REVIEWED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

Continuing operations	**Year ended 31 March 2023 Rm**	Year ended 31 March 2022 Rm	Change on prior year %	Year ended 31 March 2020 Rm	Change on 31 March 2020 %
Income	**11 318**	8 938	27	11 686	(3)
Operating costs	**(7 352)**	(5 810)	(27)	(7 681)	4
EBITDA	**3 966**	3 128	27	4 005	(1)
EBITDA margin	**35.0%**	35.0%	–	34.3%	0.7
Adjusted EBITDA (including leases)	**3 889**	3 045	28	3 883	–
Net finance cost	**(655)**	(735)	11	(1 062)	38
Headline earnings	**1 592**	1 153	38	1 284	24
Adjusted headline earnings (AHE)	**1 824**	1 153	58	1 420	28
Adjusted EBITDA to AHE conversion rate	**47%**	38%	9	37%	10
Dividend per share – interim (cents)	**30**	–	–	26	15
Dividend per share – final (cents)	**57**	19	200	–	–
Capex cash flow	**(569)**	(267)	(113)	(1 178)	52
NIBD and guarantees	**(8 047)**	(9 040)	11	(11 442)	30

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")

TSOGO SUN

www.tsogosun.com

Six months comparison

for the year ended 31 March 2023

	Six months ended 30 September 2022 Rm	Six months ended 31 March 2023 Rm	**Year ended 31 March 2023 Rm**
Income	5 462	5 856	**11 318**
Operating costs	(3 517)	(3 835)	**(7 352)**
EBITDA	1 945	2 021	**3 966**
EBITDA margin	35.6%	34.5%	**35.0%**
Adjusted EBITDA (including leases)	1 905	1 984	**3 889**
Net finance cost	(316)	(339)	**(655)**
Headline earnings	607	985	**1 592**
Adjusted headline earnings (AHE)	896	928	**1 824**
Adjusted EBITDA to AHE conversion rate	47%	47%	**47%**
Dividend per share (cents)	30	57	**87**
Capex cash flow	(246)	(323)	**(569)**
NIBD and guarantees	(8 505)	(8 047)	**(8 047)**

REVIEW OF OPERATIONS

Debt and covenants

2.0 times Net debt: Adjusted EBITDA

R8.0 bn NIBD (Prior year: R9.0 bn)

R4.2 bn Debt refinancing

It is pleasing to note that the net debt to adjusted EBITDA ratio for the 31 March 2023 year end, as measured for covenant purposes, amounted to a 2.0 times multiple. This represents a reduction from the 2.9 multiple at the 31 March 2022 year end. The required ratio in terms of the group's debt covenants is less than a 3.0 times multiple.

Despite the completion of various transactions during the year under review with a net cash outflow totalling approximately R644 million, and with ordinary dividend payments of R514 million, the group still managed to reduce its net interest-bearing debt and guarantees by approximately R1.0 billion, from R9.0 billion at 31 March 2022 to R8.0 billion at 31 March 2023.

Following the group's achievement of its medium-term debt leverage target, this target has been reset with the group now aiming to reduce its net debt to adjusted EBITDA ratio to lower than a 1.8 times multiple in the medium term, thereby further decreasing risk and funding costs.

The four-year debt tranche of R2.95 billion due for repayment on 30 November 2023 was settled in February 2023 by refinancing R2.62 billion thereof and settling the balance from cash generated.

The R2.62 billion refinanced debt is repayable as follows:
- R1.62 billion in February 2026; and
- R1.00 billion in February 2027.

Two medium-term notes totalling R1.55 billion, which are due for repayment on 30 November 2024, are also in the process of being redeemed and refinanced on 31 May 2023. The maturity dates of the new notes will be as follows:
- R1.00 billion in May 2027; and
- R0.55 billion in May 2028.

The balance of the loan and note due for repayment on 30 November 2024 have accordingly reduced to R1.65 billion. Subsequent to the refinancing mentioned above, the group will continue to effectively have no short-term debt.

The RCF, with an amount of R1.15 billion drawn down as at 31 March 2023, is a rolling facility which can be called up by the lender on 13 months' notice. Interest on all debt is paid quarterly.

Financial

R4.0 bn EBITDA (R3.9 bn adjusted)

R1.6 bn Headline earnings (R1.8 bn adjusted)

R0.1 bn Cost of diesel

Total income generated for the year was R11.3 billion, EBITDA was R4.0 billion and adjusted EBITDA (after IFRS 16 adjustments) was R3.9 billion. The cost of diesel and the adverse effect on income due to high levels of load shedding, especially in January and February 2023, negatively impacted the group's expected year end position and margins.

An EBITDA margin of 35% was achieved for the year (in line with the 35% of the 2022 financial year).

Net finance costs (excluding IFRS 16 lease interest and the hedge ineffectiveness) for the year amounted to R655 million, a significant decrease from the R735 million for the prior year. Interest rate swaps, with a notional amount of R3.5 billion, remain in place until 31 May 2024.

Headline earnings achieved for the year amounted to R1.6 billion compared to R1.2 billion reported for the prior year. If, however, the cost of the cancellation of the hotel management contracts, amounting to R289 million (after tax and non-controlling interests), and R57 million (after tax) in respect of a credit for hedge ineffectiveness are excluded from the headline earnings calculation, then the adjusted headline earnings achieved is R1.8 billion.

On comparing the results for the year to those of the prior year, the following is evident:

- With the cessation of the pension fund contribution holidays and longer hours of operation due to the lifting of COVID-19 regulations, remuneration costs have increased;
- The cost of diesel and other consequential losses due to high levels of load shedding, eroded margins in the second half of the year;
- Stages 5 and 6 of load shedding impacted revenue, with customers being increasingly more reluctant to travel at night;
- Significant positive net cash was generated by operations, with cash managed effectively;
- A good reduction in finance costs was achieved, despite repurchase (repo) rate increases; and
- Regardless of all the negative impacts experienced, the group is in a strong financial position.

Casinos

Notwithstanding the shortfall of income in casinos that is evident post the pandemic, a strong EBITDA was still achieved. As a result of unprecedented levels of load shedding, high fuel and food prices and increased interest rates, revenue is expected to remain under pressure in the short term. What is of concern, is whether generators can sustain the workload as the pressure of load shedding mounts. Preventative maintenance has been stepped up and the casinos have ordered generators with a combined cost of approximately R30 million. This is in order to prevent a complete shutdown in the event of equipment failure.

The casino precincts have continued the implementation of green energy solutions, with Montecasino scheduled to complete its 4.3MW roof top solar installation by July 2023, which is going to be one of the largest of its kind in South Africa. Expansion of the existing solar plants at Silverstar and Garden Route casino is already underway, scheduled for conclusion by August 2023. A new installation generating approximately 1.5MW is planned for Gold Reef City and should be completed by November 2023.

The upgrade project at Emerald Resort and Casino is starting to show positive signs of improved performance and the group is optimistic about the potential of this resort for the future.

Overall, margins and cash generation at Tsogo Sun's casino precincts remain strong, notwithstanding the negative impact of the economic environment.

Hotels

The management of all the hotels is now in-house and Tsogo Sun plans to improve and expand its hotel offering. The Silverstar hotel has been expanded from 43 to 55 rooms from April 2023 and a complete refurbishment of the two hotels at Gold Reef City Casino and Theme Park has been completed and includes new world class conference facilities. In addition, Tsogo Sun has taken up an approximate 10% shareholding in City Lodge.

Entertainment

The innovative changes and improvements implemented at Gold Reef City Theme Park, have resulted in the profits earned for the year exceeding all previously recorded profits earned by the park. New event facilities catering for corporate or private functions are now in operation and further improvements of food and beverage and other facilities at the Theme Park are scheduled to be completed by August 2023.

Food and beverage income continued to recover this year and the improvement of trading of restaurant tenants has resulted in the recovery and stabilisation of tenanting income.

Bingo

Galaxy Bingo's trading was also negatively impacted by the severe load shedding that has been implemented, especially where shopping centre nodes endure darkness for extended hours during the evenings. With lower income, coupled with salary and rental cost increases, as well as the cost of diesel and generator maintenance, it was inevitable that margins would take strain during the year.

Limited Payout Machines ("LPMs")

As with the Casino and Bingo divisions, the VSlots LPM division was also negatively impacted by the higher stages of load shedding implemented, particularly in January and February 2023. Various projects are in progress in an attempt to further reduce the impact of load shedding at more than a thousand sites across South Africa where VSlots operates.

It is remarkable that VSlots managed to achieve record EBITDA of R564 million for the year, together with unrivalled margins.

DIGITAL, ONLINE AND TECHNOLOGY

Developments within the digital, online and technology space are progressing well, and the group envisages having more visibility in the market in this regard in the 2024 financial year.

playTSOGO, the Tsogo Sun online betting platform, was launched in December 2022 with a unique and quality product offering. The expansion of betting libraries is underway, creating an exciting adventure in the Tsogo Sun online betting division.

The new Tsogo Sun App with extensive functionalities for improved customer experience, and a completely new Tsogo Sun Rewards programme offering superior benefits, is set to launch by September 2023. Tsogo Sun Rewards will enable playTSOGO, casino, hotel and entertainment customers to make use of a wide range of options to redeem their points earned, and to receive significant discounts for various product offerings. With the Tsogo Sun App, booking hotel rooms will also be more convenient than ever before.

Expansion of the playTSOGO and Bet.co.za businesses will be a key focus of the 2024 financial year, with significant resources being applied to the growth of the online betting division. Gross gaming revenue from online betting is still at an infant stage of just more than R100 million for the year.

CAPITAL EXPENDITURE, ACQUISITIONS AND TRANSACTIONS

Capex cash outflow for the year amounted to R569 million (including capital creditors from the prior year). A slightly higher level of capital investment is expected for the coming year and an additional energy budget of approximately R150 million for the 2024 financial year is inevitable. Improvement capex for the Emerald Resort and Casino is seen as a separate dedicated project planned for the next three financial years.

Net acquisition costs amounted to approximately R644 million in cash outflows, predominantly in respect of the Emerald Resort and Casino acquisition, hotels and some minor investments in the Bingo and LPM divisions.

REGULATORY

The Department of Health has continued in its endeavours to proceed with the proposed widespread changes to the tobacco legislation, regardless of any adverse consequences. The proposed banning of the already restricted dedicated smoking areas will, if implemented, impact the casino industry negatively. The timing of these proposed changes by the department, after the severe adverse impact of the COVID-19 pandemic, the high fuel and food prices, increasing interest rates and the negative impact of load shedding is potentially destructive.

Furthermore, the indifference to the negative impact of a complete smoking ban on the casino industry is misplaced, since the smoking ban will not reduce gambling, but will merely shift the play from casinos to either illegal or online operators. This will result in significant loss of employment, drastically reduced capital investment, lower taxes collected and also less local procurement by casino complexes from predominantly B-BBEE-compliant suppliers, including cleaning services, landscaping, food and beverage, security and other services and supplies.

It is obvious that restricted and controlled dedicated smoking areas should be made an exception.

DIVIDEND

The board of directors has resolved to declare a final gross cash dividend of 57.0 (fifty-seven) cents per share in respect of the year ended 31 March 2023 from distributable reserves. The dividend will be paid in cash to shareholders recorded in the register of the company at close of business Friday, 14 July 2023. The number of ordinary shares in issue at the date of this declaration is 1 049 604 443 (excluding the 583 857 treasury shares). The dividend will be subject to a local dividend tax rate of 20%, which will result in a net dividend of 45.60000 (forty-five point six) 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 for payment of the dividend are:

Last date to trade cum dividend	Tuesday, 11 July 2023
Trading ex-dividend commences	Wednesday, 12 July 2023
Record date	Friday, 14 July 2023
Payment date	Monday, 17 July 2023

Share certificates may not be dematerialised or re-materialised during the period Wednesday, 12 July 2023 and Friday, 14 July 2023, both days inclusive.

PROSPECTS

After the setback of higher levels of load shedding which impacted income and the cost base particularly during January and February 2023, the group is expediting its investment in solar projects and additional generator capacity.

With the cost base being well controlled, EBITDA being approximately at pre-COVID-19 levels, lower debt levels and firmly managed capital cash allocation, the group is well placed to deliver strong headline earnings, provided that the operating or regulatory environment does not further deteriorate.

The group is positive about the potential of the Emerald Resort and Casino over the next few years under an experienced management team. Adequate capital allocation and the application of sound commercial principles in the running of a resort and casino business, bodes well for the future.

The online betting platforms, playTSOGO and Bet.co.za, provide exciting prospects for growth. Other added technological advancements in the pipeline such as the improved Tsogo Sun App and Tsogo Sun Rewards, will contribute to a new exciting era with different styled interaction and experiences.

With Gold Reef City's new conference and event facilities and refurbished hotels completed, a Theme Park which is bustling, and corporate events anticipated to return, this ancillary offering has become a unit of substance in its own right, contributing positively to the results of the group.

VSlots still has significant capacity for expansion and Galaxy Bingo has the potential to rebound strongly in due course.

The effort to further reduce debt levels to the new medium-term target to a ratio of below 1.8 times net debt to adjusted EBITDA, will continue.

Cash allocation for the 2024 financial year will, *inter alia*, include:

- An appropriate return for shareholders following three difficult years with no or low dividends;
- Attractive opportunities in the hospitality industry to be pursued;
- Investment in online businesses and improved technology;
- Specific allocations for energy projects;
- The improvement of the Emerald Resort and Casino;
- Maintenance and enhancement projects at all precincts; and
- Reduction of debt with excess cash.

The fundamentals of building a sustainable and strong business for the future are in place with exciting prospects for Tsogo Sun, but unfortunately not without risk in the current economic and regulatory environment, coupled with a crippling energy crisis.

The board extends its appreciation to management and employees for their efforts in assisting in the recovery of the business and delivery of these results.

JA Copelyn
Chairman

CG du Toit
Chief Executive Officer

G Lunga
Chief Financial Officer

25 May 2023

INDEPENDENT AUDITOR'S REVIEW REPORT ON CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders of Tsogo Sun Gaming Limited

We have reviewed the condensed consolidated financial statements of Tsogo Sun Gaming Limited, set out on pages 10 to 31 of the provisional report, which comprise the condensed consolidated statement of financial position as at 31 March 2023 and the related condensed consolidated statement of profit or loss, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of 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 provisional reports, 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.

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 financial 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 Gaming Limited for the year ended 31 March 2023 are not prepared, in all material respects, in accordance with the requirements of the JSE Limited Listings Requirements for provisional reports, as set out in note 1 to the financial statements, and the requirements of the Companies Act of South Africa.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.
Director: S Murugen
Registered Auditor
Johannesburg, South Africa

25 May 2023

Condensed consolidated statement of profit or loss

for the year ended 31 March

	Notes	2023 Reviewed Rm	2022 Audited Rm
Net gaming win		**9 627**	7 779
Food and beverage revenue		**589**	365
Rooms revenue		**501**	303
Other revenue		**359**	219
Other income		**242**	272
Income		**11 318**	8 938
Gaming levies and Value Added Tax		**(2 115)**	(1 708)
Employee costs		**(1 836)**	(1 489)
Other operating expenses		**(3 318)**	(2 580)
Cancellation of hotel management contracts	9	**(399)**	–
Amortisation and depreciation		**(756)**	(783)
Impairment reversal of non-current assets	4	**198**	298
Impairment of non-current assets	4	**(83)**	(10)
Fair value adjustments of investment properties	5.1	**(17)**	10
Operating profit		**2 992**	2 676
Finance income		**60**	26
Finance costs		**(666)**	(792)
Share of profit of associates		**9**	2
Profit before income tax		**2 395**	1 912
Income tax expense		**(627)**	(478)
Profit for the year		**1 768**	1 434
Profit attributable to:			
Equity holders of the company		**1 744**	1 405
Non-controlling interests		**24**	29
		1 768	1 434
Basic and diluted earnings per share attributable to the ordinary equity holders of the company (cents)		**167**	134

Condensed consolidated statement of comprehensive income

for the year ended 31 March

	2023 Reviewed Rm	2022 Audited Rm
Profit for the year	**1 768**	1 434
Other comprehensive income for the year, net of tax		
Items that may be reclassified subsequently to profit or loss:	**28**	137
Cash flow hedges fair value adjustment	**39**	189
Deferred tax relating to items that may subsequently be reclassified to profit or loss	**(11)**	(52)
Items that may not be reclassified subsequently to profit or loss:		
Equity instruments at fair value through OCI fair value adjustment	**120**	139
Total comprehensive income for the year	**1 916**	1 710
Total comprehensive income attributable to:		
Equity holders of the company	**1 892**	1 681
Non-controlling interests	**24**	29
	1 916	1 710

Condensed consolidated statement of financial position

as at 31 March

	Notes	2023 Reviewed Rm	2022 Audited Rm
ASSETS			
Non-current assets			
Property, plant and equipment		**8 263**	8 109
Right-of-use assets		**195**	237
Investment properties	5.1	**377**	374
Goodwill	4.1	**1 461**	1 461
Other intangible assets	4.2	**3 337**	3 183
Investments in associates		**26**	27
Financial assets at FVOCI	5.2	**1 072**	814
Non-current receivables		**34**	50
Derivative financial instruments	5.3	**35**	–
Deferred income tax assets		**69**	92
		14 869	14 347
Current assets			
Inventories		**72**	70
Trade and other receivables		**395**	392
Current income tax assets		**54**	73
Cash and cash equivalents		**600**	852
		1 121	1 387
Assets classified as held for sale	6	**–**	46
Total current assets		**1 121**	1 433
Total assets		**15 990**	15 780
EQUITY			
Capital and reserves attributable to equity holders of the company			
Ordinary share capital and premium		**6 485**	6 487
Other reserves		**(4 050)**	(4 185)
Retained income		**2 080**	850
Total shareholders' equity		**4 515**	3 152
Non-controlling interests		**90**	120
Total equity		**4 605**	3 272
LIABILITIES			
Non-current liabilities			
Interest-bearing borrowings	7.1	**8 380**	7 400
Lease liabilities	7.2	**267**	295
Derivative financial instruments	5.3	**–**	82
Deferred income tax liabilities		**1 391**	1 259
Long-term incentive liabilities		**40**	88
Provisions		**13**	10
		10 091	9 134
Current liabilities			
Interest-bearing borrowings	7.1	**114**	2 351
Lease liabilities	7.2	**38**	42
Trade and other payables		**989**	961
Long-term incentive liabilities		**139**	–
Current income tax liabilities		**14**	20
		1 294	3 374
Total liabilities		**11 385**	12 508
Total equity and liabilities		**15 990**	15 780

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 earnings/ (accumulated losses) Rm	Total Rm	Non-controlling interests Rm	Total equity Rm
Balance at 31 March 2021 (audited)	6 487	(4 461)	(555)	1 471	113	1 584
Total comprehensive income	–	276	1 405	1 681	29	1 710
Profit for the year	–	–	1 405	1 405	29	1 434
Other comprehensive income	–	276	–	276	–	276
Ordinary dividends declared	–	–	–	–	(22)	(22)
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
Acquisition of non-controlling interests	–	(23)	–	(23)	(3)	(26)
Share-based payment charge on business acquisition	–	10	–	10	–	10
Share options lapsed	(2)	–	–	(2)	–	(2)
Ordinary dividends declared	–	–	(514)	(514)	(51)	(565)
Balance at 31 March 2023 (reviewed)	**6 485**	**(4 050)**	**2 080**	**4 515**	**90**	**4 605**

Condensed consolidated statement of cash flows

for the year ended 31 March

	Notes	2023 Reviewed Rm	2022 Audited Rm
Cash flows from operating activities			
Profit before income tax		**2 395**	1 912
Adjusted for finance income and finance costs, equity accounted earnings and non-cash movements		**1 333**	1 323
Decrease in working capital		**(128)**	(50)
Cash generated from operations		**3 600**	3 185
Finance income received		**51**	20
Finance costs paid[(1)]		**(732)**	(1 184)
Income tax paid		**(498)**	(326)
Dividends received		**84**	62
Dividends paid to ordinary shareholders		**(514)**	–
Dividends paid to non-controlling interests		**(45)**	(16)
Net cash generated from operating activities		**1 946**	1 741
Cash flows from investment activities			
Purchase of property, plant and equipment		**(542)**	(252)
Proceeds from disposals of property, plant and equipment		**146**	14
Proceeds from disposals of non-current assets held for sale		**14**	16
Proceeds from insurance claims for capital assets		**5**	20
Purchase of intangible assets		**(7)**	(1)
Additions to investment properties		**(20)**	(14)
Acquisition of financial assets at FVOCI	5.2	**(138)**	–
Acquisition of business, net of cash acquired	8	**(320)**	–
Loans advanced to other parties		**–**	(2)
Net cash utilised for investment activities		**(862)**	(219)
Cash flows from financing activities			
Borrowings raised	7.1	**3 136**	–
Borrowings repaid	7.1	**(4 386)**	(1 170)
Principal elements of lease payments	7.2	**(39)**	(31)
Transactions with non-controlling interests		**(26)**	–
Decrease in amounts due by share scheme participants		**1**	1
Net cash utilised for financing activities		**(1 314)**	(1 200)
Net (decrease)/increase in cash and cash equivalents		**(230)**	322
Cash and cash equivalents at beginning of the year, net of bank overdrafts		**780**	458
Cash and cash equivalents at end of the year, net of bank overdrafts		**550**	780

(1) *The prior year includes the settlement of interest of R400 million which was capitalised in the 2021 financial year end – refer to note 7.1*

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

for the year ended 31 March

	Change %	**2023 Reviewed Rm**	2022 Audited Rm
Profit attributable to equity holders of the company		**1 744**	1 405
(Less)/add: Headline adjustments			
Gain on disposal of property		**(77)**	–
Loss/(gain) on disposal of plant and equipment		**5**	(2)
Gain on disposal of assets classified as held for sale		**(6)**	(11)
Impairment of property, plant and equipment		**39**	10
Impairment of right-of-use assets		**5**	–
Impairment reversal of intangible assets		**(198)**	(298)
Impairment of intangible assets		**39**	–
Fair value adjustment of investment properties		**17**	(10)
Insurance proceeds received for capital assets		**(5)**	(20)
Total tax effects of headline adjustments		**42**	79
Total non-controlling interests share of headline adjustments		**(13)**	–
Headline earnings	38	**1 592**	1 153
Add/(less): Other exceptional items			
Cancellation of hotel management contracts		**399**	–
Cash flow hedges ineffectiveness included in profit or loss[1]		**(78)**	–
Total tax effects of other exceptional items		**(86)**	–
Total non-controlling interests share of other exceptional items		**(3)**	–
Adjusted headline earnings	58	**1 824**	1 153
Number and weighted average number of shares in issue (million)		**1 046**	1 046
Basic and diluted earnings per share (cents)		**167**	134
Basic and diluted headline earnings per share (cents)		**152**	110
Basic and diluted adjusted headline earnings per share (cents)	58	**174**	110

[1] *Included in finance costs*

Adjusted headline earnings are defined 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 1/2021 *Headline earnings*.

Reconciliation of operating profit to EBITDA

for the year ended 31 March

	Change %	2023 Reviewed Rm	2022 Audited Rm
EBITDA pre-exceptional items is made up as follows:			
Operating profit		**2 992**	2 676
Add: Amortisation and depreciation		**756**	783
		3 748	3 459
(Less)/add: Headline adjustments		**(181)**	(331)
Gain on disposal of property		**(77)**	–
Loss/(gain) on disposal of plant and equipment		**5**	(2)
Gain on disposal of assets classified as held for sale		**(6)**	(11)
Impairment of property, plant and equipment		**39**	10
Impairment of right-of-use assets		**5**	–
Impairment reversal of intangible assets		**(198)**	(298)
Impairment of intangible assets		**39**	–
Fair value adjustment of investment properties		**17**	(10)
Insurance proceeds received for capital assets		**(5)**	(20)
Add: Other exceptional items included in operating profit			
Cancellation of hotel management contracts		**399**	–
EBITDA	27	**3 966**	3 128

Earnings before interest, tax, depreciation and amortisation and exceptional items ("EBITDA") 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 1/2021 *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 chief operating decision maker 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 Mpumalanga and Western Cape do not meet the 10% profit threshold, the group is voluntarily disclosing these as separate segments, being more than one casino in separate provinces. The Eastern Cape and Free State provinces comprise a single casino each, and are individually immaterial, therefore these casinos are now combined in the segmental table within "Other casinos". Comparatives have been re-aligned in accordance with IFRS 8 *Operating Segments*. With effect from 12 September 2022, the group acquired an effective 55% interest in Emerald Safari Resort Proprietary Limited operating in Gauteng which has been included in the Casinos – Gauteng segment (refer to note 8). Other gaming operations consist mainly of head office costs.

	Income[1]			EBITDA[2][3]		
	2023 Rm	2022 Rm	Change %	**2023 Rm**	2022 Rm	Change %
Casinos	**8 365**	6 388	31	**3 435**	2 622	31
Gauteng	**4 693**	3 291	43	**1 940**	1 317	47
KwaZulu-Natal	**2 179**	1 806	21	**949**	796	19
Western Cape	**588**	494	19	**256**	230	11
Mpumalanga	**564**	507	11	**196**	192	2
Other casinos[4]	**341**	290	18	**94**	87	8
Bingo	**835**	711	17	**181**	168	8
LPMs	**1 921**	1 687	14	**564**	510	11
Other group operations	**197**	152	30	**(214)**	(172)	(24)
Group	**11 318**	8 938	27	**3 966**	3 128	27

(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 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 group has no contract assets. 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 standards. 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	
	2023 Rm	2022 Rm	**2023 Rm**	2022 Rm	**2023 Rm**	2022 Rm	**2023 Rm**	2022 Rm
Casinos	**524**	315	**501**	303	**359**	209	**1 384**	827
Gauteng	**281**	149	**288**	118	**312**	178	**881**	445
KwaZulu-Natal	**114**	78	**86**	68	**15**	10	**215**	156
Mpumalanga	**54**	38	**72**	76	**14**	9	**140**	123
Western Cape	**42**	28	**27**	20	**8**	6	**77**	54
Other casinos[1]	**33**	22	**28**	21	**10**	6	**71**	49
Bingo	**65**	50	**–**	–	**–**	5	**65**	55
LPMs	**–**	–	**–**	–	**–**	3	**–**	3
Other group operations	**–**	–	**–**	–	**–**	2	**–**	2
Group	**589**	365	**501**	303	**359**	219	**1 449**	887

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

	2023 Rm	2022 Rm
Reconciliation to segmental analysis:		
Net gaming win	**9 627**	7 779
Revenue from contracts with customers per above	**1 449**	887
Other income	**242**	272
Total income per segmental analysis	**11 318**	8 938

Other revenue comprises mainly revenues from Theme Park, cinemas, venue hire, parking and other sundry revenue.

Other income comprises mainly property rentals and dividends received. The prior year includes the group's business interruption insurance claim being the settlement of R111 million in respect of the negative impact of the COVID-19 pandemic on the trading of the group's business.

Notes to the reviewed condensed consolidated financial statements

1 BASIS OF PREPARATION

The Reviewed Condensed Consolidated Financial Statements for the year ended 31 March 2023 have been prepared in accordance with International Financial Reporting Standards ("IFRS"), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council ("FRSC"), IAS 34 *Interim Financial Reporting*, the JSE Limited Listings Requirements and the requirements of the Companies Act of South Africa, 71 of 2008, as amended. Chief Financial Officer, G Lunga CA(SA), supervised the preparation of these condensed consolidated financial statements. 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 2022 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 2022, which have been prepared in accordance with IFRS. These condensed consolidated financial statements for the year ended 31 March 2023 have been reviewed by the company's auditor, PricewaterhouseCoopers Inc., and the auditor's 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 2022, other than as mentioned in this report.

2 CHANGES IN SIGNIFICANT 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 2022. No pronouncement had any material impact on the group.

3 STANDARDS ISSUED NOT YET EFFECTIVE

The group does not anticipate that any standards or amendments to existing standards that have been published and are mandatory for the group's accounting periods beginning on or after 1 April 2023 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 estimates and assumptions concerning the future, with the significant estimates discussed below. Impairments and impairment reversals of non-current assets are shown separately in the statement of profit or loss. Impairments and impairment reversals of non-current assets are made up as follows:

	2023 Rm	2022 Rm
Impairment reversals of non-current assets (note 4.2)		
Impairment reversal of intangible assets	**198**	298
Impairment of non-current assets (note 4.3)		
Impairment of property, plant and equipment	**(39)**	(10)
Impairment of right-of-use assets	**(5)**	–
Impairment of intangible assets	**(39)**	–
	(83)	(10)

4 IMPAIRMENTS OF NON-CURRENT ASSETS continued

4.1 Goodwill

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

	2023 Rm	2022 Rm
Montecasino	**273**	273
Suncoast	**890**	890
Golden Horse	**43**	43
Garden Route	**19**	19
Mykonos	**17**	17
The Caledon	**64**	64
Blackrock	**94**	94
Vukani	**61**	61
	1 461	1 461

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

Goodwill and casino licences are allocated and monitored based on the group's CGUs. Post the COVID-19 pandemic, the group continued to achieve strong recoveries in income and EBITDA growth. Eskom's failing infrastructure is having a devastating impact on the South African economy, driving up inflation and unemployment. The ongoing war between Russia and Ukraine continues to aggravate global supply chains, and although the group does not have direct exposure to either country, these negative influences on global economies also impact disposable income in South Africa. These factors are taken into account in the impairment testing of goodwill and intangible assets, intangible assets being mainly casino licences, most of which are indefinite lived.

Significant estimate: key assumptions used for value in use calculations

The recoverable amounts of the CGUs are 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.

4 IMPAIRMENTS OF NON-CURRENT ASSETS continued

4.1 Goodwill continued

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 EBITDA margins are based on past and current performance, its expectations of market developments post the COVID-19 pandemic and the aforementioned inflationary impacts of the Eskom power crisis and the Russia/Ukraine conflict. As from 23 June 2022, the National State of Disaster, together with all remaining COVID-19 restrictions were lifted and, therefore, no further impact of COVID-19 infections have been provided for in the cash flow forecasts. Management continued to focus on previously implemented cost reductions and operational efficiencies during the reporting period, resulting in maintaining reduced cost bases and improved margins. 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), have increased, offsetting some of the saving initiatives achieved. Taking the aforementioned into account, the group's forecast models assume continued recovery for the 2024 financial year cash flow forecasts, and growth levelling off with effect from 2025. The significant unobservable inputs used in the trading assumptions as at 31 March 2023 compared to 31 March 2022 are shown below:
  - Expected income, including gaming win, food and beverage, hotel rooms revenue and other income grows by 7% for the 2024 financial year, then levels out to growths of 5% for 2025 and then 4% for the following years (31 March 2022: expected income, including gaming win, food and beverage, hotel rooms revenue and other income grew at trading growths of 3% for the forecast years from 2024); and
  - Expected operating expenditure costs increase on average by 10% for the 2024 financial year, then levels out to increases of 6% for 2025 and then 5% for the following years (31 March 2022: expected operating expenditure costs levelled out to increases of 4% for the forecast years from 2024);
- 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% more appropriate compared to the 31 March 2022 rate of 4.7% due to the higher inflationary conditions in the South African economy; and
- 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 marginally in comparison with the prior year due to a higher risk-free rate, offset by a lower weighted average cost of debt and share beta. 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 South African Reserve Bank. The Eskom power crisis has also had a negative impact on rates. The group believes the discount rate will return to more normal levels over the medium term.

4 IMPAIRMENTS OF NON-CURRENT ASSETS continued

4.1 Goodwill continued

The following key assumptions have been used for the analysis of the respective CGUs:

	2023		2022	
	EBITDA margin (average) %	Discount rate pre-tax %	EBITDA margin (average) %	Discount rate pre-tax %
Montecasino	**38.8**	**18.5**	41.3	18.5
Suncoast	**37.2**	**18.4**	36.8	18.3
Gold Reef City	**33.7**	**18.5**	33.4	18.5
Silverstar	**30.5**	**19.6**	35.4	19.5
Other gaming operations[1]	**34.0**	**20.2**	37.9	20.1
Vukani	**29.5**	**25.2**	31.1	23.9

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

Significant estimate – impairment charges

Taking into account the revised assumptions, no impairments to goodwill were deemed necessary since the previous reporting date (2022: no goodwill impairments recognised).

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.

4.2 Casino licences (included in "Other intangible assets")

	2023 Rm	2022 Rm
At 1 April	**3 137**	2 842
Acquisition of business (note 8)	**5**	–
Additions	**–**	2
Amortisation charge	**(5)**	(5)
Impairment reversals	**198**	298
Impairments	**(39)**	–
At 31 March	**3 296**	3 137
Cost	**4 570**	4 565
Accumulated amortisation	**(181)**	(176)
Accumulated impairments	**(1 093)**	(1 252)
Net carrying amount	**3 296**	3 137

4 IMPAIRMENTS OF NON-CURRENT ASSETS continued

4.2 Casino licences (included in "Other intangible assets") continued

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

	2023 Rm	2022 Rm
Indefinite lives:		
Montecasino	**70**	70
Suncoast	**105**	105
Gold Reef City	**1 765**	1 567
Silverstar	**289**	289
Golden Horse	**554**	554
Garden Route	**252**	252
Mykonos	**215**	215
Goldfields	**12**	40
Emerald (note 8)	**5**	–
Galaxy	**13**	13
Other	**8**	8
Definite lives:		
Hemingways	**3**	19
Other	**5**	5
	3 296	3 137

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 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 (2022: the group recognised impairment reversals of R298 million made up of the Gold Reef City (R149 million), Silverstar (R142 million) and Goldfields (R7 million) precincts). The impairment reversal was mainly due to the five-year forecast cash flows reflecting an improvement compared to those expected at 31 March 2022, offset by the marginal increase in the discount rate mentioned in note 4.1. The impairment in respect of the Goldfields precinct is due to lower actual and forecast trading, together with reducing margins, which is indicative of the area in which the precinct is located.

4 IMPAIRMENTS OF NON-CURRENT ASSETS continued

4.2 Casino licences (included in "Other intangible assets") continued

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 below CGUs:

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:

	2023			2022		
	1pp decrease in trading assumptions[1] Rm	**1pp decrease in growth rate assumptions[1] Rm**	**1pp increase in discount rate assumptions[1] Rm**	1pp decrease in trading assumptions[1] Rm	1pp decrease in growth rate assumptions[1] Rm	1pp increase in discount rate assumptions[1] Rm
Total impairment recognised would be:						
Gold Reef City	**–**	**–**	**–**	–	(23)	(88)
Goldfields	**(30)**	**(34)**	**(36)**	–	–	–
Silverstar	**(70)**	**(129)**	**(158)**	–	–	–

[1] *Refer note 4.1 for key assumptions*

4.3 Other non-current asset impairments

With regards to the Hemingways precinct, taking into account the revised assumptions as described in note 4.1, together with an EBITDA margin averaged over the five year forecast period of 15% and a discount rate of 19.8% (pre-tax), an impairment of the CGU was identified as being R48 million. This impairment has been recognised on an apportionment basis over the assets of the CGU (this precinct does not have any intangible assets with indefinite lives allocated to it). The impairment was due to lower actual and forecast trading, together with reducing margins, which is indicative of the area in which the precinct is located. The impairment of R48 million has been applied to the following non-current assets:

	2023 Rm
Property, plant and equipment	**(32)**
Right-of-use assets	**(5)**
Licence and bid costs (included in other intangible assets)	**(11)**
	(48)

4 IMPAIRMENTS OF NON-CURRENT ASSETS continued

4.3 Other non-current asset impairments continued

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, 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 (there were no impairments in the prior year):

	2023		
	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:			
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) *Refer note 4.1 for key assumptions*

5 FAIR VALUE ESTIMATION

The group fair values its investment properties 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

	2023 Rm	2022 Rm
At 1 April	**374**	350
Additions to investment properties	**20**	14
Fair value adjustments recognised in profit or loss	**(17)**	10
At 31 March	**377**	374

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 triennially by an independent appointed valuer who holds a recognised and relevant professional qualification and has recent experience in the location and category of the investment properties being valued. For the intervening years, the fair values are estimated by management.

During the year under review, the group recognised a R17 million fair value loss (2022: R10 million fair value gain) on investment properties. 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. Vacancies are considered based on the historical and current vacancy factors as well as the nature, location, size and popularity of the properties. Post the lifting of the national state of disaster due to COVID-19, the economy remains in a recovery period, particularly in the commercial property market. This impact has also been taken into account when determining the fair value of the group's investment properties. The fair value decrease was mostly as a result of the increased capitalisation rates due mainly to higher vacancies in the commercial property market in general.

5 FAIR VALUE ESTIMATION continued

5.1 Investment properties continued

At 31 March 2023, the significant unobservable inputs were as follows:
- Capitalisation rates applied to rental income of 9.5% (2022: varied between 9.25% and 9.50%);
- Vacancy rates applied of 10% (2022: varied between 10% and 15%) ; and
- A weighted average projected rental decrease rate of 6.8% (2022: 13.7%).

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 vacancy rate was lower/(higher); and
- Expected rental income was higher/(lower).

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

	2023		2022	
	Increase Rm	**Decrease Rm**	Increase Rm	Decrease Rm
1pp change in the capitalisation rate	**(31)**	**40**	(29)	36
1pp change in the vacancy rate	**(4)**	**4**	(4)	4
1pp change in the projected rental income	**3**	**(3)**	3	(3)

5.2 Financial assets at FVOCI

	2023 Rm	2022 Rm
Unlisted		
At 1 April	**814**	675
Fair value adjustment recognised in OCI	**145**	139
At 31 March	**959**	814
Listed		
Acquired during the year	**138**	–
Fair value adjustment recognised in OCI	**(25)**	–
At 31 March	**113**	–
Total financial assets at fair value through OCI	**1 072**	814

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 equity interests have been remeasured at 31 March 2023 to R959 million (2022: R814 million), a R145 million gain. 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.

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

The cash flow forecasts used in the valuation anticipate the recovery in trading to continue for the entities' December 2023 financial year off a base for December 2022 that has not yet reached pre-COVID-19 levels, with relatively high gaming win growth in December 2023 year and reaching normal growth rate levels from the December 2024 reporting year. As mentioned in note 4.1, the group's view on the terminal growth rate was revised upward based on inflation projections. The aforementioned were offset by a marginally higher discount rate due to the increase in interest rates and an increased risk-free rate as mentioned in note 4.1, offset by a lower weighted average cost of debt and share beta. Among other factors, the discount rate estimation considers risks associated with the gaming, entertainment and hospitality industry in which SunWest and Worcester operate.

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 growths by 17% for the entities' 2023 financial year, 5% for the December 2024 year end then levels out to growths of between 4% and 5% over the following years (31 March 2022: expected income, including gaming win, food and beverage, hotel rooms revenue and other income grew at 3% for the forecast years from 2023);
- Expected operating expenditure costs increase by 8% for the entities' 2023 financial year, then levels out to increases of 5% over the following years (31 March 2022: expected operating expenditure costs levelled out to trading increases of between 3% and 4% for the forecast years from 2023);
- Risk-adjusted discount rate of 14.81% (2022: 14.65%) post-tax; and
- Long-term growth rate of 5.0% (2022: 4.7%).

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

	2023		2022	
	Increase Rm	Decrease Rm	Increase Rm	Decrease Rm
Expected gaming win growth	**71**	**(69)**	79	(75)
Operating expenditure cost growth	**(51)**	**49**	(39)	38
Risk-adjusted discount rate	**(88)**	**108**	(76)	92
Long-term growth rate	**81**	**(66)**	69	(56)

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.

5 FAIR VALUE ESTIMATION continued

5.3 Interest rate swaps

The fair value of the group's derivatives used for hedge accounting is an asset of R35 million (31 March 2022: a liability of R82 million) 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. The reason for the move since the 31 March 2022 year end is due to an increase in market-related interest rates. The amount recognised in finance costs in respect of the interest rate swap instruments is a debit of R47 million (2022: R161 million), and in the cash flow an amount of R57 million (2022: R164 million). A credit of R78 million was recognised in profit or loss due to increases in interest rates causing ineffectiveness in the hedging relationship. This credit has been included in finance costs.

6 ASSETS CLASSIFIED AS HELD FOR SALE

During the 2021 financial year, the directors undertook to dispose of identified non-core business properties owned by the group by way of sale. During the year under review, property to the value of R8 million was sold for proceeds of R15 million (excluding costs to sell), realising a profit on sale of R6 million. The remaining properties were all reclassified to property, plant and equipment as it is not highly probable that these properties will be disposed of in the next 12 months from 31 March 2023.

7 CHANGES IN INTEREST-BEARING BORROWINGS ARISING FROM FINANCING ACTIVITIES

7.1 Borrowings

Changes arising from interest-bearing borrowings, excluding bank overdrafts from short-term borrowings of R50 million (2022: R72 million), are as follows:

	Non-current portion Rm	Current portion Rm	Total Rm
At 1 April 2022	**7 400**	**2 279**	**9 679**
Cash flow movements			
Borrowings raised[1]	**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)[2]	**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**

(1) *Included in borrowings raised is an amount of R160 million which arises due to the non-controlling interests funding their portion of the group's acquisition in Emerald Safari Resort Proprietary Limited as per note 8*

(2) *At the time of the debt refinancing completed on 28 February 2023, borrowings of R1 billion were 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 facility of R1 billion*

7 CHANGES IN INTEREST-BEARING BORROWINGS ARISING FROM FINANCING ACTIVITIES continued

7.1 Borrowings continued

	Non-current portion Rm	Current portion Rm	Total Rm
At 1 April 2021	10 300	949	11 249
Cash flow movements			
Borrowings repaid	–	(1 170)	(1 170)
Interest paid during the year[3]	–	(985)	(985)
Non-cash movements			
Borrowings reclassification to current	(2 900)	2 900	–
Interest raised for the year	–	585	585
At 31 March 2022	7 400	2 279	9 679

[3] *Includes interest capitalised pursuant to the agreement reached with the lenders during the 2021 financial year of R400 million*

7.2 Lease liabilities

Changes arising from lease liabilities are as follows:

	Non-current portion Rm	**Current portion 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)**
Lease concessions practical expedient applied	**–**	**(2)**	**(2)**
Remeasurement of leases	**–**	**3**	**3**
Termination of leases	**–**	**(7)**	**(7)**
Reclassification to current	**(35)**	**35**	**–**
At 31 March 2023	**267**	**38**	**305**

	Non-current portion Rm	Current portion Rm	Total Rm
At 1 April 2021	266	40	306
New leases raised	56	5	61
Principal elements of lease payments	(4)	(27)	(31)
Interest raised for the year[1]	–	26	26
Interest paid during the year[1]	–	(26)	(26)
Interest raised – non-cash portion	–	4	4
Lease concessions practical expedient applied	–	(14)	(14)
Remeasurement of leases	(9)	24	15
Termination of leases	–	(4)	(4)
Reclassification to current	(14)	14	–
At 31 March 2022	295	42	337

[1] *Comparatives have been disaggregated reflecting interest raised and paid*

8 ACQUISITION OF BUSINESS

The group acquired an effective 55% shareholding in Emerald Safari Resort Proprietary Limited ("Emerald") operating in Gauteng, effective 12 September 2022. Emerald requires an appropriate turnaround strategy to ensure a sustainable and viable future for all stakeholders which can be achieved with the group's experience and resources.

The fair value of the net assets acquired equated to the fair value of the consideration paid at the date of acquisition. The acquired business contributed income of R193 million and profit after tax of R18 million to the group for the period from date of control to 31 March 2023. Had the acquisition been effective on 1 April 2022 the contribution to revenue would have been R350 million and R20 million would have been the contribution to profit after tax. These amounts have been calculated using the group's accounting policies.

	2023 Rm
The fair value of net assets acquired:	
Non-current assets	
Property, plant and equipment	**388**
Intangible assets	**5**
Current assets	
Inventory	**3**
Trade and other receivables	**8**
Loan used to offset purchase consideration	**15**
Current income tax assets	**2**
Cash and cash equivalents	**62**
Non-current liabilities	
Deferred income tax liabilities	**(30)**
Current liabilities	
Trade and other payables	**(56)**
Total identifiable net assets acquired	**397**
Fair value of the consideration:	
Cash consideration paid	**(382)**
Loan used to offset purchase consideration	**(15)**
Total fair value of consideration	**(397)**
Net outflow of cash on acquisition:	
Cash consideration for acquisition by subsidiary company	**(222)**
Cash consideration for acquisition by NCI (refer to note 7.1)	**(160)**
Cash consideration for acquisition by the group	**(382)**
Less: Cash balances acquired with acquisition	**62**
Net outflow of cash – investing activities	**(320)**

Non-controlling interests do not arise on the aquisition as the group, together with the non-controlling interests, funded the acquisition in accordance with their pro-rata shareholding percentages.

9 RELATED PARTY TRANSACTIONS

The group had no significant related party transactions, nor entered into any new significant related party transactions, during the year under review, other than as mentioned below.

During September 2022, the group concluded a separation agreement with regard to the cancellation of the management agreements of 15 of its hotels by Southern Sun Limited ("SS") for a cost of R399 million, and the disposal of its two hotels to Hospitality Property Fund (a subsidiary of SS) for a total consideration of R142 million (carrying value R70 million). Accordingly, in terms of the separation agreement, the gaming hotels have been incorporated into the group's own management and operational structure. These transactions are considered related party transactions due to the company's ultimate controlling shareholder being Hosken Consolidated Investments Limited ("HCI"), and HCI also being a major shareholder of SS.

10 CAPITAL COMMITMENTS

A total of R149 million for maintenance capital items, which is anticipated to be spent during the next 12 months, has been contracted for.

11 GOING CONCERN

The group's net debt to adjusted EBITDA ratio at the 31 March 2023 year end, as measured for covenant purposes, amounted to a 2.0 times multiple, which has reduced from the 2.9 multiple at the 31 March 2022 year end. The required ratio in terms of the group's debt covenants 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 2024. The group managed to reduce its net interest-bearing debt and guarantees by approximately R1.0 billion, from R9.0 billion at 31 March 2022 to R8.0 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. Following the group's achievement of its medium-term debt leverage target, this target has been reset with the group now aiming to reduce its net debt to adjusted EBITDA ratio to lower than a 1.8 times multiple in the medium term, thereby further decreasing risk and funding costs.

Although current liabilities exceed current assets at 31 March 2023, the group generates sufficient cash flows during the period to meet all current liability obligations.

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.

12 EVENTS OCCURRING AFTER THE REPORTING 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 24 May 2023, the board of directors declared a final gross cash dividend of 57.0 cents per share in respect of the year ended 31 March 2023 from distributable reserves. The aggregate amount of the dividend, to be paid on 17 July 2023, not recognised as a liability at the reporting date, is R598 million.

Acquisition of listed shares

Subsequent to the company's reporting date, the group acquired additional shares in City Lodge for a consideration of R136 million, bringing the shareholding in City Lodge to approximately 10%.

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.

Notes

Notes *continued*

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

REGISTERED OFFICE

Palazzo Towers East, Montecasino Boulevard, Fourways, 2055
(Private Bag X190, Bryanston, 2021)

TRANSFER SECRETARIES

JSE Investor Services Proprietary Limited,
13th Floor, Rennie House, 19 Ameshoff Street, Braamfontein, 2001
(PO Box 4844, Johannesburg, 2000)

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,
3rd Floor, Block F, 135 Rivonia Campus, 135 Rivonia Road, Sandown, Sandton, 2196
(PO Box 1144, Johannesburg, 2000)

AUDITORS

PricewaterhouseCoopers Inc., 4 Lisbon Lane, Jukskei View, 2090
(Private Bag X36, Sunninghill, 2157)