

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 Gaming" or "the company" or "the group")

REVIEWED PRELIMINARY CONDENSED CONSOLIDATED FINANCIAL RESULTS FOR THE YEAR ENDED 31 MARCH 2021

- Income R5.7 billion down 51%
- Operating costs (R3.9 billion) down 49%
- Ebitda R1.7 billion down 57%
- Headline loss (R32 million) down 102%
- Headline loss per share (3.1 cents) down 103%
- NIBD and guarantees R10.9 billion
- March 2021 covenants waived
- September 2021 covenants reset
- No final dividend declared
- Earnings per share 2.0 cents down 90%

REVIEW OF OPERATIONS

The ongoing regulatory restrictions promulgated as a result of the Covid-19 pandemic, including the imposition of varying curfews, alcohol bans and capacity limitations, restricted the group's ability to trade and had a substantial negative impact on the group's results for the year under review.

All the group's businesses were closed for the first quarter of the 2021 financial year and thereafter re-opened in a staggered manner. Not all businesses are fully operational as yet, with the curfew in particular adversely affecting the businesses reliant on late evening trade. The second wave and consequent stricter regulatory restrictions imposed during December 2020 and January 2021 hampered the recovery of the group's businesses.

Income for the year was R5.7 billion, Ebitda R1.74 billion and Ebitda adjusted for IFRS 16 Leases R1.66 billion (R0.08 billion lease costs are now included in depreciation and finance costs in terms of IFRS 16). Headline loss for the financial year amounted to (R32 million).

The casino division experienced a very difficult 2021 financial year with its significant fixed cost base. The division focused on improving the structure and efficiency of the business while reducing its operating expenses, which focus was critical in enabling the division to generate the positive cash required to assist the group to reduce its significant debt burden.

The bingo division faced the same restrictive environment as that of the casino division, but purely due to the smaller scale and lower overheads of bingo versus casinos, the bingo division was better placed to cope with the restrictive environment.

The LPM division continued to be the top performer of the group for the year. While alcohol bans and bar closures continued to negatively impact the LPM business, the management team steered the LPM division to a very successful 2021 financial year, realising a market-leading Ebitda of approximately R300 million. Despite being far below the prior year levels, this is a remarkable performance in the difficult circumstances.

DIVIDEND

The directors have resolved not to declare a final dividend in respect of the year ended 31 March 2021 (2020: no final dividend declared).

DEBT AND COVENANTS

We are pleased to report that the group reached agreement with its lenders to waive the expected March 2021 financial covenant breaches.

In addition, the group's net leverage covenant was reset to a maximum Net Debt : Ebitda multiple of 4.3 times for September 2021 and 3.8 times for December 2021, allowing some headroom above the forecast multiples. Furthermore the interest covenant was reset so that Ebitda covers interest by not less than 2.9 times by September 2021 and 3.0 times by December 2021.

The group has done well to reduce net interest bearing debt and guarantees from the unsustainable R11.8 billion reported for the interim period, to R10.9 billion at 31 March 2021 (R11.4 billion at 31 March 2020).

IMPORTANT INFORMATION

The contents of this short form announcement are the responsibility of the board of directors of Tsogo Sun Gaming. The condensed consolidated financial statements have been reviewed by PricewaterhouseCoopers Inc., and their unmodified review conclusion is available in the full announcement. The short form announcement itself is not reviewed. Any investment decisions by investors and/or shareholders should be based on consideration of the full announcement as a whole and shareholders are encouraged to review the full announcement, which is available at <https://senspdf.jse.co.za/documents/2021/jse/isse/TSGE/Yearend.pdf> and on the group's website at <https://www.tsogosungaming.com>.

27 May 2021

EQUITY SPONSOR:

Investec Bank Limited, 100 Grayston Drive, Sandton, 2196 (PO Box 785700, Sandton, 2146)

DEBT SPONSOR:

Nedbank Corporate and Investment Banking, a division of Nedbank Limited,
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