	Decrease R'000	Increase R'000	Decrease R'000
1% change in the capitalisation rate	(96 031)	117 952	(100 421)	124 235
1% change in the projected income	9 964	(10 364)	10 516	(10 509)

A decrease of 1% in the occupation rate would decrease the fair value of the Group's investment properties by R16 million (2023: R16 million).

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024 (CONTINUED)

## 2. INVESTMENT PROPERTIES continued

### Other segment

Investment properties owned by the Group's other interests comprise vacant land and commercial buildings. The fair value of these properties, totalling R150 million at 31 March 2024 (2023: R147 million), has been arrived at on the basis of internal valuations carried out by the directors. The directors referred to external valuations carried out by Quadrant Properties Proprietary Limited, an independent firm of valuers not related to the Group, during the prior year. The fair value of the vacant land, totalling R1 million (2023: R1 million), was determined by applying the direct comparable sales valuation technique while commercial buildings with a fair value of R149 million (2023: R146 million) were valued using the discounted cash flow method. The Group did not recognise any fair value adjustments in respect of these properties during the current or prior year.

Historically, this segment's investment properties also included the Laborie Estate. Laborie became owner-occupied during the prior year and was externally valued before being transferred to property, plant and equipment. The Estate, which includes agricultural land, a villa, restaurants and accommodation buildings, was valued at R92 million by applying the direct comparable sales valuation technique (agricultural land and villa) and the profit-based method (restaurants and accommodation buildings). The significant unobservable inputs used in the valuation of restaurants and accommodation buildings were an apportionment of 50% – 100%, expense ratio of 25% – 50%, perpetual vacancy of 2% and a capitalisation rate of 9%. The Group recognised a fair value gain of R15 million in respect of the Estate during the prior year.

Significant unobservable inputs were as follows:

	Group	
	2024 %	2023 %
<b>Commercial buildings</b>		
<i>Net cash flows:</i>		
Net income growth rate	6.2	5.9
Occupation rate	100.0	100.0
Exit capitalisation rate	8.8	8.8
Discount rate	14.0	14.0

The table below indicates the sensitivities of these investment properties by increasing or decreasing value inputs as follows:

	2024		2023	
	Increase R'000	Decrease R'000	Increase R'000	Decrease R'000
5% change in the net cash flows	7 323	(7 325)	7 315	(6 967)
0.25% change in the terminal capitalisation rate	(2 751)	2 911	(2 724)	2 884
0.5% change in the discount rate	(2 734)	2 801	(2 629)	2 758

## 2. INVESTMENT PROPERTIES continued

	Group	
	2024 R'000	2023 R'000
<b>Reconciliation of carrying value</b>		
At the beginning of the year	5 052 816	5 067 831
Disposal of subsidiaries	–	(31 067)
Fair value adjustments	40 630	80 915
Transfer to non-current assets held for sale (refer to note 15)	(127 117)	(90 500)
Transfer from non-current assets held for sale (refer to note 15)	81 500	–
Additions	68 317	37 535
Disposals	(692)	–
Improvements	14 774	81 267
Transfer from/(to) property, plant and equipment (refer to note 1)	76 000	(91 800)
Movements in non-current operating lease equalisation assets	(268)	(59)
Amortisation of letting fees capitalised	(1 750)	(1 306)
At the end of the year	<b>5 204 210</b>	<b>5 052 816</b>
Rental income from investment properties (excluding recoveries)	604 415	564 108
Direct operating expenses arising from investment properties that generated rental income during the year	(330 737)	(283 552)
Direct operating expenses arising from investment properties that did not generate rental income during the year	(726)	(962)
<b>Fair value of investment properties per valuations carried out</b>	<b>5 228 990</b>	<b>5 075 712</b>
Adjusted for:		
Operating lease equalisation asset		
– non-current portion	(123 985)	(124 253)
– current portion (included in other receivables, refer to note 14)	(18 899)	(17 592)
Capitalised letting fees	(5 881)	(5 304)
<b>Adjusted fair value included in the statement of financial position</b>	<b>5 080 225</b>	<b>4 928 563</b>

At the reporting date the Group had contracted with tenants for the following future lease payments under non-cancellable operating leases for investment properties:

	Group	
	2024 R'000	2023 R'000
<b>Future lease payments receivable:</b>		
– within one year	513 718	469 101
– within one to two years	401 818	343 665
– within two to three years	303 127	263 317
– within three to four years	219 758	168 931
– within four to five years	133 054	105 473
– after five years	502 225	484 861
	<b>2 073 700</b>	<b>1 835 348</b>

Investment properties are classified as level 3 fair value measurements – refer to note 46.3.

Details of investment properties are available at the registered office of the Company.

### Encumbrances

Details of the assets that serve as security for borrowings are presented in note 19.

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024 (CONTINUED)

		Group	
		2024 R'000	2023 R'000
<b>3. GOODWILL</b>			
	Arising on obtaining control of subsidiaries	3 824 589	3 824 589
	<b>Reconciliation of carrying value</b>		
	At the beginning of the year	3 824 589	3 868 505
	– Cost	4 087 971	4 131 887
	– Accumulated impairment	(263 382)	(263 382)
	Disposal of subsidiaries	–	(43 916)
	At the end of the year	3 824 589	3 824 589
	– Cost	4 087 971	4 087 971
	– Accumulated impairment	(263 382)	(263 382)

Goodwill is monitored and allocated to the following cash-generating units (CGUs) of the Group:

- gaming (2024: R3 727.9 million; 2023: R3 727.9 million);
- media and broadcasting (2024: R43.1 million; 2023: R43.1 million);
- transport (2024: R31.5 million; 2023: R31.5 million); and
- branded products and manufacturing (2024: R22.1 million; 2023: R22.1 million).

### 3. GOODWILL continued

#### Impairment of goodwill

The Group's income remained under pressure as a result of the country's slow economic growth, high levels of unemployment, ongoing load shedding, high fuel and food prices, increased interest rates and the significant growth in online betting on casino-style games. The ongoing war between Russia and Ukraine continues to, and the recent conflict in the Middle East is beginning to, aggravate global supply chains, bringing substantial global uncertainty and instability. The Group does not have direct exposure to the respective countries, however, these negative influences on the global economy also impact disposable income in South Africa. These factors were all taken into account in the impairment testing of the Group's goodwill and intangibles, specifically casino licences, most of which are indefinite lived. Refer to note 4 for detail on impairment testing performed on the Group's casino licences.

The recoverable amount of a CGU is based on the higher of its fair value less cost of disposal and its value in use. The value of each CGU to which goodwill has been allocated, has been based on value-in-use calculations using cash flow projections extending over five years as approved by management. The key assumptions applied in value-in-use calculations are as follows:

- Income, operating expenses and EBITDA margins were estimated by management based on past and current performance, its expectations of disposable income in South Africa and the impact of the aforementioned global uncertainty and instability on the local economy. Management continued to focus on maintaining previously implemented cost reductions and operational efficiencies during the year. Certain expenses, some of which are beyond the Group's control (such as high diesel costs incurred due to load shedding), continued to increase, offsetting some of the saving initiatives achieved. These factors, together with the assumptions below, are reflected in the Group's cash flow forecasts which assume normal growth in the future.
- Cash flows beyond the first five-year period are extrapolated using estimated long-term growth rates to calculate the terminal recoverable amount. The growth rate estimates consider risks associated with the specific industry in which the CGU operates and are consistent with forecast information included in industry-specific reports, where applicable. It was not deemed necessary to revise the long-term growth rate for any of the Group's CGUs from the prior year.
- Discount rates are calculated by using the weighted average cost of capital (WACC) of the respective CGUs. WACC is typically calculated using a risk-free bond rate and an equity premium adjusted for specific risks relating to the relevant CGU (share beta and small stock premium). The negative impact of the factors mentioned above on the local economy had been factored into the risk premium for individual CGUs as appropriate. Pre-tax discount rates have increased in comparison with the prior year, most significantly as a result of higher risk-free and weighted average cost of debt rates following interest rate increases by the South African Reserve Bank during the year under review. These were off-set by a lower share beta mainly due to the decrease in overall levels of debt in the Group's capital structure.

Value-in-use calculations were performed for each CGU using inputs within the following ranges:

	Gaming CGU		Other CGUs	
	2024 %	2023 %	2024 %	2023 %
Pre-tax discount rate	18.7	18.1	12.8 – 23.0	12.4 – 22.2
Number of years	5 years	5 years	5 years	5 years
Cost growth rate	5.0	5.0	4.0 – 6.0	4.0 – 10.0
Long-term growth rate	5.0	5.0	4.5 – 5.5	4.5 – 5.5

Based on the calculations as detailed above, the Group has not identified any impairment to goodwill in its CGUs for the year under review. A sensitivity analysis was performed on the key assumptions used in the value-in-use calculation of the Group's gaming CGU and it was concluded that neither an increase of 1% in the discount rate nor a decrease of 1% in the long-term growth rate would result in an impairment to goodwill (2023: Rnil).

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024 (CONTINUED)

## 4. INTANGIBLE ASSETS

Group	Computer software R'000	Distribution rights R'000	Licences and bid costs R'000
<b>2024</b>			
Carrying value at the beginning of the year	16 093	187 655	11 487 835
Additions (refer to note 39.7)	6 957	47 401	12 897
Amortisation	(7 289)	(10 629)	(6 940)
Impairment (refer to note 32)	-	-	(2 715 723)
Transfer to programming rights (refer to note 13)	-	-	-
Transfers	-	1 748	-
Carrying value at the end of the year	15 761	226 175	8 778 069
Cost	427 993	426 151	19 249 985
Accumulated amortisation and impairments	(412 232)	(199 976)	(10 471 916)
	15 761	226 175	8 778 069
<b>2023</b>			
Carrying value at the beginning of the year	17 183	143 087	9 330 375
Cost	413 076	329 505	19 231 811
Accumulated amortisation and impairments	(395 893)	(186 418)	(9 901 436)
Business combinations	426	-	4 692
Disposal of subsidiaries	(673)	-	-
Additions (refer to note 39.7)	8 575	18 564	277
Disposals	(368)	-	-
Amortisation	(8 784)	(2 929)	(9 903)
Impairment (refer to note 32)	(266)	-	(246 941)
Impairment reversal (refer to note 31)	-	-	2 409 027
Transfers	-	28 933	308
Carrying value at the end of the year	16 093	187 655	11 487 835
Cost	421 036	377 002	19 237 088
Accumulated amortisation and impairments	(404 943)	(189 347)	(7 749 253)
	16 093	187 655	11 487 835

\* Internally generated intangible assets

Amortisation expenses relating to the Group's media and broadcasting operations, totalling R11.0 million (2023: R10.6 million), have been included in other operating expenses and income in the statement of profit or loss. All other amortisation expenses relating to intangible assets are included in the depreciation and amortisation line in the statement of profit or loss.

Management contracts R'000	Programming completed* R'000	Programming under development* R'000	Trade-marks R'000	Customer-related intangible assets R'000	Total R'000
88	87 214	60 450	176	22 110	11 861 621
-	-	20 550	-	-	87 805
-	-	-	(7)	(1 832)	(26 697)
-	-	-	-	-	(2 715 723)
-	(85 466)	-	-	-	(85 466)
-	(1 748)	-	-	-	-
88	-	81 000	169	20 278	9 121 540
88	47 436	81 000	51 686	37 366	20 321 705
-	(47 436)	-	(51 517)	(17 088)	(11 200 165)
88	-	81 000	169	20 278	9 121 540
396	43 420	-	3 986	20 024	9 558 471
396	83 209	-	51 589	33 791	20 143 377
-	(39 789)	-	(47 603)	(13 767)	(10 584 906)
-	-	-	-	-	5 118
-	-	-	-	-	(673)
-	77 163	63 661	97	3 575	171 912
-	-	-	-	-	(368)
-	(7 647)	-	(1 164)	(1 489)	(31 916)
-	-	-	(2 743)	-	(249 950)
-	-	-	-	-	2 409 027
(308)	(25 722)	(3 211)	-	-	-
88	87 214	60 450	176	22 110	11 861 621
88	134 650	60 450	51 686	37 366	20 319 366
-	(47 436)	-	(51 510)	(15 256)	(8 457 745)
88	87 214	60 450	176	22 110	11 861 621

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024 (CONTINUED)

## 4. INTANGIBLE ASSETS continued

### Useful lives

The following estimated useful lives were used in the calculation of amortisation:

	Estimated useful life	Average remaining useful life as at 31 March 2024
Bid costs with limited useful lives	10 to 13 years	2 years
Computer software	2 to 10 years	less than 10 years
Distribution rights – factuals*	10 years	5 years
– movies**	Period of economic life**	
Licences with expiry date	12 to 30 years	less than 17 years
Programming completed	Period of economic life**	
Trademarks with limited useful lives	5 to 25 years	less than 3 years
Customer-related intangible assets	20 years	12 – 19 years

\* Distribution rights represent multi-territory and multi-platform programming rights that the Group is able to onsell to other content acquirers in the media industry.

\*\* Movie distribution rights and completed programming represent content available to be licensed to broadcasters. The amortisation method is consistent with the amount received for individual titles licensed to broadcasters.

There were no significant changes made to useful lives or residual values of intangible assets during the year.

### Impairment of intangible assets

#### Gaming segment

Casino licences and bid costs with a carrying value of R8 661 million (2023: R11 377 million) are considered to have an indefinite life, are not amortised and are tested annually for impairment.

Following the strong post-COVID recovery during the previous two financial years, the current-year growth in profitability of the Group's gaming operations was subdued. The revised assumptions and inputs used, as detailed in note 3 and below, resulted in the Group recognising impairments of R2 716 million (2023: net impairment reversals of R2 162 million) in respect of the casino precincts as presented in the table below. This can mainly be attributed to the projected cash flows for these casino precincts being less positive than anticipated at the end of the previous financial year, together with an increase in discount rates for reasons mentioned in note 3.

The recoverable amounts of individual casino licences and bid costs were determined with reference to their value in use as part of the cash-generating unit (CGU) to which it relates. The values in use of individual CGUs were determined using pre-tax cash flow projections and the following significant unobservable inputs:

- expected gaming win and other income for the respective CGUs increases by 2% –12% for the 2025 financial year and then by 4% over the following years (2023: expected gaming win and other income increased on average by 5% for 2025 and then levelled out to normal trading growths of 4% over the following years);
- operating expenditure increases by 1% – 21% for the 2025 financial year and then by 5% over the following years (2023: expected operating expenditure increased on average by 6% for 2025 and then levelled out to normal trading growths of 5% over the following years);
- risk-adjusted pre-tax discount rate of 19.5% – 21.3% (2023: 18.4% – 20.2%); and
- long-term growth rate of 5% (2023: 5%).

#### 4. INTANGIBLE ASSETS continued

##### Gaming segment (continued)

(Impairments)/impairment reversals per casino precinct were as follows:

	2024 R'000	2023 R'000
Montecasino	(1 009 299)	812 768
Suncoast	(719 479)	911 757
Gold Reef City	(285 272)	636 434
The Ridge	(124 710)	37 165
Garden Route	(30 534)	10 903
Emnotweni	(70 401)	(236 375)
Golden Horse	(291 198)	-
Blackrock	(11 393)	-
Silverstar	(173 440)	-
Hemingways	-	(10 566)
	<b>(2 715 726)</b>	<b>2 162 086</b>

The Group further recognised impairments of R80 million (2023: R124 million) in respect of the Hemingways Precinct during the current year, most significantly as a result of the continued decline in trading which is indicative of the area in which the precinct is located. This impairment has been recognised on an apportionment basis over the assets of the CGU, since the precinct does not have any intangible assets with indefinite lives allocated to it. The current-year impairment of R80 million was allocated to property, plant and equipment (refer to note 1), whereas the prior-year impairment of R124 million was allocated to property, plant and equipment (R108 million), bid costs (R11 million) and right-of-use assets (R5 million).

Prior-year impairments further included R236 million in respect of the Emnotweni Casino Precinct, following the Group's disposal of the Emnotweni Hotels to Southern Sun, and impairment reversals of R2 409 million which can mainly be attributed to the projected cash flows for these casino precincts being more positive than anticipated at the end of the 2022 financial year.

A sensitivity analysis was performed on the key assumptions used in the value-in-use calculations and it was concluded that further impairments may be recognised in respect of certain CGUs, given a possible change in any one assumption. An increase in discount rates of 1% may result in further impairments to casino licences and bid costs of R1 406 million (2023: R332 million), no impairment reversals (2023: impairment reversals of only R965 million compared to R2 409 million in reversals recognised), and further impairments of R34 million (2023: R25 million) on property, plant and equipment. A decrease in long-term growth rate of 1% may result in further impairments to casino licences and bid costs of R994 million (2023: R246 million), no impairment reversals (2023: impairment reversals of only R1 344 million compared to R2 409 million in reversals recognised), and further impairments of R27 million (2023: R17 million) on property, plant and equipment.

##### Branded products and manufacturing segment

The Group impaired trademarks with a book value of R2.7 million in respect of its Oops Global SA subsidiary during the prior year. The impairment was driven by historical losses of the subsidiary, compounded by existing challenging trading conditions.

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024 (CONTINUED)

## 5. INTANGIBLE ASSETS MINING

Group	Evaluation and exploration R'000	Development expenditure R'000	Total R'000
<b>2024</b>			
Carrying value at the beginning of the year	415	24 803	25 218
Amortisation	(135)	(15 603)	(15 738)
Rehabilitation provision capitalised	14 198	13 478	27 676
Additions (refer to note 39.7)	2 803	-	2 803
Carrying value at the end of the year	17 281	22 678	39 959
Cost	20 342	136 285	156 627
Accumulated amortisation	(3 061)	(113 607)	(116 668)
	17 281	22 678	39 959
<b>2023</b>			
Carrying value at the beginning of the year	415	17 705	18 120
Cost	3 341	102 557	105 898
Accumulated amortisation	(2 926)	(84 852)	(87 778)
Amortisation	-	(13 152)	(13 152)
Rehabilitation provision capitalised	-	16 972	16 972
Additions (refer to note 39.7)	-	3 278	3 278
Carrying value at the end of the year	415	24 803	25 218
Cost	3 341	122 807	126 148
Accumulated amortisation	(2 926)	(98 004)	(100 930)
	415	24 803	25 218

Additions include capitalised expenses such as geology costs, engineering costs, environmental costs, feasibility costs, consultants' fees and mining staff costs.

Mining intangible assets are amortised over the total expected tons to be produced during the life of the mine. The Palesa Mine produced 4 837 378 (2023: 5 003 508) tons during the current year and is expected to produce a further 51 004 341 tons over its remaining life as at 31 March 2024.

## 6. INVESTMENTS IN ASSOCIATES AND JOINT ARRANGEMENTS

Set out below are the associates and joint arrangements which, in the opinion of the directors, are material to the Group. The entities listed below are all registered in South Africa, which is also their principal place of business, unless otherwise stated. The share capital of these entities consists solely of ordinary shares, which are held directly and indirectly by the Group and the proportion of ownership interest is the same as the proportion of voting rights held, unless otherwise stated.

Name of associate or joint arrangement	Principal activity	Functional currency	Group interest		Group		Company	
			2024 %	2023 %	2024 R'000	2023 R'000	2024 R'000	2023 R'000
Cape Town Film Studios Proprietary Limited (CTFS)	Media	ZAR	50.00	50.00	49 967	145 678	-	-
Impact Oil & Gas Limited (IOG) <sup>1</sup>	Oil and gas exploration	USD	49.90	49.96	3 336 533	2 371 206	-	-
Karoshhoek Solar One (RF) Proprietary Limited (KH)	Solar energy	ZAR	-	10.00	-	65 101	-	-
Platinum Group Metals Limited (PGM) <sup>2</sup>	Mineral properties exploration and development	USD	26.30	24.79	609 750	549 649	-	-
Southern Sun Limited (SS) <sup>3</sup>	Hotel and leisure	ZAR	44.77	40.77	3 846 267	3 243 932	566 986	546 986
Other associates and joint arrangements <sup>4</sup>					89 623	89 741	-	-
					<b>7 932 140</b>	<b>6 465 307</b>	<b>566 986</b>	<b>546 986</b>
Market valuation (level 1 fair value measurement)								
– Platinum Group Metals Limited					598 998	632 704	-	-
– Southern Sun Limited					3 020 685	2 572 069	701 219	579 877

<sup>1</sup> The company is incorporated in the United Kingdom which is also its principal place of business.

<sup>2</sup> The company is incorporated in Canada and its principal investment is in South Africa.

<sup>3</sup> The Group has exercisable voting rights of 44.8% (2023: 40.8%) and an economic interest of 41.5% (2023: 37.5%) at year-end. Voting rights are higher than the economic interest as a result of the HCI Foundation's 3.3% interest in SS. The Group has effective control of the Foundation based on the terms of its trust deed, without any economic interest therein (refer to note 8).

<sup>4</sup> Current-year profits from continuing operations include equity-accounted earnings of R3 million (2023: equity-accounted earnings of R14 million) relating to these entities. A list of these associates and joint arrangements is available for inspection at the Company's registered office.

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024 (CONTINUED)

## 6. INVESTMENTS IN ASSOCIATES AND JOINT ARRANGEMENTS continued

### Assessing control (direct and de facto) of associates and joint arrangements

The conclusion regarding control or significant influence relating to associates and joint arrangements is reassessed on an annual basis. In performing this assessment, the directors determine whether or not the Group has control over the respective investee based on whether the Group has the practical ability to direct the significant activities unilaterally. In making this assessment, the following factors were considered:

- the Group's shareholding in the investee relative to other investors;
- the relative size of and concentration of other shareholders;
- the inability of the Group to unilaterally appoint the majority of board members of the investee;
- the absence of related key management between the Group and the investee;
- composition of the investee's board and board appointees of the Group; and
- the lack of any contractual or legal rights conferred upon the Group by the investee or any other shareholder of the investee to direct its activities.

After considering the aforementioned factors, it was concluded that the Group does not control any of its associates or joint arrangements at the reporting date.

	Group		Company	
	2024 R'000	2023 R'000	2024 R'000	2023 R'000
<b>Reconciliation of carrying value</b>				
At the beginning of the year	6 465 307	4 458 953	546 986	453 736
Additional investment in shares	1 322 113	525 037	20 000	-
Disposals	(64 736)	(43 102)	-	(3 000)
Changes in holdings	203 563	32 567	-	-
Net loans repaid	(20 897)	(19 987)	-	-
Equity-accounted (losses)/earnings	(171 751)	198 348	-	-
Equity-accounted other comprehensive income/(losses)	26 700	(12 564)	-	-
Equity-accounted changes to equity	(3 257)	27 637	-	-
Dividends	(5 000)	(27 871)	-	-
Foreign exchange differences	283 073	563 838	-	-
Impairments (refer to note 33)	(13 181)	-	-	-
Impairment reversals (refer to note 31)	-	754 954	-	96 250
Interest accrued on loans	12 997	11 497	-	-
Reclassification to non-current financial assets	-	(4 000)	-	-
Reclassification of loans to trade and other receivables*	(102 791)	-	-	-
At the end of the year	7 932 140	6 465 307	566 986	546 986

\* Reclassified following a change to the payment terms of the loan granted to CTFS (refer to note 14).

### Additional investments in associates and joint arrangements

The Group invested a further R1 250 million and R48 million, respectively, in IOG and PGM during the year. The IOG investment, to fund the company's drilling programme in Namibia, was made on a pro-rata basis with other IOG shareholders in accordance with each shareholder's existing percentage interest. The Group's interest in IOG has therefore not changed as a result of this investment, while the Group's additional investment in PGM resulted in a 1.5% increase in its interest as detailed below.

The Company invested an additional R20 million in SS shares during the current year, all of which were in respect of shares acquired from one of its subsidiaries. The purchase price was off-set against a loan granted to the subsidiary and consequently did not result in a cash outflow for the Company.

### Disposal of interest in associates and joint arrangements

The Group disposed of its 10% interest in KH on 31 July 2023 for a total consideration of R351 million. This resulted in a gain on disposal of R287 million and R94 million, respectively, being recognised by the Group and the Company as set out in note 30. As a result of the disposal, the Group reclassified hedging reserves totalling R4 million to the statement of profit or loss in the current year (refer to notes 17 and 30).

In the prior year, the Company disposed of its 40% interest in Business Systems Group (Africa) Proprietary Limited for a total consideration of R69 million. This resulted in a gain on disposal of R25 million and R66 million, respectively, being recognised by the Group and the Company (refer to note 30).

## 6. INVESTMENTS IN ASSOCIATES AND JOINT ARRANGEMENTS continued

### Changes in holdings

The Group recognised gains of R204 million (2023: gains of R33 million) on changes in holdings of associates and joint arrangements during the current year, all of which were included in the investment surplus balance in the statement of profit or loss (refer to note 30). These gains were recognised in respect of a 4% increase in the Group's interest in SS following share buy-backs by the investee during the year. In addition, the Group increased its interest in PGM by 1.5% following the additional investment mentioned above. Goodwill totalling R40 million was recognised in respect of this change in holding and forms part of the carrying value of the investment.

Prior-year gains primarily relate to a dilution of 0.4% in the Group's interest in PGM following share issues and an increase of 0.3% in the Group's interest in SS following share buy-backs. These changes in holdings resulted in gains of R23.8 million and R15.1 million, respectively, being recognised by the Group. The gains were off-set by a loss of R6.3 million relating to a small dilution in the Group's interest in IOG.

### Other comprehensive income and equity of associates and joint arrangements

The Group recognised equity-accounted other comprehensive income totalling R27 million (2023: losses of R13 million) during the current year. Other comprehensive income of associates and joint arrangements primarily relates to movements in its foreign currency translation and hedging reserves.

The Group's share of other direct equity movements of associates and joint arrangements, totalling R26 million (2023: R27 million) during the current year, has been included in the statement of changes in equity. Other equity movements recognised most significantly relate to share-based payment reserves of associates and joint arrangements, together with transactions with non-controlling shareholders.

### Impairments and impairment reversals

SS's trading continued to improve during the current year, which served as an indicator that the carrying value of the investment should be reassessed for a possible reversal of the impairment previously recognised. The recoverable amount of the investment was determined with reference to its value in use and by applying the discounted cash flow valuation method. Pre-tax cash flow projections as prepared by management, together with the significant unobservable inputs as detailed below, were used in the value-in-use calculations:

- expected revenue increases by between 5.3% and 8.2% between 2025 and 2029 (2023: revenue increased by between 1% and 7% between 2024 and 2028);
- operating expenditure increases on average by 6.8% between 2025 and 2029 (2023: operating expenditure increased on average by 5% between 2025 and 2028);
- risk-adjusted pre-tax discount rate of 19.7% (2023: 17.3%); and
- long-term growth rate of 4.5% (2023: 4.5%).

Based on these calculations, neither the Group's nor the Company's investment in SS had to be remeasured for an impairment or impairment reversal during the year under review. In the prior year, the Group and the Company recognised impairment reversals of R755 million and R96 million, respectively, on its investments in SS.

Current-year impairments totalling R13 million (2023: Rnil) relate to the Group's acquisition of a 50% interest in H2AU Limited, a company incorporated in the United Kingdom, for a purchase price of R24 million during the year.

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024 (CONTINUED)

## 6. INVESTMENTS IN ASSOCIATES AND JOINT ARRANGEMENTS continued

The summarised financial information in respect of the Group's principal associates and joint arrangements is set out below:

	Cape Town Film Studios Proprietary Limited As at 31 March/for the period ended 31 March		Impact Oil & Gas Limited As at 31 December/for the period ended 31 December <sup>4</sup>	
	2024 R'000	2023 R'000	2023 R'000	2022 R'000
<b>Summarised statement of financial position</b>				
Total non-current assets	290 455	287 854	4 480 164	2 532 388
Total current assets <sup>1</sup>	32 128	21 100	1 456 505	1 125 268
Total non-current liabilities <sup>1</sup>	(10 584)	(8 053)	(665)	(3 687)
Total current liabilities <sup>1</sup>	(234 977)	(243 018)	(829 787)	(280 729)
Non-controlling interest	-	-	-	-
Net assets attributable	77 022	57 883	5 106 217	3 373 240
Reconciliation to carrying amounts:				
Opening net assets	57 883	64 284	3 373 240	2 227 575
Disposal of associates and joint arrangements	-	-	-	-
Profit/(loss) for the year	19 139	23 639	(1 058 044)	(454 796)
Other comprehensive income/(loss)	-	-	209 452	493 435
Other equity movements	-	(30 040)	2 581 569	1 107 026
Dividends paid	-	-	-	-
Closing net assets attributable to owners	77 022	57 883	5 106 217	3 373 240
Group's share in %	50.00%	50.00%	49.90%	49.96%
Non-controlling interests' share in %	-	-	-	-
Group's share in R'000	38 511	28 942	2 548 002	1 685 271
Non-controlling interests' share in R'000	-	-	-	-
Loans to associates and joint arrangements <sup>2</sup>	-	105 280	-	-
Impairment	-	-	-	-
Goodwill	11 456	11 456	788 531	685 935
Carrying value of investments in associates and joint arrangements	49 967	145 678	3 336 533	2 371 206
<b>Summarised statement of comprehensive income</b>				
Revenue	91 445	87 657	-	-
Profit/(loss) for the year <sup>3</sup>	19 139	23 639	(1 058 044)	(454 796)
Other comprehensive income/(loss)	-	-	209 452	493 435
Total comprehensive income/(loss)	19 139	23 639	(848 592)	38 639
Dividends received from associates and joint arrangements	-	-	-	-
Share of associates' and joint arrangements' profits/(losses) for the year	9 570	11 652	(528 175)	(226 852)

<sup>1</sup> The net assets of CTFS, a joint venture of the Group, include cash and cash equivalents of R27 million (2023: R20 million) and current financial liabilities of R221 million (2023: R230 million).

<sup>2</sup> During the current year the terms of the loan to CTFS have been revised from not having any fixed terms of repayment to being payable on demand. The remaining balance of R103 million has consequently been reclassified to trade and other receivables (refer to note 14).

<sup>3</sup> CTFS's profit for the year includes depreciation and amortisation of R7 million (2023: R7 million), interest income of R3 million (2023: R2 million), finance costs of R26 million (2023: R23 million) and tax expenses of R7 million (2023: R8 million).

<sup>4</sup> Audited results for IOG's financial year ended 31 December, adjusted for any significant events that occurred between this date and the reporting date of the Group. The company's 2023 results have been adjusted for equity losses of R157 million in respect of its investment in Africa Energy Corp. (AEC). AEC recognised impairments of US\$135 million on its investment in the Block 11B/12B prospect offshore the South African south coast following the reassessment of its valuation model.

Karoshoek Solar One (RF) Proprietary Limited As at 31 December/for the period ended 31 December		Platinum Group Metals Limited As at 29/28 February/for the period ended 29/28 February		Southern Sun Limited As at 31 March/for the period ended 31 March	
2023 R'000	2022 R'000	2024 R'000	2023 R'000	2024 R'000	2023 R'000
-	8 672 609	823 329	720 252	17 098 318	16 729 413
-	471 466	116 691	190 929	1 240 693	1 470 517
-	(8 216 716)	(21 936)	(17 939)	(5 076 526)	(5 204 964)
-	(276 342)	(7 559)	(16 050)	(1 362 431)	(1 403 556)
-	-	(426 689)	(360 126)	17 209	17 676
-	651 017	483 836	517 066	11 917 263	11 609 086
651 017 (647 372)	1 016 890	517 066	564 698	11 609 086	10 477 305
(3 645)	-	-	-	-	-
-	(491 947)	(97 889)	(86 899)	857 469	1 161 060
-	236 074	426	(12 178)	81 010	(7 904)
-	-	64 233	51 445	(630 302)	(21 375)
-	(110 000)	-	-	-	-
-	651 017	483 836	517 066	11 917 263	11 609 086
-	10.00%	26.30%	24.79%	41.47%	37.49%
-	-	-	-	3.30%	3.28%
-	65 101	127 249	128 181	4 942 089	4 352 246
-	-	-	-	393 270	380 778
-	-	-	-	-	-
-	-	-	-	(1 489 092)	(1 489 092)
-	-	482 501	421 468	-	-
-	65 101	609 750	549 649	3 846 267	3 243 932
548 792	1 140 834	-	-	5 818 207	5 194 260
(3 645)	(491 947)	(97 889)	(86 899)	857 577	1 161 330
-	236 074	426	(12 178)	82 665	38 369
(3 645)	(255 873)	(97 463)	(99 077)	940 242	1 199 699
-	11 000	-	-	-	-
(365)	(49 195)	(25 118)	(21 638)	369 787	470 372

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024 (CONTINUED)

	Group	
	2024 R'000	2023 R'000
<b>7. OTHER FINANCIAL ASSETS</b>		
<b>Financial assets carried at fair value through profit or loss</b>		
Equity securities	120 780	209 069
Unit trust investments	417 112	20 111
	<b>537 892</b>	<b>229 180</b>
<b>Financial assets carried at fair value through other comprehensive income</b>		
Equity securities	1 033 507	1 078 626
Listed	293 120	115 893
Unlisted	740 387	962 733
Other	40	40
	<b>1 033 547</b>	<b>1 078 666</b>
<b>Amortised cost</b>		
Cumulative redeemable preference shares	183 493	144 797
<b>Derivative financial instruments</b>		
Foreign currency exchange contracts	767	-
Interest rate swaps – cash flow hedges	10 719	35 138
	<b>11 486</b>	<b>35 138</b>
	<b>1 766 418</b>	<b>1 487 781</b>
Current portion	104 237	-
Non-current portion	1 662 181	1 487 781
	<b>1 766 418</b>	<b>1 487 781</b>

## Financial assets carried at fair value through profit or loss (FVTPL)

### Equity securities

Equity instruments carried at FVTPL comprise the Group's investment in Montauk Renewables Inc, a company listed on the Nasdaq Capital Market. The fair value of these shares was determined with reference to its quoted price of R79.66 at 31 March 2024, resulting in fair value losses totalling R94 million (2023: losses of R71 million) being recognised in profit or loss. These instruments are classified as level 1 fair value measurements (refer to note 46.3). An increase/decrease of 3% in the closing share price would result in an increase/decrease of 4 million (2023: R6 million) in profit or loss.

### Unit trust investments

Cash which is restricted in terms of the trust deed of the HCI Khusela Rehabilitation Trust to be utilised exclusively for the rehabilitation of the Palesa Mine has been invested in unit trusts, while the Group invested a further R369 million of surplus funds in yield-enhancing unit trust funds during the current year. The Group's unit trust investments are classified as level 2 fair value measurements as presented in note 46.3. The fair value of these investments is determined with reference to the net asset value of the fund which is driven by the fair values of the underlying investments. The Group recognised fair value gains totalling R28 million in its profit or loss in respect of these investments during the year.

### Equity securities carried at fair value through other comprehensive income (FVOCI)

Equity instruments carried at FVOCI comprise investments which are not held for trading, and which the Group has irrevocably elected at initial recognition to recognise in this category. These are strategic investments comprising the following:

#### Listed securities

Listed equity instruments valued at R287 million at year-end (2023: R113 million), comprise the Group's investment in City Lodge Hotels Limited, a company listed on the Johannesburg Stock Exchange. The Group invested a further R181 million in the company during the current year. The fair value of these shares was determined with reference to its quoted price of R4.22 at 31 March 2024, resulting in a fair value loss totalling R7 million (2023: loss of R25 million) being recognised in other comprehensive income. These instruments are classified as level 1 fair value measurements (refer to note 46.3). An increase/decrease of 3% in the closing share price would result in an increase/decrease of R9 million (2023: R3 million) in equity.

The Deneb group holds an investment in listed shares valued at R6 million (2023: R2 million) at 31 March 2024 which is classified as level 1 fair value measurements as detailed in note 46.3.

#### Unlisted securities

Previously the Group entered into a transaction with Sun International Limited (SI) and Grand Parade Investments Limited for the acquisition of a 20% equity interest in each of SunWest International Proprietary Limited (SunWest) and Worcester Casino Proprietary Limited (Worcester). The Group has pre-emptive rights but no representation on the board of directors of either company and has no operational responsibilities. The Group also has no access to any information regarding the companies except for that to which it has statutory rights as a shareholder. These investments are classified as level 3 fair value measurements (refer to note 46.3).

## 7. OTHER FINANCIAL ASSETS continued

At the end of each reporting period the investments are remeasured and the increase or decrease recognised in other comprehensive income. The assets have been remeasured to R724 million at 31 March 2024 (2023: R959 million), with discounted cash flow valuation techniques used to estimate the fair values. The valuation model considers the present value of net cash flows to be generated from SunWest and Worcester, together with their operating capital expenditures, taking into account expected growth in net gaming win and other revenue generated from non-gaming-related activities. These cash flow forecasts are aligned to the financial reporting periods of the respective entities, being 12 months to December each year. Trading levels have not yet reached pre-COVID levels as was previously anticipated. The cash flow forecasts used in the valuation anticipate a recovery off the December 2023 financial year-end for the 2024 financial year, reaching a normal increase in trading levels from the December 2025 financial year. Cost mitigation strategies are expected to be maintained.

The expected net cash flows are discounted using a post-tax risk-adjusted discount rate. Among other factors, the discount rate estimation considers risks associated with the gaming, hospitality and entertainment industry in which SunWest and Worcester operate. The Group recognised a fair value loss of R235 million (2023: gain of R145 million) in respect of these investments during the current year. The decrease in the estimated fair value is mainly driven by the Western Cape gaming win growths being lower than anticipated, together with an increased discount rate being used in the valuation for reasons as explained in note 3.

The significant unobservable inputs used in the fair value measurement of the Group's investment in SunWest and Worcester are as follows (based on the entities' December financial year-ends):

- income increases by 9% for the entities' 2024 financial year and then levels out to growths of 4% over the following years (2023: income increased by 5% for the 2024 financial year and then levelled out to growths of between 4% and 5% over the following years);
- operating expenditure increases by 10% for the entities' 2024 financial year and then levels out to increases of 4% over the following years, maintaining margins (2023: operating expenditure increased by 5% from 2024);
- post-tax risk-adjusted discount rate of 15.79% (2023: 14.81%); and
- long-term growth rate of 5% (2023: 5%).

The table below indicates the sensitivities of the valuation and, consequently, the potential impact on other comprehensive income, should the above inputs be increased or decreased by 1%:

	2024		2023	
	Increase R'000	Decrease R'000	Increase R'000	Decrease R'000
Expected gaming win growth	62 296	(60 608)	71 061	(68 757)
Operating expenditure growth	(57 334)	54 562	(51 126)	49 385
Risk-adjusted discount rate	(64 356)	77 463	(88 279)	108 241
Long-term growth rate	56 193	(46 663)	80 678	(65 758)

The Deneb group holds an investment in unlisted shares with a fair value of R17 million (2023: R4 million) at 31 March 2024. These instruments are classified as level 2 fair value measurements as set out in note 46.3, with the Group recognising fair value gains of R1 million on these investments during the year.

### Cumulative redeemable preference shares at amortised cost

The Group's investment in the preference shares of Retail Africa Fund, totalling R108 million (2023: R100 million) at year-end, is redeemable on 8 October 2025 and classified as stage 1 performing non-current assets at 31 March 2024. Dividends accrue at 73% of the prime rate of interest and are paid quarterly for periods ending June, September, December and March. The Group managed its exposure to credit risk in respect of these receivables by obtaining securities from the issuer of the preference shares. There was no significant increase in credit risk relating to these instruments during the year and the fair value of the securities provided exceeds the total carrying value of the investment at year-end. No expected credit losses have therefore been recognised by the Group.

The Group holds a R75 million (2023: R45 million) investment in the preference shares of one of its associates, Alphawave Golf Proprietary Limited (Alphawave), at year-end, following a further investment of R30 million during the year. Preference shares with a carrying value of R30 million are redeemable on 24 February 2025, while the remaining R45 million is redeemable between 24 February 2026 and 18 May 2028. Dividends accrue at the prime rate of interest plus 4% and are paid monthly. The Group is represented on Alphawave's board of directors and senior management is consequently in a position to monitor the cash flows of the investee. It was concluded that the Group does not have significant credit risk exposure in respect of these receivables and no expected credit losses were therefore recognised.

### Fair value of put option

In terms of the gaming group's acquisition agreement of the SunWest and Worcester interests mentioned above, in the event that any party acquires 35% or more of the issued ordinary shares of SI, triggering a change in control of the SI group, the Group may elect to put its equity interests in SunWest and Worcester to SI. SI can elect to either settle the put option by the issue of new ordinary shares in SI and/or for a cash consideration, based on the aggregate value of the Group's interest in SunWest and Worcester. No derivative has been recognised as the fair value of the option is Rnil at 31 March 2024 (2023: Rnil).

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024 (CONTINUED)

## 7. OTHER FINANCIAL ASSETS continued

### Interest rate swaps

The Group's gaming operations manages interest rate risk by using floating-to-fixed interest rate swaps. Interest rate swaps have the economic effect of converting floating rate borrowings to fixed rates. Where the Group raises long-term borrowings at floating rates, it swaps a portion of them into fixed rates. Loans eligible for hedging are identified based on their profile, predominantly three to five-year term loan facilities with bullet repayments. The difference between fixed contract rates and floating rate interest amounts is calculated with reference to an agreed interest rate applied to agreed notional principal amounts and settled at specified intervals (mainly quarterly). Swaps of R3.5 billion at 31 March 2024 (2023: R3.5 billion) have settlement dates coinciding with the dates on which interest is payable on the underlying debt with settlement occurring on a net basis in February, May, August and November. The Group recognised a R39 million credit (2023: R47 million charge) in finance costs and a R36 million inflow (2023: R57 million outflow) in the cash flow statement in respect of interest rate swaps during the current year (refer to note 39.3). These instruments are classified as level 2 fair value measurements as detailed in note 46.3.

Interest rate swaps are classified as non-current financial assets or liabilities if the remaining maturity of the instrument is more than 12 months and as current financial assets or liabilities if the maturity of the instrument is less than 12 months. The maximum exposure to credit risk is the fair value of these derivatives as reported in the statement of financial position at the reporting date. The Group's interest rate swaps, with a fair value of R11 million, have all been classified as current assets at 31 March 2024 (2023: R35 million non-current asset). The fair value is calculated as the present value of the estimated future cash flows based on observable yield curves, which is consistent with the prior year.

Hedge accounting is applied to the Group's interest rate swaps, with the effectiveness of the hedges determined at inception of the hedge relationship and at each reporting date (mainly half-yearly and annually). For effective hedges, gains and losses are recognised in the hedging reserve directly in other comprehensive income (after tax) while gains and losses on ineffective hedges are recognised immediately in profit or loss. The Group recognised a debit of R79 million (2023: credit of R39 million), representing the effective portion of the cash flow hedge, in other comprehensive income during the current year. Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss. During the year a total of R54 million was reclassified from other comprehensive income to profit or loss and included in finance costs (2023: a credit of R78 million was recognised in profit or loss due to increases in interest rates causing ineffectiveness in the hedging relationship) (refer to note 39.3).

As at 31 March 2024, 38% (2023: 38%) of consolidated gross borrowings and 43% (2023: 43%) of consolidated net borrowings (gross borrowings net of cash and cash equivalents) were in fixed rates taking into account interest rate swaps.

Fixed interest rate swaps ranged from 7.095% to 7.145% as at 31 March 2024 referenced against the three-month JIBAR of 8.37% (2023: fixed interest rate swaps ranged from 7.095% to 7.145% as at 31 March 2023 referenced against the three-month JIBAR of 7.45%).

The notional amounts of the Group's outstanding interest rate swap contracts at 31 March were:

	Group	
	2024 R'000	2023 R'000
<b>Tsogo Sun Proprietary Limited linked to the three-month JIBAR rate</b>		
With a fixed rate of 7.135% maturing 31 May 2024	700 000	700 000
With a fixed rate of 7.095% maturing 31 May 2024	560 000	560 000
With a fixed rate of 7.145% maturing 31 May 2024	2 240 000	2 240 000
	<b>3 500 000</b>	<b>3 500 000</b>

	Company	
	2024 R'000	2023 R'000
<b>8. SUBSIDIARY COMPANIES</b>		
Shares at cost less impairment	13 819 525	14 739 943
Amounts owing from subsidiary companies (net of impairment) – non-current	4 591 313	3 100 848
	<b>18 410 838</b>	17 840 791
Amounts owing to subsidiary companies	(1 111 365)	(887 133)
	<b>17 299 473</b>	16 953 658

#### Investments in subsidiary company shares

The Company recognised impairments of R984 million (2023: R0.01 million) and impairment reversals totalling R320 million (2023: R2 886 million) on its investments in subsidiary company shares during the current year. Where an indicator of impairment or impairment reversal was identified, the recoverable amount of the investment in the subsidiary was determined. The most significant indicator of impairment in the current year was the subdued growth in profitability of the Group's gaming operations as detailed in notes 3 and 4. Indicators of impairment reversals included improved market conditions, combined with a steady rise in share prices.

The Company recognised the following (impairments)/impairment reversals on subsidiary company shares during the year:

Name of subsidiary	Company	
	2024 R'000	2023 R'000
TIH Prefco (RF) Proprietary Limited <sup>1</sup>	(748 187)	2 327 724
Tsogo Sun Limited <sup>2</sup>	(235 464)	406 162
Frontier Transport Holdings Limited <sup>3</sup>	319 580	38 173
HCI Treasury Proprietary Limited	–	83 786
Deneb Investments Limited	–	29 888
HCI Sun Energy Three Proprietary Limited	–	(9)
	<b>(664 071)</b>	2 885 724

<sup>1</sup> The recoverable amount was based on the net asset value of the entity, which includes an indirect interest in Tsogo Sun at fair value as determined per footnote 2 below, and an indirect interest in Southern Sun at fair value which was calculated with reference to its value in use and by applying the inputs as detailed in note 6.

<sup>2</sup> The recoverable amount was based on the value in use and determined by applying the inputs applicable to the gaming segment as disclosed in note 3.

<sup>3</sup> The recoverable amount was calculated with reference to the 30-day volume weighted average listed share price.

There were no other indicators of impairment for the remaining investments at the reporting date.

#### Loans granted to subsidiaries

Amounts owing from subsidiary companies are interest free and have no set repayment dates. At the date of reporting the Company had no intention of calling on any of its other subsidiaries to settle their outstanding loan balances within the next 12 months and these loans have therefore all been classified as non-current receivables.

A loan is considered to be in default when there is evidence that the borrower is in significant financial difficulty such that it will have insufficient funds to repay the loan on demand. This is assessed based on a number of factors, including various liquidity and solvency ratios.

A significant increase in credit risk (SICR) assessment is performed qualitatively by reference to the borrower's cash flow and liquid asset position. The risk that the subsidiary will default on an on demand loan depends on whether it has sufficient cash or other liquid assets to repay the loan immediately, resulting in the risk of default being assessed as either low (possibly close to 0% and classified as stage 1) or high (possibly close to 100% and classified as stage 3). At 31 March 2024 the Company had gross subsidiary loan receivables totalling R4 255 million (2023: R2 919 million) classified as stage 1 loans, R580 million (2023: R559 million) classified as stage 2 loans and R580 million (2023: R207 million) classified as stage 3 loans.

A loan is considered to be credit impaired if it meets the definition of a defaulted loan. Loans to subsidiary companies are written off (i.e. derecognised) when there is no reasonable expectation of recovery. The Group's intention to liquidate an entity or when an entity no longer has any assets available to settle its debt, amongst others, are considered indicators of no reasonable expectation of recovery.

In terms of the impairment requirements of IFRS 9, the Company uses forward-looking information to recognise expected credit losses (ECLs) on loans receivable, resulting in ECLs of R823 million (2023: R585 million) being recognised on specific amounts owing from subsidiaries as at 31 March 2024. These loans were considered to have a higher credit risk profile and were therefore provided for on a one-on-one basis. Forward-looking information used in the assessment of ECLs included the budgets of individual subsidiaries. The remaining balances owing from subsidiaries do not expose the Company to significant credit risk and no significant losses from non-performance by these counterparties are anticipated at the reporting date.

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024 (CONTINUED)

## 8. SUBSIDIARY COMPANIES continued

### Loans granted to subsidiaries continued

Movements in the allowance for ECLs on loans to subsidiary companies are as follows:

	Stage 2 R'000	Stage 3 R'000	Total R'000
<b>2024</b>			
Loss allowance as at 1 April	377 993	207 369	585 362
Loss allowance recognised on specific loan balances during the year	–	383 988	383 988
Loss allowance unused and reversed during the year	(135 059)	(11 125)	(146 184)
Loss allowance as at 31 March	242 934	580 232	823 166
<b>2023</b>			
Loss allowance as at 1 April	298 580	221 851	520 431
Loss allowance recognised on specific loan balances during the year	79 413	5 643	85 056
Loss allowance unused and reversed during the year	–	(1 492)	(1 492)
Loans to subsidiary companies written off during the year	–	(24 122)	(24 122)
Loss allowance recognised on loans that originated credit impaired	–	5 489	5 489
Loss allowance as at 31 March	377 993	207 369	585 362

### Interests in subsidiaries

Set out below are the Group's principal subsidiaries at year-end. The subsidiaries have share capital consisting solely of ordinary shares, which are held directly and indirectly by the Group, unless otherwise stated. The country of incorporation or registration is also their principal place of business.

Name of subsidiary	Principal activities	Country of incorporation/ Place of business	Effective interest held by the Group		Exercisable voting rights	
			2024 %	2023 %	2024 %	2023 %
Tsogo Sun Limited (Tsogo)*	Gaming	South Africa	50.1	49.7	50.1	49.7
eMedia Investments Proprietary Limited (eMedia)**	Media and broadcasting	South Africa	54.4	54.4	67.7	67.7
Deneb Investments Limited (Deneb)	Branded products and manufacturing	South Africa	84.8	84.8	84.8	84.8
Frontier Transport Holdings Limited (Frontier)**	Transport	South Africa	81.9	82.1	82.1	82.3

\* The Group controls the board of directors and the non-controlling shareholding is sufficiently fragmented for the Group to exercise control over the entity's strategy and operations.

\*\* Investments held through various intermediary companies controlled by the Group, resulting in exercisable voting rights being in excess of effective economic interest.

## 8. SUBSIDIARY COMPANIES continued

### Changes in shareholding

The table below represents the amounts included in the statement of changes in equity and statement of cash flows resulting from changes in the HCI Group's shareholding in the following subsidiaries (including changes in subsidiary holdings as reported by these respective subsidiaries):

Name of subsidiary	Statement of changes in equity				Statement of cash flows
	Other reserves R'000	Accumulated profits R'000	Non-controlling interest R'000	Total R'000	Transactions with non-controlling shareholders R'000
<b>2024</b>					
Tsogo Sun Limited (Tsogo) <sup>1</sup>	(842)	(50 638)	(58 151)	(109 631)	(109 631)
Deneb Investments Limited (Deneb) <sup>2</sup>	20	(4 421)	(367)	(4 768)	(4 768)
Frontier Transport Holdings Limited (Frontier) <sup>3</sup>	-	(3 300)	3 300	-	-
Other <sup>4</sup>	-	221	(1 900)	(1 679)	(554)
	<b>(822)</b>	<b>(58 138)</b>	<b>(57 118)</b>	<b>(116 078)</b>	<b>(114 953)</b>
<b>2023</b>					
Tsogo Sun Limited (Tsogo) <sup>1</sup>	(40)	(12 669)	(16 223)	(28 932)	(26 500)
Deneb Investments Limited (Deneb) <sup>2</sup>	(502)	(17 631)	9 043	(9 090)	(9 090)
Frontier Transport Holdings Limited (Frontier) <sup>3</sup>	-	(10 676)	10 676	-	-
Other <sup>4</sup>	-	72	819	891	891
	<b>(542)</b>	<b>(40 904)</b>	<b>4 315</b>	<b>(37 131)</b>	<b>(34 699)</b>

<sup>1</sup> The Tsogo group repurchased shares from its non-controlling shareholders for a total cash consideration of R88 million during the year, resulting in an increase in the HCI Group's shareholding from 49.7% to 50.1%. In addition, the Tsogo group acquired the remaining non-controlling interests in one of its subsidiaries, Bet.co.za, for a cash consideration of R22 million during the year. Prior-year changes in holdings of the Tsogo Group most significantly relate to additional shares purchased in various Galaxy and Vukani businesses for a total cash consideration of R26.5 million.

<sup>2</sup> The Deneb group repurchased shares for a total cash consideration of R5 million (2023: R9 million) during the year, ahead of share options being exercised in terms of its employee share option scheme. The net effect of these changes in Deneb's issued share capital was a marginal increase in the HCI Group's shareholding during the current year (2023: dilution of 0.5%).

<sup>3</sup> The HCI Group's shareholding in Frontier was diluted by 0.2% (2023: 0.1%) as a result of shares issued by the company in terms of its employee share option scheme during the year. Prior-year changes in holdings of the Frontier group also include additional shares obtained in one of its subsidiaries, Eljosa Travel and Tours Proprietary Limited (Eljosa), for no consideration, increasing its shareholding in Eljosa from 76% to 93% as a result.

<sup>4</sup> Changes in subsidiary shareholding that are not considered to be significant on an individual basis.

### Non-controlling interests (NCIs)

The Group includes the following subsidiaries with NCIs that are material to the Group:

Name of subsidiary	Effective interest held by NCIs		(Losses)/profits allocated to NCI for the year		Accumulated NCI	
	2024 %	2023 %	2024 R'000	2023 R'000	2024 R'000	2023 R'000
Tsogo Sun Limited	49.9	50.3	(148 765)	1 546 862	6 968 821	7 771 074
eMedia Investments Proprietary Limited	45.6	45.6	161 122	184 397	1 152 333	1 074 866
Deneb Investments Limited	15.2	15.2	15 237	21 349	285 393	276 541
Frontier Transport Holdings Limited	18.1	17.9	75 393	50 061	359 251	382 240
HCI Foundation <sup>1</sup>	100.0	100.0	(30 426)	41 607	234 818	292 885
Other non-material NCIs			21 229	27 365	185 570	199 286
			<b>93 790</b>	<b>1 871 641</b>	<b>9 186 186</b>	<b>9 996 892</b>

<sup>1</sup> The Group has effective control of the trust based on the terms of the trust deed, without any economic interest therein. The trust's principal place of business is South Africa.

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024 (CONTINUED)

## 8. SUBSIDIARY COMPANIES continued

### Non-controlling interests (NCIs) continued

Set out below is summarised financial information for each subsidiary with NCIs that are material to the Group. The amounts disclosed for each subsidiary are before inter-company eliminations.

	Tsogo Sun Limited		eMedia Investments Proprietary Limited	
	2024 R'000	2023 R'000	2024 R'000	2023 R'000
<b>Summarised statement of financial position</b>				
Non-current assets	26 700 025	29 530 286	1 642 463	1 671 478
Current assets	1 178 517	1 121 458	2 324 299	1 788 416
Disposal group assets held for sale	-	-	4 296	4 896
Non-current liabilities	(12 221 703)	(13 395 081)	(604 471)	(485 901)
Current liabilities	(1 302 999)	(1 294 333)	(856 874)	(562 685)
Disposal group liabilities held for sale	-	-	(1 765)	(1 765)
Net assets	14 353 840	15 962 330	2 507 948	2 414 439
<b>Summarised statement of comprehensive income</b>				
Revenue (including net gaming win)	11 328 745	11 145 666	3 059 299	3 125 051
(Loss)/profit for the year	(314 056)	3 042 972	353 199	403 661
Other comprehensive (loss)/income	(280 980)	149 006	-	-
Total comprehensive (loss)/income for the year	(595 036)	3 191 978	353 199	403 661
Dividends paid to non-controlling interests	475 194	310 081	83 655	79 483
<b>Summarised cash flows</b>				
Cash flows from operating activities	1 417 117	1 863 037	147 018	44 308
Cash flows from investing activities	(918 201)	(777 454)	(136 007)	(202 987)
Cash flows from financing activities	(457 986)	(1 315 628)	17 890	102 885

### Significant restrictions

There are no significant statutory, contractual or regulatory restrictions on the Group's ability to access or use its assets and settle its liabilities.

There are no contractual arrangements in place for the provision of financial support to any of the principal subsidiaries nor is there a current intention of providing financial or other support to these entities. Other than an outstanding loan balance of R10 million (2023: Rnil) owing by HCI Foundation at the reporting date, there has been no financial or other support provided to these entities during the reporting period.

### Encumbrances

Details of the assets that serve as security for borrowings are presented in note 19.

Full details of subsidiary companies are provided in annexure A.

Deneb Investments Limited		Frontier Transport Holdings Limited		HCI Foundation	
2024 R'000	2023 R'000	2024 R'000	2023 R'000	2024 R'000	2023 R'000
2 159 008	2 164 232	1 719 868	1 613 690	291 369	324 965
1 283 154	1 318 570	606 420	796 606	3 171	2 048
115 000	132 500	-	-	-	-
(1 052 157)	(1 105 541)	(504 350)	(444 301)	-	-
(653 508)	(728 609)	(440 382)	(423 225)	(23 560)	(9 119)
-	-	-	-	-	-
1 851 497	1 781 152	1 381 556	1 542 770	270 980	317 894
3 373 021	3 148 963	2 605 820	2 393 841	8 912	-
97 257	135 101	394 452	277 459	(43 093)	(15 458)
17 071	7 307	2 761	5 833	-	-
114 328	142 408	397 213	283 292	(43 093)	(15 458)
6 655	5 750	102 182	27 619	-	-
151 831	79 746	(94 221)	229 201	(29 276)	(35 649)
(17 129)	(218 836)	(25 606)	(9 496)	19 978	(94)
(75 140)	110 544	(96 593)	(119 324)	9 763	33 877

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024 (CONTINUED)

	Group	
	2024 R'000	2023 R'000
<b>9. DEFERRED TAXATION</b>		
<b>Movements in deferred taxation</b>		
At the beginning of the year	(5 114 588)	(4 353 959)
Property, plant and equipment*	(34 402)	(19 775)
Intangible assets*	734 208	(578 866)
Investment properties	(33 152)	(41 174)
Fair value remeasurements	2 774	(29 420)
Provisions and accruals	(63 167)	3 452
Assessed losses	36 580	(68 210)
Disposal of subsidiaries:		
Property, plant and equipment	-	(38 545)
Investment properties	-	3 759
Provisions and accruals	-	(192)
Assessed losses	-	3 390
Other	-	1 069
Operating lease equalisation assets	530	16
Deferred revenue and income	153	5 921
Right-of-use assets and lease liabilities (net)	(14 589)	16 339
Other	12 763	(18 393)
At the end of the year	<b>(4 472 890)</b>	<b>(5 114 588)</b>
<b>Analysis of deferred taxation</b>		
Property, plant and equipment*	(2 340 942)	(2 316 332)
Intangible assets*	(2 286 493)	(3 020 700)
Investment properties	(316 848)	(280 083)
Fair value remeasurements	(233 265)	(229 862)
Provisions and accruals	272 348	335 486
Operating lease equalisation assets	(32 908)	(33 378)
Deferred revenue and income	52 358	52 210
Assessed losses	442 089	405 459
Right-of-use assets and lease liabilities (net)	37 558	52 147
Other	(66 787)	(79 535)
	<b>(4 472 890)</b>	<b>(5 114 588)</b>
<b>Composition of deferred taxation</b>		
Deferred taxation assets	235 286	261 307
Deferred taxation liabilities	(4 708 176)	(5 375 895)
	<b>(4 472 890)</b>	<b>(5 114 588)</b>

\* During the year under review it was established that the balance of deferred tax relating to property, plant and equipment included an amount of R811 million, from prior years, which related to intangible assets. The correction of the classification has been applied in the earliest prior period presented, 31 March 2023, to the deferred tax closing balances and annual movements for property, plant and equipment and intangible assets. Due to the reclassification having no impact on the Group's statement of profit or loss, statement of financial position, its cash flows or basic and diluted earnings per share, the Group has not considered it necessary to publish a restated statement of financial position for 31 March 2022 or 2023.

Deferred tax assets of R235 million (2023: R261 million) have been recognised for tax losses carried forward and other temporary differences relating to certain subsidiaries within the Group. These assets have been recognised to the extent that the realisation of the related tax benefit through future taxable profits is probable and are therefore considered fully recoverable. An assessment of future taxable profits has been performed at the relevant subsidiary level based on its business plans and budgets.

	Undiscounted lease payments R'000	Group Unearned finance income R'000	Net investment in leases R'000
<b>10. FINANCE LEASE RECEIVABLES</b>			
<b>2024</b>			
Lease payments receivable:			
– within one year*	7 740	5 729	2 011
– within one to two years	6 610	5 378	1 232
– within two to three years	6 116	5 126	990
– within three to four years	3 369	2 686	683
– within four to five years	363	214	149
– after five years	3 587	1 768	1 819
	<b>27 785</b>	<b>20 901</b>	<b>6 884</b>
<b>2023</b>			
Lease payments receivable:			
– within one year*	6 758	1 873	4 885
– within one to two years	4 057	1 458	2 599
– within two to three years	1 837	730	1 107
– within three to four years	1 266	444	822
– within four to five years	730	231	499
– after five years	3 789	1 956	1 833
	<b>18 437</b>	<b>6 692</b>	<b>11 745</b>

\* Included in current other receivables (refer to note 14).

Finance lease receivables mainly relate to the Group's branded products and manufacturing interests. These finance lease arrangements are for electronic equipment and are all denominated in South African Rands. The average term of finance leases entered into is four to five years and interest is charged at rates of up to 25%.

Finance lease receivables do not contain significant credit risk and no significant losses from non-performance by these counterparties are anticipated at year-end (2023: expected credit losses of R1.3 million were recognised on current finance lease receivables with a gross value of R6.2 million).

There were no contingent rents recognised as income during the year.

#### **Fair value of finance lease receivables**

The carrying value approximates fair value as market-related rates have been applied to discount the receivables.

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024 (CONTINUED)

	Group		Company	
	2024 R'000	2023 R'000	2024 R'000	2023 R'000
<b>11. NON-CURRENT RECEIVABLES</b>				
<b>Financial instruments</b>				
Loan to HCI Employee Share Trust (2001)	-	-	11 032	11 032
Amounts due by share scheme participants	1 036	3 500	-	-
Other loans – net carrying value	45 551	47 575	-	-
Gross	50 856	52 758	-	-
Allowance for expected credit losses	(5 305)	(5 183)	-	-
<b>Non-financial instruments</b>				
Operating lease equalisation assets	4 186	5 898	-	-
	<b>50 773</b>	<b>56 973</b>	<b>11 032</b>	<b>11 032</b>

Limited payout machine (LPM) site operator loans with a carrying value of R24.7 million (2023: R26.3 million) are included in other loans, with the Group recognising expected credit losses of R1 million (2023: R1 million), as presented in the matrix below, in respect of these loans. Refer to note 14 for disclosures relating to LPM site operator loans.

Other loans further include receivables with a total carrying value of R15.5 million (2023: R14.6 million) from non-controlling interests. Loans with a carrying value of R12.1 million (2023: R10.4 million) bear interest at prime less 0.5% and have no fixed terms of repayment. This loan was individually considered for impairment due to its higher credit risk profile and expected credit losses totalling R4.5 million (2023: R4.5 million) have been recognised in respect of the receivable. Loans with a carrying value of R3.4 million (2023: R4.2 million) bear no interest and are repayable from dividends declared to these non-controlling shareholders.

The remaining loans are due within two to ten years and bear interest at rates ranging from 0% to 12% per annum (2023: due within two to ten years, bearing interest at rates ranging from 0% to the prime rate of interest per annum). These loans do not contain significant credit risk and no significant losses from non-performance by these counterparties are expected by the Group.

Expected credit loss allowances for non-current receivables as at 31 March 2024 are as follows:

	Group		
	Stage 1 Performing R'000	Stage 2 Under- performing R'000	Total R'000
<b>2024</b>			
<b>Financial instruments</b>			
Carrying value of non-current receivables with no expected credit losses recognised	9 741	-	9 741
Carrying value of non-current receivables with specific credit losses recognised	-	12 142	12 142
Gross amount	-	16 670	16 670
Specific credit losses	-	(4 528)	(4 528)
Carrying value of LPM site operator loans with expected credit losses recognised	23 077	1 627	24 704
Gross amount	23 448	2 033	25 481
Expected credit loss rate	2%	20%	3%
Expected credit loss	(371)	(406)	(777)
Non-financial instruments included in non-current receivables			4 186
			<b>50 773</b>

	Group		Total R'000
	Stage 1 Performing R'000	Stage 2 Under- performing R'000	
<b>2023</b>			
<b>Financial instruments</b>			
Carrying value of non-current receivables with no expected credit losses recognised	14 371	-	14 371
Carrying value of non-current receivables with specific credit losses recognised	-	10 378	10 378
Gross amount	-	14 906	14 906
Specific credit losses	-	(4 528)	(4 528)
Carrying value of LPM site operator loans with expected credit losses recognised	23 531	2 795	26 326
Gross amount	23 858	3 123	26 981
Expected credit loss rate	1%	11%	2%
Expected credit loss	(327)	(328)	(655)
Non-financial instruments included in non-current receivables			5 898
			<u>56 973</u>

**Allowance for expected credit losses on non-current receivables**

Movements in the allowance for expected credit losses on non-current receivables are as follows:

	Group	
	2024 R'000	2023 R'000
Loss allowance as at 1 April	5 183	1 924
Loss allowance recognised on specific receivables during the year	-	4 528
Lifetime expected credit loss allowance recognised during the year:		
– receivables with significant increase in credit risk but not credit impaired	405	328
Loss allowance unused and reversed during the year	(283)	(1 597)
Loss allowance as at 31 March	<u>5 305</u>	<u>5 183</u>

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024 (CONTINUED)

	Group	
	2024 R'000	2023 R'000
<b>12. INVENTORIES</b>		
Raw materials	273 140	232 170
Work in progress	63 634	81 274
Finished goods	376 813	566 173
Consumables and spares	126 275	100 516
Coal	17 293	24 511
Operating equipment	14 996	17 437
Allowance for obsolete inventory	(1 171)	(1 095)
	<b>870 980</b>	<b>1 020 986</b>

Inventory with a carrying value of R518 million (2023: R680 million) is stated at net realisable value.

Inventories totalling R22.684 million (2023: R14.123 million) have been transferred to property, plant and equipment and included in the other equipment and vehicles, and plant and machinery categories during the year (refer to note 1).

#### Encumbrances

Details of the assets that serve as security for borrowings are presented in note 19.

	Group	
	2024 R'000	2023 R'000
<b>13. PROGRAMME RIGHTS</b>		
Television programmes (including video on demand rights)		
– International	522 858	415 781
– Local	842 022	529 606
	<b>1 364 880</b>	<b>945 387</b>
<b>Reconciliation of carrying value</b>		
At the beginning of the year	945 387	978 651
Additions	1 167 627	840 669
Transfer from intangible assets (refer to note 4)	85 466	–
Amortised through other operating expenses	(833 600)	(873 082)
Written off through other operating expenses	–	(851)
At the end of the year	<b>1 364 880</b>	<b>945 387</b>

	Group		Company	
	2024 R'000	2023 R'000	2024 R'000	2023 R'000
<b>14. TRADE AND OTHER RECEIVABLES</b>				
Trade receivables – net carrying value	<b>1 366 343</b>	1 221 237	-	-
Gross	<b>1 416 929</b>	1 269 210	-	-
Allowance for expected credit losses	<b>(50 586)</b>	(47 973)	-	-
Prepayments	<b>232 682</b>	199 628	-	-
Reinsurance recoveries	-	878	-	-
Other receivables – net carrying value	<b>558 849</b>	462 016	<b>27 185</b>	21 510
Gross	<b>627 866</b>	532 893	<b>27 185</b>	21 510
Allowance for expected credit losses	<b>(69 017)</b>	(70 877)	-	-
	<b>2 157 874</b>	1 883 759	<b>27 185</b>	21 510

The carrying value of trade and other receivables approximates fair value due to the short period to maturity of these instruments.

#### Trade receivables

The Group's trade receivables comprise a widespread customer base within various sectors. Credit sales mainly have negotiated credit terms of up to 45 days and are therefore all classified as current.

The Group performs ongoing credit evaluations of the financial condition of its customers for both new credit applications and existing customers having credit facilities. These reviews include evaluating previous relations the customer has had with the Group, taking into account the length of time and amount of business. New customers are given credit only after meeting strict minimum requirements. The utilisation of credit limits are regularly monitored by reviewing the ageing analysis of these debtors on an ongoing basis. At year-end no customer (2023: none) had debt in excess of 10% of the total trade receivables balance of the Group. The Group's trade receivables are of a strong credit quality. Credit limits exceeded during the year under review were closely monitored and management does not expect any losses from non-performance by these counterparties that have not been provided for.

Trade receivables are written off (i.e. derecognised) when there is no reasonable expectation of recovery. The Group considers debtors that have been liquidated with no possibility of further cash distributions to be an indicator that there is no reasonable expectation of recovery. The following are considered to be indicators of default:

- failure to make payments within the credit terms and failure to engage with the Group on alternative payment arrangements;
- failure to make payments after the institution and/or conclusion of legal proceedings; and/or
- business rescue and/or liquidation of the debtor.

The Group applies the IFRS 9 simplified model of recognising lifetime expected credit losses for all trade receivables as these items do not have a significant financing component. The lifetime expected credit loss allowance is determined with reference to a provision matrix as permitted by IFRS 9 and presented below. The provision matrices have been developed by making use of judgement and past default experience of debtors but also incorporate forward-looking information such as the likelihood of default by the debtor and general economic conditions of the industry as at the reporting date. Macroeconomic factors affecting customers' ability to settle the amounts outstanding, include the after-effects of COVID-19 on the South African economy, GDP, the impact of the country's high unemployment rate and the factors detailed in note 3 on disposable income, as well as the financial vulnerability of state-owned enterprises and municipalities, all of which have been considered by the Group in its assessment of expected credit losses.

Debtors that are long outstanding and generally are slow payers are considered to have a higher credit risk profile and are managed and provided for on a one-on-one basis. In determining the loss allowance the Group also considered, inter alia, disputes with customers, untraceable debtors, long-overdue account balances, customers handed over to attorneys for collection and customers placed under liquidation.

Trade receivables with a carrying value of R796 million (2023: R638 million) as presented in the matrix below, do not expose the Group to significant credit risk and no significant losses from non-performance by these counterparties are expected by the Group. These balances include receivables totalling R533 million (2023: R456 million) which were all current and not due for payment by the reporting date, while trade receivables with a carrying value of R263 million (2023: R182 million) were past due for 30 days or more. The vast majority of these receivables relates to the Group's media operations and most significantly comprises multi-national agencies which are closely monitored for their business sustainability. This could result in the re-evaluation of the agency's credit terms, changing its payment terms to cash on delivery and/or increasing bank guarantees that are in place. Management of the media operations assessed historical data which indicated that any default by customers in the past has been insignificant and the Group therefore does not expect significant credit losses to arise from non-performance by these counterparties.

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024 (CONTINUED)

## 14. TRADE AND OTHER RECEIVABLES continued

### Trade receivables continued

On the above basis the expected credit loss allowance for trade receivables as at 31 March 2024 was determined as follows:

Group	Trade receivables days past due				Total R'000
	Current R'000	> 30 days R'000	> 60 days R'000	> 90 days R'000	
<b>2024</b>					
Carrying value of debtors with no expected credit losses recognised	532 605	177 248	8 083	78 144	796 080
Carrying value of debtors with specific credit losses recognised	66 534	9 267	1 531	8 809	86 141
Gross amount	70 561	10 126	2 112	24 898	107 697
Specific credit losses	(4 027)	(859)	(581)	(16 089)	(21 556)
Carrying value of debtors with expected credit losses recognised	287 412	110 587	37 276	48 847	484 122
Gross amount	288 570	111 802	37 792	74 988	513 152
Expected credit loss rate	0%	1%	1%	35%	6%
Lifetime expected credit loss	(1 158)	(1 215)	(516)	(26 141)	(29 030)
	<b>886 551</b>	<b>297 102</b>	<b>46 890</b>	<b>135 800</b>	<b>1 366 343</b>
<b>2023</b>					
Carrying value of debtors with no expected credit losses recognised	456 293	159 355	1 982	20 479	638 109
Carrying value of debtors with specific credit losses recognised	50 528	9 553	2 542	10 234	72 857
Gross amount	53 212	10 036	2 845	23 427	89 520
Specific credit losses	(2 684)	(483)	(303)	(13 193)	(16 663)
Carrying value of debtors with expected credit losses recognised	336 373	128 143	28 508	17 247	510 271
Gross amount	340 161	130 291	30 414	40 715	541 581
Expected credit loss rate	1%	2%	6%	58%	6%
Lifetime expected credit loss	(3 788)	(2 148)	(1 906)	(23 468)	(31 310)
	<b>843 194</b>	<b>297 051</b>	<b>33 032</b>	<b>47 960</b>	<b>1 221 237</b>

### Allowance for expected credit losses on trade receivables

Movements in the allowance for expected credit losses on trade receivables are as follows:

	Group	
	2024 R'000	2023 R'000
Loss allowance as at 1 April	47 973	46 896
Business combinations	-	2 203
Loss allowance recognised during the year	30 572	25 331
Receivables written off during the year	(12 397)	(8 115)
Loss allowance unused and reversed during the year	(15 562)	(18 342)
Loss allowance as at 31 March	<b>50 586</b>	<b>47 973</b>

### Collateral

The Group holds no collateral over trade receivables, which can be sold or repledged to a third party.

## 14. TRADE AND OTHER RECEIVABLES continued

### Other receivables

	Group		Company	
	2024 R'000	2023 R'000	2024 R'000	2023 R'000
Other receivables comprise the following:				
<b>Financial instruments</b>				
Loans receivable (including amounts due from gaming site operators)*	317 591	186 229	9 113	7 729
Deposits	130 608	107 904	-	-
Other sundry receivables	70 672	70 747	39	1 143
Interest receivable	19 243	15 939	18 033	12 638
Deferred proceeds on disposal of subsidiary	-	5 873	-	-
Contract assets	2 805	24 511	-	-
Finance lease receivables (refer to note 10)	2 011	6 205	-	-
Accrued income	16 832	43 591	-	-
Insurance claims receivable	1 232	4 392	-	-
<b>Non-financial instruments</b>				
VAT receivable	30 280	40 056	-	-
Operating lease equalisation assets				
- owner-occupied properties	8 213	8 406	-	-
- investment properties (refer to note 2)	18 899	17 592	-	-
Other sundry debtors	9 480	1 448	-	-
	<b>627 866</b>	<b>532 893</b>	<b>27 185</b>	<b>21 510</b>

\* Company loan receivables with a carrying value of R9 million (2023: R8 million) comprise a loan granted to the Southern African Clothing and Textile Workers Union (SACTWU). The loan is secured, bears interest at the prime interest rate plus 1% and is repayable on demand. No expected credit losses have been recognised by the Company as the risk of default is not considered to be significant.

Other receivables with a carrying value of R418 million (2023: R319 million) as presented in the matrix below, do not contain significant credit risk and the Group does not expect significant losses to arise from these receivables. Deposits of R131 million (2023: R108 million) and loan receivables of R176 million (2023: R45 million) are the most significant receivables included in this category.

The majority of the Group's deposits are held at reputable financial institutions and the risk of default is not considered to be significant. Loans with a carrying value of R103 million, have been reclassified from investments in associates and joint arrangements following a change to the payment terms during the current year (refer to note 6). This loan bears interest at the prime interest rate, is repayable on demand and does not expose the Group to any credit risk since the joint venture has provided properties to serve as security for these borrowings. A valuation was performed on these properties, with the fair value found to exceed the carrying value of the loan at the reporting date. No expected credit losses has therefore been recognised in relation to this receivable. The remaining loans most significantly include a USD-denominated loan receivable with a carrying value of R55 million (2023: Rnil) at the reporting date. The loan was granted to Africa Energy Corp, a related party of the Group as set out in note 44, and is unsecured, repayable in full on 31 March 2025, with interest accruing monthly at a rate of 15% per annum.

Specific receivables that have stand-alone characteristics have been considered individually for expected credit losses. The expected credit loss on these receivables is based on the use of judgement, historical experience and future expectations and information affecting the debtor.

The IFRS 9 expected credit loss model requires the classification and measurement of expected credit losses using the general model for loans and advances measured at amortised cost. The general model is a three-stage model with the stages being performing (stage 1), underperforming (stage 2) and non-performing (stage 3). Impairments of loans in stage 1 are measured based on a 12-month expected credit loss and loans in stages 2 and 3 are based on a lifetime expected credit loss. In terms of IFRS 9, all loans and advances are assessed on a regular basis to determine whether there has been a significant increase in credit risk. In cases where the significant increase in credit risk has occurred, an impairment equal to the lifetime expected credit loss is recognised. The three-stage model has been developed by making use of judgement and past default experience of loans but also incorporating forward-looking information such as the macroeconomic factors mentioned above.

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024 (CONTINUED)

## 14. TRADE AND OTHER RECEIVABLES continued

### Other receivables continued

The key inputs used for measuring expected credit losses are the probability of default, loss given the default, and the exposure at default. Probability of default is an estimate of the likelihood of default over a given time horizon. The estimation is based on current conditions, adjusted to take into account estimates of future conditions that will impact the probability of default. Loss given the default is an estimate of the loss arising on default. The time of recovery and the recovery rate is taken into account when the loss given the default is estimated. Exposure at default is an estimate of the exposure at a future default date, which is the total balance outstanding at default.

Expected credit losses of R69 million (2023: R70 million) have been recognised on gaming site operator loans totalling R141 million (2023: R140 million) and included in the matrix below. These loans comprise amounts due from LPM site owners resulting from initial costs incurred to obtain gaming site approval from the gambling board, as well as funding requirements for maintaining and expanding their operations. The loans are unsecured, interest free, repayable in weekly instalments over periods ranging from three to 36 months and discounted at the prevailing prime interest rate. Interest income from these loans is recognised in the statement of profit or loss using the effective interest rate method (refer to note 29). Also included in loans are amounts incurred by the Group and paid on behalf of site owners to enable them to apply for licences with the gambling board.

In determining whether there has been a significant increase in credit risk in respect of LPM site operator loans, the Group uses the average monthly gross gaming win per site (determined to be R135 000) as a benchmark. Sites that are generating a lower gross gaming win are considered to be underperforming in terms of its cash generations, which is consequently regarded as a significant increase in credit risk event.

On the above basis the expected credit loss allowance for other receivables as at 31 March 2024 was determined as follows:

Group	Other receivables			Total R'000
	Stage 1 Performing R'000	Stage 2 Under- performing R'000	Stage 3 Non- performing R'000	
<b>Financial instruments</b>				
<b>2024</b>				
Carrying value of other receivables with no expected credit losses recognised	417 550	-	-	417 550
Carrying value of other receivables with specific credit losses recognised	-	-	-	-
Gross amount	-	-	5 869	5 869
Specific credit losses	-	-	(5 869)	(5 869)
Carrying value of other receivables with expected credit losses recognised	54 255	20 172	-	74 427
Gross amount	55 607	81 968	-	137 575
Expected credit loss rate	2%	75%	-	46%
Expected credit loss	(1 352)	(61 796)	-	(63 148)
Non-financial instruments included in other receivables				66 872
				<b>558 849</b>
<b>2023</b>				
Carrying value of other receivables with no expected credit losses recognised	319 294	-	-	319 294
Carrying value of other receivables with specific credit losses recognised	-	-	-	-
Gross amount	-	-	6 606	6 606
Specific credit losses	-	-	(6 606)	(6 606)
Carrying value of other receivables with expected credit losses recognised	51 008	24 212	-	75 220
Gross amount	54 091	85 400	-	139 491
Expected credit loss rate	6%	72%	-	46%
Expected credit loss	(3 083)	(61 188)	-	(64 271)
Non-financial instruments included in other receivables				67 502
				<b>462 016</b>

#### 14. TRADE AND OTHER RECEIVABLES continued

##### Allowance for expected credit losses on other receivables

Movements in the allowance for expected credit losses on other receivables are as follows:

	Group	
	2024 R'000	2023 R'000
Loss allowance as at 1 April	70 877	69 672
Loss allowance recognised on specific receivables during the year	2 525	3 006
Twelve-month expected credit loss allowance recognised during the year	948	2 970
Lifetime expected credit loss allowance recognised during the year:		
– receivables with significant increase in credit risk but not credit impaired	1 979	2 188
Receivables written off during the year	(4 197)	(3 852)
Loss allowance unused and reversed during the year	(3 115)	(3 107)
Loss allowance as at 31 March	<b>69 017</b>	<b>70 877</b>

For both trade and other receivables the creation and release of the allowance for credit losses have been included in other operating expenses and income in the statement of profit or loss (refer to note 35) due to the amounts not being significant.

##### Foreign currency exposure

The carrying values of trade and other receivables denominated in foreign currencies are detailed in note 46.1.1.

##### Encumbrances

Details of assets that serve as security for borrowings are presented in note 19.

	Group	
	2024 R'000	2023 R'000
<b>15. DISPOSAL GROUP ASSETS/LIABILITIES CLASSIFIED AS HELD FOR SALE</b>		
Disposal group assets classified as held for sale	152 642	170 396
Liabilities associated with the disposal group assets held for sale	(1 765)	(1 765)
	<b>150 877</b>	<b>168 631</b>
<b>15.1 Deneb Investments Limited</b>		
During the current year the Deneb group resolved to dispose of two of its investment properties located in Durban. The properties, with a fair value of R127 million were reclassified from investment properties and included in assets held for sale at 31 March 2024, with both properties expected to be sold within the next 12 months. Prior-year assets held for sale included three investment properties of the Deneb group. One of these properties with a carrying value of R60 million, was sold for proceeds of R64 million, realising a gain on disposal of R4 million during the year. The remaining two properties with a carrying value of R82 million, were reclassified to investment properties as it was not highly probable that these properties would be disposed of within 12 months from the reporting date.		
<i>Assets associated with Deneb Investments Limited classified as held for sale included in branded products and manufacturing</i>		
Investment properties	<b>115 000</b>	<b>132 500</b>

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024 (CONTINUED)

		Group	
		2024 R'000	2023 R'000
<b>15.</b>	<b>DISPOSAL GROUP ASSETS/LIABILITIES CLASSIFIED AS HELD FOR SALE</b>		
<b>15.2</b>	<b>eMedia Holdings Limited</b>		
	The eMedia board of directors previously resolved to discontinue the operations of Crystal Brook Distribution Proprietary Limited, Niveus 13 Proprietary Limited and Silverline Studios Proprietary Limited. The results of these operations are included in discontinued operations in the statement of profit or loss and its assets and liabilities included in disposal groups held for sale in the statement of financial position.		
	<b><i>Assets and liabilities associated with eMedia Holdings Limited classified as held for sale included in media and broadcasting</i></b>		
	Property, plant and equipment	435	435
	Intangible assets	975	975
	Deferred tax asset	1 058	1 058
	Trade and other receivables	1 530	2 130
	Taxation receivable	9	9
	Cash and cash equivalents	289	289
	Trade and other payables	(1 765)	(1 765)
		<b>2 531</b>	<b>3 131</b>
	Refer to note 37.2 for details of operations related to the above assets and liabilities that have been classified as discontinued.		
<b>15.3</b>	<b>HCI Properties</b>		
	The directors of the Group's property interests previously resolved to sell a section of one of its investment properties, with a carrying value of R33 million, to Southern African Clothing and Textile Workers Union (SACTWU). The Group entered into an agreement with SACTWU and the sale will conclude once the building is sectionalised and the section transferred to SACTWU. This process is ongoing at year-end.		
	<b><i>Assets associated with the Group's property interests classified as held for sale</i></b>		
	Investment properties	33 000	33 000
<b>15.4</b>	<b>La Concorde Holdings Limited</b>		
	During the current year the La Concorde group took a decision to dispose of one of its investment properties. The property, with a fair value of R0.3 million was consequently reclassified from investment properties and included in assets held for sale at 31 March 2024.		
	<b><i>Assets associated with La Concorde Holdings Limited classified as held for sale included in other</i></b>		
	Investment properties	346	-

## 16. ORDINARY SHARE CAPITAL

	Number of shares		2024 R'000	2023 R'000
	2024 '000	2023 '000		
<b>Authorised</b>				
Ordinary shares of 25 cents each	450 000	450 000	112 500	112 500
<b>Issued</b>				
In issue in the Company	85 620	85 620	21 405	21 405
Treasury shares held by Company subsidiaries and employee share trust	(4 750)	(4 750)	(1 187)	(1 187)
On consolidation	80 870	80 870	20 218	20 218

Details of share premium are as follows:

	2024 R'000	2023 R'000
Company share premium at 31 March	17 158	17 158
Share premium in respect of treasury shares held by Company subsidiaries and employee share trust	(17 158)	(17 158)
On consolidation	-	-

There were no changes to the issued share capital or share premium during the current or prior year.

Holders of ordinary shares in the Company are entitled to dividends as declared from time to time and to one vote per share at shareholder meetings. These shareholders are also entitled to share in the residual proceeds upon the winding up of the Company, in proportion to the number of shares held. The rights attached to the Company's shares held by the Group are regulated by the Companies Act and the voting rights of these shares suspended until they are reissued to parties outside the Group.

Details of options over shares are set out in note 40.

The unissued shares are under the control of the directors until the next annual general meeting.

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024 (CONTINUED)

## 17. OTHER RESERVES

Group	Foreign currency translation R'000	Share- based payments* R'000	Cash flow hedges R'000	Revaluation R'000	Other** R'000	Total R'000
<b>2024</b>						
At the beginning of the year	1 032 847	43 981	42 885	(66 871)	11 958	1 064 800
Exchange differences on translation of foreign subsidiaries	294 262	-	-	-	-	294 262
Equity-settled share-based payments	-	31 231	-	-	-	31 231
Fair value adjustments on equity instruments designated at fair value through other comprehensive income	-	-	-	(120 230)	-	(120 230)
Revaluation of owner-occupied land and buildings on transfer to investment properties	-	-	-	1 664	-	1 664
Fair value losses on cash flow hedges	-	-	(28 040)	-	-	(28 040)
Share of other comprehensive income of equity-accounted investments	-	-	-	-	23 907	23 907
Share of direct equity movements to other reserves of equity-accounted investments	-	-	-	-	(2 358)	(2 358)
Hedging reserves recycled on disposal of equity-accounted investments (refer to notes 6 and 30)	-	-	-	-	4 116	4 116
Effects of changes in subsidiary shareholding (refer to note 8)	2	-	216	(1 013)	(27)	(822)
Transfer of reserves to accumulated profits	-	-	-	(9 782)	-	(9 782)
Release of share-based payment reserve to accumulated profits	-	(1 449)	-	-	-	(1 449)
At the end of the year	1 327 111	73 763	15 061	(196 232)	37 596	1 257 299
<b>2023</b>						
At the beginning of the year	436 659	35 232	28 630	(127 243)	(3 258)	370 020
Exchange differences on translation of foreign subsidiaries	596 216	-	-	-	-	596 216
Equity-settled share-based payments	-	28 612	-	-	-	28 612
Fair value adjustments on equity instruments designated at fair value through other comprehensive income	-	-	-	60 877	-	60 877
Fair value gains on cash flow hedges	-	-	14 251	-	-	14 251
Share of other comprehensive losses of equity-accounted investments	-	-	-	-	(12 704)	(12 704)
Share of direct equity movements to other reserves of equity-accounted investments	-	-	-	-	27 933	27 933
Effects of changes in subsidiary shareholding (refer to note 8)	(28)	-	4	(505)	(13)	(542)
Release of share-based payment reserve to accumulated profits	-	(19 863)	-	-	-	(19 863)
At the end of the year	1 032 847	43 981	42 885	(66 871)	11 958	1 064 800

\* Refer to note 40.

\*\* Other reserves most significantly relate to equity-accounted reserves of associates and joint ventures.

	Group		Company	
	2024 R'000	2023 R'000	2024 R'000	2023 R'000
<b>18. FINANCIAL LIABILITIES</b>				
<b>Derivative financial instruments</b>				
Foreign exchange contracts	-	1 206	-	848

	Group	
	2024 R'000	2023 R'000
<b>19. BORROWINGS</b>		
Bank borrowings	3 230 654	4 005 465
Bank mortgages	2 571 086	2 578 102
Instalment sale liabilities	261 910	186 507
Loans from non-controlling interests	224 389	251 944
Corporate bonds	5 719 484	5 310 997
Other borrowings	53 669	36 597
Redeemable preference shares	2 293 000	2 116 000
	<b>14 354 192</b>	<b>14 485 612</b>
Current portion of borrowings	<b>(2 428 551)</b>	<b>(804 071)</b>
	<b>11 925 641</b>	<b>13 681 541</b>
Secured	<b>14 086 702</b>	<b>14 201 223</b>
Unsecured	<b>267 490</b>	<b>284 389</b>
	<b>14 354 192</b>	<b>14 485 612</b>

Instalment sale liabilities totalling R254 million (2023: R177 million) relate to the Group's transport operations and bear interest at a weighted average rate of 10.8% (2023: 9.8%). The remaining instalment sale liabilities relate to the Group's branded products and manufacturing segment and bear interest at the prime interest rate. These liabilities are all secured and repayable monthly over a period of five years.

Loans from non-controlling interests most significantly include R126 million (2023: R160 million) of funding provided by the acquiring non-controlling interests in respect of the Group's acquisition of Emerald Safari Resort Proprietary Limited during the prior year. The terms of the loan were amended on 31 May 2023, accelerating the date on which interest would start accruing from the anniversary date upon which capital was received to 1 April 2023. The lender further agreed to an 18-month interest holiday effective 1 October 2023. The above change in terms resulted in an extinguishment of the original loan and an adjustment of R38 million being recognised as an equity contribution. The loan is unsecured, bears interest at the prime interest rate and must be settled in full by 2050. The repayment terms remain at the discretion of the board of directors of the borrower subsidiary and at 31 March 2024 there was no intention to settle the loan within the next 12 months.

Group and Company borrowings from non-controlling interests further include R55 million (2023: R55 million) owing to the Southern African Clothing and Textile Workers Union (SACTWU), repayable on demand. The Group's remaining loans from non-controlling interests have no fixed terms of repayment. All of these loans are unsecured and interest free.

Maturity dates for the corporate bonds vary between 30 November 2024 and 28 February 2027. The bonds are secured and bear interest at the three-month JIBAR plus a margin varying between 1.3% and 1.7% (2023: three-month JIBAR plus a margin varying between 1.3% and 1.7%). Interest is payable in arrears on a quarterly basis.

Other borrowings mainly comprise loans totalling R41 million (2023: R30 million) from the Industrial Development Corporation of South Africa to certain subsidiaries of the Deneb group. These loans are unsecured, interest free and repayable over a period of 60 months.

The redeemable preference shares are secured and have redemption dates varying from 30 September 2024 to 12 July 2027, as they will be redeemed in tranches. Preference shares with a carrying value of R778 million (2023: R561 million) have variable dividend rates ranging between 71% and 76% of the prime interest rate (2023: variable dividend rates ranging between 74% and 76% of the prime rate), while the remaining preference shares with a carrying value of R1 515 million (2023: R1 555 million) are fixed rate instruments with rates varying between 7.7% and 8.1% (2023: dividend rates varied between 7.7% and 8.1%).

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024 (CONTINUED)

## 19. BORROWINGS continued

	Group	
	2024 R'000	2023 R'000
The interest rate profile of the Group's borrowings, including the effect of interest rate swaps (maturing May 2024), is as follows:		
Fixed rates	5 432 171	5 452 704
Floating rates	8 922 021	9 032 908
	<b>14 354 192</b>	<b>14 485 612</b>
Weighted average effective interest rates	10.03%	8.03%
Maturity of these borrowings is as follows:		
Due within one year	2 428 551	804 071
Due within one to two years	4 171 003	6 262 770
Due within two to three years	3 288 991	3 872 419
Due within three to four years	2 486 908	2 973 629
Due within four to five years	1 290 134	395 214
Due after five years	688 605	177 509
	<b>14 354 192</b>	<b>14 485 612</b>
Borrowings analysed by currency:		
South African Rand	14 352 649	14 483 803
Swiss Franc	1 543	1 809
	<b>14 354 192</b>	<b>14 485 612</b>

## 19. BORROWINGS continued

Movements in the carrying value of borrowings are as follows:

Group	Long-term borrowings R'000	Short-term borrowings R'000	Total R'000
<b>2024</b>			
Carrying value at the beginning of the year	13 681 541	804 071	14 485 612
<b>Cash flows:</b>			
Raising of new debt	2 269 765	942 463	3 212 228
Debt repayments	(2 322 514)	(1 166 220)	(3 488 734)
Interest paid (refer to note 39.3)	(11 740)	(1 078 066)	(1 089 806)
Finance raising fees capitalised to borrowings (refer to note 39.3)	(795)	-	(795)
<b>Non-cash:</b>			
Reclassification	(1 841 581)	1 841 581	-
New instalment sale agreements (refer to note 39.8)	173 047	-	173 047
Interest capitalised (refer to note 39.3)	15 670	1 081 949	1 097 619
Other borrowing facilities raised*	2 050 000	-	2 050 000
Other borrowing facilities repaid*	(2 050 000)	-	(2 050 000)
Extinguishment of borrowings from non-controlling interests	(37 752)	-	(37 752)
Amortisation of finance raising fees capitalised to borrowings (refer to note 39.3)	-	2 773	2 773
Carrying value at the end of the year	<b>11 925 641</b>	<b>2 428 551</b>	<b>14 354 192</b>
<b>2023</b>			
Carrying value at the beginning of the year	11 974 360	3 586 404	15 560 764
<b>Cash flows:</b>			
Raising of new debt	3 702 541	61 178	3 763 719
Debt repayments	(436 345)	(4 474 784)	(4 911 129)
Interest paid (refer to note 39.3)	(6 215)	(866 602)	(872 817)
<b>Non-cash:</b>			
Effect of changes in foreign exchange rates	-	377	377
Reclassification	(2 606 236)	2 606 236	-
Disposal of subsidiaries	(23 261)	-	(23 261)
New instalment sale agreements (refer to note 39.8)	71 934	-	71 934
Interest capitalised (refer to note 39.3)	-	891 203	891 203
Borrowing facilities raised/(settled)	1 000 000	(1 000 000)	-
Other	4 763	59	4 822
Carrying value at the end of the year	<b>13 681 541</b>	<b>804 071</b>	<b>14 485 612</b>

\* At the time of the Tsogo group's debt refinancing in May 2023, borrowing facilities totalling R1.55 billion and R0.50 billion, respectively, were settled free of value (off-set between the same lender). As a result, there was no cash flow through the Group's bank accounts at the time the new borrowing facilities of R2.05 billion were received. This concluded the settlement of three medium-term notes which were due to mature on 30 November 2024.

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024 (CONTINUED)

## 19. BORROWINGS continued

### Collateral

The following represents the carrying value of assets that serve as security for these borrowings:

	Group	
	2024 R'000	2023 R'000
Property, plant and equipment	6 785 353	6 634 569
Investment properties	4 912 711	4 786 579
Inventory	51 978	37 396
Trade and other receivables	759 700	691 928
Pledge of cash in bank accounts	355 779	315 781
	<b>12 865 521</b>	<b>12 466 253</b>

The above securities are inclusive of securities pledged for bank overdrafts (refer to note 25).

The Group's shareholding in:

- Frontier Transport Holdings Limited (excluding those held by La Concorde Holdings Limited);
- eMedia Holdings Limited;
- Tsogo Sun Limited;
- Southern Sun Limited;
- Deneb Investments Limited;
- Platinum Group Metals Limited;
- La Concorde Holdings Limited;
- Deepkloof Limited (foreign holding company of the Group's interests in Impact Oil & Gas Limited and Platinum Group Metals Limited);
- Niveus AG;
- HCI Resources Proprietary Limited (formerly HCI Coal Proprietary Limited);
- all holding companies of HCI Properties' property investments;
- TIH Prefco (RF) Proprietary Limited;
- HCI – Treasury Proprietary Limited; and
- various intermediate holding companies of the Group's investment interests

have been pledged as security for various debt facilities.

For further information on guarantees issued and suretyships provided for Group and Company debt facilities, refer to note 45.

### Debt covenants

The Company's central borrowings are subject to the following covenants during the year under review:

- combined Tsogo Sun and Southern Sun investment cover ratio of no less than 2.25, which was outperformed by more than 50% at the reporting date;
- total investment cover ratio of no less than 3.5, which was outperformed by more than 50% at the reporting date;
- total investment cover ratio, including holding company guarantees, of no less than 2.1, which was outperformed by more than 100% at the reporting date; and
- debt service cover ratio in respect of holding company income of no less than 2, which was outperformed by more than 100% at the reporting date.

The Company was in compliance with its debt covenants in respect of central borrowings during the year under review and as at the reporting date.

The Group's gaming operations were in compliance with its original covenants during the current year and dividends from these operations have normalised.

## 20. RETIREMENT BENEFIT INFORMATION

### 20.1 Pension and provident funds

Certain subsidiaries of the Group operate pension and provident funds. These are defined contribution funds, governed by the Pension Funds Act, Act 24 of 1956, which provide retirement and death benefits for all permanent, full-time employees who are not members of any other approved pension or provident fund. Refer to note 35 for contributions paid during the year.

	Group	
	2024 R'000	2023 R'000
<b>20.2 Medical aid</b>		
Non-current post-retirement benefit liabilities	130 026	131 702
Current portion of post-retirement benefit liabilities*	13 595	12 842
	<b>143 621</b>	<b>144 544</b>
<b>20.2.1</b> A subsidiary pays a monthly grant to the Golden Arrow Employees' Medical Benefit Fund (MBF). The fund uses the grant to cover the outgoings not financed from member contributions. The administrators of the MBF are the Metropolitan Health Group. The subsidiary also makes contributions to Discovery Health.		
The calculation of the accrued service liability in respect of post-retirement healthcare is performed annually by Actuarial Benefits and Consulting Solutions Proprietary Limited.		
Movements in the liability recognised in the statement of financial position are as follows:		
Balance at the beginning of the year	67 437	71 616
Net expense recognised in the statement of profit or loss	4 258	3 811
Actuarial gains	(3 783)	(7 990)
	<b>67 912</b>	<b>67 437</b>
Less: Current portion*	(5 717)	(5 172)
Balance at the end of the year	<b>62 195</b>	<b>62 265</b>
The amounts recognised in the statement of profit or loss are as follows:		
Current service cost	1 353	1 480
Interest cost	8 077	7 789
Pensioner subsidy	(5 172)	(5 458)
Total included in employee costs	<b>4 258</b>	<b>3 811</b>

\* Included in other payables (refer to note 24).

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024 (CONTINUED)

		Group	
		2024 %	2023 %
<b>20. RETIREMENT BENEFIT INFORMATION continued</b>			
<b>20.2 Medical aid continued</b>			
<b>20.2.1</b>	The principal actuarial assumptions used for the valuation were:		
	Discount rate	12.80	12.20
	Medical aid subsidy increase rate	8.95	8.75
	Normal retirement age (years)	65	65
	Continuation of membership at retirement	55.00	55.00
		2024 R'000	2023 R'000
		2022 R'000	2021 R'000
		2020 R'000	
As at 31 March			
Present value of obligations	67 912	67 437	71 616
		74 172	60 394

Contributions of R82 million (2023: R77 million) are expected to be paid into the Group's defined benefit scheme during the annual period after 31 March 2024.

		Group	
		2024 R'000	2023 R'000
As at 31 March a 0.5% and 1% movement in the discount rate and subsidy rate, respectively, would change the post-retirement medical aid liability to the following:			
<i>Upward movement</i>			
	Discount rate increased by 0.5%	64 994	64 369
	Subsidy increase rate increased by 1%	74 546	74 439
<i>Downward movement</i>			
	Discount rate decreased by 0.5%	71 079	70 780
	Subsidy increase rate decreased by 1%	62 207	61 461
<b>20.2.2</b>	A subsidiary of the Group subsidises certain past employees who participate in the Discovery Medical Aid Scheme and who joined before 1 July 1996. These past employees are eligible for a 50% retirement subsidy of the total medical scheme contributions.		
Movements in the liability recognised in the statement of financial position are as follows:			
	Balance at the beginning of the year	77 107	82 574
	Net expense recognised in the statement of profit or loss	8 047	7 770
	Contributions	(8 080)	(7 966)
	Actuarial gains	(1 365)	(5 271)
		75 709	77 107
	Less: Current portion*	(7 878)	(7 670)
	Balance at the end of the year	67 831	69 437

\* Included in other payables (refer to note 24).

		Group	
		2024 R'000	2023 R'000
<b>20. RETIREMENT BENEFIT INFORMATION</b>	<b>continued</b>		
<b>20.2 Medical aid</b>	<b>continued</b>		
<b>20.2.2</b>	The amounts recognised in the statement of profit or loss are as follows:		
	Current service cost	17	28
	Interest on obligation	8 030	7 742
		<b>8 047</b>	<b>7 770</b>

		%	%
The principal actuarial assumptions used for the valuation were:			
	Discount rate	11.71	10.99
	Medical aid subsidy increase rate	8.41	8.06
	Normal retirement age (years)	65	65

	2024 R'000	2023 R'000	2022 R'000	2021 R'000	2020 R'000
As at 31 March					
Present value of obligations	75 709	77 107	82 574	85 458	87 457
Experience adjustments on plan liabilities	(1 365)	(5 271)	(3 208)	(3 301)	(12 030)

There is no surplus or deficit in the plan as there are no plan assets.

Contributions of R8 million (2023: R8 million) are expected to be paid into the Group's defined benefit scheme during the annual period after 31 March 2024.

		Group	
		2024 R'000	2023 R'000
As at 31 March a 1% movement in the discount rate and assumed medical cost trend rate, respectively, would change the post-retirement medical aid liability to the following:			
<i>Upward movement</i>			
	Discount rate increased by 1%	70 755	71 854
	Medical aid subsidy increase rate increased by 1%	81 501	83 257
<i>Downward movement</i>			
	Discount rate decreased by 1%	81 358	83 127
	Medical aid subsidy increase rate decreased by 1%	70 557	71 662

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024 (CONTINUED)

	Group	
	2024 R'000	2023 R'000
<b>21. LONG-TERM INCENTIVE PLAN</b>		
Tsogo Sun Share Appreciation Bonus Plan	114 251	179 152
Less: Current portion	(91 666)	(139 156)
Non-current portion	22 585	39 996

## Cash-settled – Tsogo Sun Share Appreciation Bonus Plan

The Tsogo Sun Share Appreciation Bonus Plan is a bonus scheme whereby participants receive cash bonuses, the amounts of which are determined with reference to the growth in the Company's share price. Allocations of notional shares are discretionary and administered in terms of the rules of the scheme. These vest and are available to be settled on the third anniversaries of the allocations.

Liabilities equal to the current fair values are recognised at each reporting date and the fair values expensed over the period as services are rendered by the employees. In terms of the rules, the fair values of the payments are determined using the seven-day volume weighted average trading price of the Company's share prior to the determination of the fair value of the long-term incentive bonus.

The liability is calculated using a binomial lattice model as it allows for a better estimation of the liability. The following assumptions and inputs were used:

- respective strike prices as shown in the table below;
- volatility of 43% (2023: 46%) based on market prices since the June 2019 unbundling of Southern Sun Limited;
- forward dividend yield of 0% as the scheme allows for the receipt of dividends (2023: 0%); and
- a risk-free rate of 8.1% to 8.3% (2023: 7.8% to 7.9%) taken from the South African swap curve as at the valuation dates and based on the expected term to expiry.

During the current year the Group recognised an expense of R43 million (2023: R93 million) relating to this plan.

The following is pertinent to this bonus plan:

Grant date	Total appreciation units granted		Appreciation units granted and not vested		Strike price R
	2024	2023	2024	2023	
1 April 2017 <sup>1</sup>	–	125 004	–	–	28.00
1 April 2018 <sup>1</sup>	124 584	124 584	–	–	24.08
12 December 2019	970 425	970 425	–	–	10.82
18 December 2020	3 020 000	17 200 000	–	17 200 000	5.20
16 March 2022	12 800 000	14 550 000	12 800 000	14 550 000	9.61
1 March 2023	10 900 000	11 900 000	10 900 000	11 900 000	10.67
1 March 2024	15 250 000	–	15 250 000	–	9.92
At 31 March	43 065 009	44 870 013	38 950 000	43 650 000	

Grant date	Appreciation units vested and still outstanding			Liability	
	2024	2023	Expiry date	2024 R'000	2023 R'000
1 April 2017 <sup>1</sup>	–	125 004	31 March 2023	–	–
1 April 2018 <sup>1</sup>	124 584	124 584	31 March 2024	–	–
12 December 2019	970 425	970 425	11 December 2025	4 461	4 721
18 December 2020	3 020 000	–	17 December 2026	35 419	134 436
16 March 2022	–	–	15 March 2026	51 786	37 540
1 March 2023	–	–	28 February 2027	21 077	2 455
1 March 2024	–	–	14 March 2028	1 508	–
At 31 March	4 115 009	1 220 013		114 251	179 152
Average share price utilised to value the liability				R10.88	R12.11

<sup>1</sup> As a result of the share price collapse due to COVID-19, the liability in respect of these appreciation units was reduced to Rnil.

		Group	
		2024 R'000	2023 R'000
<b>22. PROVISIONS</b>			
	<b>Rehabilitation provision</b>		
	Balance at the beginning of the year	68 082	62 511
	Raised during the year	31 828	21 362
	Utilised during the year (refer to note 39.7)	(17 513)	(15 791)
	Balance at the end of the year	<b>82 397</b>	68 082
	<b>Staff bonuses</b>		
	Balance at the beginning of the year	62 579	42 967
	Raised during the year	108 593	113 625
	Utilised during the year	(104 541)	(101 211)
	Reclassified from trade and other payables	-	11 773
	Unused amounts reversed	(6 281)	(4 575)
	Balance at the end of the year	<b>60 350</b>	62 579
	<b>Repurchase of service</b>		
	Balance at the beginning of the year	38 770	38 770
	Raised during the year	1 128	1 128
	Unused amounts reversed	(1 128)	(1 128)
	Balance at the end of the year	<b>38 770</b>	38 770
	<b>Third-party claims</b>		
	Balance at the beginning of the year	8 460	13 106
	Raised during the year	11 178	6 217
	Utilised during the year	(7 155)	(6 012)
	Unused amounts reversed	(5 409)	(4 851)
	Balance at the end of the year	<b>7 074</b>	8 460
	<b>Incentives</b>		
	Balance at the beginning of the year	92 721	79 008
	Raised during the year	67 711	72 709
	Utilised during the year	(85 536)	(64 016)
	Business combination	-	5 020
	Balance at the end of the year	<b>74 896</b>	92 721

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024 (CONTINUED)

	Group	
	2024 R'000	2023 R'000
<b>22. PROVISIONS continued</b>		
<b>Long-service awards</b>		
Balance at the beginning of the year	6 052	11 693
Utilised during the year	(85)	(1 286)
Unused amounts reversed	(5 967)	(4 355)
Balance at the end of the year	-	6 052
<b>Exemption provision</b>		
Reclassified from trade and other payables	32 914	-
Balance at the end of the year	32 914	-
<b>Other</b>		
Balance at the beginning of the year	13 877	10 800
Raised during the year	2 679	3 361
Utilised during the year	(1 260)	(284)
Balance at the end of the year	15 296	13 877
<b>Total provisions</b>	<b>311 697</b>	<b>290 541</b>
Non-current	82 397	80 135
Current	229 300	210 406
	<b>311 697</b>	<b>290 541</b>

## Rehabilitation provision

Rehabilitation provisions are based on the Group's environmental plans, in compliance with current regulatory requirements. Provision is made based on the net present value of the rehabilitation of coal mining sites.

The net present value of the provision has been determined using a discount rate of 7.8% per annum (2023: 7.8%) and an annual inflation rate of 6.0% (2023: 6.9%). The period used for discounting was the Palesa Mine's expected remaining life of 144 months (2023: 126 months) and estimated settlement dates of the rehabilitation costs.

## Staff bonuses

Provisions for staff bonuses are based on rates negotiated with union bargaining councils, the results of the relevant company or at the discretion of Company management. In all cases, payment of such bonus is dependent upon the employee being in the Company's service at the date of payment.

## Repurchase of service

Government indicated in 1997 its long-term objective to open public passenger transport services to competitive tendering. Past experience has shown where government has followed this course of action, the resulting tendered cost to government has been considerably higher than the cost under the existing regime, which has delayed the future roll-out of this model.

The repurchase of service provision is raised in respect of retrenchment costs that will be payable to employees who would be surplus to requirements should the operating of some routes be awarded to third parties.

The amount provided for is based on management's best estimate of the maximum costs payable in accordance with the employees' current conditions of employment. Assumptions have been made in respect of the timing of the service being put out to tender and the extent of the services that would be awarded to third parties.

A Bus Industry Restructuring Fund was set up in 1999 to compensate employers for these retrenchment costs. The information required to calculate an estimate is contingent on a future event, the occurrence of which is unknown at this stage and as such a reliable estimate of the amount that would be paid to qualifying employers, cannot be made. Reference has been made to the existence of a contingent asset in note 45.

## 22. PROVISIONS continued

### Third-party claims

Third-party claims are legal claims resulting from traffic accidents. The timing and extent of claims settled remain uncertain until settlement occurs. Where the Group is virtually certain to be reimbursed under an insurance contract, the reimbursement is recognised as a separate asset.

### Incentives

This is a provision for bonus plans based on a formula that takes into consideration the profit attributable to the subsidiary company's shareholders after certain adjustments and the performance of the respective employees. These criteria are only finalised after the subsidiary's year-end.

### Long-service awards

This provision relates to long-service benefits provided by the Group's gaming operations with related benefits paid when employees reach predetermined years of service. The scheme was discontinued during the current year, with the Group recognising a credit of R6 million (2023: credit of R4 million) in current-year profit or loss.

### Exemption provision

The Frontier group has applied to be exempted from one of the clauses in the South African Road Passenger Bargaining Council's main collective agreement. This clause is considered prejudicial to the group, and is following due process, the outcome of which is uncertain. The amount is considered a provision due to the uncertain timing of the settlement and has consequently been reclassified from trade and other payables at the reporting date.

## 23. DEFERRED REVENUE AND INCOME

23.1 The Tsogo Sun group accounts for its gaming customer reward programmes (gaming win) in terms of IFRS 9 Financial Instruments with the liability allocated to deferred income in the statement of financial position.

	Group	
	2024 R'000	2023 R'000
<b>Deferred income</b>		
At 1 April	25 777	18 349
Business combinations	-	2 127
Created during the year	228 372	234 474
Forfeitures during the year	(13 292)	(10 633)
Utilised during the year	(210 490)	(218 540)
At 31 March	<b>30 367</b>	<b>25 777</b>

The expected timing of the recognition of the deferred income is within one year and is considered current.

23.2 Government grants received by the Deneb group relate to funding arrangements and programmes such as the Production Incentive Programme (PIP), the Manufacturing Competitiveness Enhancement Programme (MCEP) and the Automotive Investment Scheme (AIS) established by the Department of Trade, Industry and Competition. These incentives are offered to qualifying companies operating within the industrial manufacturing industry.

<b>Deferred income</b>		
At 1 April	105 052	95 007
Created during the year	15 842	22 110
Utilised during the year	(18 940)	(12 065)
At 31 March	<b>101 954</b>	<b>105 052</b>
The expected timing of the recognition of the deferred income is within 15 to 20 years as follows:		
Non-current	91 054	94 949
Current	10 900	10 103
	<b>101 954</b>	<b>105 052</b>

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024 (CONTINUED)

		Group	
		2024 R'000	2023 R'000
<b>23. DEFERRED REVENUE AND INCOME continued</b>			
<b>23.3</b>	Deferred revenue by the Gallagher group relates to deposits received in advance for conferences and exhibitions contracted.		
	<b>Deferred revenue</b>		
	At 1 April	10 807	7 465
	Created during the year	123 308	87 477
	Forfeitures during the year	-	(290)
	Utilised during the year	(125 523)	(83 845)
	At 31 March	<b>8 592</b>	10 807
	The expected timing of the recognition of the deferred income is within one year and is considered current.		
<b>23.4</b>	Deferred revenue by the Frontier Transport group relates to transportation fees received in advance:		
	<b>Deferred revenue</b>		
	At 1 April	18 445	15 812
	Created during the year	29 178	18 445
	Utilised during the year	(18 445)	(15 812)
	At 31 March	<b>29 178</b>	18 445
	The expected timing of the recognition of the deferred income is within one year and is considered current.		
	<b>Total deferred revenue and income</b>		
	Non-current	91 054	94 949
	Current	79 037	65 132
		<b>170 091</b>	160 081

	Group		Company	
	2024 R'000	2023 R'000	2024 R'000	2023 R'000
<b>24. TRADE AND OTHER PAYABLES</b>				
Trade payables	1 246 521	1 049 316	-	-
Accruals	354 235	379 295	-	-
Advance deposits	55 484	51 280	-	-
Lease liabilities (refer to note 26)	88 362	68 328	-	-
Insurance claims payable	-	6 036	-	-
Other payables*	922 636	940 407	2 849	2 709
	<b>2 667 238</b>	<b>2 494 662</b>	<b>2 849</b>	<b>2 709</b>

\* Other payables comprise the following:

#### Financial instruments

Tenant deposits	40 104	26 089	-	-
Capital expenditure creditors	95 085	90 740	-	-
Smartcard gaming credits due to customers	49 752	45 082	-	-
Gaming chip liability	29 840	30 243	-	-
Other sundry payables	172 783	157 856	547	407
Dividends payable – ordinary shares (refer to note 39.5)	33 143	31 934	2 302	2 302
– preference shares	30 272	26 728	-	-
Claims relating to litigation proceedings	-	19 902	-	-
Unclaimed gaming credits	14 128	9 937	-	-
Gaming player deposits	16 624	11 189	-	-

#### Non-financial instruments

Payroll-related payables	86 722	72 437	-	-
Leave pay accruals	119 733	120 052	-	-
Bonus accruals	67 796	91 382	-	-
Post-retirement benefit liabilities (refer to note 20.2)	13 595	12 842	-	-
VAT payable	106 392	108 518	-	-
Gaming levies	33 533	40 208	-	-
Other creditors	13 134	45 268	-	-
	<b>922 636</b>	<b>940 407</b>	<b>2 849</b>	<b>2 709</b>

#### Foreign currency exposure

The carrying values of trade and other payables denominated in foreign currencies are detailed in note 46.1.1.

#### Fair value of trade and other payables

The carrying value approximates fair value because of the short period to settlement of these obligations.

	Group		Company	
	2024 R'000	2023 R'000	2024 R'000	2023 R'000
<b>25. BANK OVERDRAFTS</b>				
Balance outstanding at 31 March	107 143	148 033	-	125

Overdrafts of R107 million (2023: R148 million) are secured by assets as part of the Group's general borrowings (refer to note 19).

#### Fair value of bank overdrafts

The carrying value of bank overdrafts approximates fair value due to the short-term maturity of these instruments.

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024 (CONTINUED)

## 26. LEASES

### In the capacity as lessee

#### Nature of leasing activities

The Group leases various properties in the jurisdictions from which it operates, including the Golden Horse Casino land, various properties at the bingo business sites, land, offices, warehouses and retail stores. These lease agreements are typically concluded for fixed periods of three to 30 years, but may have extension options as described below. Most of the Group's property lease contracts provide for fixed payments over the term of the lease while a small number of these contracts provide for annual inflationary increases in lease payments or variable payments as detailed below.

The Group also leases certain items of machinery, vehicles and casino gaming equipment. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

#### Variable lease payments

The Tsogo group's property lease in respect of the Golden Horse Casino land, contains variable payment terms that are linked to the annual consumer price index (CPI) and 4.5% of the gross operating profit of the precinct. The annual CPI increase is included in the measurement of the lease liability, while the portion of the lease payments linked to the gross operating profit of the precinct, is excluded from the lease liability.

Casino and bingo gaming machine lease agreements contain variable payment terms that are linked to gross gaming win generated by the respective machines. These variable lease payments are not included in the measurement of the lease liabilities, but are recognised in profit or loss in the period in which the event or condition that triggers those payments, occurs. A 10% increase in gross gaming win across all sites in the Group with such variable lease contracts would increase total gaming equipment lease payments by approximately R10 million (2023: R10 million).

Variable lease payments that are not taken into account in the measurement of lease liabilities are included in other operating expenses and income in the statement of profit or loss (refer to note 35).

The current proportion of fixed and variable lease payments included in the Group's lease liability is presented in the table below. The sensitivity analysis indicates the impact on the carrying amount of lease liabilities and right-of-use assets if there was a 5% increase in variable lease payments at the reporting date.

	Group			Sensitivity R'000
	Number of lease contracts	Fixed lease payments R'000	Variable lease payments R'000	
<b>2024</b>				
Property leases with payments linked to inflation	3	-	6 963	471
Property leases with fixed payments	67	99 157	-	-
Leases of plant and machinery	8	1 074	-	-
Leases of other equipment and vehicles	57	21 553	-	-
	<b>135</b>	<b>121 784</b>	<b>6 963</b>	<b>471</b>
<b>2023</b>				
Property leases with payments linked to inflation	2	-	4 906	237
Property leases with fixed payments	69	97 211	-	-
Leases of plant and machinery	8	970	-	-
Leases of other equipment and vehicles	53	9 456	-	-
	<b>132</b>	<b>107 637</b>	<b>4 906</b>	<b>237</b>

## 26. LEASES continued

### Options to extend or terminate lease terms

Options to extend or terminate lease terms are included in certain property leases across the Group. These are used to maximise operational profitability in terms of managing the assets used in the Group's operations. The majority of extension and termination options held are exercisable by the Group only and not by the respective lessor.

The following options are held by the Group's gaming interests in respect of property leases:

- the Golden Horse Casino land and Hemingways Casino cinema have lease contracts with extension options effective 1 September 2030 and 21 August 2024, respectively. The Group is reasonably certain to exercise the option in respect of the Golden Horse Casino land and the extension option was consequently included in the measurement of the lease liability. At the reporting date it was no longer certain that the extension option relating to the Hemingways Casino cinema would be exercised by the Group and the option was therefore derecognised from the lease liability. The impact of the derecognition was a decrease of R21 million and R2 million, respectively, in the lease liability and right-of-use asset, and a remeasurement gain totalling R19 million being recognised in profit or loss; and
- bingo property lease contracts are reasonably certain to be extended (or not terminated) by the Group when a gaming licence term exceeds the initial property lease term. The Group is reasonably certain not to extend a bingo property lease contract when a more suitable property for its operations has been identified. At the reporting date all extension options included in these property leases were reasonably certain to be exercised by the Group and have consequently been capitalised.

Extension options are included in a number of property lease contracts across the Deneb group, mainly relating to its factory buildings. The Group's most significant lease contracts include extension options allowing the Group to extend the term of the lease for five years, with an effective date of 1 July 2027. The Group is reasonably certain to exercise these options and extend the lease terms.

	Group			Total R'000
	Land and buildings R'000	Plant and machinery R'000	Other equipment and vehicles R'000	
<b>Reconciliation of carrying value: right-of-use assets</b>				
<b>2024</b>				
Carrying value as at 1 April 2023	280 388	2 990	16 404	299 782
Depreciation	(68 825)	(1 052)	(25 586)	(95 463)
Additions	38 735	307	129 201	168 243
Remeasurement of lease	1 207	-	-	1 207
Termination of lease	-	-	(1 112)	(1 112)
Carrying value as at 31 March 2024	<b>251 505</b>	<b>2 245</b>	<b>118 907</b>	<b>372 657</b>
<b>2023</b>				
Carrying value as at 1 April 2022	310 758	2 062	11 364	324 184
Depreciation	(67 237)	(722)	(8 986)	(76 945)
Additions	40 520	1 677	15 517	57 714
Remeasurement of lease	2 610	-	(177)	2 433
Termination of lease	(7 339)	(27)	(1 607)	(8 973)
Business combinations	-	-	293	293
Effect of modification to lease terms	6 531	-	-	6 531
Impairments (refer to note 4)	(5 455)	-	-	(5 455)
Carrying value as at 31 March 2023	<b>280 388</b>	<b>2 990</b>	<b>16 404</b>	<b>299 782</b>

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024 (CONTINUED)

	Group			Total R'000
	Land and buildings R'000	Plant and machinery R'000	Other equipment and vehicles R'000	
<b>26. LEASES continued</b>				
<b>Reconciliation of carrying value: lease liabilities</b>				
<b>2024</b>				
Carrying value as at 1 April 2023	430 049	3 180	16 482	449 711
Finance costs	41 408	269	11 093	52 770
Lease payments*	(106 114)	(1 074)	(21 559)	(128 747)
Additions	38 735	307	129 201	168 243
Remeasurement of lease	(17 827)	-	-	(17 827)
Termination of lease	-	-	(1 112)	(1 112)
Currency translation	-	-	(5 212)	(5 212)
Carrying value as at 31 March 2024	386 251	2 682	128 893	517 826
Less: Current portion (included in trade and other payables – refer to note 24)	(74 909)	(717)	(12 736)	(88 362)
Non-current portion	311 342	1 965	116 157	429 464
<b>2023</b>				
Carrying value as at 1 April 2022	446 776	2 241	17 174	466 191
Finance costs	42 669	232	1 298	44 199
Lease payments*	(102 812)	(970)	(8 761)	(112 543)
Additions	40 520	1 677	15 517	57 714
Remeasurement of lease	2 456	-	(190)	2 266
Termination of lease	(6 091)	-	(6 674)	(12 765)
Business combination	-	-	318	318
Effect of modification to lease terms	6 531	-	-	6 531
Rent concessions (refer to note 35)	-	-	(2 200)	(2 200)
Carrying value as at 31 March 2023	430 049	3 180	16 482	449 711
Less: Current portion (included in trade and other payables – refer to note 24)	(59 797)	(484)	(8 047)	(68 328)
Non-current portion	370 252	2 696	8 435	381 383

\* Total lease payments of R129 million include R76 million of principal repayments and R53 million of finance costs (2023: total lease payments of R113 million include R69 million of principal repayments and R44 million of finance costs).

## 26. LEASES continued

The table below analyses the Group's lease liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows. The maturity analysis time bands have been updated to provide more detail on the timing of future cash flows and the comparatives restated on the same basis.

	Less than one year R'000	Between one and two years R'000	Between two and three years R'000	Between three and four years R'000	Between four and five years R'000	Over five years R'000	Total R'000
<b>2024</b>							
Lease liabilities	124 533	116 447	104 878	99 598	98 336	174 029	717 821
<b>2023</b>							
Lease liabilities	105 484	111 640	94 882	79 560	73 584	187 972	653 122

### Lease commitments

As at 31 March 2024 the Group had outstanding commitments totalling R10 million (2023: R7 million) under non-cancellable leases which are not capitalised in terms of IFRS 16, being short-term leases and leases of low-value assets (comprising mainly small items of office equipment and furniture). Refer to note 35 for lease expenses recognised in profit or loss in respect of these leases. The Group has not committed to any lease contracts which had not commenced by the reporting date.

### Residual value guarantees

None of the Group's lease contracts contains residual value guarantees.

### Encumbrances

Lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024 (CONTINUED)

## 27. COMMITMENTS

### Signal distribution

The Group has a contracted commitment for its signal distribution as at 31 March 2024 totalling R38 million within one year (2023: R37 million) and R93 million after one to five years (2023: R169 million), with the contract ending on 31 July 2028. The contracted commitments will be funded from the Group's available bank facilities and retained profits.

	Group	
	2024 R'000	2023 R'000
<b>Capital expenditure</b>		
Authorised by directors and contracted to be expended		
– Investment property	12 690	69 553
– Property, plant and equipment	460 397	618 034
– Intangible assets	–	2 033
– Other financial assets	–	30 000
	<b>473 087</b>	<b>719 620</b>

It is intended that this expenditure will be funded from bank finance and operating cash flows.

	Group		Company	
	2024 R'000	2023 R'000	2024 R'000	2023 R'000
<b>28. REVENUE</b>				
Sale of goods	5 925 198	5 487 635	–	–
Provision of services	7 380 807	7 087 924	–	–
Dividends received*				
– Subsidiaries	–	–	1 211 488	744 414
– Associates and joint arrangements	–	–	–	3 165
	<b>13 306 005</b>	<b>12 575 559</b>	<b>1 211 488</b>	<b>747 579</b>

\* Company dividends were received from subsidiaries, associates and joint arrangements incorporated in South Africa and recognised as revenue when the right to receive payment was established.

The Group's revenue streams per segment are as follows:

	Group			
	2024		2023	
	Sale of goods R'000	Provision of services R'000	Sale of goods R'000	Provision of services R'000
<b>Revenue recognised at a point in time</b>				
<b>Media and broadcasting</b>				
Revenue from the sale of Openview boxes	145 594	–	180 147	–
<b>Gaming</b>				
Food and beverage revenue	–	647 977	–	589 233
<b>Transport</b>				
Revenue from the sale of vehicles, spares, tyres and retreads	152 768	–	43 235	–
Single-journey bus ticket revenue	–	360 419	–	353 827
Revenue from charter hire services	–	113 639	–	99 035
Revenue from automotive repair services	–	19 370	–	11 896
Other revenue	–	2 825	–	15 392
<b>Properties</b>				
Convention and exhibition revenue	–	134 259	–	93 327
Development revenue	16 965	–	–	–

## 28. REVENUE continued

	Group			
	2024		2023*	
	Sale of goods R'000	Provision of services R'000	Sale of goods R'000	Provision of services R'000
<b>Revenue recognised at a point in time continued</b>				
<b>Coal mining</b>				
Revenue from the sale of coal	2 236 850	–	2 115 290	–
<b>Branded products and manufacturing</b>				
<i>Revenue from the sale of:</i>				
– Toys, electronic games and sports goods	943 720	–	948 490	–
– Woven, knitted and non-woven products	936 209	–	875 512	–
– Pressed, roll-formed steel products	929 080	–	723 266	–
– Stationery, publishing and office supplies	385 646	–	378 900	–
– Speciality chemicals	133 614	–	142 869	–
<b>Other</b>				
Food and beverage revenue	–	33 692	–	19 934
Donations	–	8 484	–	–
<b>Revenue recognised over time</b>				
<b>Media and broadcasting</b>				
Advertising revenue	–	2 346 975	–	2 278 025
Licence fees	–	369 250	–	350 000
Facility income from broadcasting and production services	–	173 854	–	261 965
Content sales	–	23 626	–	54 914
<b>Gaming</b>				
Hotel room revenue	–	523 222	–	501 473
Entrance fees	–	224 875	–	183 538
Tenant recoveries	–	73 718	–	69 104
Cinema revenue	–	46 184	–	47 769
Venue hire revenue	–	27 724	–	22 804
Parking fees	–	22 081	–	12 083
Other revenue*	–	89 969	–	92 588
<b>Transport</b>				
Revenue from operational contracts with the Department of Transport and the City of Cape Town for the provision of bus services	–	1 345 801	–	1 288 191
Multi-journey bus ticket revenue	–	609 050	–	578 305
Other revenue	–	–	–	1 867
<b>Properties</b>				
Tenant recoveries	–	152 553	–	135 397
Other revenue	–	3 690	–	5 202
<b>Branded products and manufacturing</b>				
Revenue from the sale of pressed, roll-formed steel products	44 752	–	79 926	–
<b>Other</b>				
Internal audit fees	–	20 137	–	15 204
Tenant recoveries	–	6 300	–	5 870
Other revenue	–	1 133	–	981
	<b>5 925 198</b>	<b>7 380 807</b>	<b>5 487 635</b>	<b>7 087 924</b>

\* Other gaming revenue recognised over time most significantly includes tournament fees, other hotel revenue and other sundry revenue.

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024 (CONTINUED)

## 28. REVENUE continued

In the current year R29.3 million (2023: R23.3 million) of the deferred revenue balance of R29.3 million (2023: R23.3 million) at the beginning of the year was recognised as revenue.

The following aggregated amounts of transaction prices relate to the performance obligations from existing contracts that are unsatisfied or partially unsatisfied as at 31 March:

	Group			
	2024 R'000	2025 R'000	2026 R'000	Total R'000
<b>2024</b>				
Revenue expected to be recognised	-	37 770	-	37 770
<b>2023</b>				
Revenue expected to be recognised	29 252	-	-	29 252

The Group does not have any significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers as the revenue is based on stand-alone selling prices and predetermined settlement dates.

	Group		Company	
	2024 R'000	2023 R'000	2024 R'000	2023 R'000
<b>29. INVESTMENT INCOME</b>				
<b>Dividends</b>				
Listed investments	9 520	1 427	-	-
Unlisted investments	53 636	72 945	-	-
	<b>63 156</b>	<b>74 372</b>	<b>-</b>	<b>-</b>
<b>Interest income</b>				
Banks	137 074	121 533	614	226
Deemed interest on interest-free loans to LPM site owners (refer to note 14)	5 560	9 328	-	-
Other*	52 859	94 299	7 306	6 668
	<b>195 493</b>	<b>225 160</b>	<b>7 920</b>	<b>6 894</b>
	<b>258 649</b>	<b>299 532</b>	<b>7 920</b>	<b>6 894</b>

\* Other interest most significantly includes interest on loans to associates and joint arrangements of R13 million (2023: R13 million), dividends on redeemable preference shares of R18 million (2023: R11 million), interest on other loans of R7 million (2023: Rnil), interest from the South African Revenue Service of R2 million (2023: R5 million) and interest on tenant loans of R2 million (2023: R2 million). In the prior year other interest further included R52 million relating to the settlement of the Jindal (BVI) Limited loan (refer to note 30).

	Group		Company	
	2024 R'000	2023 R'000	2024 R'000	2023 R'000
<b>30. INVESTMENT SURPLUS</b>				
Gain on disposal of investment properties	4 165	14 080	-	-
Gain on changes in holdings of equity-accounted investments (refer to note 6)	203 563	32 567	-	-
Hedging reserves recycled on disposal of equity-accounted investments (refer to notes 6 and 17)	(4 116)	-	-	-
Gain on disposal of subsidiaries	-	339	-	-
Gain on disposal of associates and joint arrangements (refer to note 6)	286 616	25 398	94 451	65 500
Gain on settlement of litigation proceedings*	-	80 000	-	-
	<b>490 228</b>	<b>152 384</b>	<b>94 451</b>	<b>65 500</b>

\* The Group had previously advanced a loan equivalent to US\$5 million to a former subsidiary of Jindal Steel & Power (Mauritius) Limited (Jindal). The Group subsequently entered into legal proceedings against Jindal with regard to the validity of the funding arrangements, with a settlement agreement being concluded between the parties during the prior year. In terms of this settlement the Group received R132 million as settlement of the loan, interest thereon (refer to note 29) and legal costs incurred.

	Group		Company	
	2024 R'000	2023 R'000	2024 R'000	2023 R'000
<b>31. IMPAIRMENT REVERSALS</b>				
Impairment reversal on property, plant and equipment (refer to note 1)	-	3	-	-
Impairment reversal on intangible assets (refer to note 4)	-	2 409 027	-	-
Impairment reversal on investments in associates and joint arrangements (refer to note 6)	-	754 954	-	96 250
Impairment reversal on investments in subsidiary company shares (refer to note 8)	-	-	319 580	2 885 733
Impairment reversal on loans to subsidiary companies (refer to note 8)	-	-	146 184	1 492
	-	3 163 984	465 764	2 983 475

	Group	
	2024 R'000	2023 R'000
<b>32. ASSET IMPAIRMENTS</b>		
Impairment of property, plant and equipment (refer to note 1)	95 799	142 905
Impairment of right-of-use assets (refer to note 26)	-	5 455
Impairment of intangible assets (refer to note 4)	2 715 723	249 950
	2 811 522	398 310

	Group		Company	
	2024 R'000	2023 R'000	2024 R'000	2023 R'000
<b>33. IMPAIRMENT OF GOODWILL AND INVESTMENTS</b>				
Impairment of investments in subsidiaries (refer to note 8)	-	-	1 367 639	85 065
Impairment of investments in associates and joint arrangements (refer to note 6)	13 181	-	-	-
	13 181	-	1 367 639	85 065

	Group		Company	
	2024 R'000	2023 R'000	2024 R'000	2023 R'000
<b>34. FINANCE COSTS</b>				
Interest	1 229 280	1 031 798	4 236	9 630
Day one loss on loans to LPM site owners (refer to note 39.3)	6 070	8 058	-	-
Preference dividends	189 803	155 005	-	-
	1 425 153	1 194 861	4 236	9 630

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024 (CONTINUED)

	Group		Company	
	2024 R'000	2023 R'000	2024 R'000	2023 R'000
<b>35. PROFIT BEFORE TAXATION</b>				
The following items have been included in arriving at profit before taxation:				
Auditor's remuneration				
- Audit fees – current year	52 624	48 435	-	-
- Audit fees – prior year	456	678	-	-
- Other services	5 986	3 785	-	-
Consultancy fees	95 301	92 837	-	115
Expected credit loss allowance, net of reversals	17 469	15 305	-	-
Foreign exchange (gains)/losses	(8 614)	16 591	-	-
Gaming levies	972 982	974 188	-	-
Government grant income	(20 669)	(22 952)	-	-
Cost of sales				
- Branded products and manufacturing	2 695 686	2 502 994	-	-
- Coal mining	1 660 601	1 456 703	-	-
- Media and broadcasting	148 060	175 441	-	-
- Transport	163 887	58 865	-	-
Leases				
- Short-term lease expenses	43 188	38 581	-	-
- Low-value lease expenses	8 800	7 552	-	-
- Expenses relating to variable lease payments not included in the measurement of lease liabilities	116 165	111 092	-	-
- Rent concessions	-	(2 200)	-	-
Net insurance claims from insurance business	-	5 542	-	-
Insurance claims expense	-	3 106	-	-
Reinsurance claims adjustments, net of recoveries	-	2 436	-	-
Defined contribution plan expenses	128 525	100 310	-	-
(Profit)/loss on disposal of property, plant and equipment	(9 194)	33 808	-	-
Research and development	3 005	2 588	-	-
Secretarial fees	73	26	-	-
Share-based payments	74 670	121 290	-	-
Staff costs	3 777 387	3 604 362	-	-
VAT on net gaming win	1 153 103	1 140 598	-	-

	Group		Company	
	2024 R'000	2023 R'000	2024 R'000	2023 R'000
<b>36. TAXATION</b>				
<b>South African taxes</b>				
Current normal tax	1 006 329	918 371	14 225	1 490
Prior-year normal tax	4 627	(11 013)	333	-
Deferred normal tax	(661 332)	713 395	-	-
Deferred tax – prior-year under/(over) provision	38 646	(711)	-	-
	<b>388 270</b>	<b>1 620 042</b>	<b>14 558</b>	<b>1 490</b>

### 36. TAXATION continued

	Group		Company	
	2024 %	2023 %	2024 %	2023 %
<b>Reconciliation of tax rate</b>				
Normal tax rate	27	27	27	27
<b>Exempt income/credits</b>				
Dividend income	(2)	–	(82)	(5)
Share of profits of associates and joint ventures	(9)	(1)	–	–
Impairment reversals	–	(3)	(31)	(22)
Other non-taxable income	(1)	–	–	–
<b>Expenses/debits not deductible for tax purposes</b>				
Impairment of non-current assets	1	–	93	–
Share of losses of associates and joint ventures	13	–	–	–
Non-deductible preference dividends accrued	5	1	–	–
Expenses disallowed for tax purposes	2	–	2	–
Foreign losses not deductible in South Africa	1	–	–	–
<b>Capital gains tax rate differentials:</b>				
Gain on disposal of shares	(6)	–	(5)	–
Fair value adjustments on investment property and shares	1	–	–	–
<b>Other</b>				
Deferred tax asset not recognised on assessed losses	2	–	–	–
Prior-year charges (net)	4	–	–	–
Raising of deferred tax assets	(3)	–	–	–
Specific allowable deductions	(1)	–	–	–
<b>Effective tax rate</b>	<b>34</b>	<b>24</b>	<b>4</b>	<b>–</b>

The income tax relating to each component of other comprehensive income is set out below:

	R'000	R'000
Cash flow hedges	22 616	(10 599)
Revaluation of owner-occupied land and buildings on transfer to investment properties	(918)	–
Actuarial gains on post-employment benefit liabilities	(1 390)	(3 580)
	<b>20 308</b>	<b>(14 179)</b>

Various subsidiaries have incurred operating losses which result in losses for tax purposes. Losses for tax purposes available for set-off against future taxable income and for which deferred tax assets have not been raised are estimated at:

	Group		Company	
	2024 R'000	2023 R'000	2024 R'000	2023 R'000
– Normal tax	1 309 480	650 993	–	–
– Capital gains tax	396 869	408 577	–	70 751
Tax relief at current rates:				
– Normal tax	353 560	175 768	–	–
– Capital gains tax	85 724	88 253	–	15 282

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024 (CONTINUED)

		Group	
		2024 R'000	2023 R'000
<b>37. DISCONTINUED OPERATIONS</b>			
Loss from discontinued operations		-	(9 064)
<b>37.1</b>	During the prior year the directors of the Group's branded products and manufacturing operations resolved to dispose of one of its subsidiaries, CLM Home Proprietary Limited (CLM Home). The disposal was effective on 1 March 2023 and the results of CLM Home were consequently included in discontinued operations in the prior year.		
	<b><i>Loss from discontinued operations relating to Deneb Investments Limited</i></b>		
	Revenue	-	21 548
	Other operating expenses and income	-	(27 256)
	Loss before taxation	-	(5 708)
	Taxation	-	-
	Loss after taxation	-	(5 708)
	<b><i>Cash flows from discontinued operations</i></b>		
	Cash flows from operating activities	-	15 464
	Cash flows from investing activities	-	815
		-	16 279
<b>37.2</b>	The eMedia group's discontinued operations for the prior year include the results of Silverline Studios Proprietary Limited as well as its Crystal Brook Distribution and Niveus 13 operations, following a decision by the eMedia board of directors to discontinue the operations of these entities. Prior-year discontinued operations further include the results of Searle Street Post Production Proprietary Limited, Moonlighting Films Proprietary Limited and Reel Pay Proprietary Limited, all of which were subsidiaries disposed of during the 2023 financial year.		
	<b><i>Loss from discontinued operations relating to eMedia Holdings Limited</i></b>		
	Revenue	-	24 347
	Other operating expenses and income	-	(16 883)
	Investment income	-	244
	Depreciation and amortisation	-	(646)
	Loss on disposal of subsidiaries	-	(3 896)
	Profit before taxation	-	3 166
	Taxation	-	(6 522)
	Loss after taxation	-	(3 356)
	<b><i>Cash flows from discontinued operations</i></b>		
	Cash flows from operating activities	-	(2 789)
	Cash flows from financing activities	-	7 182
		-	4 393

Refer to note 15.2 for details of assets and liabilities relating to the above discontinued operations that have been classified as held for sale.

		Group	
		2024 R'000	2023 R'000
<b>38. EARNINGS PER SHARE</b>			
<b>38.1</b>	Earnings per share as presented on the statement of profit or loss is based on the weighted average number of 80 870 140 ordinary shares in issue (2023: 80 870 140).		
<b>38.2</b>	Diluted earnings per share is based on the weighted average number of 82 591 023 ordinary shares in issue (2023: 82 303 289). 365 911 share options issued in terms of The HCI Employee Share Scheme (2023: 378 412) have not been included due to the options being anti-dilutive.		
	<b>Reconciliation of weighted average number of shares:</b>		
	Used in calculation of earnings per share	<b>80 870 140</b>	80 870 140
	Options outstanding in employee share scheme	<b>1 720 883</b>	1 433 149
	Used in calculation of diluted earnings per share	<b>82 591 023</b>	82 303 289
<b>38.3</b>	Headline earnings/(losses) per share (cents)	<b>1 453.62</b>	2 050.67
	– Continuing operations	<b>1 453.62</b>	2 056.31
	– Discontinued operations	-	(5.64)
	Diluted headline earnings/(losses) per share (cents)	<b>1 423.33</b>	2 014.97
	– Continuing operations	<b>1 423.33</b>	2 020.51
	– Discontinued operations	-	(5.54)

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024 (CONTINUED)

	2024		2023	
	Gross R'000	Net R'000	Gross R'000	Net R'000
<b>38. EARNINGS PER SHARE continued</b>				
<b>38.3</b> Headline earnings/(losses) per share (cents) (continued)				
<b>Reconciliation of headline earnings:</b>				
Earnings attributable to equity holders of the parent		651 898		3 207 067
Losses on disposal of property	-	-	33 410	6 880
(Gains)/losses on disposal of plant and equipment	(9 194)	(5 140)	398	(123)
Impairment of property, plant and equipment (refer to note 32)	95 799	43 219	142 905	50 616
Losses on disposal of subsidiaries (refer to notes 30 and 37)	-	-	3 557	1 780
Gains on disposal of interests in equity- accounted investments (refer to note 30)	(286 616)	(276 251)	(25 398)	(25 398)
Gains on changes in holdings of equity- accounted investments (refer to note 30)	(203 563)	(187 288)	(32 567)	(31 353)
Hedging reserves recycled on disposal of equity- accounted investments (refer to note 30)	4 116	4 116	-	-
Impairment of equity-accounted investments (refer to note 33)	13 181	13 181	-	-
Reversal of impairment of equity-accounted investments (refer to note 31)	-	-	(754 954)	(694 222)
Reversal of impairment of assets (refer to note 31)	-	-	(2 409 030)	(874 548)
Impairment of intangible assets (refer to note 32)	2 715 723	990 644	249 950	91 130
Gains on disposal of investment properties (refer to note 30)	(4 165)	(2 773)	(14 080)	(11 001)
Fair value adjustments on investment properties	(38 044)	(18 369)	(80 295)	(54 091)
Impairment of right-of-use assets (refer to note 32)	-	-	5 455	1 268
Insurance claims for capital assets	(13 844)	(7 073)	(22 934)	(13 567)
Remeasurements included in equity-accounted (losses)/earnings of associates and joint ventures	(33 280)	(30 619)	(10 447)	3 940
- Losses on disposal of plant and equipment	777	715	-	-
- Gains on disposal of subsidiaries	(1 473)	(1 355)	(166 867)	(153 438)
- Impairment of equity-accounted investments	-	-	82 148	82 148
- Impairment of intangible assets	-	-	71 530	71 377
- Fair value adjustments on investment properties	(32 584)	(29 979)	(1 380)	(1 269)
- Other	-	-	4 122	5 122
Headline earnings		<b>1 175 545</b>		<b>1 658 378</b>

	Group		Company	
	2024 R'000	2023 R'000	2024 R'000	2023 R'000
<b>39. NOTES TO THE CASH FLOW STATEMENT</b>				
<b>39.1 Cash generated by operations</b>				
Profit for the year	745 688	5 078 708	383 369	3 699 471
Taxation	388 270	1 626 564	14 558	1 490
Depreciation and amortisation	1 218 507	1 162 413	-	-
Share-based payments	31 231	28 612	-	-
(Gains)/losses on disposal of property, plant and equipment	(9 194)	33 808	-	-
Impairment of goodwill and investments (refer to note 33)	13 181	-	1 367 639	85 065
Other impairments (refer to note 32)	2 811 522	398 310	-	-
Equity-accounted losses/(profits) of associates and joint arrangements	171 751	(198 348)	-	-
Forex translation	(6 176)	8 719	-	-
Fair value adjustments on investment properties	(38 044)	(80 295)	-	-
Fair value adjustments on financial instruments	59 807	70 843	(6 483)	848
Investment income	(258 649)	(299 776)	(7 920)	(6 894)
Finance costs	1 425 153	1 194 861	4 236	9 630
Non-cash dividends received	-	-	(35 768)	-
Investment surplus	(490 228)	(152 384)	(94 451)	(65 500)
Movement in provisions	6 841	77 678	-	-
Operating equipment usage	31 631	38 189	-	-
Post-retirement medical aid benefits (refer to note 20.2)	12 305	11 581	-	-
Long-term incentive charges (refer to note 21)	43 439	92 678	-	-
Loss on disposal of discontinued operations (refer to note 37.2)	-	3 896	-	-
Operating lease equalisation asset	163	3 835	-	-
Impairment reversals (refer to note 31)	-	(3 163 984)	(465 764)	(2 983 475)
Amortisation of intangible assets through operating expenses (refer to note 4)	11 041	10 576	-	-
Inventory write-down	4 064	3 369	-	-
Rent concessions (refer to note 26)	-	(2 200)	-	-
Expected credit loss allowance, net of reversals	17 469	15 305	-	-
Proceeds from insurance claims for capital assets	(13 844)	(22 934)	-	-
Gains on termination and modification of leases*	(16 135)	(6 792)	-	-
Government grants*	2 364	10 000	-	-
Deferred revenue and income*	(5 832)	1 338	-	-
Other non-cash items*	1 944	(3 803)	-	-
	<b>6 158 269</b>	<b>5 940 767</b>	<b>1 159 416</b>	<b>740 635</b>
<b>39.2 Changes in working capital</b>				
Inventory	107 008	(166 177)	-	-
Programming rights	(334 027)	33 264	-	-
Trade and other receivables	(126 559)	26 368	1 586	(455)
Trade and other payables	(11 866)	(383 980)	140	61
	<b>(365 444)</b>	<b>(490 525)</b>	<b>1 726</b>	<b>(394)</b>

\* Prior-year balances restated for the separate disclosure of gains on termination and modification of leases, government grants and deferred revenue and income.

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024 (CONTINUED)

	Group		Company	
	2024 R'000	2023 R'000	2024 R'000	2023 R'000
<b>39. NOTES TO THE CASH FLOW STATEMENT continued</b>				
<b>39.3 Finance costs paid</b>				
Finance costs per statement of profit or loss				
– Continuing operations	(1 425 153)	(1 194 861)	(4 236)	(9 630)
Cash flow hedges reclassified to profit or loss (refer to note 7)	(54 310)	–	–	–
Cash flow hedge ineffectiveness to profit or loss (refer to note 7)	–	(78 206)	–	–
Net finance costs on interest-bearing debt capitalised (refer to note 19)	7 813	18 386	–	4 987
Deemed finance costs on interest-free loans (refer to note 34)	6 070	8 058	–	–
Finance raising fees capitalised to borrowings (refer to note 19)	(795)	–	–	–
Amortisation of finance raising fees capitalised to borrowings (refer to note 19)	2 773	3 065	–	–
Finance costs capitalised to property, plant and equipment (refer to note 1)	(2 182)	–	–	–
Net swap interest paid (refer to note 7)	(2 813)	(9 805)	–	–
Imputed interest on rehabilitation provision	4 152	4 402	–	–
	<b>(1 464 445)</b>	<b>(1 248 961)</b>	<b>(4 236)</b>	<b>(4 643)</b>
<b>39.4 Taxation paid</b>				
Receivable/(payable) at the beginning of the year	35 621	49 304	(243)	(6)
Charges to the statement of profit or loss	(1 010 956)	(907 358)	(14 558)	(1 490)
Business combinations/disposal of subsidiaries	–	1 985	–	–
(Receivable)/payable at the end of the year	(420)	(35 621)	44	243
	<b>(975 755)</b>	<b>(891 690)</b>	<b>(14 757)</b>	<b>(1 253)</b>
<b>39.5 Dividends paid</b>				
Unclaimed dividends at 1 April	(31 934)	(25 956)	(2 302)	(2 302)
Dividends declared during the year	(701 855)	(504 800)	–	(42 816)
Dividends to non-controlling shareholders applied as loan repayments (refer to note 11)	918	–	–	–
Unclaimed dividends at 31 March (refer to note 24)	33 143	31 934	2 302	2 302
	<b>(699 728)</b>	<b>(498 822)</b>	<b>–</b>	<b>(42 816)</b>
<b>39.6 Business combinations/disposal of subsidiaries</b>				
Net cash outflow from acquisitions	–	(319 558)	–	–
Net cash inflow from disposals	–	43 251	–	–
	<b>–</b>	<b>(276 307)</b>	<b>–</b>	<b>–</b>

	Group		Company	
	2024 R'000	2023 R'000	2024 R'000	2023 R'000
<b>39. NOTES TO THE CASH FLOW STATEMENT continued</b>				
<b>39.7 Intangible asset additions</b>				
Additions to intangible assets (refer to note 4)	(87 805)	(171 912)	-	-
Additions to mining intangible assets (refer to note 5)	(2 803)	(3 278)	-	-
Utilisation of mining rehabilitation provision (refer to note 22)	(17 513)	(15 791)	-	-
Capital expenditure creditors repaid	(553)	(8)	-	-
	<b>(108 674)</b>	<b>(190 989)</b>	<b>-</b>	<b>-</b>
<b>39.8 Property, plant and equipment additions</b>				
Additions to property, plant and equipment (refer to note 1)	(1 335 137)	(1 157 059)	-	-
New instalment sale agreements (refer to note 19)	173 047	71 934	-	-
Capital expenditure creditors raised	10 860	8 791	-	-
	<b>(1 151 230)</b>	<b>(1 076 334)</b>	<b>-</b>	<b>-</b>
<b>39.9 Cash and cash equivalents</b>				
Bank balances and deposits	1 712 305	2 091 878	11 301	454
Bank overdrafts	(107 143)	(148 033)	-	(125)
Cash in disposal Group assets held for sale (refer to note 15)	289	289	-	-
	<b>1 605 451</b>	<b>1 944 134</b>	<b>11 301</b>	<b>329</b>

#### Foreign currency exposure

The carrying values of cash and cash equivalents denominated in foreign currencies are detailed in note 46.1.1.

#### Fair value of cash and cash equivalents

The carrying value of cash and cash equivalents approximates fair value due to the short-term maturity of these instruments.

#### Encumbrances

Details of the assets that serve as security for borrowings are presented in note 19.

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024 (CONTINUED)

## 40. HCI EMPLOYEE SHARE OPTION SCHEME

The Group operates a share option scheme, The HCI Employee Share Scheme (the Scheme), in terms of which shares in the Group are offered on a share option basis to participants, provided they remain in the Group's employ until the options vest. Any gain realised on the exercise of these options is settled on a net equity basis, whereby the participant receives that number of shares that equates in value to the gain made on exercise date.

Options must be exercised within six months of the vesting date, whereafter the options lapse. Options vest over periods of three to five years. These vesting periods may be varied by the board of directors.

Share options granted to eligible participants that have not yet become unconditional:

	2024		2023	
	Number of share options	Weighted average exercise price R	Number of share options	Weighted average exercise price R
Balance at the beginning of the year	3 013 894	71.25	3 347 526	65.28
Options granted	-	-	365 497	158.39
Options vested and expired	(28 075)	100.35	(699 129)	88.22
Balance at the end of the year	2 985 819	70.98	3 013 894	71.25

The fair value of options granted is measured using the Black-Scholes model. Share options granted in the prior year were fair valued using a volatility indicator of 56% and an annual discount rate of 7%. No share options were granted during the current year. The cost relating to options is recognised by allocating the fair value over the vesting period on a straight-line basis. The Group recognised an expense of R31 million (2023: R29 million) relating to the Scheme in its profit or loss for the year.

The volume weighted average share price during the current year was R198.71 (2023: R169.30).

There were no vested but unexercised options at the reporting date.

The options issued in terms of the Scheme and outstanding at 31 March 2024 become unconditional between the following dates:

	Exercise price R	Number of share options	
		2024	2023
28 August 2023 and 28 February 2024	117.78	-	11 804
29 August 2023 and 29 February 2024	87.71	-	16 271
29 August 2024 and 28 February 2025	87.71	16 270	16 270
13 December 2024 and 13 June 2025	69.44	401 064	401 064
18 December 2024 and 18 June 2025	49.30	700 445	700 445
1 December 2025 and 1 June 2026	158.39	8 107	8 107
13 December 2025 and 13 June 2026	69.44	401 059	401 059
18 December 2025 and 18 June 2026	49.30	700 435	700 435
1 December 2026 and 1 June 2027	158.39	349 284	349 284
13 December 2026 and 13 June 2027	69.44	401 049	401 049
1 December 2027 and 1 June 2028	158.39	8 106	8 106
		2 985 819	3 013 894

A maximum number of 2 131 647 (2023: 2 152 190) shares may be issued in respect of 2 985 819 (2023: 3 013 894) options issued in terms of the Scheme.

The maximum number of shares that may be utilised for the purposes of the Scheme is 10 500 000 shares. In addition to the options in issue at the reporting date and shares already delivered to participants, a further 7 754 306 (2023: 7 733 763) shares may be utilised by the Scheme. No options were issued in terms of the Scheme during the year (2023: 365 497) and no shares were delivered to participants during the current or prior year.

	2024		2023	
	Number of share options	Weighted average exercise price R	Number of share options	Weighted average exercise price R
<b>40. HCI EMPLOYEE SHARE OPTION SCHEME continued</b>				
Options granted to executive directors:				
<b>JA Copelyn</b>				
Balance at the beginning of the year	750 998	68.89	860 194	64.60
Options granted	-	-	81 255	158.39
Options expired	-	-	(190 451)	87.71
Balance at the end of the year	750 998	68.89	750 998	68.89
Unconditional between the following dates:				
13 December 2024 and 13 June 2025	96 793	69.44	96 793	69.44
18 December 2024 and 18 June 2025	189 682	49.30	189 682	49.30
13 December 2025 and 13 June 2026	96 793	69.44	96 793	69.44
18 December 2025 and 18 June 2026	189 682	49.30	189 682	49.30
1 December 2026 and 1 June 2027	81 255	158.39	81 255	158.39
13 December 2026 and 13 June 2027	96 793	69.44	96 793	69.44
<b>JR Nicolella</b>				
Balance at the beginning of the year	390 334	68.89	464 560	65.47
Options granted	-	-	42 233	158.39
Options expired	-	-	(116 459)	87.71
Balance at the end of the year	390 334	68.89	390 334	68.89
Unconditional between the following dates:				
13 December 2024 and 13 June 2025	50 309	69.44	50 309	69.44
18 December 2024 and 18 June 2025	98 588	49.30	98 588	49.30
13 December 2025 and 13 June 2026	50 308	69.44	50 308	69.44
18 December 2025 and 18 June 2026	98 588	49.30	98 588	49.30
1 December 2026 and 1 June 2027	42 233	158.39	42 233	158.39
13 December 2026 and 13 June 2027	50 308	69.44	50 308	69.44
<b>TG Govender</b>				
Balance at the beginning of the year	325 794	68.89	406 410	66.49
Options granted	-	-	35 250	158.39
Options expired	-	-	(115 866)	87.71
Balance at the end of the year	325 794	68.89	325 794	68.89
Unconditional between the following dates:				
13 December 2024 and 13 June 2025	41 990	69.44	41 990	69.44
18 December 2024 and 18 June 2025	82 287	49.30	82 287	49.30
13 December 2025 and 13 June 2026	41 990	69.44	41 990	69.44
18 December 2025 and 18 June 2026	82 287	49.30	82 287	49.30
1 December 2026 and 1 June 2027	35 250	158.39	35 250	158.39
13 December 2026 and 13 June 2027	41 990	69.44	41 990	69.44

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FOR THE YEAR ENDED 31 MARCH 2024 (CONTINUED)

	2024		2023	
	Number of share options	Weighted average exercise price R	Number of share options	Weighted average exercise price R
<b>40. HCI EMPLOYEE SHARE OPTION SCHEME continued</b>				
Options granted to executive directors:				
<b>Y Shaik</b>				
Balance at the beginning of the year	323 351	68.89	366 902	64.38
Options granted	-	-	34 985	158.39
Options expired	-	-	(78 536)	87.71
Balance at the end of the year	323 351	68.89	323 351	68.89
Unconditional between the following dates:				
13 December 2024 and 13 June 2025	41 676	69.44	41 676	69.44
18 December 2024 and 18 June 2025	81 670	49.30	81 670	49.30
13 December 2025 and 13 June 2026	41 675	69.44	41 675	69.44
18 December 2025 and 18 June 2026	81 670	49.30	81 670	49.30
1 December 2026 and 1 June 2027	34 985	158.39	34 985	158.39
13 December 2026 and 13 June 2027	41 675	69.44	41 675	69.44

## 41. DIRECTORS' SHAREHOLDINGS

	Direct beneficial		Indirect beneficial		Associates	
	Number	% holding	Number	% holding	Number	% holding
<b>2024</b>						
<b>Executive directors</b>						
JA Copelyn*	-	-	6 490 077	7.6	8 496 901	9.9
JR Nicolella	152 097	0.2	-	-	20 410	-
TG Govender	-	-	17 250	-	915 534	1.1
Y Shaik	66 755	0.1	-	-	-	-
<b>Non-executive directors</b>						
L McDonald	1 100	-	-	-	-	-
JG Ngcobo	1 750	-	-	-	-	-
	221 702	0.3	6 507 327	7.6	9 432 845	11.0
<b>2023</b>						
<b>Executive directors</b>						
JA Copelyn	-	-	6 490 077	7.6	7 906 901	9.2
JR Nicolella	152 097	0.2	-	-	20 410	-
TG Govender	-	-	17 250	-	915 534	1.1
Y Shaik	66 755	0.1	-	-	-	-
<b>Non-executive directors</b>						
L McDonald	1 100	-	-	-	-	-
JG Ngcobo	1 750	-	-	-	-	-
	221 702	0.3	6 507 327	7.6	8 842 845	10.3

\* An associate of JA Copelyn purchased 125 000 shares on 13 June 2024 at R160.00 per share.

Other than as mentioned above, there were no changes in directors' shareholdings between 31 March 2024 and the date of issue of this report.

## 42. DIRECTORS' EMOLUMENTS

	Note	Board fees R'000	Salary R'000	Other benefits R'000	Share-based payment expense R'000	Bonus R'000	Total R'000
<b>2024</b>							
<b>Executive directors*</b>							
JA Copelyn		-	9 218	-	7 537	6 913	23 668
JR Nicolella		-	5 624	125	3 918	3 737	13 404
TG Govender		-	2 399	-	3 270	1 560	7 229
Y Shaik		-	4 763	-	3 245	3 096	11 104
<b>Non-executive directors</b>							
MH Ahmed	1	857	-	-	-	-	857
MF Magugu	2	575	-	-	-	-	575
L McDonald		377	-	-	-	-	377
SNN Mkhwanazi		377	-	-	-	-	377
VE Mphande	3	1 485	-	-	-	-	1 485
JG Ngcobo	4	693	-	-	-	-	693
R Watson	5	1 565	-	-	-	-	1 565
		<b>5 929</b>	<b>22 004</b>	<b>125</b>	<b>17 970</b>	<b>15 306</b>	<b>61 334</b>

\* All executive directors have normal employment contracts and notice periods of three months. Details on the remuneration packages and other benefits of these directors are presented in the report of the remuneration committee in the integrated annual report.

<sup>1</sup> Includes R188 292 audit and risk committee fees and R292 000 board fees paid by subsidiary companies.

<sup>2</sup> Includes R99 150 social and ethics committee fees and R99 000 board fees paid by subsidiary companies.

<sup>3</sup> Includes R1 108 000 board fees paid by subsidiary companies.

<sup>4</sup> Includes R70 842 audit and risk committee fees, R70 842 remuneration committee fees, R46 608 social and ethics committee fees and R128 000 board fees paid by subsidiary companies.

<sup>5</sup> Includes R70 842 audit and risk committee fees, R70 842 remuneration committee fees, R46 608 social and ethics committee fees and R1 000 000 board fees paid by subsidiary companies.

	Note	Board fees R'000	Salary R'000	Other benefits R'000	Share-based payment expense R'000	Bonus R'000	Total R'000
<b>2023</b>							
<b>Executive directors</b>							
JA Copelyn		-	8 623	-	7 045	6 467	22 135
JR Nicolella		-	5 276	102	3 733	3 496	12 607
TG Govender		-	2 244	-	3 193	1 459	6 896
Y Shaik		-	4 455	-	3 019	2 896	10 370
<b>Non-executive directors</b>							
MH Ahmed	1	808	-	-	-	-	808
MF Magugu	2	447	-	-	-	-	447
L McDonald		354	-	-	-	-	354
SNN Mkhwanazi-Sigege		354	-	-	-	-	354
VE Mphande	3	1 415	-	-	-	-	1 415
JG Ngcobo	4	651	-	-	-	-	651
R Watson	5	1 494	-	-	-	-	1 494
		<b>5 523</b>	<b>20 598</b>	<b>102</b>	<b>16 990</b>	<b>14 318</b>	<b>57 531</b>

<sup>1</sup> Includes R177 042 audit and risk committee fees and R277 000 board fees paid by subsidiary companies.

<sup>2</sup> Includes R93 092 remuneration committee fees.

<sup>3</sup> Includes R1 061 000 board fees paid by subsidiary companies.

<sup>4</sup> Includes R66 621 audit and risk committee fees, R66 621 remuneration committee fees, R43 800 social and ethics committee fees and R120 000 board fees paid by subsidiary companies.

<sup>5</sup> Includes R66 621 audit and risk committee fees, R66 621 remuneration committee fees, R43 800 social and ethics committee fees and R963 000 board fees paid by subsidiary companies.

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024 (CONTINUED)

## 43. SEGMENT INFORMATION

The following are the summarised results for the various reportable operating segments:

	Revenue		Net gaming win	
	2024 R'000	2023 R'000	2024 R'000	2023 R'000
<b>Continuing operations</b>				
Media and broadcasting	3 059 299	3 125 051	-	-
Gaming	1 655 750	1 518 592	9 672 551	9 626 677
Transport	2 603 872	2 391 748	-	-
Properties	307 467	233 926	-	-
Coal mining	2 236 850	2 115 290	-	-
Branded products and manufacturing	3 373 021	3 148 963	-	-
Other	69 746	41 989	-	-
	<b>13 306 005</b>	<b>12 575 559</b>	<b>9 672 551</b>	<b>9 626 677</b>
<b>Discontinued operations</b>				
Media and broadcasting	-	24 347	-	-
Branded products and manufacturing	-	21 548	-	-
	<b>-</b>	<b>45 895</b>	<b>-</b>	<b>-</b>

	Property rental income		Interest income	
	2024 R'000	2023 R'000	2024 R'000	2023 R'000
<b>Continuing operations</b>				
Media and broadcasting	17 681	17 124	25 455	21 323
Gaming	175 775	155 849	44 420	60 466
Transport	-	-	56 981	32 583
Properties	389 012	369 344	10 508	6 669
Coal mining	-	-	9 974	18 507
Branded products and manufacturing	154 686	140 824	1 370	1 624
Other	17 516	13 558	46 785	83 988
	<b>754 670</b>	<b>696 699</b>	<b>195 493</b>	<b>225 160</b>

	Finance costs		Segment result (profit/(loss) before tax)	
	2024 R'000	2023 R'000	2024 R'000	2023 R'000
<b>Continuing operations</b>				
Media and broadcasting	67 105	45 614	501 521	569 357
Gaming	749 017	666 313	(336 168)	4 168 409
Hotels	-	-	369 787	1 225 326
Transport	23 897	16 469	515 059	387 995
Properties	203 726	179 482	168 301	197 015
Coal mining	14 628	4 402	319 695	433 490
Branded products and manufacturing	124 686	89 884	132 698	204 942
Oil and gas prospecting	-	-	(528 175)	(226 852)
Palladium prospecting	-	-	(25 118)	(21 638)
Other	242 094	192 697	16 358	(230 230)
	<b>1 425 153</b>	<b>1 194 861</b>	<b>1 133 958</b>	<b>6 707 814</b>

#### 43. SEGMENT INFORMATION continued

	Segment result (loss after tax)	
	2024 R'000	2023 R'000
<b>Discontinued operations</b>		
Media and broadcasting	-	(3 356)
Branded products and manufacturing	-	(5 708)
	-	(9 064)

	Assets		Liabilities	
	2024 R'000	2023 R'000	2024 R'000	2023 R'000
Media and broadcasting	3 943 382	3 434 748	1 463 124	1 050 365
Gaming	27 878 542	30 651 744	13 524 934	14 688 845
Hotels	3 846 267	3 243 932	-	-
Transport	2 177 720	2 270 941	907 107	829 901
Coal mining	1 060 299	967 395	360 608	372 991
Properties	4 000 695	3 887 681	2 364 319	2 360 907
Branded products and manufacturing	3 457 524	3 531 039	1 680 089	1 811 556
Oil and gas prospecting	3 336 533	2 371 206	-	-
Palladium prospecting	609 750	549 649	-	-
Other	909 956	954 588	2 726 847	2 583 396
	51 220 668	51 862 923	23 027 028	23 697 961

	Property, plant and equipment additions		Depreciation and amortisation	
	2024 R'000	2023 R'000	2024 R'000	2023 R'000
Media and broadcasting	89 383	93 895	118 276	106 947
Gaming	776 300	541 229	757 320	804 880
Transport	228 472	104 000	105 394	99 788
Properties	21 652	3 930	9 387	8 536
Coal mining	112 743	168 347	129 444	61 653
Branded products and manufacturing	87 183	239 168	94 792	76 882
Other	19 404	6 490	3 894	3 081
	1 335 137	1 157 059	1 218 507	1 161 767

Amounts applicable to associates and joint arrangements included above:

	Equity-accounted earnings/(losses)		Investment in associates and joint ventures	
	2024 R'000	2023 R'000	2024 R'000	2023 R'000
Media and broadcasting	9 521	11 286	54 244	155 414
Gaming	8 765	9 596	35 441	26 676
Hotels	369 787	470 372	3 846 267	3 243 932
Transport	2 533	7 239	3 515	5 982
Properties	1 395	(5)	1 465	70
Oil and gas prospecting	(528 175)	(226 852)	3 336 533	2 371 206
Palladium prospecting	(25 118)	(21 638)	609 750	549 649
Other	(10 459)	(51 650)	44 925	112 378
	(171 751)	198 348	7 932 140	6 465 307

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024 (CONTINUED)

## 43. SEGMENT INFORMATION continued

	Net (impairments)/ impairment reversals		Fair value (losses)/gains on investment properties	
	2024 R'000	2023 R'000	2024 R'000	2023 R'000
Media and broadcasting	-	3	-	-
Gaming	(2 801 224)	2 024 806	(5 493)	(16 711)
Hotels	-	754 954	-	-
Transport	(8 711)	(7 946)	-	-
Properties	-	-	42 967	71 056
Branded products and manufacturing	(1 587)	(6 143)	570	10 682
Other	(13 181)	-	-	15 268
	<b>(2 824 703)</b>	<b>2 765 674</b>	<b>38 044</b>	<b>80 295</b>

	Investment surplus		Fair value adjustments on financial instruments	
	2024 R'000	2023 R'000	2024 R'000	2023 R'000
Properties	-	13 827	-	-
Coal mining	-	-	25 366	-
Branded products and manufacturing	4 042	199	-	-
Other	486 186	138 358	(85 173)	(70 843)
	<b>490 228</b>	<b>152 384</b>	<b>(59 807)</b>	<b>(70 843)</b>

	Staff costs	
	2024 R'000	2023 R'000
Media and broadcasting	314 272	301 626
Gaming	1 750 963	1 691 744
Transport	921 672	852 733
Properties	47 882	38 631
Coal mining	42 416	39 131
Branded products and manufacturing	601 797	590 909
Other	98 385	89 588
	<b>3 777 387</b>	<b>3 604 362</b>

	Group	
	2024 R'000	2023 R'000
Group income is attributable to the following geographical areas:		
South Africa	23 628 150	22 783 980
Other African countries and Middle East	101 802	107 818
Europe and United Kingdom	3 274	7 137
	<b>23 733 226</b>	<b>22 898 935</b>
Non-current assets <sup>1</sup> of the Group are held in the following geographical areas:		
South Africa	38 918 697	40 939 080
Other African countries and Middle East	28	-
Europe and United Kingdom	3 346 952	2 371 224
Canada	609 750	549 649
	<b>42 875 427</b>	<b>43 859 953</b>

<sup>1</sup>: Excludes financial instruments and deferred tax assets.

#### 44. RELATED PARTY TRANSACTIONS

The Company's most significant shareholder is Southern African Clothing and Textile Workers Union (SACTWU) which, at the reporting date, directly owned 23.3% (2023: 24.7%) of the Company's issued share capital (excluding treasury shares).

Impact Oil & Gas, an associate of the Group as detailed in note 6, exercises significant influence over Africa Energy Corp (AEC) by means of a 36.2% interest in the company. The Group consequently has an indirect interest of 18.1% in AEC, a related party of the Group.

Tsogo Sun (TS) is a subsidiary of the Group (refer to note 8) while the Group exercises significant influence over Southern Sun (SS) (refer to note 6). A number of TS's hotel properties were managed by SS up to the prior financial year, when the TS group concluded a separation agreement with SS in respect of the cancellation of the management agreement for a fee of R399 million. Following the conclusion of the separation agreement and by the end of the prior financial year, all service and rental agreements between TS and SS had been terminated.

Transactions and balances between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed for the Group. Related party transactions and balances are as follows:

	Group		Company	
	2024 R'000	2023 R'000	2024 R'000	2023 R'000
<b>44.1</b> Dividend income from:	-	-	<b>1 211 488</b>	747 579
– Subsidiaries	-	-	<b>1 211 488</b>	744 414
– Associates and joint ventures	-	-	-	3 165
Insurance claims expense in respect of SS	-	(2 313)	-	-
Hotel management fees and royalties paid to SS	-	(31 197)	-	-
Fees paid to SS for hotel administration services	-	(15 105)	-	-
Management fees charged to SS for shared services	-	1 466	-	-
Management fees paid to SS for shared services	-	(5 980)	-	-
Tenant recoveries charged to SS	-	4 764	-	-
<b>44.2</b> Key management compensation was paid as follows:				
Salaries and other short-term employee benefits	<b>190 114</b>	196 450	-	-
Post-employment benefits	<b>2 782</b>	2 516	-	-
Other long-term benefits	<b>513</b>	465	-	-
Termination benefits	<b>592</b>	728	-	-
Share-based payments	<b>39 690</b>	-	-	-
	<b>233 691</b>	200 159	-	-
Details of directors' remuneration are disclosed in note 42.				
<b>44.3</b> Related party balances included in trade and other receivables, current borrowings and trade and other payables are as follows:				
Loans (including accrued interest) to SACTWU <sup>1</sup>	<b>9 113</b>	7 729	<b>9 113</b>	7 729
Loans (including accrued interest) to AEC <sup>1</sup>	<b>54 927</b>	-	-	-
Borrowings from SACTWU <sup>2</sup>	<b>(54 897)</b>	(54 897)	<b>(54 897)</b>	(54 897)
Net trading account balance owing to SS	-	(2 000)	-	-

<sup>1</sup> The terms of the loans to SACTWU and AEC are set out in note 14.

<sup>2</sup> The terms of the borrowings from SACTWU are set out in note 19.

Details of investments in and loans to and from associates, joint arrangements and subsidiaries are set out in notes 6, 8, 14 and annexure A.

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024 (CONTINUED)

## 45. CONTINGENCIES

### Group

The Group has established bank guarantees totalling R58.4 million (2023: R54.2 million) in favour of the Department of Mineral Resources and Energy against the future rehabilitation of its operations at Palesa Colliery. A Rehabilitation Trust Fund has been registered for this purpose with all funds invested in unit trust funds, with a carrying value of R31 million (2023: R28 million), at the reporting date.

The Group has entered into various agreements with its bankers and the respective gambling boards whereby the bank has guaranteed agreed capital amounts not exceeding R117 million (2023: R120 million) for gambling board taxes and working capital. The Group has also entered into various agreements with its bankers and respective utility boards, suppliers and municipalities whereby the bank has guaranteed agreed capital amounts not exceeding R24 million (2023: R24 million) for utility expenses. Landlord rental guarantees totalling R13 million (2023: R9 million) have also been provided through bank guarantees.

In terms of the 90-year Notarial Deed of Lease entered into with the Khara Hais Municipality, a subsidiary, Kalahari Village Mall Proprietary Limited, will have an obligation to pay rent to the lessor, monthly in arrears, from the date of commencement of trade of the Kalahari Village Mall shopping centre. The monthly rent payable will be calculated as per the following formula:

- for the first 15 years after commencement of trade: 5% of income after deduction of operating expenses; and
- for the remaining 75 years of the lease period: 8% of income after deduction of operating expenses.

A repurchase of service provision was raised, as set out in note 22, in respect of retrenchment costs that will be payable to employees should the government open public passenger transport services to competitive tendering in future. A Bus Industry Restructuring Fund was set up in 1999 to compensate employers for said retrenchment costs, however, a reliable estimate of the amount receivable cannot be made at the reporting date.

### Company

- Guarantees in favour of The Standard Bank of South Africa Limited (Standard Bank) and Rand Merchant Bank Limited (RMB) in respect of the obligations of a subsidiary, HCI Resources Proprietary Limited (formerly HCI Coal Proprietary Limited). The amount of the guarantees is limited to R54 million (2023: R54 million).
- A guarantee in favour of Sasol Oil Proprietary Limited in respect of obligations of a subsidiary, Palesa Coal Proprietary Limited. The amount of the guarantee is limited to R12 million (2023: R12 million).
- Guarantees and suretyships to First Rand Bank Limited (First Rand), ABSA Bank Limited (ABSA), Investec Bank Limited (Investec) and Standard Bank for the preference share debt granted to TIH Prefco (RF) Proprietary Limited. At 31 March 2024 an amount of R1 078 million (2023: R878 million) remained owing to First Rand in respect of preference share debt, with a further R560 million (2023: R683 million) owing to ABSA. At 31 March 2024, R200 million (2023: R200 million) and R455 million (2023: R355 million) in respect of preference share debt remained owing to Investec and Standard Bank, respectively.
- Guarantees and suretyships to Investec and ABSA for a term loan and short-term facilities granted to HCI Treasury Proprietary Limited. At 31 March 2024 an amount of R190 million (2023: R190 million) remained owing to Investec and Rnil million (2023: R30 million) to ABSA.

#### 45. CONTINGENCIES continued

##### Company continued

The Company has issued guarantees in favour of a number of financial institutions in respect of the obligations of subsidiaries for the purchase and/or development of investment properties. Guarantees issued are limited to the following amounts:

Financial institution	Subsidiary	Company	
		2024 R'000	2023 R'000
Investec Bank Limited	Permasolve Investments Proprietary Limited	69 300	69 300
	Kalahari Village Mall Proprietary Limited	46 600	46 600
	Lynnridge Shopping Centre Proprietary Limited	100 000	100 000
	HCI – Sydney Road Proprietary Limited	31 000	31 000
	HCI – The Palms Proprietary Limited	36 000	36 000
	HCI – Whale Coast Village Proprietary Limited	40 000	141 400
	HCI – Shell House Proprietary Limited	85 000	85 000
	GE Property and Marketing Proprietary Limited	33 250	33 250
	HCI Solly Sachs House Proprietary Limited	125 000	125 000
The Standard Bank of South Africa Limited	HCI Monte Precinct Proprietary Limited	74 800	74 800
First Rand Bank Limited	Highland Night Investments 93 Proprietary Limited	15 000	50 000
Nedbank Limited	HCI Cecilia Precinct Proprietary Limited	28 000	28 000
	La Concorde Builders Precinct Proprietary Limited	18 600	18 600
	HCI – Rand Daily Mail Proprietary Limited	5 500	5 500
		<b>708 050</b>	<b>844 450</b>

Management has considered the financial position of these entities and has assessed the probability of default as low, and any loss given default as insignificant. On this basis the liability for financial guarantees was determined to be Rnil (2023: Rnil) at 31 March 2024.

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024 (CONTINUED)

## 46. FINANCIAL RISK MANAGEMENT

### 46.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and other market price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses derivative financial instruments to hedge foreign currency and interest rate risk exposures.

Risk management is carried out by the treasury departments of the major operating units under policies approved by their boards of directors. Their boards provide principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, use of derivative financial instruments and non-derivative financial instruments, and investing excess liquidity. Credit risk is also managed at an entity level for trade receivables.

#### 46.1.1 Market risk

##### Currency risk

The Group is exposed to foreign exchange risk arising from various currencies, but primarily in respect of the US Dollar as detailed below. Foreign exchange risk arises from exposure in foreign operations due to trading transactions denominated in currencies other than the functional currency. Foreign currency imports and exports within the Group are managed using forward exchange contracts. The Company did not have significant exposure to currency risk at the end of the current or prior year.

The following significant exchange rates applied during the year:

	Average rate		Reporting date	
	2024 R	2023 R	2024 R	2023 R
United States Dollar	18.75	17.02	18.99	17.81

A 10% strengthening of the functional currency against the US Dollar at 31 March would have increased profit or loss by R9 million (2023: R7 million), with a 10% weakening of the functional currency against the US Dollar having the equal but opposite effect on profit or loss. This analysis assumes that all other variables, in particular interest rates, remain constant and was performed on a basis that is consistent with 2023.

The following carrying amounts were exposed to foreign currency exchange risk:

	2024 R'000	2023 R'000
<b>Trade and other receivables</b>		
Euro	906	221
Swiss Franc	21	19
United States Dollar	69 213	125 735
<b>Cash and cash equivalents</b>		
Australian Dollar	-	125
British Pound	265	267
Euro	212	401
Swiss Franc	2 789	3 965
United States Dollar	46 051	32 700
<b>Borrowings</b>		
Swiss Franc	1 543	1 809
<b>Trade and other payables</b>		
Euro	2 434	20 363
Swiss Franc	210	311
United States Dollar	203 835	232 781

## 46. FINANCIAL RISK MANAGEMENT continued

### 46.1 Financial risk factors continued

#### 46.1.1 Market risk continued

##### Interest rate risk

The Group's primary interest rate risk arises from borrowings and bank overdrafts. Borrowings at variable rates expose the Group to cash flow interest rate risk and borrowings at fixed rates expose the Group to fair value interest rate risk. Where appropriate, the Group manages its interest rate risk by using floating-to-fixed interest rate swaps. Such interest rate swaps have the economic effect of converting floating rate borrowings to fixed rates. Under the interest rate swaps, the Group agrees with other parties to exchange, at specified intervals (mainly quarterly), the difference between fixed contract rates and floating rate interest amounts calculated with reference to an agreed interest rate calculated on agreed notional principal amounts. The Company's borrowings are interest-free and therefore do not expose the Company to interest rate risk at the reporting date.

At 31 March the interest rate profile of interest-bearing financial instruments, including the effect of interest rate swaps (maturing May 2024) and bank overdrafts, was:

	Carrying amount			
	Group		Company	
	2024 R'000	2023 R'000	2024 R'000	2023 R'000
<b>Fixed rate instruments</b>				
Financial liabilities	(5 432 171)	(5 452 704)	-	-
	(5 432 171)	(5 452 704)	-	-
<b>Variable rate instruments</b>				
Financial assets	1 802 303	1 997 353	20 414	8 183
Financial liabilities	(9 029 164)	(9 180 941)	-	(55 022)
	(7 226 861)	(7 183 588)	20 414	(46 839)

##### Fair value sensitivity analysis for fixed rate instruments

A change of 100 basis points in interest rates would have increased or decreased the Group's equity by R40 million (2023: R40 million).

##### Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates would have increased or decreased the Group's profit or loss by R53 million (2023: R52 million) and the Company's profit or loss by less than R1 million (2023: less than R1 million). This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis as for 2023.

The Financial Stability Board (FSB) has initiated a fundamental review and reform of the major interest rate benchmarks used globally by financial market participants. This review seeks to replace existing interbank offered rates (IBORs) with alternative risk-free rates (ARRs) to improve market efficiency and mitigate systemic risk across financial markets. The South African Reserve Bank (SARB) has indicated their intention to move away from JIBAR and to create an alternative reference rate for South Africa. The SARB has indicated their preference for the adoption of the South African Rand Overnight Index Average (ZARONIA) as the preferred unsecured candidate to replace JIBAR in cash and derivative instruments. The ZARONIA was published for observation during 2022 and was endorsed as a successor rate in 2023. In May 2024 the SARB released a publication prepared by the Market Practitioners Group (MPG) providing an update on the JIBAR transition plan. The transition approach includes detail on key milestones and expected timelines. The formal cessation announcement is expected during 2025, allowing the ZARONIA market to develop further in derivative and cash products during 2024. The JIBAR is expected to cease before the end of 2026. There is still uncertainty surrounding the timing and manner in which the transition would occur and how this would affect various financial instruments held by the Group at year-end. Refer to notes 7 and 19 for JIBAR-linked financial instruments.

##### Other price risk

The Group was exposed to equity price risk in respect of its investments in Montauk Renewables Inc. and City Lodge Hotels Limited, companies listed on the Nasdaq Capital Market and JSE, respectively, as well as its investments in unit trust funds and the equity of SunWest International Proprietary Limited and Worcester Casino Proprietary Limited. Refer to details as set out in note 7.

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024 (CONTINUED)

## 46. FINANCIAL RISK MANAGEMENT continued

### 46.1 Financial risk factors continued

#### 46.1.2 Credit risk

The Group evaluates the concentration of risk with respect to financial assets as low, as its debtors are located in several jurisdictions and industries and operate in largely independent markets. For Company, the loans to specific subsidiaries are disclosed in Annexure A. Overall credit risk is managed at entity level and arises most significantly from cash and cash equivalents, deposits with banks and financial institutions, derivative financial instruments, loans receivable and credit exposure to the group's customer base, including outstanding receivables. For banks and financial institutions, only audit committee-approved parties are accepted on behalf of the board. The Group has policies that limit the amount of credit exposure to any bank and financial institution, including setting credit limits based on their credit ratings and generally only dealing with reputable financial institutions with strong credit ratings. Trade receivables comprise a large, widespread customer base and the Group performs ongoing credit evaluations of the financial condition of its customers. The utilisation of credit limits are regularly monitored. Refer to note 14 for further credit risk analysis in respect of trade and other receivables. Credit limits exceeded during the year under review were closely monitored, and management does not expect any losses from non-performance by these counterparties that have not been provided for.

The table below shows the maximum exposure to credit risk by class of asset:

	Group		Company	
	2024 R'000	2023 R'000	2024 R'000	2023 R'000
Derivatives used for hedging	11 486	35 138	-	-
Receivables	2 249 437	2 090 178	5 452 696	3 718 752
Cash and cash equivalents	1 712 305	2 091 878	11 301	454
	<b>3 973 228</b>	<b>4 217 194</b>	<b>5 463 997</b>	<b>3 719 206</b>

#### 46.1.3 Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses the treasury functions of the major subsidiaries aim to maintain flexibility in funding by keeping committed credit lines available. Management monitors rolling forecasts of the Group's and Company's liquidity headroom on the basis of expected cash flow and the resultant borrowing position compared to available credit facilities. This process is performed during each financial year-end for five years into the future in terms of the Group's long-term planning process.

The table below analyses the Group's financial liabilities that will be settled on a net basis into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date (refer to note 26 for liquidity risk disclosures in respect of the Group's lease liabilities). The maturity analysis time bands have been updated to provide more detail on the timing of future cash flows, and the comparatives restated on the same basis. The amounts disclosed in the table are the contractual undiscounted cash flows, inclusive of capital and interest. The Company's financial liabilities are all current and no maturity analysis has therefore been provided.

## 46. FINANCIAL RISK MANAGEMENT continued

### 46.1 Financial risk factors continued

#### 46.1.3 Liquidity risk continued

	Less than one year R'000	Between one and two years R'000	Between two and three years R'000	Between three and four years R'000	Between four and five years R'000	Over five years R'000
<b>2024</b>						
Bank and other borrowings	3 640 126	5 345 075	3 972 131	2 766 328	1 450 068	1 201 405
Trade and other payables	2 137 971	-	-	-	-	-
	<b>5 778 097</b>	<b>5 345 075</b>	<b>3 972 131</b>	<b>2 766 328</b>	<b>1 450 068</b>	<b>1 201 405</b>
<b>2023</b>						
Bank and other borrowings	2 177 570	7 357 730	4 548 336	3 253 806	404 671	177 509
Foreign exchange contracts	1 206	-	-	-	-	-
Trade and other payables	1 929 592	-	-	-	-	-
	<b>4 108 368</b>	<b>7 357 730</b>	<b>4 548 336</b>	<b>3 253 806</b>	<b>404 671</b>	<b>177 509</b>

Details on the Company's exposure to financial guarantees, totalling R3 257 million (2023: R3 247 million) at 31 March 2024, are set out in note 45. In the event of a default, the related financial guarantee can be called up immediately by the debt provider. The Company's full exposure to financial guarantees is consequently included in the "less than one year" maturity grouping when analysing its exposure to liquidity risk.

#### Defaults and breaches on loans

There were no breaches or defaults on the repayment of any loans payable during the current or prior year.

### 46.2 Capital risk management

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern and provide optimal returns for shareholders through maintaining an optimal capital structure. The Group defines capital as equity funding provided by shareholders and debt funding from external parties. Shareholder funding comprises permanent paid up capital, revenue reserves and other reserves, being revaluation reserves and foreign currency translation reserves together with loans from shareholders. The board's policy is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business. The board of directors monitors the cost of capital, which the Group defines as the weighted average cost of capital, taking into account the Group's internally calculated cost of equity (shareholder funding) and long-term cost of debt assumptions. The board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound equity position. The Group's debt capacity and optimal gearing levels are determined by its cash flow profile and are measured through applicable ratios such as net debt to adjusted EBITDA and interest cover. In order to maintain or adjust the capital structure, in the absence of significant investment opportunities, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares. There were no changes in the Group's approach to capital management during the year. Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024 (CONTINUED)

## 46. FINANCIAL RISK MANAGEMENT continued

### 46.3 Fair value estimation

IFRS 13 requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

Level 1 – Quoted prices available in active markets for identical assets or liabilities

Level 2 – Inputs used, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly

Level 3 – Fair value determined by valuation that uses inputs that are not based on observable market data

The following items are measured at fair value:

Group	Level 1 R'000	Level 2 R'000	Level 3 R'000	Total R'000
<b>2024</b>				
<b>ASSETS</b>				
<b>Financial assets at fair value through profit or loss</b>				
Equity securities	120 780	-	-	120 780
Unit trust investments	-	417 112	-	417 112
<b>Financial assets carried at fair value through other comprehensive income</b>				
Equity securities	293 120	16 496	723 891	1 033 507
Other	-	-	40	40
<b>Derivative financial instruments</b>				
Foreign exchange contracts	-	767	-	767
Interest rate swaps – cash flow hedges	-	10 719	-	10 719
<b>Non-financial assets at fair value through profit or loss</b>				
Investment properties	-	-	5 204 210	5 204 210
<b>Total assets</b>	<b>413 900</b>	<b>445 094</b>	<b>5 928 141</b>	<b>6 787 135</b>
<b>2023</b>				
<b>ASSETS</b>				
<b>Financial assets at fair value through profit or loss</b>				
Equity securities	209 069	-	-	209 069
Unit trust investments	-	20 111	-	20 111
<b>Financial assets carried at fair value through other comprehensive income</b>				
Equity securities	115 893	3 957	958 776	1 078 626
Other	-	-	40	40
<b>Derivative financial instruments</b>				
Interest rate swaps – cash flow hedges	-	35 138	-	35 138
<b>Non-financial assets at fair value through profit or loss</b>				
Investment property	-	-	5 052 816	5 052 816
<b>Total assets</b>	<b>324 962</b>	<b>59 206</b>	<b>6 011 632</b>	<b>6 395 800</b>
<b>LIABILITIES</b>				
<b>Derivative financial instruments</b>				
Foreign exchange contracts	-	1 206	-	1 206
<b>Total liabilities</b>	<b>-</b>	<b>1 206</b>	<b>-</b>	<b>1 206</b>

## 46. FINANCIAL RISK MANAGEMENT continued

### 46.3 Fair value estimation continued

The following table presents the changes in level 3 assets for the year:

Group	Equity securities R'000	Other R'000	Investment property R'000	Total R'000
<b>2024</b>				
<b>ASSETS</b>				
Carrying value at the beginning of the year	958 776	40	5 052 816	6 011 632
Additions	-	-	68 317	68 317
Improvements	-	-	14 774	14 774
Disposals	-	-	(692)	(692)
Transfer to non-current assets held for sale	-	-	(127 117)	(127 117)
Transfer from non-current assets held for sale	-	-	81 500	81 500
Transfer from property, plant and equipment	-	-	76 000	76 000
Movements in non-current operating lease equalisation assets	-	-	(268)	(268)
Fair value adjustments	(234 885)	-	40 630	(194 255)
Amortisation of letting fees capitalised	-	-	(1 750)	(1 750)
Carrying value at the end of the year	723 891	40	5 204 210	5 928 141
<b>2023</b>				
<b>ASSETS</b>				
Carrying value at the beginning of the year	813 531	40	5 067 831	5 881 402
Additions	-	-	37 535	37 535
Improvements	-	-	81 267	81 267
Transfer to non-current assets held for sale	-	-	(90 500)	(90 500)
Transfer to property, plant and equipment	-	-	(91 800)	(91 800)
Movements in non-current operating lease equalisation assets	-	-	(59)	(59)
Fair value adjustments	145 245	-	80 915	226 160
Disposal of subsidiaries	-	-	(31 067)	(31 067)
Amortisation of letting fees capitalised	-	-	(1 306)	(1 306)
Carrying value at the end of the year	958 776	40	5 052 816	6 011 632
Notes	7		2	

## 47. EVENTS SUBSEQUENT TO REPORTING DATE

Other than as mentioned below, the directors are not aware of any matter or circumstance arising since the reporting date and up to the date of these consolidated financial statements, not otherwise dealt with within the financial statements, that would significantly affect the operations or results of the Group.

### Control of Impact Oil & Gas Limited (IOG)

At 31 March 2024 the Group held 49.9% of the issued share capital of IOG as detailed in note 6. Subsequent to the reporting date the Group made an offer to other shareholders of IOG to purchase their shares for a purchase consideration of GBP19.3 million. The offer has been accepted by all offerees, resulting in the Group increasing its interest in IOG to 51.4% and gaining effective control over the company's strategy and operations. The initial accounting for the business combination is incomplete by the date of this report due to IOG's financial results not being readily available. A summary of the company's latest available audited results as at 31 December 2023 and for the year then ended, is presented in note 6. Included in non-current assets is intangible assets, representing capitalised exploration costs, of R4 137 million and an investment in an associate, Africa Energy Corp., at R339 million. Current assets most significantly comprise cash and cash equivalents of R1 445 million.

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024 (CONTINUED)

## 48. PRIOR-PERIOD RESTATEMENT

### 48.1 Property, plant and equipment

During the year under review the Tsogo Sun group established that cost and accumulated depreciation relating to its property, plant and equipment included amounts in respect of assets no longer in use by the Group. In terms of IAS 16 an asset should be derecognised when no future economic benefits are expected from its use. The Group consequently restated cost and accumulated depreciation relating to its property, plant and equipment for the earliest period presented, 31 March 2022. The Group further corrected a misclassification of R30 million between cost and accumulated depreciation in respect of its 2023 financial year.

Cost and accumulated depreciation as at 31 March 2022 and 31 March 2023 have been restated as follows:

	Broadcast studios and equipment R'000	Buses R'000	Land and buildings R'000
<b>Previously reported</b>			
<b>At 31 March 2023</b>			
Cost	623 597	2 073 397	14 047 932
Accumulated depreciation and impairments	(483 291)	(918 006)	(1 989 728)
Carrying value	140 306	1 155 391	12 058 204
<b>At 31 March 2022</b>			
Cost	628 027	2 066 689	13 698 377
Accumulated depreciation and impairments	(460 527)	(890 894)	(1 760 789)
Carrying value	167 500	1 175 795	11 937 588
<b>Restatement</b>			
<b>At 31 March 2023</b>			
Cost	-	-	(87 487)
Accumulated depreciation and impairments	-	-	87 487
Carrying value	-	-	-
<b>At 31 March 2022</b>			
Cost	-	-	(87 487)
Accumulated depreciation and impairments	-	-	87 487
Carrying value	-	-	-
<b>Restated</b>			
<b>At 31 March 2023</b>			
Cost	623 597	2 073 397	13 960 445
Accumulated depreciation and impairments	(483 291)	(918 006)	(1 902 241)
Carrying value	140 306	1 155 391	12 058 204
<b>At 31 March 2022</b>			
Cost	628 027	2 066 689	13 610 890
Accumulated depreciation and impairments	(460 527)	(890 894)	(1 673 302)
Carrying value	167 500	1 175 795	11 937 588

This restatement had no impact on the Group's statement of profit or loss, statement of financial position, its cash flows or earnings per share for the prior years.

Leasehold improvements R'000	Mining infrastructure R'000	Other equipment and vehicles R'000	Plant and machinery R'000	Properties under construction R'000	Total R'000
493 293	69 780	612 161	7 154 394	78 071	25 152 625
(307 860)	(51 168)	(320 432)	(4 757 418)	-	(8 827 903)
185 433	18 612	291 729	2 396 976	78 071	16 324 722
485 998	69 780	577 748	6 624 829	30 808	24 182 256
(280 699)	(48 274)	(309 303)	(4 383 647)	(1 178)	(8 135 311)
205 299	21 506	268 445	2 241 182	29 630	16 046 945
-	-	-	(470 743)	-	(558 230)
-	-	-	470 743	-	558 230
-	-	-	-	-	-
-	-	-	(501 124)	-	(588 611)
-	-	-	501 124	-	588 611
-	-	-	-	-	-
493 293	69 780	612 161	6 683 651	78 071	24 594 395
(307 860)	(51 168)	(320 432)	(4 286 675)	-	(8 269 673)
185 433	18 612	291 729	2 396 976	78 071	16 324 722
485 998	69 780	577 748	6 123 705	30 808	23 593 645
(280 699)	(48 274)	(309 303)	(3 882 523)	(1 178)	(7 546 700)
205 299	21 506	268 445	2 241 182	29 630	16 046 945

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024 (CONTINUED)

## 49. FINANCIAL INSTRUMENTS

An analysis of the Group's assets and liabilities, classified by financial instrument, is set out below.

Group	Amortised cost		Non-financial instruments	
	2024 R'000	2023 R'000	2024 R'000	2023 R'000
<b>ASSETS</b>				
<b>Non-current assets</b>	<b>204 953</b>	202 732	<b>43 110 713</b>	44 121 260
Property, plant and equipment	-	-	<b>16 376 146</b>	16 324 722
Right-of-use assets	-	-	<b>372 657</b>	299 782
Investment properties	-	-	<b>5 204 210</b>	5 052 816
Goodwill	-	-	<b>3 824 589</b>	3 824 589
Intangible assets	-	-	<b>9 121 540</b>	11 861 621
Intangible assets mining	-	-	<b>39 959</b>	25 218
Investments in associates and joint arrangements	-	-	<b>7 932 140</b>	6 465 307
Other financial assets	<b>153 493</b>	144 797	-	-
Deferred taxation	-	-	<b>235 286</b>	261 307
Finance lease receivables	<b>4 873</b>	6 860	-	-
Non-current receivables	<b>46 587</b>	51 075	<b>4 186</b>	5 898
<b>Current assets</b>	<b>3 600 625</b>	3 707 629	<b>2 568 810</b>	2 317 922
Inventories	-	-	<b>870 980</b>	1 020 986
Programme rights	-	-	<b>1 364 880</b>	945 387
Other financial assets	<b>30 000</b>	-	-	-
Trade and other receivables	<b>1 858 320</b>	1 615 751	<b>299 554</b>	268 008
Taxation	-	-	<b>33 396</b>	83 541
Cash and cash equivalents	<b>1 712 305</b>	2 091 878	-	-
Disposal group assets held for sale	<b>1 819</b>	2 419	<b>150 823</b>	167 977
<b>Total assets</b>	<b>3 807 397</b>	3 912 780	<b>45 830 346</b>	46 607 159
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>	<b>11 925 641</b>	13 681 541	<b>5 463 702</b>	6 104 060
Borrowings	<b>11 925 641</b>	13 681 541	-	-
Lease liabilities	-	-	<b>429 464</b>	381 383
Post-retirement benefit liabilities	-	-	<b>130 026</b>	131 702
Long-term incentive plan	-	-	<b>22 585</b>	39 996
Long-term provisions	-	-	<b>82 397</b>	80 135
Deferred revenue and income	-	-	<b>91 054</b>	94 949
Deferred taxation	-	-	<b>4 708 176</b>	5 375 895
<b>Current liabilities</b>	<b>4 704 032</b>	2 907 473	<b>931 888</b>	1 001 916
Trade and other payables	<b>2 137 971</b>	1 929 592	<b>529 267</b>	565 070
Deferred revenue and income	<b>30 367</b>	25 777	<b>48 670</b>	39 355
Financial liabilities	-	-	-	-
Current portion of borrowings	<b>2 428 551</b>	804 071	-	-
Taxation	-	-	<b>32 985</b>	47 929
Provisions	-	-	<b>229 300</b>	210 406
Long-term incentive plan	-	-	<b>91 666</b>	139 156
Bank overdrafts	<b>107 143</b>	148 033	-	-
Disposal group liabilities held for sale	<b>1 765</b>	1 765	-	-
<b>Total liabilities</b>	<b>16 631 438</b>	16 590 779	<b>6 395 590</b>	7 105 976

Fair value through other comprehensive income		Fair value through profit or loss		Derivative financial instruments		Total	
2024 R'000	2023 R'000	2024 R'000	2023 R'000	2024 R'000	2023 R'000	2024 R'000	2023 R'000
1 033 547	1 078 666	475 141	229 180	-	35 138	44 824 354	45 666 976
-	-	-	-	-	-	16 376 146	16 324 722
-	-	-	-	-	-	372 657	299 782
-	-	-	-	-	-	5 204 210	5 052 816
-	-	-	-	-	-	3 824 589	3 824 589
-	-	-	-	-	-	9 121 540	11 861 621
-	-	-	-	-	-	39 959	25 218
-	-	-	-	-	-	7 932 140	6 465 307
1 033 547	1 078 666	475 141	229 180	-	35 138	1 662 181	1 487 781
-	-	-	-	-	-	235 286	261 307
-	-	-	-	-	-	4 873	6 860
-	-	-	-	-	-	50 773	56 973
-	-	62 751	-	11 486	-	6 243 672	6 025 551
-	-	-	-	-	-	870 980	1 020 986
-	-	-	-	-	-	1 364 880	945 387
-	-	62 751	-	11 486	-	104 237	-
-	-	-	-	-	-	2 157 874	1 883 759
-	-	-	-	-	-	33 396	83 541
-	-	-	-	-	-	1 712 305	2 091 878
-	-	-	-	-	-	152 642	170 396
1 033 547	1 078 666	537 892	229 180	11 486	35 138	51 220 668	51 862 923
-	-	-	-	-	-	17 389 343	19 785 601
-	-	-	-	-	-	11 925 641	13 681 541
-	-	-	-	-	-	429 464	381 383
-	-	-	-	-	-	130 026	131 702
-	-	-	-	-	-	22 585	39 996
-	-	-	-	-	-	82 397	80 135
-	-	-	-	-	-	91 054	94 949
-	-	-	-	-	-	4 708 176	5 375 895
-	-	-	-	-	1 206	5 635 920	3 910 595
-	-	-	-	-	-	2 667 238	2 494 662
-	-	-	-	-	-	79 037	65 132
-	-	-	-	-	1 206	-	1 206
-	-	-	-	-	-	2 428 551	804 071
-	-	-	-	-	-	32 985	47 929
-	-	-	-	-	-	229 300	210 406
-	-	-	-	-	-	91 666	139 156
-	-	-	-	-	-	107 143	148 033
-	-	-	-	-	-	1 765	1 765
-	-	-	-	-	1 206	23 027 028	23 697 961

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024 (CONTINUED)

## 49. FINANCIAL INSTRUMENTS continued

Company	Amortised cost		Non-financial instruments	
	2024 R'000	2023 R'000	2024 R'000	2023 R'000
<b>ASSETS</b>				
<b>Non-current assets</b>	<b>4 602 345</b>	<b>3 111 880</b>	<b>14 386 511</b>	<b>15 286 929</b>
Investments in associates and joint arrangements	-	-	566 986	546 986
Investments in and amounts owing from subsidiary companies	4 591 313	3 100 848	13 819 525	14 739 943
Non-current receivables	11 032	11 032	-	-
<b>Current assets</b>	<b>38 486</b>	<b>21 964</b>	<b>-</b>	<b>-</b>
Trade and other receivables	27 185	21 510	-	-
Cash and cash equivalents	11 301	454	-	-
<b>Total assets</b>	<b>4 640 831</b>	<b>3 133 844</b>	<b>14 386 511</b>	<b>15 286 929</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>	<b>1 169 111</b>	<b>944 864</b>	<b>44</b>	<b>243</b>
Trade and other payables	2 849	2 709	-	-
Financial liabilities	-	-	-	-
Amounts owing to subsidiary companies	1 111 365	887 133	-	-
Current portion of borrowings	54 897	54 897	-	-
Taxation	-	-	44	243
Bank overdrafts	-	125	-	-
<b>Total liabilities</b>	<b>1 169 111</b>	<b>944 864</b>	<b>44</b>	<b>243</b>

Derivative financial instruments		Total	
2024 R'000	2023 R'000	2024 R'000	2023 R'000
-	-	18 988 856	18 398 809
-	-	566 986	546 986
-	-	18 410 838	17 840 791
-	-	11 032	11 032
-	-	38 486	21 964
-	-	27 185	21 510
-	-	11 301	454
-	-	19 027 342	18 420 773
-	848	1 169 155	945 955
-	-	2 849	2 709
-	848	-	848
-	-	1 111 365	887 133
-	-	54 897	54 897
-	-	44	243
-	-	-	125
-	848	1 169 155	945 955

# ANNEXURE A – INTEREST IN PRINCIPAL SUBSIDIARY COMPANIES FOR THE YEAR ENDED 31 MARCH 2024

	Issued share capital R'000	Effective interest %	2024		2023	
			Shares R'000	Loans R'000	Shares R'000	Loans R'000
<b>SHARES AND LOANS STATED AT COST LESS IMPAIRMENT</b>						
<b>Investment holding</b>						
Deepkloof Limited <sup>1</sup>	3 159 317	100	**	–	**	–
Fulela Trade and Invest 81 Proprietary Limited	*	100	**	–	**	–
HCI Central Investments Proprietary Limited	*	100	*	–	*	–
HCI Invest 14 Holdco Proprietary Limited	181 600	100	181 600	4 244 874	181 600	2 916 007
Johnnic Holdings Limited	16 647	100	**	–	**	–
Niveus-La Concorde Holdings Proprietary Limited	*	100	*	253 083	*	127 786
TIH Prefco (RF) Proprietary Limited	11 779 570	100	7 616 968	(105 985)	8 365 155	(115 728)
TIHC Investments (RF) Proprietary Limited	12 039 448	100	**	–	**	–
HCI Sun Energy Three Proprietary Limited <sup>2</sup>	–	–	–	–	256 901	–
Niveus Invest 20 Proprietary Limited	*	100	*	83 592	*	53 592
<b>Gaming</b>						
Tsogo Sun Limited***	3 135	50	1 742 237	–	1 977 702	–
Tsogo Sun Hotels, Gaming and Entertainment Proprietary Limited	30	50	**	–	**	–
Galaxy Gaming and Entertainment Proprietary Limited	*	50	**	–	**	801
Vukani Gaming Corporation Proprietary Limited	3 052 468	50	**	–	**	–
Tsogo Sun Alternative Gaming Investments Proprietary Limited	4 754 851	50	**	–	**	–
<b>Financial and management services</b>						
HCI Managerial Services Proprietary Limited	*	100	*	–	*	(13 117)
HCI Treasury Proprietary Limited	*	100	250 536	(1 003 681)	250 536	(756 586)
<b>Transport</b>						
Frontier Transport Holdings Limited***	1 803 067	82	1 454 968	–	1 135 388	–
Eljosa Travel and Tours Proprietary Limited	1	76	**	–	**	–
Golden Arrow Bus Services Proprietary Limited	*	82	**	–	**	–
HPL and R Investments Proprietary Limited	1 770 000	82	**	–	**	–
Hollyberry Props 12 Proprietary Limited	*	82	**	–	**	–
Table Bay Area Rapid Transit Proprietary Limited	330	82	**	–	**	–
Sibanye Bus Services Proprietary Limited	*	82	**	–	**	–
Shuttle Up Proprietary Limited	2 630	82	**	–	**	–
Alpine Truck and Bus Proprietary Limited	*	42	**	–	**	–
Frontier Tyres Proprietary Limited	*	82	**	–	**	–

<sup>1</sup> Company registered in Mauritius

<sup>2</sup> Holding company of the Group's investment in Karooshoek which was sold during the current year, refer to note 6

\* Under R1 000

\*\* Indirectly held

\*\*\* Direct and indirect shareholding through intermediary companies

	Issued share capital R'000	Effective interest %	2024		2023		
			Shares R'000	Loans R'000	Shares R'000	Loans R'000	
<b>Media and broadcasting</b>							
eMedia Holdings Limited***	6 762 797	80	1 622 232	-	1 622 232	-	
Crystal Brook Distribution Proprietary Limited	*	54	**	-	**	-	
e.Sat.tv Proprietary Limited	*	54	**	-	**	-	
e.tv Proprietary Limited	108	54	**	-	**	-	
Longkloof Limited <sup>1</sup>	*	54	**	-	**	-	
eMedia Investments Proprietary Limited	55	54	**	-	**	-	
Sabido Properties Proprietary Limited	*	54	**	-	**	-	
Yired Proprietary Limited	*	54	**	-	**	-	
HCI Invest 3 Holdco Proprietary Limited	5 291 604	80	**	-	**	-	
Silverline 360 Proprietary Limited	*	54	**	-	**	-	
<b>Coal mining</b>							
HCI Resources Proprietary Limited (formerly HCI Coal Proprietary Limited)	*	100	6 794	-	6 794	-	
<b>Branded products and manufacturing</b>							
Deneb Investments Limited***	1 464 048	85	597 026	-	597 026	-	
Formex Industries Proprietary Limited	100	85	**	-	**	-	
Sargas Proprietary Limited	2 500	85	**	-	**	-	
Seartec Trading Proprietary Limited	1	85	**	-	**	-	
<b>Properties</b>							
LynnrIDGE Shopping Centre Proprietary Limited	80 141	80	**	-	**	-	
Gallagher Estate Holding Proprietary Limited	19 295	100	**	-	**	-	
Highland Night Investments 93 Proprietary Limited	33 358	52	**	-	**	-	
Kalahari Village Mall Proprietary Limited	59 665	60	**	-	**	-	
Permasolve Investments Proprietary Limited	*	71	*	-	*	-	
Mironetix Proprietary Limited	296 425	80	237 139	-	237 139	-	
Curagen Investments Proprietary Limited	59 665	60	**	-	**	-	
HCI Monte Precinct Proprietary Limited	*	100	*	-	*	-	
HCI – Sydney Road Proprietary Limited	41 727	82	34 305	-	34 305	-	
HCI – Rand Daily Mail Proprietary Limited	*	100	*	-	*	-	
HCI – Shell House Proprietary Limited	*	75	*	-	*	-	
HCI – Whale Coast Village Proprietary Limited	120 698	80	**	-	**	-	
HCI – The Palms Proprietary Limited	*	60	*	-	*	-	
HCI Cecilia Precinct Proprietary Limited	*	51	*	-	*	400	

<sup>1</sup> Company registered In Jersey (Channel Islands)

\* Under R1 000

\*\* Indirectly held

\*\*\* Direct and indirect shareholding through intermediary companies

# ANNEXURE A – INTEREST IN PRINCIPAL SUBSIDIARY COMPANIES FOR THE YEAR ENDED 31 MARCH 2024 (CONTINUED)

	Issued share capital R'000	Effective interest %	2024		2023	
			Shares R'000	Loans R'000	Shares R'000	Loans R'000
<b>Other</b>						
Squirewood Investments 64 Proprietary Limited	*	100	*	–	*	–
IGI Investment Company Limited	37 546	55	*	(1 698)	*	(1 702)
La Concorde Holdings Limited***	*	90	59 291	–	58 736	–
Niveus AG <sup>1</sup>	1 000	100	**	–	**	–
The HCI Foundation****	N/A	0	–	9 763	–	2 258
Tsogo Investment Holding Company Proprietary Limited	960 134	90	**	–	**	–
Tuffsan 88 Proprietary Limited	654	100	*	–	*	–
Tylon Holdings Proprietary Limited	*	100	16 429	–	16 429	–
HCI Invest 6 Holdco Proprietary Limited	4 229 481	100	*	–	*	–
Niveus Investments Limited	925 399	100	*	–	*	–
Niveus Invest 14 Proprietary Limited	*	100	*	–	*	–
Niveus Invest 3 Proprietary Limited	*	100	*	–	*	–
Niveus Managerial Services 2 Proprietary Limited	*	100	*	–	*	–
GRIPP Advisory Proprietary Limited	*	75	*	–	*	–
HCI Niveus Holdco 1 Proprietary Limited	134 465	100	*	–	*	4
			<b>13 819 525</b>	<b>3 479 948</b>	14 739 943	2 213 715

<sup>1</sup> Company registered in Switzerland

\* Under R1 000

\*\* Indirectly held

\*\*\* Direct and indirect shareholding through intermediary companies

\*\*\*\* The Group has effective control of the trust based on the terms of the trust deed, without any economic interest therein

Subsidiaries that are not considered to be material based on their financial position or results, are excluded from the table above. Details on these subsidiaries are available from the company secretary.

	2024 R'000	2023 R'000
Profits and losses attributable to consolidated subsidiary companies		
Aggregate profits after tax	<b>3 658 684</b>	12 175 482
Aggregate losses after tax	<b>(1 750 852)</b>	(562 118)

Subsidiaries are incorporated in South Africa unless otherwise shown.

## Encumbrances

Shares having a total carrying value of R36 550 million (2023: R37 477 million) have been pledged as security for certain loans owing to loan funders of the Group. Refer to note 19.

# CORPORATE ADMINISTRATION

COMPANY REGISTRATION NUMBER: 1973/007111/06

SHARE CODE: HCI ISIN: ZAE000003257

REGISTERED OFFICE: Suite 801, 76 Regent Road, Sea Point, Cape Town 8005  
PO Box 5251, Cape Town, 8000  
Telephone: 021 481 7560

WEBSITE ADDRESS: [www.hci.co.za](http://www.hci.co.za)

COMPANY SECRETARY: HCI Managerial Services Proprietary Limited

DIRECTORS: *Executive Directors*  
John Anthony Copelyn (Chief Executive Officer)  
James Robert Nicolella (Financial Director)  
Theventheran Govindsamy Govender (Kevin)  
Yunis Shaik

*Independent Non-Executive Directors*  
Mohamed Haroun Ahmed  
Mimi Freddie Magugu  
Singumile Nqobani Njongwe Mkhwanazi  
Velaphi Elias Mphande (Chairperson)  
Jabulani Geffrey Ngcobo  
Rachel Doreen Watson

*Non-Executive Directors*  
Laurelle McDonald

AUDITOR: Forvis Mazars  
Mazars House, Rialto Road  
Grand Moorings Precinct, Century City, 7441  
PO Box 134, Century City, 7446  
Docex 9 Century City

BANKERS: First National Bank of Southern Africa Limited

TRANSFER SECRETARIES: Computershare Investor Services Proprietary Limited  
Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196 South Africa  
Private Bag X9000, Saxonwold, 2132

SPONSOR: Investec Bank Limited  
100 Grayston Drive, Sandton, Sandown, 2196



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Hosken Consolidated Investments Limited

ANNUAL FINANCIAL STATEMENTS

2024