REVIEWED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

	Year ended 31 March 2024 Rm	Year ended 31 March 2023 Rm	Change on prior year %
Income	**11 503**	11 318	2
Operating costs	**(7 602)**	(7 352)	(3)
Adjusted EBITDA*	**3 901**	3 966	(2)
Adjusted EBITDA margin	**33.9%**	35.0%	(1.1)pp
Net finance cost (excluding leases)	**(732)**	(655)	(12)
Headline earnings	**1 761**	1 592	11
Adjusted headline earnings (AHE)	**1 721**	1 824	(6)
Adjusted EBITDA to AHE conversion rate	**44.1%**	46.0%	(1.9)pp
Dividend per share – interim (cents)	**30**	30	–
Dividend per share – final (cents)	**40**	57	(30)
Capex cash flow	**(771)**	(569)	(36)
NIBD and guarantees	**(7 672)**	(8 047)	5

* *Adjusted EBITDA is defined by the group as earnings before interest, tax, depreciation and amortisation ("EBITDA") and excludes the effects of items which are regarded as unusual and are infrequent and are considered to distort the numbers if they were not adjusted, and headline adjustments in terms of Circular 1/2023* Headline Earnings

TSOGO SUN
CASINOS . HOTELS

ENTERTAIN. IT'S WHAT WE DO.

Tsogo Sun Limited
(Previously Tsogo Sun Gaming Limited)
(Incorporated in the Republic of South Africa)
(Registration number 1989/002108/06)
Share code: TSG ISIN: ZAE000273116
JSE Alpha code: TSGI
("Tsogo Sun" or "the company" or "the group")

www.tsogosun.com

Six months comparison

for the year ended 31 March 2024

	Six months ended 30 September 2023 Rm	Six months ended 31 March 2024 Rm	**Year ended 31 March 2024 Rm**
Income	5 855	5 648	**11 503**
Operating costs	(3 885)	(3 717)	**(7 602)**
Adjusted EBITDA*	1 970	1 931	**3 901**
Adjusted EBITDA margin	33.6%	34.2%	**33.9%**
Net finance cost (excluding leases)	(370)	(362)	**(732)**
Headline earnings	895	866	**1 761**
Adjusted headline earnings (AHE)	895	826	**1 721**
Adjusted EBITDA to AHE conversion rate	45.4%	42.8%	**44.1%**
Dividend per share – interim (cents)	30	–	**30**
Dividend per share – final (cents)	–	40	**40**
Capex cash flow	(472)	(299)	**(771)**
NIBD and guarantees	(8 175)	(7 672)	**(7 672)**

* *Adjusted EBITDA is defined by the group as earnings before interest, tax, depreciation and amortisation ("EBITDA") and excludes the effects of items which are regarded as unusual and are infrequent and are considered to distort the numbers if they were not adjusted, and headline adjustments in terms of Circular 1/2023* Headline Earnings

REVIEW OF OPERATIONS

Debt and covenants

R7.67 bn NIBD (March 2023: R8.05 bn)

1.99 times Net debt: Adjusted EBITDA

The group's net interest-bearing debt and guarantees at 31 March 2024 reduced to R7.67 billion from R8.05 billion at 31 March 2023.

The net debt to adjusted EBITDA ratio, as measured for covenant purposes, for the 31 March 2024 year end, amounted to a 1.99 times multiple. The group's debt covenant ratio requirement is less than a 3.0 times multiple.

The group's medium-term debt leverage target remains lower than a 1.8 times multiple, thereby decreasing risk and funding costs.

The lower debt level was achieved notwithstanding cash outflows of R1.45 billion relating to:
- Capex payments for generators and solar of approximately R130 million;
- Emerald Resort and Casino upgrade investment of R76 million;
- Share buy-backs of R88 million at an average share price of approximately R12.44;
- Ordinary dividend payments of R908 million; and
- Various other transactions concluded during the year with a net cash outflow totalling approximately R248 million.

The group's medium-term note and loan profile is as follows (all debt comprises notes except for the amount due on 30 November 2026, which is a term loan):

Maturity date	Amount Rm
28 February 2026	**1 620**
30 November 2026	**650**
28 February 2027	**1 000**
31 May 2027	**1 000**
31 August 2027	**900**
31 May 2028	**550**
31 August 2028	**200**
31 August 2029	**400**
	6 320

In addition to the funding set out above, the group has a revolving credit facility ("RCF") of R1.50 billion, all of which was drawn down at 31 March 2024, which can be called up on 13 months' notice. R300 million of the RCF is scheduled to be repaid on 31 May 2024 out of cash generated. This facility arrangement remains in place until November 2025. To strengthen liquidity, the group also has access to overnight loan facilities of R1.00 billion, which are 364-day notice facilities. The pricing of the debt pool and facilities as noted above, is lower than pre-COVID-19, which illustrates the lenders' confidence in the group.

Financial

R3.90 bn Adjusted EBITDA

R1.76 bn Headline earnings

R0.1 bn Cost of diesel

Total income of R11.50 billion was generated for the year ended 31 March 2024 and adjusted EBITDA amounted to R3.90 billion. The cost of diesel and the adverse effect on income due to load shedding continued to negatively impact the group's results.

An adjusted EBITDA margin of 34% was achieved for the year (35% for the prior year). If the cost of diesel and impact of the costs for the expansion and improvement of the business for the future are excluded, the margin would have exceeded 35%.

Net finance costs (excluding IFRS 16 lease interest and hedge reclassifications to profit or loss) for the year amounted to R732 million, a significant increase from the R655 million for the prior year, mainly as a result of the higher Jibar rate (Johannesburg Interbank Average Rate). The reduction of net interest-bearing debt achieved by the year end and thereafter, should assist in reducing finance costs.

Interest rate swaps with a notional amount of R3.50 billion are expiring on 31 May 2024, which will result in higher finance costs whilst the Jibar rate remains higher than the swap rate.

Headline earnings achieved for the year amounted to R1.76 billion compared to the R1.59 billion reported for the prior year. Excluding the hedge reclassifications to profit or loss in the year under review and the prior year, and the cost of the termination of the hotel management contracts in the prior year, the adjusted headline earnings would be R1.72 billion and R1.82 billion for the current and prior years respectively.

On comparing the results for the year to those of the prior year, the following should be noted:
- Revenue growth in general is under pressure in a market with limited discretionary spend and customer behaviour changes since the pandemic;
- Retirement fund employer contributions increased from 1 May 2023;
- Advertising and marketing costs have increased, partly owing to the development of the new Tsogo Sun app and the Tsogo Rewards programme;
- Insurance cover has become more expensive;
- The cost of diesel and other consequential losses suffered as a result of load shedding, eroded margins;
- The benefit of solar energy installations has not yet been sufficient to contra the negative impact of the continued higher than inflation increases in electricity cost;
- Continued effort will be required to control general inflationary pressure whilst revenue growth is under pressure;
- Finance costs increased, necessitating a need for further reduction of net interest-bearing debt; and
- Strong positive net cash was generated by operations, positioning the group in a solid financial position for future growth projects.

Casinos

As expected, the continued impact of load shedding, high fuel and food prices and increased interest rates, resulted in income remaining under pressure during the year.

Gauteng delivered relatively solid results notwithstanding the tough trading conditions.
KwaZulu-Natal and the Western Cape achieved fairly stable revenue, but with some cost pressures resulting in marginally lower adjusted EBITDA.

The other casinos located in Emalahleni and Mbombela (both in Mpumalanga), Welkom (Free State) and East London (Eastern Cape) experienced a challenging year resulting in a R50 million reduction of adjusted EBITDA. This is a result of lower income and two years of exponential cost increases due to higher inflation. The business models of certain of these properties are being re-evaluated to improve efficiency as the market conditions are different than prior to the pandemic.

The casino precincts have continued with the implementation of green energy solutions. As part of this project, the Montecasino, Silverstar, Garden Route and Gold Reef City casino solar plant installations have been completed. Most of these were only completed in the second half of the financial year and are limited to generating power for daytime usage. The Montecasino and Gold Reef City solar plants have been planned to be expanded in the 2025 financial year to generate a larger portion of daytime utilisation. New solar projects are anticipated to be completed by February 2025 (the last month to make use of the enhanced renewable incentive for businesses, in terms of the income tax act) at several other casino precincts.

The Emerald Resort and Casino ("Emerald") upgrade project has been expedited, which will negatively affect short-term income and profit because of the concomitant disruption to operations. Amongst others, the Privé section of the casino and almost a hundred chalets have been upgraded. Refurbishments to the main casino floor and the hotel are expected to be completed by the end of the 2025 financial year. The entertainment and events areas are also planned to be improved, but this may be delayed until the 2026 financial year. The group remains optimistic regarding the potential of Emerald.

Substantial investments planned for the Western Cape by the group will contribute considerably to the tourism attraction of both the Helderberg and Overberg regions. These will include a new, uniquely green, casino and hotel precinct development in Somerset West and upgrades to the remaining Caledon site, including the hotel, spa, thermal hot water springs, conference facilities, the old stables and an alternative gaming offering. However, the self-serving objections to these initiatives by other industry players continues, which will delay the significant benefits which will be achieved. The Somerset West and Strand areas have been deprived of their own upmarket, secure and safe entertainment facilities for over a decade since the expiry of the exclusivity period for a single casino in the Cape Metropole.

Hotels

The in-house management of the hotels is running smoothly with record results for the group's portfolio of hotels for the financial year. The saving of historical management fees and central cost charges has yielded the most significant positive impact.

There are a number of opportunities being explored by the group to expand or improve the hotel offering. These opportunities will, however, be affected by excess cash prioritisation constraints and take time to implement and, therefore, no significant change to the hotel offering is expected during the new financial year. The group currently holds almost 12% (if treasury shares are excluded) of City Lodge Group.

Other income and entertainment

Food and beverage revenue and tenanting income delivered double digit growth for the year.

The Gold Reef City Theme Park continues to deliver exceptional results with strong revenue and profit growth. Upgrades to the food and beverage and other facilities in the park were completed during the year.

Bingo

Galaxy Bingo's trading continued to be negatively impacted by load shedding, particularly in shopping centre nodes that endure darkness for extended hours during the evenings. Customer behaviour changes as a result hereof, do not seem to reverse when there are short periods of relief in load shedding such as in April 2024. As reported in the previous year, margins in this division have remained strained due to the resultant lower income earned, salary and property rental cost increases, high costs of diesel and generator maintenance.

Limited Payout Machines ("LPMs")

With the negative impact of load shedding and the general adverse trading conditions, LPM's results declined marginally when compared to the prior year, with income declining by 1% and adjusted EBITDA by 4%. Even though slightly lower, the division did well to protect margins during the year.

DIGITAL, ONLINE AND TECHNOLOGY

Developments within the digital, online and technology space are continuing. The improved Tsogo Sun app and Tsogo Rewards programme, with extensive interactive functionalities for improved customer experience, remain a priority for the business.

Casino, hotel, entertainment and playTSOGO guests can now earn and spend reward points at an expanded range of facilities across casino precincts. Tsogo Rewards programme customers also receive significant discounts on various product offerings.

Improvements to and expansion of the online betting business, including a more vast product offering and reinvestment for growth whilst remaining largely self-funded, will be key focus areas for the 2025 financial year.

Income generated from online betting has grown to approximately R200 million for the 2024 financial year and this was achieved with a marginal positive adjusted EBITDA for the year. Following the 2024 financial year end, the online betting business generated approximately R21 million income and R3 million adjusted EBITDA for the month of April 2024.

CAPITAL EXPENDITURE, ACQUISITIONS AND TRANSACTIONS

Capital expenditure cash outflow for the year amounted to R771 million (including capital creditors from the prior year).

This capital investment includes the investment in green energy projects, including solar plant installations of approximately R100 million, generator cash outflow of almost R30 million, and improvement capex for Emerald of R76 million. Sufficient additional generator capacity was completed during the year. Similar investments in solar solutions and the Emerald upgrade project will continue throughout the next financial year.

Maintenance capex has settled at around the R600 million mark, and was impacted by inflationary increases and foreign exchange fluctuations in certain areas.

Net acquisition and investment costs amounted to approximately R248 million in cash outflows, predominantly relating to an acquisition of a bingo licence, an increase in an undivided share in investment property, Bet.co.za and City Lodge Hotels.

REGULATORY

A higher tax burden for land-based casinos remains a risk.

The introduction of various forms of "terminals" is likely to be the next possible roll out of more betting and gambling in the near future. In addition, some regulators are continuing to issue more gambling licences in markets which are already saturated.

DIVIDEND

The board of directors has resolved to declare a final gross cash dividend of 40.0 (forty) cents per share in respect of the year ended 31 March 2024 from distributable reserves. The dividend will be paid in cash to shareholders recorded in the register of the company at close of business Friday, 26 July 2024. The number of ordinary shares in issue at the date of this declaration is 1 042 596 816. The dividend will be subject to a local dividend tax rate of 20%, which will result in a net dividend of 32.00000 (thirty-two) cents per share to those shareholders who are not exempt from paying dividend tax. The company's income tax reference number is 9250039717.

Salient dates are as follows:

Last date to trade cum dividend	Tuesday, 23 July 2024
Trading ex-dividend commences	Wednesday, 24 July 2024
Record date	Friday, 26 July 2024
Payment date	Monday, 29 July 2024

Share certificates may not be dematerialised or re-materialised from Wednesday, 24 July 2024 to Friday, 26 July 2024, both days inclusive.

PROSPECTS

The setbacks of load shedding and high inflation for the past two years, which have negatively affected income and cost saving measures previously implemented, necessitates the group to evaluate cost in some of its business units to improve efficiencies in the current trading circumstances.

Good progress is being made with the substantial investment in solar energy projects which will continue throughout the 2025 financial year.

The increase in net finance costs for the year affected headline earnings negatively. With firmly managed capital cash allocation, the group's effort to further reduce its debt levels to achieve its medium-term target, being a multiple which is lower than a 1.8 times net debt to adjusted EBITDA ratio, as measured for covenant purposes, will continue, as is illustrated with the reduction of debt scheduled for 31 May 2024.

Upgrading Emerald will take approximately another year and a half and the group remains positive that this resort will yield appropriate results and a more sustainable business under an experienced management team.

The group is ready to invest and contribute to the promotion of tourism in the Helderberg and Overberg regions, bringing with these developments significant benefits to the surrounding areas. For the reasons mentioned earlier, this project development is unlikely to gain significant traction in the 2025 financial year.

The online betting platforms, playTSOGO and Bet.co.za, provide exciting prospects for growth. The group is in the process of resolving the regulatory frustrations it has faced in this space, thereby enabling it to focus on expediting growth more aggressively in the second half of the 2025 financial year.

An exciting new era, with innovative interaction and experiences, has been initiated with the launch of technological advancements such as the Tsogo Sun app and Tsogo Rewards programme. The group plans to further improve these offerings.

Improvement of facilities at the existing casino precincts is continuously evaluated and effected. The LPM division has capacity for expansion and the Bingo division has the potential to rebound.

Share buy-backs will be considered when appropriate opportunities arise, over and above dividend pay outs to shareholders.

Overall, fundamentals are in place to continue to deliver fairly strong levels of headline earnings and cash generation and several exciting prospects are in process for future growth, although some of these are currently being frustrated by external parties.

The board extends its appreciation to management and employees for their efforts in the delivery of these results in difficult trading conditions.

JA Copelyn
Chairperson

CG du Toit
Chief Executive Officer

G Lunga
Chief Financial Officer

23 May 2024

Independent auditor's review report on condensed consolidated financial statements

TO THE SHAREHOLDERS OF TSOGO SUN LIMITED

We have reviewed the condensed consolidated financial statements of Tsogo Sun Limited included on pages 10 to 33, which comprise the condensed consolidated statement of financial position as at 31 March 2024 and the condensed consolidated statements of profit or loss, changes in equity and cash flows for the year then ended, and selected explanatory notes.

Directors' Responsibility for the Condensed Consolidated Financial Statements

The directors are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with the requirements of the JSE Limited Listings Requirements for condensed financial statements, as set out in note 1 to the financial statements, 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 financial statements that are free from material misstatement, whether due to fraud or error.

The Listings Requirements require condensed consolidated financial statements to be prepared in accordance with the framework concepts and the measurement and recognition requirements of IFRS Accounting Standards as issued by the International Accounting Standards Board, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by Financial Reporting Standards Council and also contain the information required by International Accounting Standard (IAS) 34, Interim Financial Reporting.

Auditor's Responsibility

Our responsibility is to express a conclusion on these financial statements. We conducted our review in accordance with International Standard on Review Engagements (ISRE) 2410, which applies to a review of historical information performed by the independent auditor of the entity. ISRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the financial statements are not prepared in all material respects in accordance with the applicable financial reporting framework. This standard also requires us to comply with relevant ethical requirements.

A review of financial statements in accordance with ISRE 2410 is a limited assurance engagement. We perform procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluate the evidence obtained.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on these financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements of Tsogo Sun Limited for the year ended 31 March 2024 are not prepared, in all material respects, in accordance with the requirements of the JSE Limited Listings Requirements for condensed financial statements, as set out in note 1 to the financial statements, and the requirements of the Companies Act of South Africa.

DocuSigned by:
Deloitte & Touche
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Deloitte & Touche
Registered Auditor
Per: Cathryn Emslie
Partner
23 May 2024
5 Magwa Crescent
Waterfall City
Midrand South Africa

Condensed consolidated statement of profit or loss

for the year ended 31 March

	Change %	2024 Reviewed Rm	2023 Audited Rm
Net gaming win		**9 673**	9 627
Food and beverage revenue		**648**	589
Rooms revenue		**523**	501
Other revenue		**411**	359
Other income		**248**	242
Income	2	**11 503**	11 318
Gaming levies and Value Added Tax		**(2 126)**	(2 115)
Employee costs		**(1 863)**	(1 836)
Other operating expenses		**(3 606)**	(3 318)
Cancellation of hotel management contracts		**–**	(399)
Amortisation and depreciation		**(712)**	(756)
Impairment of non-current assets (note 4)		**(310)**	(83)
Impairment reversal of non-current assets		**–**	198
Fair value adjustments of investment properties (note 5.1)		**(5)**	(17)
Operating profit	(4)	**2 881**	2 992
Finance income		**44**	60
Finance costs		**(749)**	(666)
Share of profit of associates		**9**	9
Profit before income tax	(9)	**2 185**	2 395
Income tax expense		**(640)**	(627)
Profit for the year	(13)	**1 545**	1 768
Profit attributable to:			
Equity holders of the company		**1 530**	1 744
Non-controlling interests		**15**	24
		1 545	1 768
Basic and diluted earnings per share attributable to the ordinary equity holders of the company (cents)	(12)	**147**	167

Condensed consolidated statement of comprehensive income

for the year ended 31 March

	2024 Reviewed Rm	2023 Audited Rm
Profit for the year	**1 545**	1 768
Other comprehensive income for the year, net of tax		
Items that may be reclassified subsequently to profit or loss:	**(56)**	28
Cash flow hedges fair value adjustment	**(79)**	39
Deferred tax relating to items that may subsequently be reclassified to profit or loss	**23**	(11)
Items that may not be reclassified subsequently to profit or loss:	**(225)**	120
Equity instruments at fair value through OCI fair value adjustment	**(242)**	120
Revaluation of owner occupied property reclassified to investment property	**22**	–
Deferred tax relating to items that may not subsequently be reclassified to profit or loss	**(5)**	–
Total comprehensive income for the year	**1 264**	1 916
Total comprehensive income attributable to:		
Equity holders of the company	**1 249**	1 892
Non-controlling interests	**15**	24
	1 264	1 916

Condensed consolidated statement of financial position

as at 31 March

	Notes	2024 Reviewed Rm	2023 Audited Rm
ASSETS			
Non-current assets			
Property, plant and equipment		**8 294**	8 263
Right-of-use assets		**179**	195
Investment properties	5.1	**476**	377
Goodwill	4.1	**1 418**	1 461
Other intangible assets	4.2	**3 099**	3 337
Investments in associates		**35**	26
Financial assets at FVOCI	5.2	**1 011**	1 072
Non-current receivables		**29**	34
Derivative financial instruments	5.3	**–**	35
Deferred income tax assets		**53**	69
		14 594	14 869
Current assets			
Inventories		**70**	72
Trade and other receivables		**444**	395
Derivative financial instruments	5.3	**11**	–
Current income tax assets		**19**	54
Cash and cash equivalents		**635**	600
		1 179	1 121
Total assets		**15 773**	15 990
EQUITY			
Capital and reserves attributable to equity holders of the company			
Ordinary share capital and premium		**6 397**	6 485
Other reserves		**(4 361)**	(4 050)
Retained income		**2 723**	2 080
Total shareholders' equity		**4 759**	4 515
Non-controlling interests		**111**	90
Total equity		**4 870**	4 605
LIABILITIES			
Non-current liabilities			
Interest-bearing borrowings	6.2.1	**7 946**	8 380
Lease liabilities	6.2.2	**230**	267
Deferred income tax liabilities		**1 403**	1 391
Provisions and other liabilities		**23**	53
		9 602	10 091
Current liabilities			
Interest-bearing borrowings	6.2.1	**207**	114
Lease liabilities	6.2.2	**44**	38
Trade and other payables		**953**	989
Long-term incentive liabilities		**92**	139
Current income tax liabilities		**5**	14
		1 301	1 294
Total liabilities		**10 903**	11 385
Total equity and liabilities		**15 773**	15 990

Condensed consolidated statement of changes in equity

for the year ended 31 March

	Attributable to equity holders of the company					
	Ordinary share capital and premium Rm	Other reserves Rm	Retained income Rm	Total Rm	Non-controlling interests Rm	Total equity Rm
Balance at 31 March 2022 (audited)	6 487	(4 185)	850	3 152	120	3 272
Total comprehensive income	–	148	1 744	1 892	24	1 916
Profit for the year	–	–	1 744	1 744	24	1 768
Other comprehensive income	–	148	–	148	–	148
Share options lapsed	(2)	–	–	(2)	–	(2)
Share-based payment charge on business acquisition	–	10	–	10	–	10
Acquisition from non-controlling interests	–	(23)	–	(23)	(3)	(26)
Ordinary dividends declared	–	–	(514)	(514)	(51)	(565)
Balance at 31 March 2023 (audited)	6 485	(4 050)	2 080	4 515	90	4 605
Total comprehensive income	–	(281)	1 530	1 249	15	1 264
Profit for the year	–	–	1 530	1 530	15	1 545
Other comprehensive income	–	(281)	–	(281)	–	(281)
Changes in share capital and share premium[1]	(88)	–	–	(88)	–	(88)
Acquisition from non-controlling interests	–	(30)	–	(30)	8	(22)
Extinguishment of NCI loans[2]	–	–	21	21	17	38
Ordinary dividends declared	–	–	(908)	(908)	(19)	(927)
Balance at 31 March 2024 (reviewed)	**6 397**	**(4 361)**	**2 723**	**4 759**	**111**	**4 870**

[1] *Includes share buy-backs (R86 million) and odd-lot offer (R2 million)*
[2] *Refer note 6.2.1*

Condensed consolidated statement of cash flows

for the year ended 31 March

	Notes	2024 Reviewed Rm	2023 Audited Rm
Cash flows from operating activities			
Profit before income tax		**2 185**	2 395
Adjusted for finance income and finance costs, equity accounted earnings and non-cash movements[(1)]		**1 819**	1 333
Increase in working capital	6.1	**(334)**	(128)
Cash generated from operations		**3 670**	3 600
Finance income received		**37**	51
Finance costs paid		**(791)**	(732)
Income tax paid		**(571)**	(498)
Dividends received		**63**	84
Dividends paid to ordinary shareholders		**(908)**	(514)
Dividends paid to non-controlling interests		**(19)**	(45)
Net cash generated from operating activities		**1 481**	1 946
Cash flows from investment activities			
Purchase of property, plant and equipment		**(765)**	(542)
Proceeds from disposals of property, plant and equipment		**3**	146
Proceeds from disposals of non-current assets held for sale		**–**	14
Proceeds from insurance claims for capital assets		**6**	5
Purchase of intangible assets		**(19)**	(7)
Additions to investment properties		**(28)**	(20)
Acquisition of financial assets at FVOCI		**(181)**	(138)
Acquisition of business, net of cash acquired		**–**	(320)
Net cash utilised for investment activities		**(984)**	(862)
Cash flows from financing activities			
Borrowings raised	6.2.1	**2 321**	3 136
Borrowings repaid	6.2.1	**(2 626)**	(4 386)
Principal elements of lease payments	6.2.2	**(43)**	(39)
Shares repurchased		**(88)**	–
Acquisition from non-controlling interests		**(22)**	(26)
Decrease in amounts due by share scheme participants		**2**	1
Net cash utilised for financing activities		**(456)**	(1 314)
Net increase/(decrease) in cash and cash equivalents		**41**	(230)
Cash and cash equivalents at beginning of the year, net of bank overdrafts		**550**	780
Cash and cash equivalents at end of the year, net of bank overdrafts		**591**	550

(1) *The variance compared to the prior year is mainly as a result of the impairment charge in the current year of R310 million compared to the prior year's reversal of net impairment of R115 million*

Reconciliation of profit attributable to equity holders of the company to headline earnings and adjusted headline earnings

for the year ended 31 March

	Change %	2024 Reviewed Rm	2023 Audited Rm
Profit attributable to equity holders of the company		**1 530**	1 744
(Less)/add: Headline adjustments			
Gain on disposal of property		**–**	(77)
(Gain)/loss on disposal of plant and equipment		**(1)**	5
Gain on disposal of assets classified as held for sale		**–**	(6)
Impairment of property, plant and equipment		**24**	39
Impairment of right-of-use assets		**–**	5
Impairment of goodwill		**43**	–
Impairment of intangibles		**243**	39
Impairment reversal of intangibles		**–**	(198)
Fair value adjustment of investment properties		**5**	17
Insurance proceeds received for capital assets		**(6)**	(5)
Total tax effects of headline adjustments		**(71)**	42
Total non-controlling interests share of headline adjustments		**(6)**	(13)
Headline earnings	11	**1 761**	1 592
Add/(less): Other exceptional items			
Cash flow hedges reclassified to profit or loss[1]		**(54)**	(78)
Cancellation of hotel management contracts		**–**	399
Total tax effects of other exceptional items		**14**	(86)
Total non-controlling interests share of other exceptional items		**–**	(3)
Adjusted headline earnings[2]	(6)	**1 721**	1 824
Number of shares in issue (million)[3]		**1 039**	1 046
Weighted average number of shares in issue (million)[3]		**1 041**	1 046
Basic and diluted earnings per share (cents)	(12)	**147**	167
Basic and diluted headline earnings per share (cents)	11	**169**	152
Basic and diluted adjusted headline earnings per share (cents)	(5)	**165**	174

(1) *Included in finance costs*

(2) *Adjusted headline earnings are defined by the group as earnings attributable to equity holders of the company adjusted for after tax non-recurring expenditure items which are regarded as unusual and are infrequent and are considered to distort the numbers if they were not adjusted, and headline adjustments in terms of Circular 1/2023* Headline Earnings. *Adjusted headline earnings is a non-IFRS measure and is not a requirement in terms of the JSE Limited Listings Requirements, is used as a measure by the Chief Operating Decision Maker ("CODM") and provided for illustrative purposes only*

(3) *Excludes treasury shares*

Reconciliation of operating profit to adjusted EBITDA

for the year ended 31 March

	Change %	2024 Reviewed Rm	2023 Audited Rm
Adjusted EBITDA pre-exceptional items is made up as follows:			
Operating profit		**2 881**	2 992
Add: Amortisation and depreciation		**712**	756
		3 593	3 748
Add/(less): Headline adjustments		**308**	(181)
Gain on disposal of property		**–**	(77)
(Gain)/loss on disposal of plant and equipment		**(1)**	5
Gain on disposal of assets classified as held for sale		**–**	(6)
Impairment of property, plant and equipment		**24**	39
Impairment of right-of-use assets		**–**	5
Impairment of goodwill		**43**	–
Impairment of intangibles		**243**	39
Impairment reversal of intangibles		**–**	(198)
Fair value adjustment of investment properties		**5**	17
Insurance proceeds received for capital assets		**(6)**	(5)
Add: Other exceptional items included in operating profit			
Cancellation of hotel management contracts		**–**	399
Adjusted EBITDA	(2)	**3 901**	3 966

Adjusted EBITDA is defined by the group as earnings before interest, tax, depreciation and amortisation ("EBITDA") and excludes the effects of items which are regarded as unusual and are infrequent and are considered to distort the numbers if they were not adjusted, and headline adjustments in terms of Circular 1/2023 *Headline Earnings*.

Segmental analysis

for the year ended 31 March

Other than as indicated below, there has been no change in the basis of measurement of segment profit or loss since the previous financial year end.

For casinos, in order to assess performance and allocate resources, the CODM reviews the businesses by region and thus the group considers its reportable segments to be geographical and has presented a segmental analysis by region. The group applies the aggregation criteria, being that the casino businesses are all similar in nature, profit generation and class of customer in each province. Furthermore, each province has its own gambling board which governs the respective businesses. In terms of the quantitative threshold, although Western Cape does not meet the 10% profit threshold, the group is voluntarily disclosing this as a separate segment, due to there being several casinos in the province. The Mpumalanga, Eastern Cape and Free State provinces are individually immaterial, therefore these casinos are combined in the segmental table within *Other casinos*. Previously, Mpumalanga was considered a separate segment due to there being more than one casino in the province, however, its contribution to the group's total income and adjusted EBITDA remains insignificant and hence this province is combined within *Other casinos*.

The *Other gaming and betting* segment consists of the online betting division and the Bingo division. Previously the online betting division was included within other group operations and now more appropriately separated from group operations. As these divisions do not meet the quantitative threshold, they have been combined in the segment table.

Corporate consists of the group head office function, which includes dividends received, head office costs and group eliminating consolidation journals.

The segmental income and adjusted EBITDA for the year under review is as follows, with the comparatives re-aligned for the changes mentioned above in accordance with IFRS 8 *Operating Segments*:

	Income[1]			Adjusted EBITDA[2][3]		
	2024 Rm	2023 Rm	Change %	**2024 Rm**	2023 Rm	Change %
Casinos	**8 551**	8 365	2	**3 453**	3 435	1
Gauteng	**4 933**	4 693	5	**2 038**	1 940	5
KwaZulu-Natal	**2 219**	2 179	2	**932**	949	(2)
Western Cape	**590**	588	–	**243**	256	(5)
Other casinos[4]	**809**	905	(11)	**240**	290	(17)
LPMs	**1 901**	1 921	(1)	**544**	564	(4)
Other gaming and betting[4]	**996**	958	4	**123**	170	(28)
Corporate[4]	**55**	74	(26)	**(219)**	(203)	(8)
Group	**11 503**	11 318	2	**3 901**	3 966	(2)

(1) *All income from operations is derived from external customers. No one customer contributes more than 10% to the group's total revenue and income*
(2) *Refer reconciliation of operating profit to adjusted EBITDA*
(3) *All casino units are reported pre-internal management fees*
(4) *Comparatives have been re-aligned as noted above*

Disaggregation of revenue from contracts with customers

for the year ended 31 March

The group derives revenue over time, with the exception of food and beverage revenue which is recognised at a point in time. The table below presents revenue by segment which excludes net gaming win and other income which are included in the segmental analysis as these are accounted for under different accounting policies. Disaggregation of revenue from contracts with customers for the year under review is as follows:

	Food and beverage recognised at a point in time		Rooms revenue recognised over time		Other revenue recognised over time		Revenue from contracts with customers	
	2024 Rm	2023 Rm	**2024 Rm**	2023 Rm	**2024 Rm**	2023 Rm	**2024 Rm**	2023 Rm
Casinos	**586**	524	**523**	501	**409**	359	**1 518**	1 384
Gauteng	**336**	281	**345**	288	**361**	312	**1 042**	881
KwaZulu-Natal	**122**	114	**83**	86	**17**	15	**222**	215
Western Cape	**46**	42	**29**	27	**8**	8	**83**	77
Other casinos[1]	**82**	87	**66**	100	**23**	24	**171**	211
LPMs	**–**	–	**–**	–	**–**	–	**–**	–
Other gaming and betting[1]	**62**	65	**–**	–	**–**	–	**62**	65
Corporate[1]	**–**	–	**–**	–	**2**	–	**2**	–
Group	**648**	589	**523**	501	**411**	359	**1 582**	1 449

[1] *Comparatives have been re-aligned as noted in the segment analysis*

	2024 Rm	2023 Rm
Reconciliation to segmental analysis:		
Net gaming win	**9 673**	9 627
Revenue from contracts with customers per above	**1 582**	1 449
Other income	**248**	242
Total income per segmental analysis	**11 503**	11 318

Other revenue comprises mainly revenues from entrance fees, cinemas, venue hire, parking, other hotel revenue and other sundry revenue.

Other income comprises mainly property rentals, dividends received, prescribed credits, rebates received and other sundry income.

Notes to the reviewed condensed consolidated financial statements

1 BASIS OF PREPARATION

The reviewed condensed consolidated financial statements are prepared on a going concern basis and in accordance with the requirements of the JSE Listings Requirements for condensed reports, and the requirements of the Companies Act of South Africa, applicable to condensed financial statements. The JSE Listings Requirements require condensed reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and to also contain the information required by IAS 34 *Interim Financial Reporting*. The accounting policies applied in the preparation of these condensed consolidated financial statements are in terms of IFRS and are consistent with those applied in the previous consolidated annual financial statements for the year ended 31 March 2023 other than as described in note 2. These condensed consolidated financial statements should be read in conjunction with the annual financial statements for the year ended 31 March 2023, which have been prepared in accordance with IFRS. Chief Financial Officer, G Lunga CA(SA), supervised the preparation of these condensed consolidated financial statements. These condensed consolidated financial statements for the year ended 31 March 2024 have been reviewed by the company's auditors, Deloitte & Touche, and their unmodified review conclusion is included in this report.

In preparing these condensed consolidated financial statements, the significant judgements made by management in applying the group's accounting policies are similar to those detailed in the group's consolidated annual financial statements for the year ended 31 March 2023, other than as mentioned in this report.

2 CHANGES IN MATERIAL ACCOUNTING POLICIES

The group adopted all the new, revised or amended accounting pronouncements as issued by the IASB which were effective for the group from 1 April 2023. No pronouncement had any material impact on the group.

3 STANDARDS ISSUED NOT YET EFFECTIVE

The group does not anticipate any standards or amendments to existing standards which have been published and are mandatory for the group's accounting periods beginning on or after 1 April 2024 or later periods, which the group has not early adopted, would have a material impact on the group.

4 IMPAIRMENTS OF NON-CURRENT ASSETS

In terms of IAS 36 *Impairment of Assets,* the group assesses at the end of each reporting period whether there is any indication that an asset may be impaired, and assesses its goodwill and intangible assets with indefinite lives for impairment, irrespective of whether there is any indication of impairment or not. The group makes use of significant estimates and used key assumptions concerning the future as discussed below. Impairments (and impairment reversals of non-current assets in the prior year) are shown separately in the statement of profit or loss. Impairments of current assets are not significant and have therefore been included within *Other operating expenses* in the statement of profit or loss.

	2024 Rm	2023 Rm
Impairment of non-current assets		
Impairment of goodwill (note 4.1)	**(43)**	–
Impairment of intangible assets (note 4.2)	**(243)**	(39)
Impairment of property, plant and equipment (note 4.3)	**(24)**	(39)
Impairment of right-of-use assets	**–**	(5)
	(310)	(83)

4.1 Goodwill

A summary of goodwill allocation is as follows per cash-generating unit ("CGU"):

	2024 Rm	2023 Rm
Montecasino	**273**	273
Suncoast	**890**	890
Golden Horse	**–**	43
Garden Route	**19**	19
Mykonos	**17**	17
The Caledon	**64**	64
Blackrock	**94**	94
Vukani	**61**	61
	1 418	1 461

Impairment test for goodwill and casino licences (refer to note 4.2 for casino licences)

As a result of slow growth of the South African economy, high levels of unemployment, ongoing load shedding, high fuel and food prices, increased interest rates and online betting on casino styled games growing to significant levels, income remained under pressure for the year under review. 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 with them substantial uncertainty and instability. The group does not have direct exposure to the respective countries, however, these negative influences on the global economy also impacts disposable income in South Africa. These factors are taken into account in the impairment testing of goodwill and intangibles, intangibles being mainly casino licences, most of which are indefinite lived.

4 IMPAIRMENTS OF NON-CURRENT ASSETS continued

4.1 Goodwill continued

Significant estimate: key assumptions used for value in use calculations

Goodwill and casino licences are allocated and monitored based on the group's CGUs. The recoverable amount of the CGUs is determined based on the higher of the fair value less costs of disposal and value in use. These calculations use management-approved cash flow projections based on five-year forecasts. The expected capital cost spend in the CGUs is based on the historical experience of maintaining each property, taking into account current spend. The approved capex programme is monitored closely by management thereby ensuring only necessary spend. Cash flows beyond the five-year period are extrapolated using the estimated long-term growth rate.

The key assumptions used for value in use calculations were reviewed by management at the year end and estimated as follows:

Trading assumptions

Management forecast income, operating expenses and adjusted EBITDA margins based on past and current performance, its expectations of disposable income in South Africa and the global uncertainty and instability mentioned above. Focus remains on maintaining previously implemented cost reductions and operational efficiencies. Certain expenses, some of which are beyond the group's control (such as administered property costs and high diesel costs incurred due to load shedding), continued to increase. The aforementioned, together with the key assumptions mentioned below, are reflected in the group's forecast cash flows assuming normal growths in the future.

Adjusted EBITDA during the budget period is estimated based on income, including gaming win, food and beverage, hotel rooms revenue and other income, and operating costs achieved in the period immediately preceding the commencement of the group's annual budget exercise. The forecast period thereafter has increased income by an average of 4% per annum and operating costs by 5% per annum (31 March 2023: Expected income, including gaming win, food and beverage, hotel rooms revenue and other income forecast growths of 5% for 2025 and then 4% for the following years, and expected operating expenditure costs forecast increase on average by 6% for the 2025 financial year and then 5% for the following years).

Long-term growth rate

Cash flows beyond the first five-year period are extrapolated using estimated long-term growth rates in order to calculate the terminal recoverable amount. The growth rate estimations consider risks associated with the gaming, entertainment and hospitality industry in which the CGUs operate. The group considers a long-term growth rate of 5.0% appropriate, unchanged from the prior year end, as the trading conditions are expected to improve somewhat in the medium to longer term.

4 IMPAIRMENTS OF NON-CURRENT ASSETS continued

4.1 Goodwill continued

Significant estimate: key assumptions used for value in use calculations continued

Risk adjusted discount rate

The discount rate is calculated by using a weighted average cost of capital ("WACC") of the respective CGUs. WACC is calculated using a risk-free rate referenced to the 10 year point on the SA Government Bond curve and an equity premium adjusted for specific risks relating to the relevant CGUs (share beta and small stock premium). The pre-tax discount rates have increased in comparison with the prior year due to higher risk-free and weighted average cost of debt rates as a result of increased interest rates by the South African Reserve Bank ("SARB") during the year under review. These were offset by a lower share beta of 1.08 (31 March 2023: 1.20) mainly due to the decrease in overall levels of debt in the group's capital structure. The group's effort to further reduce its debt levels to achieve its medium-term target will continue. The COVID-19 pandemic triggered a reduction in interest rates that has reversed since late 2021 in response to rising inflation, hence there have been a number of increases in rates by the SARB. The group believes the discount rate will return to more normal levels over the medium term. The following pre-tax discount rates have been used for the respective CGUs:

	2024 %	2023 %
Montecasino	**19.7**	18.5
Suncoast	**19.5**	18.4
Gold Reef City	**19.6**	18.5
Silverstar	**20.4**	19.6
Golden Horse	**20.9**	19.7
Other gaming operations[1]	**21.3**	20.2
Vukani	**24.7**	25.2

[1] *Includes the balance of the group's casino properties which have an allocation of goodwill*

Significant estimate – impairment charges

Taking into account the significant estimates and key assumptions, no impairments to goodwill were deemed necessary since the previous reporting date, other than the impairment of goodwill in respect of Golden Horse amounting to R43 million (2023: no goodwill impairments recognised). Refer to note 4.2 *Casino licences* for more detail.

Significant estimate: impact of possible changes in key assumptions

The group's impairment reviews are sensitive to changes in the key assumptions described above. Based on the group's sensitivity analysis, a reasonable possible change in a single assumption will not cause any goodwill impairment loss in any of the group's CGUs, as the group's CGUs have significant headroom available between the calculated values in use and the carrying amount of goodwill allocated to each CGU.

4 IMPAIRMENTS OF NON-CURRENT ASSETS continued

4.2 Casino licences (included in *Other intangible assets* in the statement of financial position)

	2024 Rm	2023 Rm
At 1 April	**3 296**	3 137
Acquisition of business	**–**	5
Additions	**13**	–
Amortisation charge	**(2)**	(5)
Impairments	**(243)**	(39)
Impairment reversals	**–**	198
At 31 March	**3 064**	3 296
Cost	**4 583**	4 570
Accumulated amortisation	**(183)**	(181)
Accumulated impairments	**(1 336)**	(1 093)
Net carrying amount	**3 064**	3 296

Casino licences and related bid costs are made up as follows:

	2024 Rm	2023 Rm
Indefinite lives:		
Montecasino	**70**	70
Suncoast	**105**	105
Gold Reef City	**1 765**	1 765
Silverstar	**199**	289
Golden Horse	**404**	554
Garden Route	**252**	252
Mykonos	**215**	215
Goldfields	**12**	12
Emerald	**5**	5
Galaxy	**25**	13
Other	**8**	8
Definite lives:		
Hemingways	**–**	3
Other	**4**	5
	3 064	3 296

4 IMPAIRMENTS OF NON-CURRENT ASSETS continued

4.2 Casino licences (included in *Other intangible assets* in the statement of financial position) continued

Significant estimate – impairment charges and reversals

Taking into account the revised assumptions as described in note 4.1 *Goodwill*, with respect to licences with indefinite lives, the group recognised impairments in respect of the Silverstar and Golden Horse precincts of R90 million and R150 million respectively (2023: the group recognised an impairment reversal of R198 million in respect of the Gold Reef City precinct and an impairment in respect of the Goldfields precinct of R28 million). With respect to the Silverstar precinct, the licence impairment is due to lower than anticipated trading, offset by lower forecast maintenance capital spend. The goodwill and licence impairments of the Golden Horse precinct is due to lower than anticipated trading and reducing margins, and higher forecast maintenance capital spend.

Significant estimate: impact of possible changes in key assumptions

The group's impairment reviews are sensitive to changes in the key assumptions described in note 4.1. Based on the group's sensitivity analysis, a reasonable possible change in a single assumption will not cause a material impairment loss in any of the group's CGUs, as the group's CGUs have significant headroom available between the calculated values in use and the intangible asset allocated to each CGU, other than the CGUs as shown in the table below.

The following reflects the total impairment on casino licences, with indefinite useful lives, that would be recognised if a reasonably possible change in a key assumption, on which the group has based its determination of the CGUs' recoverable amounts, would cause the CGUs' respective casino licence carrying amounts to exceed their recoverable amounts:

	2024			2023		
	1pp decrease in trading assumptions[1] Rm	**1pp decrease in growth rate assumption[1] Rm**	**1pp increase in discount rate assumption[1] Rm**	1pp decrease in trading assumptions[1] Rm	1pp decrease in growth rate assumption[1] Rm	1pp increase in discount rate assumption[1] Rm
Total impairment recognised would be:						
Golden Horse	**(199)**	**(220)**	**(232)**	–	–	–
Silverstar	**(103)**	**(155)**	**(184)**	(70)	(129)	(158)
Gold Reef City	**–**	**–**	**(64)**	–	–	–
Goldfields[2]	**–**	**(3)**	**(6)**	(30)	(34)	(36)

(1) *Refer note 4.1 for key assumptions*

(2) *Casino licences of R28 million were impaired during the prior year end 31 March 2023 in respect of Goldfields*

4 IMPAIRMENTS OF NON-CURRENT ASSETS continued

4.3 Other non-current asset impairments

With regards to the Hemingways precinct, taking into account the significant estimates and key assumptions as described in note 4.1 and a pre-tax discount rate of 21.9% (2023: 19.8%), an impairment of the CGU was identified as being R22 million (2023: R48 million). This impairment has been recognised on an apportionment basis over the assets of the CGU, limited to their recoverable amounts (this precinct does not have any intangible assets with indefinite lives allocated to it). The impairment was mainly due to the continued decline in trading which is indicative of the area in which the precinct is located, together with reducing margins, and higher forecast maintenance capital spend. The impairment has been applied to the following non-current assets:

	2024 Rm	2023 Rm
Property, plant and equipment	**(19)**	(32)
Right-of-use assets	**–**	(5)
Licence and bid costs	**(3)**	(11)
	(22)	(48)

The following reflects the total impairment of other non-current assets in respect of Hemingways, that would be recognised if a reasonable possible change in a key assumption noted above, on which the group has based its determination of the Hemingway's recoverable amount, would cause Hemingways' respective non-current assets' carrying amounts to exceed their recoverable amounts:

	2024(1)			2023		
	1pp decrease in trading assumptions(2) Rm	**1pp decrease in growth rate assumption(2) Rm**	**1pp increase in discount rate assumption(2) Rm**	1pp decrease in trading assumptions(2) Rm	1pp decrease in growth rate assumption(2) Rm	1pp increase in discount rate assumption(2) Rm
Total impairment recognised would be:						
Property, plant and equipment	–	–	–	(34)	(40)	(43)
Right-of-use assets	–	–	–	(6)	(7)	(7)
Licence and bid costs (included in other intangible assets)	–	–	–	(11)	(13)	(14)

(1) *No further impairment as the total impairment of R22 million represents fully impaired non-current assets, limited to their recoverable amounts*

(2) *Refer note 4.1 for key assumptions*

5 FAIR VALUE ESTIMATION

The group has elected to hold its investment property at fair value which are categorised as level 3 values in the fair value hierarchy. The group fair values its financial assets at fair value through other comprehensive income which are categorised as levels 1 and 3 values in the fair value hierarchy. Derivative financial instruments are fair valued, comprising interest rate swaps, and are categorised as level 2 values in the fair value hierarchy. There were no transfers into or out of level 3 for any fair value assets during the year under review.

5.1 Investment properties

	2024 Rm	2023 Rm
At 1 April	**377**	374
Additions to investment properties	**28**	20
Transfers from property, plant and equipment	**76**	–
Fair value adjustments recognised in profit or loss	**(5)**	(17)
At 31 March	**476**	377

The group rents out commercial office space at its investment properties. The group has elected to measure investment properties at fair value. Fair values are estimated annually by an independent valuer who holds a recognised and relevant professional qualification and has recent experience in the location and category of the investment properties being valued.

During the year under review, the group recognised a fair value loss of R5 million (2023: R17 million loss) on investment properties in the statement of profit or loss. The fair value of the group's investment properties is determined using capitalised values of the projected rental income, together with assessments of development land. The valuation model considers the nature, location, size and popularity of the properties, as well as vacancies based on the historical and current vacancy factors. The fair value decrease was mostly as a result of the higher vacancy rate in line with higher vacancies in the commercial property market in general, and an update on the vacant land valuation rate due to a change in intended use of the vacant land.

At 31 March 2024, the significant unobservable inputs were as follows:
- Capitalisation rates applied to rental income of 9.25% - 10% (2023: 9.5%);
- Vacancy rates applied of 0% - 25% (2023: 10%), and
- A weighted average projected rental income increase rate of 1.4% (2023: 6.8%).

Inter-relationship between key unobservable inputs and fair value measurement are shown below. The estimated fair value would increase/(decrease) if:
- The capitalisation rate was lower/(higher);
- Expected rental income was higher/(lower); and
- Expected vacancy rate was lower/(higher).

5 FAIR VALUE ESTIMATION continued

5.1 Investment properties continued

The table below indicates the sensitivities of the aggregate investment property portfolio by increasing or decreasing value inputs by 1pp as follows:

	2024		2023	
	Increase Rm	**Decrease Rm**	Increase Rm	Decrease Rm
1pp change in the capitalisation rate	**(26)**	**33**	(31)	40
1pp change in the vacancy rate	**(3)**	**5**	(4)	4
1pp change in projected rental income	**4**	**(3)**	3	(3)

5.2 Financial assets at FVOCI

	2024 Rm	2023 Rm
Unlisted		
At 1 April	**959**	814
Fair value adjustment recognised in OCI	**(235)**	145
At 31 March	**724**	959
Listed		
At 1 April	**113**	–
Acquired during the year	**181**	138
Fair value adjustment recognised in OCI	**(7)**	(25)
At 31 March	**287**	113
Total financial assets at fair value through OCI	**1 011**	1 072

5 FAIR VALUE ESTIMATION continued

5.2 Financial assets at FVOCI continued

Unlisted financial assets at fair value through OCI – level 3 in the fair value hierarchy

At the end of each reporting period, the group's 20% equity interest in each of SunWest and Worcester is remeasured, recognising the increase or decrease in other comprehensive income. The assets have been remeasured at 31 March 2024 to R724 million (2023: R959 million), a R235 million decrease (2023: R145 million increase). A discounted cash flow valuation was used to estimate the fair values. The valuation models consider the present value of net cash flows to be generated from SunWest and Worcester, together with their operating capital expenditures taking into account expected growths in net gaming win and other income 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. The expected net cash flows are discounted using a risk-adjusted post-tax discount rate.

The cash flow forecasts used in the valuation anticipate a recovery off the December 2023 financial year end for the 2024 financial year end, reaching normal increase in trading levels from the December 2025 financial year as trading has not yet reached pre-COVID-19 levels as was previously anticipated. Cost mitigation strategies are expected to be maintained. A higher post-tax discount rate has been used in the valuation due to the increase in interest rates, including an increased risk-free rate, offset by a lower share beta, as mentioned in note 4.1. Among other factors, the discount rate estimation considers risks associated with the gaming, entertainment and hospitality industry in which SunWest and Worcester operate. The decrease in the estimated fair value is mainly driven by the Western Cape gaming win growths not reaching anticipated levels as yet, particularly Worcester, together with an increased discount rate.

Significant estimate – unobservable inputs used in the fair value measurement

The significant unobservable inputs used in the fair value measurement of the group's investment in SunWest and Worcester are shown below (based on the respective entities' December financial year ends):

- Expected income, including gaming win, food and beverage, hotel rooms revenue and other income grows by 9% for the entities' 2024 financial year, then levels out to growths of 4% over the following years (31 March 2023: Expected income, including gaming win, food and beverage, hotel rooms revenue and other income growths of 5% for the 2024 year end then levelled out to growths of between 4% and 5% over the following years);
- Expected operating expenditure costs increase by 10% for the entities' 2024 financial year, then levels out to increases of 4% over the following years, maintaining margins (31 March 2023: Expected operating expenditure costs increased by 5% over the forecast years);
- Risk-adjusted discount rate of 15.79% (2023: 14.81%) post-tax; and
- Long-term growth rate of 5.0% (2023: 5.0%).

5 FAIR VALUE ESTIMATION continued

5.2 Financial assets at FVOCI continued

Unlisted financial assets at fair value through OCI – level 3 in the fair value hierarchy continued

Significant estimate – unobservable inputs used in the fair value measurement continued

The table below indicates the sensitivities for the valuation by increasing or decreasing the above inputs by 1pp:

	2024		2023	
	Increase Rm	**Decrease Rm**	Increase Rm	Decrease Rm
Expected gaming win growth	**62**	**(61)**	71	(69)
Operating expenditure cost growth	**(57)**	**55**	(51)	49
Risk-adjusted discount rate	**(64)**	**77**	(88)	108
Long-term growth rate	**56**	**(47)**	81	(66)

Listed financial assets at fair value through OCI – level 1 in the fair value hierarchy

Listed financial assets at fair value through OCI comprise ordinary shares held by subsidiaries in City Lodge, a listed entity on the JSE.

This investment is revalued to its market price as listed on the JSE at the reporting date. A reasonable possible change in the closing share price will not cause a material change in the fair value at 31 March 2024.

5.3 Interest rate swaps

The fair value of the group's derivatives used for hedge accounting is a current asset of R11 million (31 March 2023: R35 million non-current asset) and is calculated as the present value of the estimated future cash flows based on observable yield curves, which is consistent with the prior year. A debit of R79 million (2023: a credit of R39 million), representing the effective portion of the cash flow hedge, was recognised in other comprehensive income. 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 (2023: R78 million) was reclassified from other comprehensive income to profit or loss (included in finance costs). The group recognised a R39 million credit (31 March 2023: R47 million charge) in finance costs in respect of the interest rate swap instruments, and in the cash flow, finance costs in respect of the interest rate swap of R36 million inflow (2023: R57 million outflow).

6 NOTES TO THE CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

6.1 Working capital movements

	2024 Rm	2023 Rm
Increase in inventories	**(18)**	(24)
Decrease in trade and other receivables	**(57)**	15
Decrease in payables and provisions	**(259)**	(119)
	(334)	(128)

6.2 Changes in interest-bearing borrowings arising from financing activities

6.2.1 Borrowings

Changes arising from interest-bearing borrowings, excluding bank overdrafts, from short-term borrowings of R44 million (2023: R50 million), are as follows:

	Non-current Rm	**Current Rm**	**Total Rm**
At 1 April 2023	**8 380**	**64**	**8 444**
Cash flow movements			
Borrowings raised[1]	**1 730**	**591**	**2 321**
Borrowings repaid[1]	**(2 130)**	**(496)**	**(2 626)**
Interest paid during the year	**–**	**(796)**	**(796)**
Non-cash movements			
Borrowing facilities raised[2]	**2 050**	**–**	**2 050**
Borrowing facilities repaid[2]	**(2 050)**	**–**	**(2 050)**
Extinguishment of NCI borrowings[3]	**(38)**	**–**	**(38)**
Interest raised for the year	**4**	**800**	**804**
At 31 March 2024	**7 946**	**163**	**8 109**

[1] *The group raised R1.73 billion and repaid R2.13 billion in cash as part of the refinancing programme and debt reduction during the year*

[2] *At the time of the May 2023 debt refinancing, R1.55 billion and R0.50 billion was settled respectively, free of value (offset between the same lender), therefore, there was no cash flow through the group's bank accounts at the time the group received the new borrowing facilities of R2.05 billion, this concluded the settlement of three medium-term notes which were due to mature on 30 November 2024*

[3] *On 31 May 2023 terms of the loan were amended to accelerate the date of interest on which interest would accrue from the anniversary date upon which capital was received to 1 April 2023. Subsequent to this, the NCI lender further agreed to provide a 15-month interest holiday effective 1 October 2023, which would resume from 1 April 2025. The above change in terms resulted in an extinguishment of the original loan and an adjustment of R38 million recognised in retained earnings as an equity contribution*

6 NOTES TO THE CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS continued

6.2 Changes in interest-bearing borrowings arising from financing activities continued

6.2.1 *Borrowings* continued

	Non-current Rm	Current Rm	Total Rm
At 1 April 2022	7 400	2 279	9 679
Cash flow movements			
Borrowings raised	3 136	–	3 136
Borrowings repaid	(206)	(4 180)	(4 386)
Interest paid during the year	–	(637)	(637)
Non-cash movements			
Borrowing facilities raised/(settled)	1 000	(1 000)	–
Borrowings reclassification to current	(2 950)	2 950	–
Interest raised for the year	–	652	652
At 31 March 2023	8 380	64	8 444

6.2.2 *Lease liabilities*

Changes arising from lease liabilities are as follows:

	Non-current Rm	**Current Rm**	**Total Rm**
At 1 April 2023	**267**	**38**	**305**
New leases raised	**22**	**14**	**36**
Principal elements of lease payments	**–**	**(43)**	**(43)**
Interest raised for the year	**–**	**27**	**27**
Interest paid during the year	**–**	**(27)**	**(27)**
Remeasurement of leases[1]	**(19)**	**(5)**	**(24)**
Reclassification to current	**(40)**	**40**	**–**
At 31 March 2024	**230**	**44**	**274**

[1] *Remeasurement due to Hemingways casino extension option derecognised from the lease liability as it is no longer certain that the group will extend the option*

6 NOTES TO THE CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS continued

6.2 Changes in interest-bearing borrowings arising from financing activities continued

6.2.2 *Lease liabilities* continued

	Non-current Rm	Current Rm	Total Rm
At 1 April 2022	295	42	337
New leases raised	8	5	13
Principal elements of lease payments	(1)	(38)	(39)
Interest raised for the year	–	29	29
Interest paid during the year	–	(29)	(29)
Remeasurement of leases	–	3	3
Termination of leases	–	(7)	(7)
Lease concessions practical expedient applied	–	(2)	(2)
Reclassification to current	(35)	35	–
At 31 March 2023	267	38	305

7 RELATED PARTY TRANSACTIONS

The company's ultimate controlling shareholder is Hosken Consolidated Investments Limited ("HCI") which, at the reporting date, directly and indirectly owned 50.1% (2023: 49.7%) of the company's issued share capital, excluding treasury shares. During the year under review, the group acquired investment property from the HCI group for an amount of R28 million. Total dividends paid to HCI and controlling entities of HCI during the year were R452 million (2023: R254 million). The group had no other significant related party transactions during the year under review, nor entered into any new significant related party transactions. The group's significant transactions with related parties were all made on terms equivalent to those that prevail in arm's length transactions.

8 CAPITAL COMMITMENTS

A total of R56 million for maintenance capital items, which is anticipated to be spent during the next 12 months, has been contracted for.

9 GOING CONCERN

The net debt to adjusted EBITDA ratio for the 31 March 2024 year end, as measured for covenant purposes, amounted to a 1.99 times multiple. The group's debt covenant ratio requirement is less than a 3.0 times multiple. At the date of this report, the directors are not aware of any circumstances whereby the group should not be able to achieve the covenant requirements for March 2025. The group's net interest-bearing debt and guarantees at 31 March 2024 reduced to R7.67 billion from R8.05 billion at 31 March 2023.

The cash flow and liquidity projections for the group were prepared for a period exceeding 12 months from the reporting date and included performing sensitivity analyses. Based on the forecast performed, the directors are of the opinion that the group has sufficient access to liquidity and facilities to fund operations for the ensuing 12 months. The group's medium-term debt leverage target remains lower than a 1.8 times multiple, thereby decreasing risk and funding costs.

After taking the above factors into account, the directors consider the going concern method to be appropriate for the presentation of these condensed consolidated financial statements.

10 EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

The directors are not aware of any matters or circumstances arising since the end of the reporting period, not otherwise dealt with within these condensed consolidated financial statements that would affect the operations or results of the group significantly, other than as mentioned below.

Declaration of dividend

Subsequent to the company's reporting date, on 23 May 2024, the board of directors declared a final gross cash dividend of 40 cents per share in respect of the year ended 31 March 2024. The aggregate amount of the dividend, to be paid on 29 July 2024 out of distributable reserves, not recognised as a liability at the reporting date is R420 million.

Forward-looking statements

This announcement contains forward-looking statements and information in relation to the group. By its very nature, such forward-looking statements and information require the company to make assumptions that may not materialise or that may not be accurate. Such forward-looking information and statements involve known and unknown risks, uncertainties and other important factors beyond the control of the company that could cause the actual performance or achievements of the company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking information and statements. Past performance of the company cannot be relied on as a guide to future performance. Forward-looking statements speak only as at the date of the announcement and no statement is intended to be a profit forecast. Forward-looking statements are the responsibility of the board and have not been reviewed and reported on by the external auditors in accordance with ISAE 3400 *The Examination of Prospective Financial Information*. The group neither accepts any responsibility for any loss arising from the use of the information contained in this report nor undertakes to update or revise any of its forward-looking statements publicly.

DIRECTORS

JA Copelyn (Chairman)*
CG du Toit (Chief Executive Officer)
G Lunga (Chief Financial Officer)
MJA Golding** BA Mabuza (Lead Independent)**
F Mall** VE Mphande** Y Shaik* RD Watson**
*(*Non-executive Director **Independent Non-executive Director)*

COMPANY SECRETARY

Tsogo Sun Casino Management Company Proprietary Limited

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