CITY LODGE HOTELS

Interim Reporting

Condensed unaudited consolidated interim financial statements and cash dividend declaration

for the six months ended 31 December 2025

40 years of building **better stays**

Highlights

Interim Results

Group occupancy
61.6%
up 4.2% points
HY2025: 57.4%

Adjusted headline earnings
R139m
up 27%
HY2025: R110m

Average Room Rate
up 4%
HY2025: up 10%

Cash generated by operations
R347m
up 39%
HY2025: R250m

Revenue
R1.14bn
up 12%
HY2025: R1.02bn

Earnings and headline earnings per share (diluted)
21.5c
flat
HY2025: 21.6c

Adjusted EBITDAR
R371m
up 16%
HY2025: R319m

Adjusted headline earnings per share (diluted)
26.1c
up 33%
HY2025: 19.6c

Adjusted EBITDAR Margin
32.5%
up 1.3% points
HY2025: 31.2%

Dividends declared per share
Interim: 8c
up 33%
HY2025: 6c

40 years of building better stays

Commentary



The City Lodge Hotels strategy has empowered the move from stabilising trading to building momentum in the portfolio which delivered a 12% increase in revenue, a 39% increase in cash generated by operations, and enabled the group to repurchase 6% of its issued shares.

City Lodge Hotels capitalised on improved economic trends in South Africa, and B20 and G20 tailwinds to deliver a 4.2% point increase in occupancy to 61.6% over the period. Room rates continued to beat inflation with average rate increasing by 4%, which had a complementary result of a 10% increase in rooms revenue. The growth in occupancy, aided by the newly refreshed menus and restaurants in some hotels, has enabled food and beverage revenue to grow by 17% in the six months under review.

Whilst consumer and business spending remains constrained, there are distinct green shoots and positive sentiment in the South African economy, aided by the hosting of the B20 and G20 summits last year, which has helped deliver promising GDP growth. As the Government of National Unity (GNU) moves forward with its agenda, there has been an increase in government spending.

South Africa's removal from the Financial Action Task Force grey list in October 2025, S&P credit rating upgrade, downward revisions to inflation targets, and decreases in interest rates have attracted renewed investor interest. City Lodge Hotels has benefitted from the renewed government mobilisation and increased business activity.

All regions within South Africa benefitted from the growth in occupancy demand, with Gauteng, Kwazulu-Natal and Eastern Cape leading regionally.

Within SADC, Mozambique and Namibia performance beat expectations, as the hotels achieved strong trading improvement in both room and food and beverage sales. Botswana is showing some signs of recovery, and we are optimistic that the growth in the local economy will boost government and corporate demand.

FINANCIAL REVIEW

Hospitality is an early beneficiary of positive investment activity and the renewed economic activity across the country over the last six months, has delivered the highest occupancy since pre-Covid-19, at 61.6%, which is 4.2% points ahead of the prior period. City Lodge Hotels yield management initiatives continue to optimise average room rate (ARR) growth which grew by 4% on the prior period. This improvement resulted in an overall 12% increase in total revenue for the six months ended 31 December 2025 to R1.14 billion (six months ended 31 December 2024 (HY2025: R1.02 billion). Rooms revenue was up by 10% to R898.5 million (HY2025: R815.0 million).

Food and beverage (F&B) revenue has leveraged the additional occupancy in the hotels, the newly refreshed restaurants and fresh bespoke menus to deliver a 17% increase to R233.9 million (HY2025: R200.2 million), and it now accounts for 20.5% (HY2025: 19.6%) of total revenue.

We prioritised cost containment which resulted in a 9% increase in total operating costs, despite the higher occupancies. Operating cost per room sold increased by only 3%.

The combination of strong revenue growth and well controlled costs, delivered an Adjusted EBITDAR, which excludes unrealised foreign currency (losses)/gains, growth of 16.3%, and an Adjusted EBITDAR margin growth of 1.3% points to 32.5% (HY2025: 31.2%).

The 8% increase to salaries and wages to R312.6 million (HY2025: R288.8 million) was largely aligned to the annual inflationary increase offered to staff of 5.5% in August 2025, including additional contract staff required to support the additional occupancy and F&B volumes. The group has mitigated the average 13% utility price increases over the last year, through solar generated power at 41 hotels, and borehole and filtration water supply at 14 hotels. Property costs have increased by only 6% to R101.8 million (HY2025: R95.9 million).

Rooms related costs of R114.5 million (HY2025: R104.5 million) are mainly variable in nature, and increased by 10% during the period, mainly due to commissions paid to travel agents for growth in government and corporate sector travel volumes. F&B costs of R89.9 million (HY2025: R77.6 million), which had a 16% increase, was largely aligned to F&B revenue growth of 17%. F&B gross profit margins have improved marginally to 61.5% from 61.2% in the prior period.

The strengthening of the South African Rand against other currencies, resulted in an unrealised loss on foreign exchange of R24.7 million (HY2025: gain of R10.9 million) mainly in Mozambique on the intercompany Rand denominated loan.

Depreciation for the period of R99.2 million (HY2025: R89.5 million) includes depreciation of capitalised leases. The 11% increase relates to depreciation on the newly refurbished hotels in the portfolio.

Lease related expenses (i.e. depreciation on right-of-use assets of R47.3 million and interest expense on leases of R63.7 million) exceeds cash lease payments of R91.4million by R19.6 million.

Commentary continued

Taxation amounting to R56.5 million (HY2025: R47.2 million) increased by 20%, with an effective tax rate of 33% (HY2025: 28%), due to the impact of the non-deductible unrealised foreign exchange losses.

Profit after tax decreased by 5% to R114.6 million (HY2025: R120.4 million), whilst diluted earnings and diluted headline earnings per share decreased by only 0.5% to 21.5 cents (HY2025: 21.6 cents), due to the reduced number of shares in issue following the share buy-backs during the period.

However, adjusted headline earnings for the period, which excludes unrealised foreign currency (losses)/gains, is up by 27% to R139.3 million (HY2025: R109.5 million), and diluted adjusted headline earnings per share has increased by 33.2% to 26.1 cents (HY2025: 19.6 cents).

STRATEGIC UPDATE

We repurchased and cancelled 36 million (6%) of issued shares at an average price of R4.00 per share and a total consideration of R144.9 million.

Good trading performance resulted in a 39% increase in cash generated by operations of R347.3 million (HY2025: R250.5 million), which has continued to fund the reinvestment in our cash generating assets through the extensive refurbishment programme at key hotels, and continued water and electricity resilience and sustainability initiatives.

The group completed five refurbishment projects during the period under review which included bedroom refurbishments at City Lodge Hotel Johannesburg International Airport, Courtyard Hotel Gqeberha and Courtyard Hotel Sandton. The restaurants and commercial areas at City Lodge Hotel Umhlanga Ridge and City Lodge Hotel V&A Waterfront were completed and newly branded in-house dining offers, which are bespoke to each hotel, were launched.

We are also optimising our hotel portfolio with Courtyard Hotel Arcadia permanently closed in December 2025 as the hotel was in the process of being sold for a gross consideration of R37.3 million. Transfer of the property completed on 13 February 2026. In addition, the City Lodge Hotel Newtown lease will be expiring in May 2026, and the group has opted not to renew the lease. The hotel is scheduled to close on 31 March 2026. Both hotels had been loss making.

OUTLOOK

The SA economy has gained momentum over the last six months, and is widely expected to continue to improve over the next 12 months. City Lodge Hotels expect to benefit through the calculated application of our strategy to reap the benefits of improved trading activity. Whilst we remain optimistically cautious, we ensure sustainable decision making to ensure the hotels meet and exceed the needs of guests through value and service.

Whilst January 2026 occupancy demand had a slow start and was down by 2% points to 42% (January 2025: 44%), total revenue was up by 4% compared to the comparative period, supported by strong ARR and F&B revenue growth of 9%. Similarly, February 2026 started slowly but has gained momentum over the last two weeks. February to date occupancy is 4% points down to 56% (February 2025 to date 60%). However, total revenue is up by 5%, due to improved ARR and F&B revenue growth of 11%. We expect the positive momentum over the last two weeks to continue over the balance of the financial year.

Environmental resilience programs are being prioritised over the next 12 months, as we build a more sustainable portfolio with the ability to withstand more climate and infrastructure challenges.

The group has signed a lease addendum to expand City Lodge Hotel Waterfall City by a further 55 rooms, with construction due to commence in April/May 2026 and to be completed by March 2027. The capital cost attributable to City Lodge Hotels will be around R21 million.

The group continues to seek and pursue selected opportunities for new hotels in high growth areas within South Africa.

DECLARATION OF DIVIDEND

The board has approved and declared an interim dividend (number 69) of 8.00 cents per ordinary share (gross) (HY2025: 6.00 cents) in respect of the six months ended 31 December 2025.

The dividend will be subject to Dividend Tax. In accordance with paragraphs 7.23 (a) to (k) of the JSE Limited ("JSE") Listings Requirements the following additional information is disclosed:

- the dividend has been declared out of distributable reserves;
- the local Dividend Tax rate is 20% (twenty per centum);
- the gross local dividend amount is 8.00 cents per ordinary share for shareholders exempt from the Dividend Tax;
- the net local dividend amount is 6.40 cents per ordinary share for shareholders liable to pay the Dividend Tax;
- the company currently has 554 472 062 ordinary shares in issue; and
- the company's income tax reference number is 9041001711.

Shareholders are advised of the following dates:

- Last date to trade cum dividend Tuesday, 10 March 2026
- Shares commence trading ex dividend Wednesday, 11 March 2026
- Record date Friday, 13 March 2026
- Payment of dividend Monday, 16 March 2026

Share certificates may not be dematerialised or rematerialised between Wednesday, 11 March 2026 and Friday, 13 March 2026, both days inclusive.

For and on behalf of the board

Bulelani Ngcuka
Chairman

Andrew Widegger
Chief executive officer

19 February 2026

Condensed consolidated statement of financial position

R000	Notes	31 December 2025	31 December 2024	(Audited) 30 June 2025
Assets				
Non-current assets		**2 891 124**	2 875 877	2 880 933
Property, plant and equipment	5	**1 993 357**	1 864 643	1 936 177
Right-of-use assets	6	**865 851**	957 849	909 350
Intangible assets and goodwill		**19 348**	25 763	22 694
Investments		**800**	800	800
Deferred taxation	7	**11 768**	26 822	11 912
Current assets		**255 372**	225 494	195 165
Inventories		**8 425**	7 983	8 148
Trade receivables		**72 959**	66 513	70 372
Other receivables	8	**107 699**	99 961	88 817
Taxation receivable		**498**	447	456
Cash and cash equivalents		**48 268**	35 451	27 372
		237 849	210 355	195 165
Assets held-for-sale	5	**17 523**	15 139	–
Total assets		**3 146 496**	3 101 371	3 076 098
Equity				
Capital and reserves		**1 187 710**	1 238 150	1 263 772
Stated capital	9	**1 098 244**	1 273 133	1 243 133
Treasury shares		**(511 184)**	(520 281)	(520 779)
Other reserves		**71 539**	79 813	76 958
Retained earnings		**529 111**	405 485	464 460
Liabilities				
Non-current liabilities		**1 598 179**	1 533 027	1 449 493
Interest-bearing borrowings	10	**170 000**	60 000	–
Lease liabilities	11	**1 356 298**	1 395 761	1 379 217
Provisions		**10 696**	10 696	10 696
Deferred taxation	7	**61 185**	66 570	59 580
Current liabilities		**360 607**	330 194	362 833
Taxation payable		**11 297**	4 879	8 660
Trade and other payables		**294 293**	241 144	297 427
Lease liabilities	11	**55 017**	84 171	56 746
Total liabilities		**1 958 786**	1 863 221	1 812 326
Total equity and liabilities		**3 146 496**	3 101 371	3 076 098

Condensed consolidated statement of profit or loss and other comprehensive income

R000	Notes	Six months ended 31 December 2025	% change	Six months ended 31 December 2024	(Audited) Year ended 30 June 2025
Revenue	12	**1 141 234**	12	1 023 096	1 997 450
Other income		**4 225**		3 861	68 665
Expected credit loss (charge)/reversal on trade receivables		**(139)**		447	(571)
Salaries and wages		**(312 612)**	8	(288 810)	(588 547)
Property costs		**(101 793)**	6	(95 933)	(187 025)
Food and beverage costs		**(89 945)**		(77 648)	(150 726)
Rooms related costs		**(114 487)**	10	(104 507)	(204 270)
Unrealised (losses)/gains on foreign exchange		**(24 661)**		10 879	(7 912)
Other operating costs		**(162 740)**	9	(148 709)	(300 903)
Depreciation and amortisation		**(51 863)**		(43 671)	(87 934)
Depreciation on right-of-use assets		**(47 346)**		(45 786)	(92 399)
Operating profit		**239 873**	3	233 219	445 828
Interest income		**657**		725	1 807
Interest expense[1]		**(69 457)**		(66 373)	(136 227)
Profit before taxation		**171 073**	2	167 571	311 408
Taxation		**(56 455)**	20	(47 163)	(98 429)
Profit for the period		**114 618**	(5)	120 408	212 979
Other comprehensive income					
Items that are or may be reclassified to profit or loss					
Foreign currency translation differences (non-taxable)		**3 586**		120	490
Total comprehensive income for the period		**118 204**	(2)	120 528	213 469
Basic earnings per share (cents)	15.1	**21.6**	—	21.6	38.3
Basic diluted earnings per share (cents)	15.1	**21.5**	—	21.6	38.3

[1] *Interest expense comprises interest on long-term borrowings of R5.7 million (HY2025: R3.4 million). and interest on leases of R63.7 million (HY2025: R62.9 million).*

Condensed consolidated statement of cash flows

R000	Notes	**Six months ended 31 December 2025**	Six months ended 31 December 2024	(Audited) Year ended 30 June 2025
Cash inflow from operating activities		**180 270**	91 199	247 120
Cash generated by operations	14	**347 342**	250 499	548 585
Interest received		**657**	725	1 807
Interest paid		**(1 546)**	(2 545)	(6 645)
Interest paid - leases	11	**(63 736)**	(62 926)	(128 809)
Taxation paid		**(52 480)**	(43 887)	(83 555)
Dividends paid		**(49 967)**	(50 667)	(84 263)
Cash outflow from investing activities		**(154 779)**	(152 331)	(202 164)
Investment to maintain operations		**(151 599)**	(145 658)	(251 559)
Investment to expand operations		**(3 180)**	(6 673)	(8 962)
Proceeds on disposal of property, plant and equipment		**–**	–	58 357
Cash (outflow)/inflow from financing activities		**(3 719)**	29 135	(84 777)
Capital repayment of lease liabilities	11	**(27 699)**	(23 391)	(46 805)
Purchase of incentive scheme shares		**(1 131)**	(7 474)	(7 972)
Repurchase of ordinary shares	9	**(144 889)**	–	(30 000)
Proceeds from interest-bearing borrowings	10	**200 000**	60 000	80 000
Repayments of interest-bearing borrowings	10	**(30 000)**	–	(80 000)
Net increase/(decrease) in cash and cash equivalents		**21 772**	(31 997)	(39 821)
Cash and cash equivalents at the beginning of period		**27 372**	67 316	67 316
Effect of movements in exchange rates on cash held		**(876)**	132	(123)
Cash and cash equivalents at the end of period		**48 268**	35 451	27 372

Condensed consolidated statement of changes in equity

R000	Notes	Stated capital	Treasury shares	Other reserves	Retained earnings	Total
Balance as at 30 June 2024		1 273 133	(512 807)	77 524	335 744	1 173 594
Total comprehensive income for the period		–	–	120	120 408	120 528
Profit for the period		–	–	–	120 408	120 408
Foreign currency translation differences		–	–	120	–	120
Transactions with owners, recorded directly in equity		–	(7 474)	2 169	(50 667)	(55 972)
Incentive scheme shares		–	(7 474)	–	–	(7 474)
Share compensation reserve		–	–	2 169	–	2 169
Dividends paid		–	–	–	(50 667)	(50 667)
Balance as at 31 December 2024		1 273 133	(520 281)	79 813	405 485	1 238 150
Total comprehensive income for the period		–	–	370	92 571	92 941
Profit for the period		–	–	–	92 571	92 571
Foreign currency translation differences		–	–	370	–	370
Transactions with owners, recorded directly in equity		(30 000)	(498)	(3 225)	(33 596)	(67 319)
Repurchase of ordinary shares		(30 000)	–	–	–	(30 000)
Incentive scheme shares		–	(498)	–	–	(498)
Share compensation reserve		–	–	(3 225)	–	(3 225)
Dividends paid		–	–	–	(33 596)	(33 596)
Balance as at 30 June 2025		1 243 133	(520 779)	76 958	464 460	1 263 772
Total comprehensive income for the period		**–**	**–**	**3 586**	**114 618**	**118 204**
Profit for the period		**–**	**–**	**–**	**114 618**	**114 618**
Foreign currency translation differences		**–**	**–**	**3 586**	**–**	**3 586**
Transactions with owners, recorded directly in equity		**(144 889)**	**9 595**	**(9 005)**	**(49 967)**	**(194 266)**
Repurchase of ordinary shares	9	**(144 889)**	**–**	**–**	**–**	**(144 889)**
Incentive scheme shares		**–**	**(1 131)**	**–**	**–**	**(1 131)**
Reserve transferred on exercise of vesting rights		**–**	**10 726**	**(10 726)**	**–**	**–**
Share compensation reserve		**–**	**–**	**1 721**	**–**	**1 721**
Dividends paid		**–**	**–**	**–**	**(49 967)**	**(49 967)**
Balance as at 31 December 2025		**1 098 244**	**(511 184)**	**71 539**	**529 111**	**1 187 710**

Notes to the condensed unaudited consolidated interim financial statements

1. Basis of preparation

The condensed unaudited consolidated interim financial statements for the six months ended 31 December 2025 are prepared in accordance with the JSE Listings Requirements for interim reports and the requirements of the Companies Act of South Africa. The JSE Listings Requirements require interim reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of IFRS ® Accounting Standards 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, as a minimum, contain the information required by IAS 34 - Interim Financial Reporting.

The accounting policies applied in the preparation of the condensed unaudited consolidated interim financial statements are in terms of IFRS Accounting Standards and are consistent with those applied in the most recent audited annual financial statements. The condensed unaudited consolidated interim financial statements should be read in conjunction with the audited annual financial statements for the year ended 30 June 2025.

The condensed unaudited consolidated interim financial statements for the six months ended 31 December 2025 have been presented on the historical cost basis, and are presented in South African Rand, which is City Lodge Hotels' functional and presentation currency.

These condensed unaudited consolidated interim financial statements have been prepared under the supervision of Ms D Nathoo CA(SA), in her capacity as chief financial officer and have been authorised by the directors who take full responsibility for the preparation of the interim report.

The condensed unaudited consolidated interim financial statements for the six months ended 31 December 2025 have not been audited or reviewed by the company's auditors, PricewaterhouseCoopers Inc.

2. New and amended standards adopted by the group

Management has reviewed accounting standards issued and not yet effective and these are not expected to have a material impact on the group.

3. Significant judgements and estimates

The preparation of the condensed consolidated financial statements requires management to make judgements, estimates and assumptions that may affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses.

The significant judgements made by management in applying the group's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements. The estimates and associated assumptions are based on historical experience, consideration of market predictions at these unprecedented times and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Impairments

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Impairments, as set out in note 4, explains the significant areas of estimation, uncertainty and critical judgements, in applying accounting policies which have the most significant effect on the amounts recognised in the financial statements.

Determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. These extension and termination options are included in a number of the lease agreements across the group and are used to maximise operational flexibility in terms of managing the assets used in the group's operations.

The group's leasing portfolio comprises leases in relation to leases of land and/or buildings for its hotel operations. These lease agreements have varying tenures from 2 years to 30 years. The agreements also contain options to extend for up to 5 renewal periods.

The extension options (or periods after termination options) have been considered. Due to the long tenure for the majority of the leases and to ensure that management maintains operational flexibility within the group as the location and business environment to which the hotel operates does change over time, where certain, only one lease renewal period has been included in the lease term.

All extension and termination options held are exercisable by the group and not by the respective lessor. The group assesses the certainty of renewal extensions annually, and evaluates all leases renewals with a renewal date within two years of the reporting date.

All future cash outflows have been included in the lease liability.

Refer to note 6 Right-of-use assets and note 11 Lease liabilities for details of specific leases that have been remeasured during the current period due to changes in the lease term.

Notes to the condensed unaudited consolidated interim financial statements continued

4. Impairments

Management has assessed the group's property, plant and equipment and right-of-use assets for impairment by reviewing the operating results used to calculate value in use and fair value less cost of disposal in the prior financial year. Operating results for the first half of the current financial year are better than anticipated due to improved South African economic conditions and the G20 summit tailwinds, which have resulted in strong occupancy growth and improved average room rates. Within the macroeconomic environment, South Africa was removed from the Financial Action Task Force grey list in October 2025, it had a credit rating upgrade, there were downward revisions to inflation targets, and had decreases in interest rates. These factors have resulted in reduced discount rates as SA risk premiums are lower.

Accordingly, management is of the view that the carrying values of property, plant and equipment and right-of-use assets are fairly stated at 31 December 2025 and no additional impairments or impairment reversals are required. The impairment assessments of property, plant and equipment, and right-of-use assets will be revised at year end to take into account any changes in the technical inputs and the impact that changing conditions may have on the estimated future cash flows.

R000	31 December 2025	31 December 2024	(Audited) 30 June 2025
5. Property, plant and equipment			
At cost			
Land	**170 369**	144 217	176 373
Buildings	**2 302 351**	2 294 647	2 366 799
- freehold	**1 861 270**	1 800 876	1 927 822
- leasehold	**441 081**	493 771	438 977
Buildings under construction	**95 094**	38 945	6 833
Furniture and equipment	**865 649**	834 360	835 775
	3 433 463	3 312 169	3 385 780
Accumulated depreciation and impairment losses			
Buildings	**878 776**	882 134	895 071
- freehold	**600 397**	547 549	624 880
- leasehold	**278 379**	334 585	270 191
Furniture and equipment	**561 330**	565 392	554 532
	1 440 106	1 447 526	1 449 603
Carrying amount			
Land	**170 369**	144 217	176 373
Buildings	**1 423 575**	1 412 513	1 471 728
- freehold	**1 260 873**	1 253 327	1 302 942
- leasehold	**162 702**	159 186	168 786
Buildings under construction	**95 094**	38 945	6 833
Furniture and equipment	**304 319**	268 968	281 243
	1 993 357	1 864 643	1 936 177

Notes to the condensed unaudited consolidated interim financial statements continued

5. Property, plant and equipment continued

R000	Land	Buildings	Furniture and equipment	Total
Movements in carrying amount for the period				
Opening balance - 30 June 2024	142 596	1 387 752	232 260	1 762 608
Additions	–	92 037	57 290	149 327
Depreciation	–	(21 772)	(20 201)	(41 973)
Gain of foreign exchange movement	1 621	8 082	117	9 820
Reclassification to assets held-for-sale	–	(14 641)	(498)	(15 139)
Closing balance - 31 December 2024	144 217	1 451 458	268 968	1 864 643
Additions	34 894	59 784	33 944	128 622
Disposals - cost	–	–	(30 236)	(30 236)
Disposals - accumulated depreciation	–	–	28 953	28 953
Depreciation	–	(19 062)	(20 190)	(39 252)
Loss of foreign exchange movement	(2 738)	(13 619)	(196)	(16 553)
Closing balance - 30 June 2025	176 373	1 478 561	281 243	1 936 177
Additions	**–**	**93 625**	**48 863**	**142 488**
Depreciation	**–**	**(22 670)**	**(25 390)**	**(48 060)**
Loss of foreign exchange movement	**(3 190)**	**(16 192)**	**(343)**	**(19 725)**
Reclassification to assets held-for-sale[1]	**(2 814)**	**(14 655)**	**(54)**	**(17 523)**
Closing balance - 31 December 2025	**170 369**	**1 518 669**	**304 319**	**1 993 357**

[1] *The agreement for the disposal of Courtyard Hotel Arcadia has been concluded for a total consideration of R37.3 million (before transaction costs and applicable taxes). The hotel permanently ceased operations on 12 December 2025. The transfer of title completed on 13 February 2026. The property has been classified as assets held-for-sale in terms of the requirements of IFRS 5 - Non-current Assets Held for Sale and Discontinued Operations.*

R000	31 December 2025	31 December 2024	(Audited) 30 June 2025
6. Right-of-use assets			
Opening balance	**909 350**	917 414	917 414
Depreciation	**(47 346)**	(45 786)	(92 399)
Derecognition for property acquired	**–**	–	(16 164)
Remeasurement[1]	**4 448**	86 263	100 657
Effects of movement in exchange rates	**(601)**	(42)	(158)
Closing balance	**865 851**	957 849	909 350
Cost	**1 634 924**	1 634 720	1 632 488
Accumulated depreciation and impairment losses	**(769 073)**	(676 871)	(723 138)
Carrying amount	**865 851**	957 849	909 350

[1] *The remeasurement in the prior year mainly relates to the group's intention to renew the lease of the Town Lodge Menlo Park for the additional term of 30 years as it was deemed reasonably certain that this lease will be extended on renewal date, and the finalisation of the lease renewal of City Lodge Hatfield for a further two years. Current year remeasurements relate to the lease renewal of support office for a further two years and an amendment made to the lease payments of Road Lodge Centurion.*

The leasing activities of the group relate to the leasing of land and/or buildings. During the six months ended 31 December 2025, the group did not recognise any new impairments or reversals. Refer to note 4 for further information on the impairments and related key assumptions.

Associated lease liabilities are disclosed in note 11.

Notes to the condensed unaudited consolidated interim financial statements continued

R000	31 December 2025	31 December 2024	(Audited) 30 June 2025
7. Deferred taxation			
Movement in deferred taxation assets			
Opening balance	**11 912**	26 752	26 752
Credited/(charged) to profit or loss	**225**	49	(1 017)
Impairment reversal of deferred tax asset	**–**	–	(13 750)
Foreign exchange movement	**(369)**	21	(73)
Closing balance	**11 768**	26 822	11 912
Movement in deferred taxation liabilities			
Opening balance	**59 580**	58 848	58 848
Charged to profit or loss	**1 605**	7 722	732
Closing balance	**61 185**	66 570	59 580

The expected manner of recovery of the deferred tax assets and settlement of the liabilities will be through use.

R000	31 December 2025	31 December 2024	(Audited) 30 June 2025
8. Other receivables			
Financial assets	**29 025**	12 279	15 874
Sundry receivables[1]	**22 004**	7 455	8 793
Enterprise development loans	**7 021**	4 824	7 081
Non-financial assets	**78 674**	87 682	72 943
Prepayments	**22 258**	25 853	13 477
Asset replacement reserve	**27 557**	28 146	27 851
Value added tax (VAT) refundable	**28 859**	33 683	31 615
	107 699	99 961	88 817

[1] *Sundry receivables includes levies receivable, other sundries as well as loan advances for capital refurbishments of The Body Corporate of the Courtyard Building - Sandton.*

Impairment loss on other receivables

As the other receivables balances are not in default, the credit risk at the reporting period end was considered not to have increased. The probability of default was assessed as close to nil and therefore an immaterial loss allowance was raised for the amounts outstanding at the reporting date.

Notes to the condensed unaudited consolidated interim financial statements continued

R000	31 December 2025	31 December 2024	(Audited) 30 June 2025
9. Stated capital			
Authorised - No par value shares			
Number of ordinary shares of no par value ('000)	**10 000 000**	10 000 000	10 000 000
Issued and fully paid			
Opening balance	**1 243 133**	1 273 133	1 273 133
Repurchase of ordinary shares	**(144 362)**	–	(29 889)
Transaction costs	**(527)**	–	(111)
Closing balance	**1 098 244**	1 273 133	1 243 133
Reconciliation of number of shares in issue			
Opening balance	**590 517 532**	598 146 832	598 146 832
Repurchase of ordinary shares	**(36 045 470)**	—	(7 629 300)
Closing balance	**554 472 062**	598 146 832	590 517 532

The group acquired 36 045 470 shares at an average price of R4.00 per share in October 2025. The shares have been cancelled and revert to authorised but unissued shares.

All unissued ordinary shares are under the control of the directors, with the power to allot and issue these shares for the purposes of the CSP, subject to the maximum overall limit of 5% of the issued shares, in terms of a resolution of members passed at the last annual general meeting. The authority remains in force until the next annual general meeting.

Notes to the condensed unaudited consolidated interim financial statements continued

R000	31 December 2025	31 December 2024	(Audited) 30 June 2025
10. Interest-bearing borrowings			
Loan Facility A is a revolver facility of R200 million in total and bears interest at base rate plus an applicable margin of 1.7% per annum. Outstanding loan capital is repayable on 30 June 2028.	**170 000**	–	–
Loan Facility B is a revolver facility of R300 million in total and bears interest at the base rate plus an applicable margin of 1.95% per annum. Outstanding loan capital is repayable on 30 June 2029.	**–**	–	–
Loan Facility C is a revolver facility of R100 million in total and bears interest at the base rate plus an applicable margin of 2.1% per annum. Outstanding loan capital is repayable on 30 June 2030.	**–**	–	–
Loan Facility 1 is a revolver facility of R150 million in total and bears interest at the one month JIBAR plus margins ranging between 1.95% and 2.35% based on covenants. The loan facility was extinguished on 30 June 2025.	**–**	–	–
Loan Facility 2 is a revolver facility of R300 million in total and bears interest at the three-month JIBAR plus margins ranging between 2.10% and 2.50% based on covenants. The loan facility was extinguished on 30 June 2025	**–**	60 000	–
Loan Facility 3 is a revolver facility of R150 million in total and bears interest at the one month JIBAR plus margins ranging between 2.20% and 2.70% based on covenants. The loan facility was extinguished on 30 June 2025	**–**	–	–
Non-current liabilities	**170 000**	60 000	–
Movement in interest-bearing borrowings for the period			
Opening balance	**–**	–	–
Borrowings raised	**200 000**	60 000	80 000
Borrowings repaid	**(30 000)**	–	(80 000)
Interest charged	**5 721**	3 447	7 418
Interest paid	**(1 546)**	(2 545)	(6 645)
	174 175	60 902	773
Opening balance - interest	**804**	31	31
Interest accrued included in sundry accruals	**(4 979)**	(933)	(804)
Closing balance	**170 000**	60 000	–

The covenants for all measurement periods during the six months ended 31 December 2025 were met.

Notes to the condensed unaudited consolidated interim financial statements continued

R000	31 December 2025	31 December 2024	(Audited) 30 June 2025
11. Lease liabilities			
Movement in lease liabilities for the period			
Opening balance	**1 435 963**	1 417 008	1 417 008
Interest expense accrued	**63 736**	62 926	128 809
Capital lease payments	**(27 699)**	(23 391)	(46 805)
Interest payments	**(63 736)**	(62 926)	(128 809)
Derecognition of property acquired	**–**	–	(34 568)
Remeasurements[1]	**4 448**	86 263	100 657
Effects of movement in exchange rates	**(1 397)**	52	(329)
Closing balance	**1 411 315**	1 479 932	1 435 963
Lease liabilities recognised in the statement of financial position are analysed as:			
Non-current portion	**1 356 298**	1 395 761	1 379 217
Current portion[2]	**55 017**	84 171	56 746
	1 411 315	1 479 932	1 435 963

[1] *The remeasurement in the prior year mainly relates to the group's intention to renew the lease of the Town Lodge Menlo Park for the additional term of 30 years as it was deemed reasonably certain that this lease will be extended on renewal date, and the finalisation of the lease renewal of City Lodge Hatfield for a further two years. Current year remeasurements relate to the lease renewal of support office for a further two years and an amendment made to the lease payments of Road Lodge Centurion.*

[2] *The remaining lease term of five months of City Lodge Hotel Newtown is included in current portion as the lease expires 31 May 2026. The lease will not be renewed and operations at the hotel will conclude on 31 March 2026.*

Associated right-of-use assets are disclosed in note 6.

Notes to the condensed unaudited consolidated interim financial statements continued

12. Revenue

The group derives revenue at a point in time, together with its customer reward programmes, which are earned as they are redeemed or expire. The group has contract liabilities from income received in advance and the customer reward programmes, which are included within trade and other payables.

Revenue increased by 12% compared to the prior period. Revenue from accommodation increase by 10% mainly due to the four percentage points increase in the group's occupancies, combined with an increase of 4.0% in the average room rates, which are slightly higher than inflation but also off a higher base from the previous year. Benefitting from increased occupancies, food and beverage continues to be a highlight by delivering a 17% increase compared to the previous period.

Disaggregation of the revenue from contracts with customers for the period under review:

R000	**Six months ended 31 December 2025**	Six months ended 31 December 2024	(Audited) Year ended 30 June 2025
Accommodation	**898 545**	814 971	1 588 311
Food and beverage	**233 908**	200 192	393 223
Other revenue[1]	**8 781**	7 933	15 916
	1 141 234	1 023 096	1 997 450

[1] *Other revenue comprises conferencing, boardroom hire and miscellaneous revenue.*

R000	Rooms revenue	Food and beverage revenue	Other revenue	Total
12.1 Revenue by segment				
Six months ended 31 December 2025				
South Africa	**858 700**	**221 216**	**8 461**	**1 088 377**
Courtyard Hotel	**71 801**	**24 247**	**2 812**	**98 860**
City Lodge Hotel	**463 452**	**114 700**	**3 217**	**581 369**
Town Lodge	**134 523**	**42 186**	**1 462**	**178 171**
Road Lodge	**188 924**	**40 083**	**970**	**229 977**
Rest of Africa	**39 845**	**12 692**	**320**	**52 857**
	898 545	**233 908**	**8 781**	**1 141 234**
Six months ended 31 December 2024				
South Africa	782 345	185 905	7 668	975 918
Courtyard Hotel	66 781	23 032	2 684	92 497
City Lodge Hotel	427 374	97 370	3 248	527 992
Town Lodge	115 755	34 426	1 012	151 193
Road Lodge	172 435	31 077	724	204 236
Rest of Africa	32 626	14 287	265	47 178
	814 971	200 192	7 933	1 023 096
Year ended 30 June 2025 (Audited)				
South Africa	1 522 741	365 480	15 291	1 903 512
Courtyard Hotel	132 302	45 730	5 323	183 355
City Lodge Hotel	830 826	190 918	6 152	1 027 896
Town Lodge	226 776	67 273	2 247	296 296
Road Lodge	332 837	61 559	1 569	395 965
Rest of Africa	65 570	27 743	625	93 938
	1 588 311	393 223	15 916	1 997 450

Notes to the condensed unaudited consolidated interim financial statements continued

R000	Six months ended 31 December 2025	Six months ended 31 December 2024	(Audited) Year ended 30 June 2025
13. Reconciliation of operating profit to EBITDAR and adjusted EBITDAR			
EBITDAR is made up as follows:			
Operating profit	**239 873**	233 219	445 828
Depreciation and amortisation	**51 863**	43 671	87 934
Depreciation on right-of-use assets	**47 346**	45 786	92 399
Variable lease payments	**7 649**	7 425	15 302
EBITDAR[1]	**346 731**	330 101	641 463
Unrealised losses/(gains) on foreign exchange	**24 661**	(10 879)	7 912
Profit on disposal of property, plant and equipment	**–**	–	(42 175)
Profit on derecognition of lease	**–**	–	(18 404)
Adjusted EBITDAR[2, 3]	**371 392**	319 222	588 796

[1] *The group defines EBITDAR as earnings before interest, income tax, depreciation, amortisation and rent.*
[2] *Adjusted EBITDAR is used by the group as measure of earnings from normal day-to-day operations, and further excludes exceptional items from EBITDAR.*
[3] *Exceptional items are considered to be those that are not within the normal day-to-day operations of the business and sufficiently material or unusual that they would distort the numbers if they were not adjusted. This would include headline and adjusted headline adjustments that impact EBITDAR.*

R000	Six months ended 31 December 2025	Six months ended 31 December 2024	(Audited) Year ended 30 June 2025
14. Note to the statement of cash flows			
Cash generated by operations			
Profit before taxation	**171 073**	167 571	311 408
Adjusted for:			
– depreciation and amortisation	**51 863**	43 671	87 934
– depreciation on right-of-use assets	**47 346**	45 786	92 399
– interest income	**(657)**	(725)	(1 807)
– interest expense	**5 721**	3 447	7 418
– interest expense - leases	**63 736**	62 926	128 809
– profit on the derecognition of lease	**–**	–	(18 404)
– profit on disposal of property, plant and equipment	**–**	–	(41 936)
– share-based payment expense/(credit)	**1 721**	2 169	(1 056)
– unrealised foreign currency losses/(gains)	**24 661**	(10 879)	7 912
Operating cash flows before working capital changes	**365 464**	313 966	572 677
Increase in inventories	**(277)**	(828)	(993)
Increase in trade and other receivables	**(21 469)**	(9 681)	(2 396)
Increase/(decrease) in trade and other payables	**3 624**	(52 958)	(20 703)
	347 342	250 499	548 585

Notes to the condensed unaudited consolidated interim financial statements continued

R000	Six months ended 31 December 2025	Six months ended 31 December 2024	(Audited) Year ended 30 June 2025
15. Earnings per share			
15.1 Headline earnings reconciliation			
Profit used to calculate basic and diluted earnings per share (EPS)	**114 618**	120 408	212 979
Profit on disposal of property, plant and equipment	**–**	–	(29 092)
Loss on disposal of property, plant and equipment	**–**	–	239
Headline earnings	**114 618**	120 408	184 126
Unrealised losses/(gains) on foreign exchange	**24 661**	(10 879)	7 912
Profit on derecognition of leases	**–**	–	(13 435)
Impairment of deferred tax asset	**–**	–	13 750
Adjusted headline earnings[1]	**139 279**	109 529	192 353
Basic earnings per share (cents) (EPS)			
– undiluted	**21.6**	21.6	38.3
– diluted	**21.5**	21.6	38.3
Headline earnings per share (cents) (HEPS)			
– undiluted	**21.6**	21.6	33.2
– diluted	**21.5**	21.6	33.1
Adjusted headline earnings per share (cents) (Adjusted HEPS)			
– undiluted	**26.2**	19.6	34.6
– diluted	**26.1**	19.6	34.6
15.2 Share statistics			
Total net shares in issue[2] ('000)	**514 804**	556 149	548 530
Undiluted weighted average number of shares in issue[2] ('000)	**531 772**	557 473	555 362
Dilutive share awards ('000)	**1 430**	731	149
Diluted weighted average number of shares in issue[3] ('000)	**533 202**	558 204	555 511
Net book asset value per share[3]	**231**	223	230

[1] *The group uses adjusted headline earnings as a performance measure to determine the underlying profit excluding exceptional items over and above those that are excluded from headline earnings as per the requirements of Circular 1-2023 Headline earnings. This measure is not required by IFRS Accounting Standards but is commonly used in the industry.*

[2] *Net of treasury shares of 39 668 065.*

[3] *Net book asset value per share is capital and reserves expressed as a percentage of net shares in issue. This is a non-IFRS measure and has been consistently applied from one year to the next.*

16. Segment analysis

The segment information has been prepared in accordance with IFRS 8 - Operating Segments which defines the requirements for the disclosure of the financial information of an entity's operating segments. The measurement policies the group uses for segment reporting under IFRS 8 are the same as those used in its financial statements.

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM). The CODM has been identified as the group's CEO and executive committee. The CODM reviews the group's internal reporting by hotel brand in order to assess performance and allocate resources. Management has determined the operating segments based on the reports reviewed by the CODM which are used to make strategic decisions. The CODM assesses the performance of the operating segments based on revenue, EBITDAR (Earnings before interest, income tax, depreciation, amortisation, rent and exceptional items), and Adjusted EBITDAR (EBITDAR excluding unrealised gains or losses on foreign exchange). The measure also excludes all headline earnings and adjusted headline earnings adjustments. Finance income and finance costs are not included in the results for each operating segment, as the cash and debt position is managed at a group level.

Notes to the condensed unaudited consolidated interim financial statements continued

16. Segment analysis continued

The CODM considers the business from both a hotel brand and geographical basis. The following are the six reportable segments identified and monitored by the CODM:

- Courtyard Hotels is the group's luxury brand comprising five hotels;
- City Lodge Hotels is the group's upper mid-scale brand comprising of 18 hotels;
- Town Lodge is the group's mid-scale brand comprising of 12 hotels;
- Road Lodge is the group's economy brand comprising of 23 hotels;
- Rest of Africa consists of the group's non-South African hotels division which owns, operates and manages hotels in Botswana, Mozambique and Namibia; and
- Central Office consists of the group's management division which manages all the hotels.

Six months ended 31 December 2025

				Material expenses included in EBITDAR				
Rm	Revenue[1]	EBITDAR[2]	Adjusted EBITDAR	Salaries and wages	Property costs	Food and beverage costs	Rooms related costs	Other operating costs
South Africa	1 088	443	443	(253)	(99)	(86)	(110)	(102)
Courtyard Hotel	99	33	33	(27)	(9)	(9)	(10)	(11)
City Lodge Hotel	581	270	270	(123)	(47)	(43)	(58)	(42)
Town Lodge	178	57	57	(48)	(17)	(17)	(21)	(20)
Road Lodge	230	83	83	(55)	(26)	(17)	(21)	(29)
Rest of Africa[3]	53	(10)	14	(14)	(3)	(4)	(4)	(13)
Central Office	–	(86)	(86)	(46)	–	–	–	(48)
	1 141	347	371	(313)	(102)	(90)	(114)	(163)
Margin		30.4 %	32.5 %					

Six months ended 31 December 2024

Rm	Revenue[1]	EBITDAR[2]	Adjusted EBITDAR	Salaries and wages	Property costs	Food and beverage costs	Rooms related costs	Other operating costs
South Africa	976	384	384	(235)	(94)	(74)	(101)	(94)
Courtyard Hotel	93	31	31	(25)	(9)	(9)	(10)	(10)
City Lodge Hotel	528	237	237	(116)	(46)	(38)	(53)	(40)
Town Lodge	151	44	44	(44)	(15)	(14)	(18)	(18)
Road Lodge	204	72	72	(50)	(24)	(13)	(20)	(26)
Rest of Africa[3]	47	22	11	(13)	(2)	(4)	(4)	(13)
Central Office	–	(76)	(76)	(41)	–	–	–	(42)
	1 023	330	319	(289)	(96)	(78)	(105)	(149)
Margin		32.3 %	31.2 %					

[1] *All revenue and income from hotel operations are derived from external customers. No one customer contributes more than 10% to the group's total revenue.*
[2] *Refer to reconciliation of operation profit/loss to EBITDAR in note 13.*
[3] *Adjusted EBITDAR for Rest of Africa excludes unrealised foreign currency loss of R24.7 million (six months ended 31 December 2024: unrealised foreign currency gain of R10.9 million).*

Geographical information

	South Africa		Rest of Africa		Total	
Rm	31 December 2025	31 December 2024	31 December 2025	31 December 2024	31 December 2025	31 December 2024
Property, plant and equipment (including assets held-for-sale)	1 674	1 502	337	378	2 011	1 880
Right-of-use assets	810	891	56	67	866	958

Notes to the condensed unaudited consolidated interim financial statements continued

17. Related parties

The group had no significant related party transactions during the six months ended 31 December 2025, nor did the group enter into any new significant related party transactions during the period.

18. Commitments

The group continues to invest in upgrading its digital technologies for future readiness, modernising and refurbishing key hotels in its portfolio and the adoption of more resilient water solutions. The group completed five refurbishment projects during the period under review which included bedroom refurbishments at City Lodge Hotel Johannesburg International Airport, Courtyard Hotel Gqeberha and Courtyard Hotel Sandton. The restaurants and commercial areas at City Lodge Hotel Umhlanga Ridge and City Lodge Hotel V&A Waterfront were also completed.

As at 31 December 2025, the group spent R154.8 million on expansionary and maintenance capital expenditure for the six months. A further R105.0 million of capital expenditure has been planned for the remainder of the financial year, of which R31.4 million has been committed.

19. Contingent liabilities

The group has no contingent liabilities as at 31 December 2025.

20. Subsequent events

The agreement for the disposal of Courtyard Hotel Arcadia has been concluded and the transfer of title completed on 13 February 2026.

The group has signed a lease addendum to expand its City Lodge Hotel Waterfall City hotel by a further 55 rooms, with construction due to commence in April/May 2026 and to be completed by March 2027.

The board has approved an interim ordinary dividend of 8.00 cents per ordinary share (6.40 cents net after deducting withholding tax) in respect of the six months ended 31 December 2025 (HY2025: 6.00 cents and 4.80 cents net after deducting withholding tax). The source of the dividend will be from distributable reserves. The dividend will be payable on 16 March 2026 to shareholders registered in the Company's securities register on 13 March 2026.

Other than the above, the directors are not aware of any matter or circumstance arising since the reporting date and the date of this report.

21. Liquidity and funding

The group has access to three secured facilities with its lenders, which provides total debt facilities of R600.0 million, and overdraft facilities of R115.0 million. As at 31 December 2025, R170.0 million of the debt facilities have been utilised and the overdraft facilities remain undrawn. The loan facilities package offers:

- All three debt facilities are revolver facilities maturing between June 2028 and June 2030.
- Additional access to R300,0 million accordion facilities which has been included in the loan agreements, but is subject to the funder's credit committee approval on application.

The group has operating cash flows of R180.3 million (HY2025: R91.2 million) and continues to generate positive cash flows to continue the planned reinvestment in the group's capital refurbishment programme and declare returns to its shareholders through dividends.

22. Going concern

The condensed consolidated interim financial statements for the six months ended 31 December 2025 are prepared on a going concern basis.Based on cash flow forecasts, which considered the pressures from global economic forces, constrained consumer spending trends, planned investment in capital refurbishments, sustainability and resiliency infrastructure initiatives, and cash and funding resources available, the directors believe that the group have sufficient resources to continue operations as a going concern in a responsible and sustainable manner.

The group had made a profit for the six months ended 31 December 2025 of R114.6 million (HY2025: R120.4 million). As at 31 December 2025, the group has a cash and cash equivalent of R48.3 million (HY2025: R35.5 million). Even though current liabilities exceed its current assets by R105.2 million (HY2025: Current liabilities exceed current assets by R104.7 million), the group has adequate liquidity (refer to note 21) to meet its obligations as they become due, over the next twelve months from the reporting date.

All covenants during the measurement periods have been met during the period. The group monitors the covenants on a quarterly basis and does not expect to breach covenants.

Administration

CITY LODGE HOTELS LIMITED

Incorporated in the Republic of South Africa
Registration number: 1986/002864/06
Share code: CLH
ISIN: ZAE000117792

DIRECTORS

B T Ngcuka (Chairman), A C Widegger (Chief executive officer)*,
K Classen, S J Enderle#, G G Huysamer, F W J Kilbourn (Deputy chairman),
M S P Marutlulle, M G Mokoka, D Nathoo (Chief financial officer)*, L G Siddo (Chief operating officer)*
**Executive # South African and Swiss*

TRANSFER SECRETARIES

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COMPANY SECRETARY

M C van Heerden

SPONSOR

Nedbank Corporate and Investment Banking, a division of Nedbank Limited