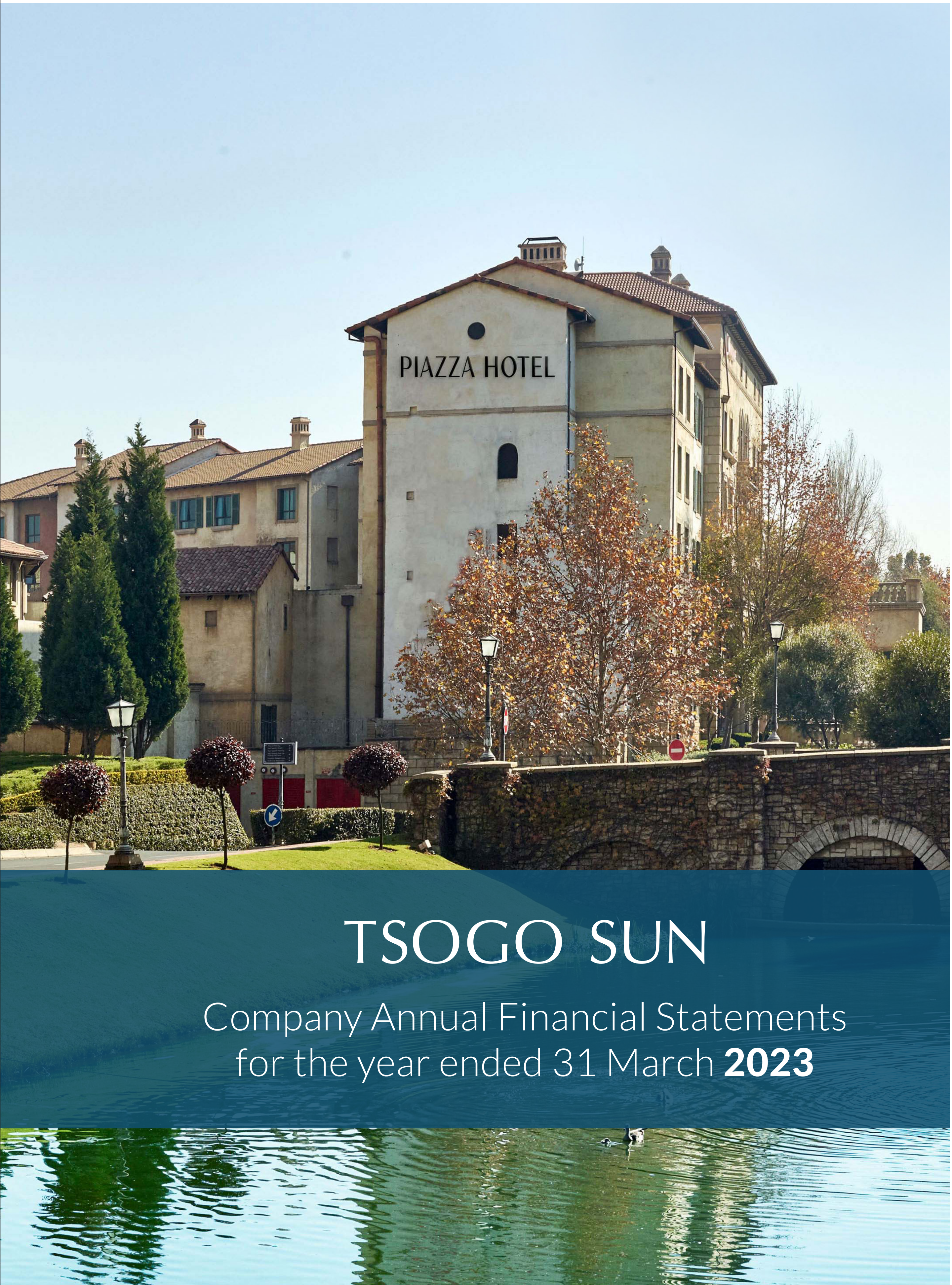
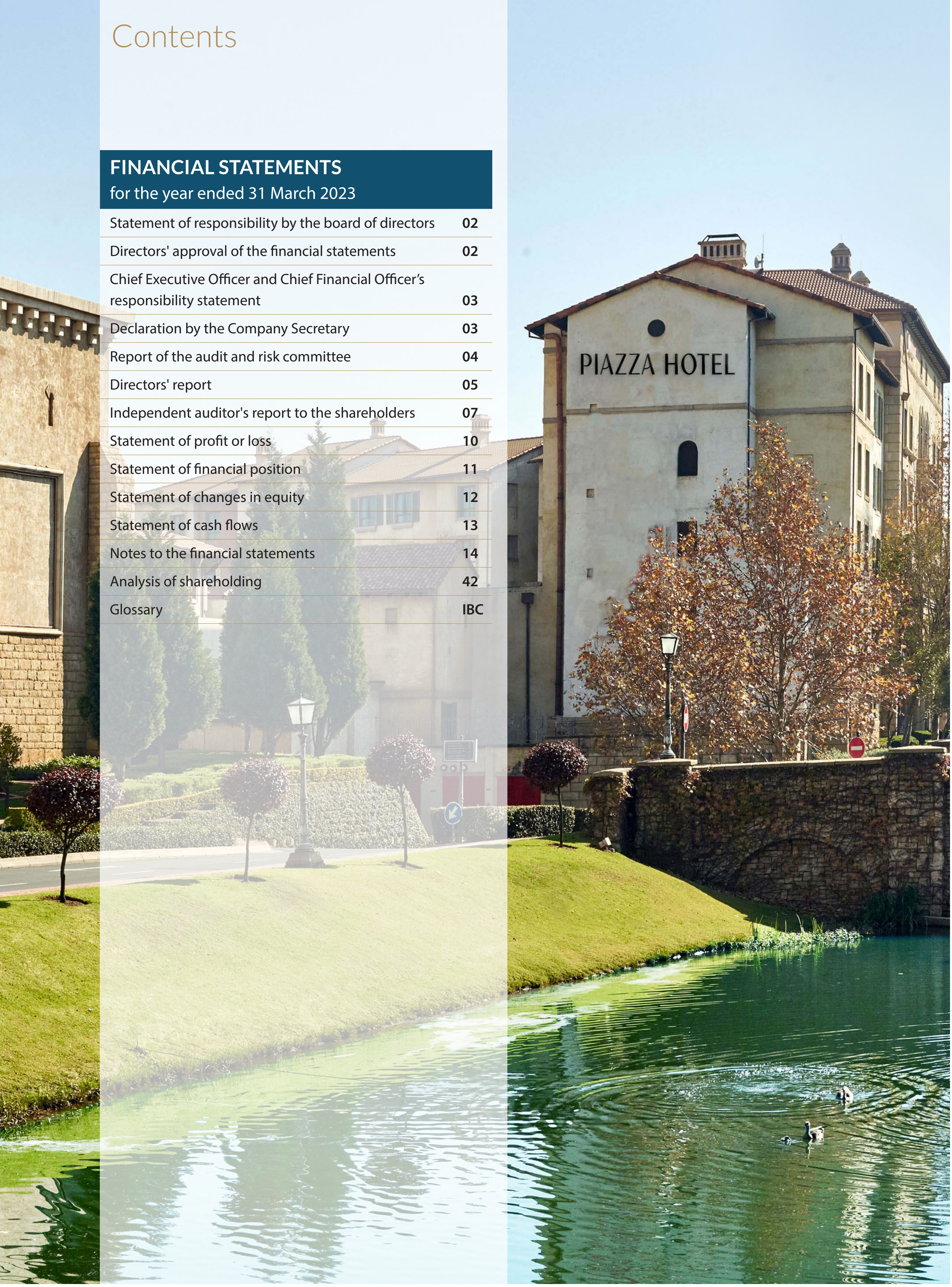


TSOGO SUN

Company Annual Financial Statements for the year ended 31 March **2023**

Contents



FINANCIAL STATEMENTS
for the year ended 31 March 2023

Statement of responsibility by the board of directors	02
Directors' approval of the financial statements	02
Chief Executive Officer and Chief Financial Officer's responsibility statement	03
Declaration by the Company Secretary	03
Report of the audit and risk committee	04
Directors' report	05
Independent auditor's report to the shareholders	07
Statement of profit or loss	10
Statement of financial position	11
Statement of changes in equity	12
Statement of cash flows	13
Notes to the financial statements	14
Analysis of shareholding	42
Glossary	IBC

Statement of responsibility by the board of directors

for the year ended 31 March 2023

The company's directors are required by the Companies Act of South Africa, 71 of 2008, as amended, to maintain adequate accounting records and to prepare financial statements for each financial year that fairly present the state of affairs of the company at the end of the financial year and of the results of operations and cash flows for the year. In preparing the accompanying financial statements, the JSE Listings Requirements, together with International Financial Reporting Standards ("IFRS") have been followed, suitable accounting policies have been used, applied consistently, and reasonable and prudent judgements and estimates have been made. Any changes to accounting policies are approved by the board of directors and the effects thereof are fully explained in the financial statements. The financial statements incorporate full and responsible disclosure.

The board of directors recognises and acknowledges its responsibility for the company's systems of internal financial control. The company's policy on business conduct, which covers ethical behaviour, compliance with legislation and sound accounting practice, underpins its internal financial control process. The control systems include written accounting and control policies and procedures, clearly defined lines of accountability and delegation of authority, and comprehensive financial reporting and analysis against approved budgets. The responsibility for operating these systems is delegated by the directors who confirm that they have reviewed the effectiveness thereof. The directors consider that the systems are appropriately designed to provide reasonable, but not absolute, assurance that assets are safeguarded against material loss or unauthorised use and that transactions are properly authorised and recorded. The directors are also responsible for the controls over, and the security of the company's website and, where applicable, for establishing and controlling the process for electronically distributing annual reports and other financial information to the company's shareholders and to the Companies and Intellectual Property Commission.

The directors considered the going concern status of the company taking into account the current financial position and their best estimate of the cash flow forecasts. The cash flow and liquidity projections for the company have been prepared for a period exceeding 12 months from the reporting date and included performing sensitivity analyses. On the basis of this review, and in light of the current financial position and existing borrowing facilities, the directors consider the going concern method to be appropriate for the presentation of the financial statements. Refer to note 3(a) *Critical accounting estimates and judgements – Going concern* in the notes to the financial statements.

The company's independent auditor, PricewaterhouseCoopers Inc., has audited the financial statements and the auditor's unqualified report appears on pages 01 to 42. PricewaterhouseCoopers Inc. was given unrestricted access to all financial records and related data, including minutes of all meetings of shareholders, the board of directors and committees of the board. The directors believe that all representations made to the independent auditor during the audit are valid and appropriate.

Directors' approval of the financial statements

for the year ended 31 March 2023

The preparation of the financial statements set out on pages 01 to 42 has been supervised by the Chief Financial Officer, G Lunga CA(SA). These financial statements were approved by the board of directors on 31 July 2023 and are signed on its behalf by:

CG du Toit
Chief Executive Officer

G Lunga
Chief Financial Officer

Chief Executive Officer and Chief Financial Officer's responsibility statement

for the year ended 31 March 2023

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

- the annual financial statements, set out on pages 01 to 42, fairly present in all material respects the financial position, financial performance and cash flows of Tsogo Sun Limited (formerly Tsogo Sun Gaming Limited) in terms of IFRS;
- to the best of our knowledge and belief, no facts have been omitted or untrue statements made that would make the annual financial statements false or misleading;
- internal financial controls have been put in place to ensure that material information relating to Tsogo Sun Limited have been provided to effectively prepare the financial statements of Tsogo Sun Limited;
- the internal financial controls are adequate and effective and can be relied upon in compiling the annual financial statements, having fulfilled our role and function as executive directors with primary responsibility for implementation and execution of controls;
- where we are not satisfied, we have disclosed to the audit committee and the auditors any deficiencies in design and operational effectiveness of the internal financial controls, and have taken steps to remedy the deficiencies; and
- we are not aware of any fraud involving directors.

CG du Toit
Chief Executive Officer

G Lunga
Chief Financial Officer

31 July 2023

Declaration by the Company Secretary

In terms of section 88(2)(e) of the Companies Act of South Africa, 71 of 2008, as amended ("the Act"), we confirm that for the year ended 31 March 2023, Tsogo Sun Limited (formerly Tsogo Sun Gaming Limited) has lodged with the Companies and Intellectual Property Commission all such returns and notices as are required of a public company in terms of the Act and that all such returns and notices are true, correct and up to date.

Tsogo Sun Casino Management Company Proprietary Limited
Company Secretary

31 July 2023

Report of the audit and risk committee

for the year ended 31 March 2023

COMMITTEE MANDATE AND TERMS OF REFERENCE

In terms of the Companies Act of South Africa, 71 of 2008, as amended ("the Act"), the committee reports that it has adopted formal terms of reference, and that it has discharged all of its responsibilities for the year in compliance with the terms of reference

STATUTORY DUTIES

The committee is satisfied that in respect of the financial year it has performed all the functions required by law to be performed by an audit and risk committee, including as set out in section 94 of the Act and in terms of the committee's terms of reference and as set out in the corporate governance report. In this connection, and with specific regard to the preparation of the annual financial statements, the committee has:

- Evaluated the independence and effectiveness of the external auditor, PricewaterhouseCoopers Inc., and is satisfied that the external auditor was independent of the company having given due consideration to the parameters enumerated under section 92 of the Act. The committee evaluated and is satisfied that the audit firm and the individual auditor was suitable for appointment, as contemplated in terms of paragraph 22.15(h) of the JSE Listings Requirements. Mr S Murugen was the individual registered auditor and member of the aforementioned firm who undertook the audit. PricewaterhouseCoopers Inc. has been the auditor of the company for 54 years, with the rotation of the designated audit partner during 2019; PricewaterhouseCoopers has resigned as auditor of the company with effect from the appointment of Deloitte & Touche, at the company's annual general meeting due to the Mandatory Audit Firm Rotation ("MAFR") requirement of the Independent Regulatory Board for Auditors ("IRBA");
- Considered and evaluated the proposals submitted, and presentations made, by applicants in response to the request for proposal issued for the appointment of external auditors for the 2024 financial year end as part of the MAFR process, and recommended to the board the appointment of Deloitte & Touche, with Cathryn Emslie being the proposed designated audit partner. The requirement for MAFR was subsequently set aside by IRBA;
- Ensured and satisfied itself that the appointments of the external auditor, the designated auditor and International Financial Reporting Standards ("IFRS") adviser are in compliance with the Act, the Auditing Profession Act, 2005 and the JSE Listings Requirements;
- Reviewed the scope of the external audit, the effectiveness of the audit process, risk areas of operations covered in the scope, planned levels of materiality, resourcing and the terms of the external auditor's engagement letter;
- Monitored and assessed the limited non-audit services provided by the external auditor and the service fees charged for the provision thereof, ensuring that the independence of the external auditor was not compromised;
- Reviewed and assessed the company's internal control policies and procedures in place for the identification, assessment and reporting of risks, as well as the company's process of risk management;
- Reviewed and approved the company accounting policies;
- Considered all significant transactions and accounting matters that occurred during the year and evaluated whether the accounting treatment is in terms of IFRS;
- Considered the impact of auditing, regulatory and accounting developments during the year, particularly the implications of new, revised or amended accounting pronouncements as issued by the International Accounting Standards Board ("IASB") which were effective for the company from 1 April 2022;
- Evaluated and is satisfied with the implementation of the combined assurance framework and plan;
- Considered and evaluated the company's assessment of the Chief Executive Officer and Chief Financial Officer's responsibility statement as required by the JSE Listings Requirements;
- The audit and risk committee reviewed compliance within debt covenants;
- Reviewed the scope of the internal audit being performed, and evaluated the effectiveness, as well as the fees and terms of engagement, of the outsourced internal audit function;
- Considered the reappointment of the outsourced internal audit service provider and is satisfied with their independence and ability to effectively complete the internal audit plan; and
- Reviewed the written assessment of internal audit on the design, implementation and effectiveness of the internal financial controls, in addition to the findings noted by the external auditor during the course of the annual audit in support of the annual audit opinion. Based on these results, the committee is of the opinion that the internal financial controls provide reasonable assurance that financial records may be relied upon for the preparation of reliable financial statements.

COMPETENCE OF THE CHIEF FINANCIAL OFFICER

The committee has also considered and satisfied itself of the appropriateness of the expertise and experience of the Chief Financial Officer, Mr G Lunga, and the finance function.

RECOMMENDATION OF THE FINANCIAL STATEMENTS

The committee has evaluated the financial statements of Tsogo Sun Limited for the year ended 31 March 2023 and based on the information provided to the committee, the committee recommends the adoption of the financial statements by the board of directors.

F Mall
Chairperson: Audit and risk committee

31 July 2023

Directors' report

for the year ended 31 March 2023

1 NATURE OF BUSINESS AND CHANGE OF NAME

The company is a South African incorporated public company listed on the Johannesburg Stock Exchange ("JSE"). It is an investment holding company, engaged principally in the gaming, entertainment and hospitality industry operating in South Africa, with registration number 1989/002108/06. There have been no material changes in the nature of the company's business from the prior year. On 31 May 2023, the name change was approved at a general meeting of shareholders from Tsogo Sun Gaming Limited to Tsogo Sun Limited. The board of directors deems the name "Tsogo Sun Limited" a more appropriate name for the company with diversified holdings in casinos, hotels, conferencing facilities, a resort, a theme park, betting and a variety of other entertainment offerings throughout South Africa, and the company and its subsidiaries use the registered trademark "Tsogo Sun" in their marketing material and the domain "tsogosun.com" as its main website. The name change was approved by the Commissioner of Companies and Intellectual Property Commission ("CIPC") on 1 June 2023.

2 STATE OF AFFAIRS AND PROFIT FOR THE YEAR

The financial results of the company for the year are set out in the financial statements and accompanying notes thereto. The company profit after tax for the year under review from operations amounted to R2 934 million (2022: R2 168 million). The directors have noted their consideration to the going concern status of the company, taking into account the current financial position and their best estimate of the cash flow forecasts, in the directors' approval to the accompanying financial statements for the year ended 31 March 2023. Refer also to note 3(a) *Critical accounting estimates and judgements – Going concern* in the financial statements. Consolidated financial statements have been prepared and are publicly available on the company's website, www.tsogosun.com, and at the registered office of the company.

3 SOLVENCY AND LIQUIDITY TEST

The payments of dividends depends on the directors' ongoing assessment of the company's earnings, financial position, cash needs, future earnings prospects and other future factors.

Before declaring dividends, the directors apply the solvency and liquidity test and assess whether the company would satisfy the solvency and liquidity test immediately after payment of said dividend.

4 DIVIDENDS

Subsequent to year end, on 24 May 2023, the board of directors declared a final gross cash dividend from distributable reserves in respect of the year ended 31 March 2023 of 57 cents per share. The dividend was declared in South African currency and was paid to shareholders on 17 July 2023.

A final dividend of 19.0 cents per share was paid to shareholders on 10 October 2022 in respect of the year ended 31 March 2022, and an interim dividend of 30 cents per share was paid on 28 December 2022 in respect of the 31 March 2023 year end.

5 DIRECTORATE

The directorate during the year under review was as follows:

Executive

CG du Toit (Chief Executive Officer)
G Lunga (Chief Financial Officer)

Non-executive

JA Copelyn(1) (Chairperson)
Y Shaik(1) (3)

Independent non-executive

BA Mabuza(1) (2) (3) (Lead independent)
MJA Golding
F Mall(2)
VE Mphande(1) (3)
RD Watson(1) (2) (3)

(1) HR and remuneration committee
(2) Audit and risk committee
(3) Social and ethics committee

6 DIRECTORS' EMOLUMENTS

Refer to note 30 to the financial statements for details of the directors' emoluments.

7 COMPANY SECRETARY

The Company Secretary is Tsogo Sun Casino Management Company Proprietary Limited, the business and postal addresses are as follows:

Business address	**Postal address**
Palazzo Towers East	Private Bag X190
Montecasino Boulevard, Fourways, 2191	Bryanston, 2021

The board of directors has considered the competence, qualifications and experience of the employees of the Company Secretary, Tsogo Sun Casino Management Company Proprietary Limited, who perform the company secretarial services on its behalf, and are satisfied that such employees are suitably competent, qualified, experienced and independent, and have adequately and effectively performed the roles and duties of a company secretary. None of the employees of the Company Secretary are directors of the company.

8 CONTROLLING SHAREHOLDER AND SHAREHOLDER ANALYSIS

The company's ultimate controlling shareholder is Hosken Consolidated Investments Limited (a company listed on the JSE) which, at the reporting date, directly and indirectly owned 49.7% (2022: 49.7%) of the company's issued share capital (excluding treasury shares). Refer to note 30 *Related parties* and the shareholder analysis in the financial statements for further detail.

9 SHARE CAPITAL

There was no change to the company's share capital during the year under review. Refer to note 20 *Ordinary share capital and premium* in the financial statements for further detail.

The company's authorised but unissued ordinary share capital was placed under the control of the directors until the forthcoming Annual General Meeting ("AGM"). The board of directors has the authority to allot and issue any shares required to be issued for the purpose of carrying out the terms in accordance with the provisions of any share-based incentive scheme established by the company subject to section 38 of the Companies Act of South Africa, 71 of 2008, as amended and the JSE Listings Requirements, during the period of two years commencing on the date of the adoption of the special resolution, dated 21 September 2022. The board of directors has also been given, in terms of the JSE Listings Requirements, the authority to acquire ordinary shares issued by the company and shall be valid until the company's next AGM, or 15 months from the date of the passing of this special resolution, whichever period is the shorter. The board of directors has been authorised to determine the preferential rights attaching to the future issue of preference shares (subject to the approval of the JSE).

10 SUBSIDIARIES

Refer to note 13 in the financial statements for details of subsidiaries.

11 EVENTS AFTER THE REPORTING DATE

Refer to note 34 in the financial statements for events occurring after the reporting date. The directors are not aware of any other matter or circumstance arising since the end of the financial year and up to the date of these financial statements, not otherwise dealt with within the financial statements, that would affect the operations or results of the company significantly.

12 APPOINTMENT OF DEBT OFFICER

In terms of the JSE Debt Listings Requirements, Egbert Loubser, the Company Treasurer, was appointed as the company's debt officer with effect from 1 November 2020. The board of directors has considered, and is satisfied with, the competence, qualifications and experience of the debt officer.

Independent auditor's report

To the Shareholders of Tsogo Sun Limited (formerly Tsogo Sun Gaming Limited)

Report on the audit of the separate financial statements

Our opinion

In our opinion, the separate financial statements present fairly, in all material respects, the separate financial position of Tsogo Sun Limited (the Company) as at 31 March 2023, and its separate financial performance and its separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

What we have audited

Tsogo Sun Limited's separate financial statements set out on pages 10 to 41 comprise:

- the separate statement of financial position as at 31 March 2023;
- the separate statement of profit or loss for the year then ended;
- the separate statement of changes in equity for the year then ended;
- the separate statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the separate financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors* (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)*.

Key audit matters

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

Key audit matter	***How our audit addressed the key audit matter***
Impairment considerations as they relate to investment in subsidiaries *Investments in subsidiaries represent a substantial portion of the total assets of the Company. The Company recognised a reversal of previously recognised impairment losses of R2.4 billion in relation to its investment in subsidiaries for the year ended 31 March 2023. This amount included an impairment reversal of R102 million on the investment of Silverstar Casino Proprietary Limited, a R2.2 billion impairment reversal on the investment in Tsogo Sun Hotels, Gaming and Entertainment Proprietary Limited. The Company also recognised an impairment charge of R16 million on its investment in Goldfields Casino and Entertainment Centre Proprietary Limited.* *The underlying businesses of the Company's subsidiaries operate in the gaming, entertainment and hospitality industry.* *The gaming, entertainment and hospitality industry has continued to recover post the COVID-19 pandemic. 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 the COVID-19 pandemic and related lockdown restrictions have been provided for in the cash flow forecasts.*	*Our audit addressed this key audit matter as follows:* *Management's impairment assessment of investment in subsidiaries is inter-linked to the underlying discounted cash flow analysis used by management in respect of their impairment assessment of goodwill and intangible assets with indefinite useful lives for the consolidated financial statements of the Tsogo Sun Limited Group. We therefore leveraged our audit work performed on that impairment assessment for the purposes of the impairment assessment for investment in subsidiaries.* *Management's cash flow forecasts used in their impairment models were agreed to the latest director-approved five-year strategic plan. No material exceptions were noted.* *For those subsidiaries that contribute more than 5% to Tsogo Sun Limited's group revenue, we assessed the reasonableness of the budgeting process adopted in deriving the five-year strategic plan by comparing the current year actual results for certain metrics to the 2023 financial year figures included in the prior year forecast to consider whether the forecasts included assumptions that, with hindsight, had been optimistic. We found management's cash flow forecasts to be within an acceptable range and consistent with the historical actual results and obtained corroboration from management where the budgeted numbers significantly differed from actuals.*

Key audit matter	***How our audit addressed the key audit matter***
At each reporting date, management reviews the carrying amounts of the Company's investments in subsidiaries to determine if there is any indication that the investments have suffered an impairment loss. Where there is a recovery, the original impairment is reversed. In determining the recoverable amounts of the respective investments in subsidiaries, management based their recoverable amount calculation on the higher of the 'value in use' and 'fair value less cost of disposal' calculated for each investment. Management applied a risk-adjusted discount rate to determine the discounted cash flow analysis for each of the individual subsidiaries. *Significant judgement and estimation were applied by management when performing these calculations to determine whether any impairment or impairment reversal thereof is required. The key assumptions and unobservable inputs applied in the valuation models for the subsidiaries are disclosed in note 13 to the separate financial statements.* *We considered the impairment considerations as they relate to investment in subsidiaries to be a matter of most significance to the current year audit due to the following:* • *the significant judgement and estimation applied by management in their assumptions; and* • *the magnitude of the impairment reversal recognised as well as the magnitude of the carrying values of investment in subsidiaries in relation to the separate financial statements.* *These matters are disclosed in the following notes to the separate financial statements:* • *Note 1: Summary of significant accounting policies, (c) Investment in Subsidiaries;* • *Note 3: Critical accounting estimates and judgements (b), Estimated impairment of investments in subsidiaries; and* • *Note 13: Investment in subsidiaries.*	*We assessed the reasonableness of the trading assumptions namely gaming win, food and beverage, hotel rooms revenue and other income ("income") that were incorporated by management into their cash flow forecasts by evaluating management's income forecasts against the actual historic income for each subsidiary. We considered management's determined net gaming win forecasts to be reasonable based on these procedures.* *We assessed the reasonableness of the cash outflows used in the discounted cash flow analysis through discussions with management to understand the basis for the assumptions used in respect of cash outflows and corroborated their explanations against historic performance as well as other strategic initiatives implemented by management. We assessed the cash outflows to be reasonable.* *With the assistance of our valuation expertise, we independently calculated a discount rate taking into account independently obtained data such as the cost of debt, risk-free rates in the market, market risk premiums adjusted for specific risks relating to the relevant subsidiaries, debt/equity ratios as well as the beta of comparable companies. This was compared to the discount rates used by management. We further applied these independently sourced and calculated inputs to management's forecasts and compared the recoverable amount of each subsidiary to the results of our independent calculations. We found management's valuation to be within an acceptable range of our independent calculations.* *With the assistance of our valuations expertise, we assessed the reasonableness of the terminal growth rate by comparing the terminal growth rates to long-term growth rates obtained from independent sources. The growth rates used by management were accepted as comparable.* *We tested the mathematical accuracy of the discounted cash flow model and made use of our valuations expertise to assess the discounted cash flow model's compliance with market practice and the applicable requirements of IAS 36. We did not note any aspect which required further consideration. The assessment of the discounted cash flow model by our valuation experts was performed on a sample basis and the principles suggested by our valuation expertise team were applied across the subsidiaries assessed. We did not note any aspect which required further consideration.* *We assessed the reasonableness of the discount rates, long-term growth rates and forecasted cash flows by performing a sensitivity analysis to determine the impact that a change in discount rates, long-term growth rates and forecast cash flows would have on the discounted cash flow analysis and the resultant recoverable amount. We compared the results of our sensitivity analysis to management's impairment results in order to identify those subsidiaries considered sensitive to a change in assumptions for disclosure purposes. We did not note any aspect requiring further consideration.*

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Tsogo Sun Company Annual Financial Statements for the year ended 31 March 2023 "; the document titled "Tsogo Sun Consolidated Annual Financial Statements for the year ended 31 March 2023 " and the document titled "Tsogo Sun Integrated Annual Report 2023", which includes the Directors' Report, the Report of the audit and risk committee and the Declaration by the Company Secretary as required by the Companies Act of South Africa. The other information does not include the consolidated or the separate financial statements and our auditor's report thereon.

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

In connection with our audit of the separate financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the separate financial statements

The directors are responsible for the preparation and fair presentation of the separate financial statements in accordance with International Financial Reporting Standards 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 separate financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the separate financial statements

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

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

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

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

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

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

Report on other legal and regulatory requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that PricewaterhouseCoopers Inc. has been the auditor of Tsogo Sun Limited for 54 years.

PricewaterhouseCoopers Inc.

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

31 July 2023

Statement of profit or loss

for the year ended 31 March

	Notes	2023 R'000	2022 R'000
Dividend revenue	4	**514 500**	–
Other revenue	5	**13 583**	10 880
Remeasurement of loss allowance on loans to subsidiaries	6	**9 408**	12 569
Impairment reversal of non-current assets, net of impairments	7	**2 352 936**	2 102 720
Other operating credits	8	**44 869**	44 937
Operating profit		**2 935 296**	2 171 106
Finance income	9	**374 858**	331 981
Finance costs	10	**(372 088)**	(330 871)
Profit before income tax		**2 938 066**	2 172 216
Income tax expense	11	**(3 907)**	(3 893)
Profit for the year		**2 934 159**	2 168 323

The statement of comprehensive income has not been presented as there were no movements in the current and prior year of other comprehensive income.

The accounting policies and notes on pages 14 to 41 form an integral part of these financial statements.

Statement of financial position

as at 31 March

	Notes	2023 R'000	Restated[1] 2022 R'000	Restated[1] 1 April 2021 R'000
ASSETS				
Non-current assets				
Investment in subsidiaries	13	**20 394 628**	18 041 692	15 934 538
Loan to subsidiary[1]	14	**5 235 236**	4 507 804	5 738 189
Non-current receivables	15	**3 399**	4 730	5 593
Deferred income tax asset	16	**1 162**	1 952	3 038
		25 634 425	22 556 178	21 681 358
Current assets				
Loans to subsidiaries[1]	17	**42 924**	1 016 276	284 854
Trade and other receivables		**–**	–	2
Current income tax receivable		**446**	–	403
Cash and cash equivalents	18	**2 721**	4 212	4 142
		46 091	1 020 488	289 401
Assets classified as held for sale	19	**–**	–	1 850
Total current assets		**46 091**	1 020 488	291 251
Total assets		**25 680 516**	23 576 666	21 972 609
EQUITY				
Capital and reserves attributable to equity holders of the company				
Ordinary share capital and premium	20	**17 452 853**	17 452 853	17 452 853
Accumulated loss		**(4 036 090)**	(6 455 932)	(8 624 255)
Total equity		**13 416 763**	10 996 921	8 828 598
LIABILITIES				
Non-current liabilities				
Interest-bearing borrowings	21	**5 270 000**	4 550 000	5 800 000
Current liabilities				
Interest-bearing borrowings	21	**40 997**	991 470	253 292
Financial guarantees	22	**41 406**	87 255	126 413
Trade and other payables	23	**67**	1 011	1 023
Loans from subsidiaries	24	**6 909 665**	6 948 517	6 961 816
Current income tax payable		**–**	25	–
Dividends payable		**1 618**	1 467	1 467
		6 993 753	8 029 745	7 344 011
Total liabilities		**12 263 753**	12 579 745	13 144 011
Total equity and liabilities		**25 680 516**	23 576 666	21 972 609

[1] *The prior year comparative financial information has been restated – refer to note 29 for further details*

The accounting policies and notes on pages 14 to 41 form an integral part of these financial statements.

Statement of changes in equity

for the year ended 31 March

	Note	Ordinary share capital and premium R'000	Accumulated loss R'000	Total equity R'000
Balance at 1 April 2021		17 452 853	(8 624 255)	8 828 598
Profit for the year		–	2 168 323	2 168 323
Balance at 31 March 2022		17 452 853	(6 455 932)	10 996 921
Profit for the year		**–**	**2 934 159**	**2 934 159**
Dividends declared for the year	12	**–**	**(514 317)**	**(514 317)**
Balance at 31 March 2023		**17 452 853**	**(4 036 090)**	**13 416 763**

The accounting policies and notes on pages 14 to 41 form an integral part of these financial statements.

Statement of cash flows

for the year ended 31 March

	Notes	2023 R'000	Restated[3] 2022 R'000
Cash flows from operating activities			
Cash generated from operations	25	**(30 160)**	10 685
Finance income		**356 370**	553 778[1]
Finance costs		**(357 060)**	(552 444)[2]
Income tax paid	26	**(3 588)**	(2 379)
Dividends received		**514 500**	–
Dividends paid	27	**(514 166)**	–
Net cash generated from operating activities		**(34 104)**	9 640
Cash flows from investment activities			
Proceeds from disposal of assets classified as held for sale	19	**–**	4 179
Decrease in amount due by subsidiary		**36 000**	–
Decrease in amount due by treasury subsidiary[3]		**960 000**	290 000
Increase in amount due by treasury subsidiary[3]		**(720 000)**	(13 500)
Net cash generated from investment activities		**276 000**	280 679
Cash flows generated from financing activities			
Borrowings raised	28	**1 620 000**	–
Borrowings repaid	28	**(1 860 000)**	(290 000)
Net cash utilised for financing activities		**(240 000)**	(290 000)
Net increase in cash and cash equivalents		**1 896**	319
Cash and cash equivalents at beginning of the year, net of bank overdrafts		**825**	506
Cash and cash equivalents at end of the year, net of bank overdrafts	18	**2 721**	825

[1] *Includes the settlement of interest received of R230 million which was capitalised during the 2021 financial year*
[2] *Includes the settlement of interest paid of R224 million which was capitalised in the 2021 financial year – refer to note 28*
[3] *Comparative financial information has been restated – refer to note 29 for further details*

The accounting policies and notes on pages 14 to 41 form an integral part of these financial statements.

Notes to the financial statements

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the periods presented unless otherwise stated.

(a) Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations as issued by the IFRS Interpretations Committee, and comply with the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the JSE Listings Requirements and the requirements of the South African Companies Act of South Africa, 71 of 2008, as amended ("the Act"), and have been prepared under the historical cost convention, as modified by the revaluation to fair value of certain financial instruments as described in the accounting policies below.

(b) New and amended standards adopted by the company

The company adopted all the new, revised or amended accounting pronouncements as issued by the IASB which were effective for the company from 1 April 2022. The amendments listed below did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods:

- IAS 37 (Amendment) *Provisions, Contingent Liabilities and Contingent Assets*
  Onerous Contracts - Cost of Fulfilling a Contract: The amendments specify which costs should be included in an entity's assessment whether a contract will be loss-making.

The following from the annual improvements from the 2018 – 2020 reporting cycle:

- IFRS 9 *Financial Instruments* has been amended to include only those costs or fees paid between the borrower and the lender in the calculation of "the 10% test" for derecognition of a financial liability. Fees paid to third parties are excluded from this calculation.

(c) Investment in subsidiaries

Subsidiaries

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

Control exists where the company has the ability to direct or dominate decision-making in an entity, regardless of whether this power is actually exercised.

The company records its investment in subsidiaries at cost less any impairment charges. At each reporting date the company reviews the carrying amounts of its investment in subsidiaries to determine whether there is any indication that those investments have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of the investment is estimated to be less than its carrying amount, the carrying amount of the investment is reduced to its recoverable amount. Where there is an impairment recovery, the original impairment is reversed to the maximum of the amount impaired. Impairment reversals and impairment losses are recognised immediately in profit or loss.

(d) Investments and other financial assets

(i) Classification

The company classifies its financial assets as those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

(ii) Recognition and derecognition

Financial assets are recognised when the company becomes a party to the contractual provisions of the respective instrument. Financial assets are derecognised when the right to receive cash flows from the asset has expired or has been transferred and the company has transferred substantially all risks and rewards of ownership.

(iii) Measurement

At initial recognition, the company measures its financial assets at their fair values.

Debt instruments are subsequently measured at amortised cost and comprise financial assets held to collect contractual cash flows where those cash flows represent solely payments of principal and interest. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised immediately in profit or loss.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *continued*

(d) Investments and other financial assets *continued*

(iv) Impairment

The company assesses, on a forward-looking basis, the expected credit losses ("ECL") associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The company applies the simplified approach to measuring ECL which uses lifetime expected losses to be recognised from initial recognition of its trade receivables.

The balance of the company's financial assets measured at amortised cost comprise loan receivables and cash and cash equivalents to which the general model is applied.

(e) Offsetting financial instruments

Where a legally enforceable right exists to set off recognised amounts of financial assets and liabilities and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously, which are in determinable monetary amounts, the relevant financial assets and liabilities are offset. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the respective company or counterparty.

(f) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within interest-bearing borrowings in current liabilities in the statement of financial position.

(g) Assets and liabilities classified as held for sale

Assets and liabilities classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell. Such disposals are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continued use. These disposal assets and liabilities are available for immediate disposal in their present condition, subject only to actions to complete the sale or distribution which must have been initiated and should be expected to be completed within one year from the date of classification as held for sale. No depreciation or amortisation is recognised on assets classified as held for sale.

(h) Impairment and impairment reversals of non-financial assets

At each reporting date the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit ("CGU") to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). If the recoverable amount of a CGU is estimated to be less than its carrying amount, the carrying amount of the CGU is reduced to its recoverable amount. Where there is an impairment reversal, the original impairment is reversed to the maximum amount impaired. An impairment loss is recognised immediately in profit or loss.

(i) Share capital

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

Where any group company purchases the company's equity share capital (treasury shares), the consideration paid is deducted from equity attributable to the company's equity holders until the shares are cancelled, re-issued or disposed of. Where such shares are subsequently sold or re-issued, any consideration received is included in equity attributable to the company's equity holders. Company shares which form part of the Gold Reef Share Scheme and the executive facility (both of which have historically been discontinued) are accounted for as treasury shares.

(j) Borrowings and finance costs

Borrowings are recognised initially at fair value and are subsequently stated at amortised cost and include accrued interest and, when applicable, prepaid facility transaction costs.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished and the consideration paid is recognised in profit or loss.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *continued*

(j) Borrowings and finance costs *continued*

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Finance costs include all borrowing costs incurred on borrowing instruments together with related costs of debt facilities management. Such costs include facility commitment fees which are expensed in borrowing costs as incurred and facility raising fees which are amortised through borrowing costs over the life of the related facilities. Borrowing costs are recognised in profit or loss in the period in which they are incurred.

(k) Financial guarantees

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Recognition and measurement

The initial recognition of intergroup guarantees are accounted for as a capital contribution (additional investment in subsidiary) due to the parent/subsidiary relationship between the guarantor and the debt holder. The subsequent measurement gain or loss is recognised in profit or loss.

Financial guarantee contracts issued by the company are initially measured at fair value and are subsequently measured at the higher of:
- The ECL in accordance with IFRS 9; or
- The amount initially recognised less, where appropriate, the cumulative amount of income/amortisation recognised in accordance with IFRS 15 *Revenue from Contracts with Customers*.

The ECLs are a probability weighted estimate of credit losses (the cash shortfalls) over the expected life of the guarantee. Accordingly, the cash shortfalls are the expected payments to reimburse the holder for a credit loss that it incurs.

The fair value of the financial guarantee liability on initial recognition is determined using valuation techniques that requires management to make certain assumptions about the model inputs; which include the probability of default ("PD"), exposure at default ("EAD") and loss given default rates ("LGD").

No upfront fee or premium was paid in exchange for the financial guarantee at initiation. As such, a discounted cash flow technique was applied to determine the fair value on initial recognition of the financial guarantee which included estimated probabilities of default/survival to ensure that the inherent credit risk, and value derived from movement in the reference entity's credit spreads, is adequately reflected in the instrument's overall valuation.

The cost (expected credit loss) of the guarantees are valued on a probability weighted discounted cash flow basis using PD and LGD. Historical through-the-cycle ("TTC") corporate default rates for companies with a BB- rating from S&P's Annual Global Corporate Default and Rating Transition Study were used to estimate PD. An average TTC recovery rate of 67% (2022: 60%) was assumed (i.e. a LGD of 33% (2022: 40%)) based on past industry recovery experience and collateral analysis. The TTC PDs and LGD were considered for forward-looking factors.

As no premium is received in return for the financial guarantees in this instance, the value of the financial guarantee is therefore based solely on the estimation of PDs of the reference entity. The present values of the expected credit-adjusted cash flows were determined by discounting each projected cash flow at valuation date.

Using reasonable and supportable evidence, the likelihood of which guarantor will be called upon in a default scenario by the debt holder was incorporated into the valuation of the financial guarantee liability for the company.

Refer to note 22 *Financial guarantees* for methodology and assumptions used in measuring the expected credit loss for financial guarantees.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *continued*

(l) Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the company prior to the end of the reporting period which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest rate method.

(m) Revenue

Revenue comprises revenue from contracts with customers and dividend revenue:

(i) Revenue from contracts with customers

The company is an investment holding company in its subsidiary companies, providing royalty services to certain of its subsidiaries. Revenue from contracts with customers is recognised in accordance with the substance of the relevant agreements. Royalties are recognised over time as the customer receives and consumes the economic benefits. No element of financing is deemed present as the sales are made by negotiated credit terms of 30 days. The company has concluded that it is generally the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer. The company does not have significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers as the revenues mentioned above are all based on stand-alone selling prices and pre-determined settlement dates. There are no other promises in the contracts that are separable performance obligations to which a portion of the transaction price needs to be allocated.

(ii) Dividend revenue

Dividend revenue from investment in subsidiaries is recognised in profit or loss when the company's right to receive payments is established.

(n) Income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the statement of profit or loss except to the extent that it relates to items recognised directly in other comprehensive income, in which case it is recognised in other comprehensive income.

The current tax expense is based on the results for the period as adjusted for items that are not taxable or not deductible. The company's liability for current taxation is calculated using tax rates and laws that have been enacted or substantively enacted by the reporting date.

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

A deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it is probable that future taxable profit will be available against which the temporary differences (including carried forward tax losses) can be utilised.

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities, and when the deferred income taxes relate to income taxes levied by the same taxation authority on the entity.

(o) Dividend distributions

Dividend distributions to the company's shareholders are recognised as a liability in the company's financial statements in the period in which the dividends are approved by the company's board of directors.

(p) Functional and presentation currency

Items included in the financial statements of the company are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The financial statements are presented in South African ("SA") Rand which is the company's presentation and functional currency.

2 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS TO EXISTING STANDARDS ISSUED THAT ARE NOT YET EFFECTIVE

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB that are effective in future accounting periods of the company. The company has concluded on the impact of these new standards, interpretations and amendments that will be applied from the annual period beginning 1 April 2023, none of which is expected to have a material effect on the results of operations or financial position of the company. The company is concluding on the impact of the new standards, interpretations and amendments that will be applied from the annual period beginning on or after 1 April 2024. The most significant of these, which the company has decided not to early adopt, are shown below:

IAS 1 (Amendment) *Presentation of Financial Statements*

Non-current liabilities with Covenants: The amendment clarifies that only covenants with which an entity is required to comply on or before the reporting date affect the classification of a liability as current or non-current, with additional guidance to explain how an entity should disclose information in the notes to understand the risk that non-current liabilities with covenants could become repayable within 12 months. IAS 1 amended must be applied for financial years commencing on or after 1 January 2024.

Narrow scope amendments to IAS 1, Practice Statement 2 *Making Materiality Judgements and IAS 8 Accounting Policies, Changes in Estimates and Errors*

The amendments aim to improve accounting policy disclosures by giving guidance to entities in deciding which accounting policies to disclose in their financial statements and to help users of the financial statements to distinguish changes in accounting policies from changes in accounting estimates. The narrow scope amendments to IAS 1, Practice statement 2 and IAS 8 must be applied for financial years commencing on or after 1 January 2023.

IAS 12 (Amendment) *Income Taxes*

The amendments require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. IAS 12 amended must be applied for financial years commencing on or after 1 January 2023.

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Going concern

The 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 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 company should not be able to achieve the covenant requirements for March 2024.

The company's balance sheet is linked to the ability of its subsidiaries to discharge their liabilities as they become due and payable in the normal course of business, and the directors evaluate the company and its subsidiaries going concern jointly. Despite the completion of various transactions by the company and its subsidiaries during the year under review with a net cash outflow totalling approximately R644 million, and with the company returning to the position of declaring and paying dividends (dividend payments of R514 million during the year under review), the company and its subsidiaries still managed to reduce 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 company and its subsidiaries 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 company and its subsidiaries have sufficient access to liquidity and facilities to fund operations for the ensuing 12 months. Although the company's current liabilities exceed current assets at 31 March 2023, taking the abovementioned into account, the company's forecasts reflect that it will generate sufficient cash flows during the period to meet all trading liability obligations. Furthermore, the board of directors of Tsogo Sun Hotels, Gaming and Entertainment Proprietary Limited has no intention to call for a settlement of the loan due by the company to its subsidiary, Tsogo Sun Hotels, Gaming and Entertainment Proprietary Limited as per note 24 *Loans from subsidiaries*.

The company's focus remains on reducing its medium to long-term debt levels, thereby reducing risk and funding costs.

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

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *continued*

(b) Estimated impairment of investment in subsidiaries

At each reporting date, the company reviews the carrying amounts of its investment in subsidiaries to determine whether there is any indication that these investments have suffered an impairment loss – refer to notes 1(c) *Investment in subsidiaries* and 1(h) *Impairment and impairment reversals of non-financial assets*. These calculations require the use of estimates of the recoverable amount of the assets as noted in note 13 of the financial statements. Significant judgement is required when evaluating the inputs into the value in use calculation and therefore this is seen as critical to the estimation uncertainty.

(c) Expected credit loss on intergroup loans

The company annually estimates expected credit losses on loans to group companies in terms of IFRS 9 taking to account the credit risk and expected future cash flows of the counterparties. The company measures the loss allowance at an amount equal to 12-month expected credit losses or lifetime expected credit losses if the credit risk of the loan has increased significantly since initial recognition.

Refer to notes 14 and 17 for further details in respect of exposure to expected credit losses on loans to subsidiary companies.

(d) Financial guarantees

The valuation of the guarantees includes assumptions on credit default rates, credit risks, credit ratings and expected credit losses. The ECL model includes estimates relating to the probability of a default by the borrower and the resultant loss to the guarantor for each underlying borrower.

The capital on the loans and notes is repayable at the end of the loan or note term. Management has assessed whether the day-one fair value of the guarantees should be amortised and concluded that amortisation on a straight-line basis is appropriate.

Refer to note 22 for methodology and assumptions used in measuring the expected credit loss for financial guarantees.

4 DIVIDEND REVENUE

	2023 R'000	2022 R'000
Dividends received from subsidiary	**514 500**	–

5 DISAGGREGATION OF REVENUE FROM CONTRACTS WITH CUSTOMERS

	2023 R'000	2022 R'000
The company derives revenue over time. Disaggregation of revenue from contracts with customers for the year under review is as follows:		
Royalty fees from subsidiary	**13 583**	10 880

6 REMEASUREMENT OF LOSS ALLOWANCE ON LOANS TO SUBSIDIARIES

	2023 R'000	2022 R'000
Reversal of loss allowance on loan to subsidiary (note 14)	**9 408**	12 569

7 IMPAIRMENT REVERSAL OF NON-CURRENT ASSETS

	2023 R'000	2022 R'000
Impairment reversals of investment in subsidiaries (note 13)	**2 352 936**	2 102 720

8 OTHER OPERATING CREDITS, NET OF EXPENSES

	2023 R'000	2022 R'000
Gain on derecognition of financial guarantee liability (note 22)	**27 654**	488
Gain on remeasurement of financial guarantee liability (note 22)	**18 195**	43 104
Gain on disposal of assets classified as held for sale (note 19)	**–**	2 329
Other operating expenses	**(980)**	(984)
	44 869	44 937

9 FINANCE INCOME

	2023 R'000	2022 R'000
Interest received on treasury loan to subsidiary company (note 30)	**374 379**	331 619
Interest received from bank	**479**	335
Interest received from South African Revenue Service	**–**	27
	374 858	331 981

10 FINANCE COSTS

	2023 R'000	2022 R'000
Interest expense in respect of interest-bearing debt	**369 974**	326 994
Interest expense on treasury loan from subsidiary company (note 30)	**2 114**	3 877
	372 088	330 871

11 INCOME TAX EXPENSE

	2023 R'000	2022 R'000
Current tax – current year charge	**3 123**	2 807
Current tax – over provision prior year	**(6)**	–
Deferred tax – current year charge	**785**	1 014
Deferred tax – under provision prior year	**5**	–
Deferred tax – change in corporate tax rate[1]	**–**	72
	3 907	3 893

[1] *During the prior year, on 23 February 2022, the Minister of Finance announced a 1% decrease in the corporate tax rate for all companies with a tax year ending on or after 31 March 2023. The new tax rate of 27% was substantively enacted by 31 March 2022 and was therefore applied to the deferred tax balances which were expected to reverse after 1 April 2022*

	2023 R'000	2023 %	2022 R'000	2022 %
Income tax rate reconciliation				
Profit before tax	**2 938 066**		2 172 216	
Income tax thereon at 27% (2022: 28%)	**793 278**	**27.0**	608 220	28.0
Exempt income/credits:				
Dividends received from subsidiary company	**(138 915)**	**(4.7)**	–	–
Gain on derecognition of financial guarantee liability	**(7 466)**	**(0.3)**	(137)	–
Gain on remeasurement of financial guarantee liability	**(4 913)**	**(0.2)**	(12 069)	(0.6)
Reversal of impairment of assets	**(635 293)**	**(21.6)**	(588 762)	(27.1)
Remeasurement of loss allowance	**(2 540)**	**(0.1)**	(3 519)	(0.2)
(Credits)/debits not (taxable)/deductible for tax purposes:				
Sundry non-taxable credits	**(282)**	**(0.1)**	–	–
Other:				
Tax rate differentials	**39**	**0.1**	88	–
Over provisions prior year (net)	**(1)**	**–**	–	–
Deferred tax – change in corporate tax rate	**–**	**–**	72	–
	3 907	**0.1**	3 893	0.1

12 DIVIDENDS DECLARED

	2023 R'000	2022 R'000
Ordinary		
Final dividend	**199 429**	–
Interim dividend	**314 888**	–
	514 317	–

Dividends declared and paid during the year under review are shown below. No dividends were declared or paid during the prior year. Refer to note 34 in respect of the dividend declared and paid after the reporting date.

	2023	
Ordinary		
Final dividend		
Declared on	**18 August 2022**	
Paid on	**10 October 2022**	
Cents per share	**19.00**	
Interim dividend		
Declared on	**24 November 2022**	
Paid on	**28 December 2022**	
Cents per share	**30.00**	

13 INVESTMENT IN SUBSIDIARIES

The following are the company's principal subsidiaries in which it has interests, both directly and indirectly. All these subsidiary companies have share capital consisting solely of ordinary shares that are held directly by the group, and the proportion of ownership interests held equals the voting rights held by the company, which is 100%.

	Carrying value	
Subsidiary	**2023 R'000**	2022 R'000
Direct shareholding:		
Akani Egoli Management Proprietary Limited	**1**	1
Akani Egoli Proprietary Limited	**984 994**	984 994
Akani Msunduzi Proprietary Limited	**135 947**	135 947
Akani Msunduzi Management Proprietary Limited	**1**	1
Garden Route Casino Proprietary Limited	**221 357**	221 357
Gold Reef Management Proprietary Limited	**98 373**	98 373
Goldfields Casino and Entertainment Centre Proprietary Limited	**56 062**	72 744
Silverstar Casino Proprietary Limited	**227 747**	125 462
Tsogo Sun Alternative Gaming Investments Proprietary Limited	**3 735 318**	3 735 318
Tsogo Sun Hotels, Gaming and Entertainment Proprietary Limited	**14 872 113**	12 604 780
West Coast Leisure Proprietary Limited	**62 715**	62 715
	20 394 628	18 041 692
Cost	**23 229 156**	23 229 156
Accumulated impairment	**(2 834 528)**	(5 187 464)
Carying value	**20 394 628**	18 041 692

* *Amount less than R1 000*

In addition to the abovementioned subsidiaries, the company has interests in indirectly held subsidiaries. All subsidiaries shown above are incorporated, and have their place of business in South Africa. A register detailing such information in respect of all subsidiaries of the company is available for inspection at the registered office of the company, which may be inspected by members or their duly authorised agents.

Impairment test for investment in subsidiaries

Post the COVID-19 pandemic, the company's gaming businesses 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 company's business units do not have direct exposure to either country, these negative influences on global economies also impacts disposable income in South Africa. These factors are taken into account in the impairment testing of the company's investment in its subsidiaries.

13 INVESTMENT IN SUBSIDIARIES *continued*

Significant estimate: key assumptions used for value in use calculations

The recoverable amount of investment in subsidiaries is determined based on the higher of the fair value less cost 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 precincts is based on the historical experience of maintaining each property, taking into account current spend. The approved capex programme is monitored closely by management thereby ensuring only necessary spend. Cash flows beyond the five-year period are extrapolated using the estimated long-term growth rate.

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

- Trading assumptions – management forecast income, operating expenses and 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 business units' 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 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 business units operate. The company 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 respective business units (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 company believes the discount rate will return to more normal levels over the medium term.

The following key assumptions have been used for the analysis of the respective subsidiaries that have impairments and impairment reversals:

	2023		2022	
	EBITDA margin (average) %	**Discount rate pre-tax %**	EBITDA margin (average) %	Discount rate pre-tax %
Akani Egoli Proprietary Limited	**33.7**	**18.5**	33.4	18.5
Goldfields Casino and Entertainment Centre Proprietary Limited	**22.9**	**21.2**	29.3	21.0
Silverstar Casino Proprietary Limited	**30.5**	**19.6**	35.4	19.5
Tsogo Sun Hotels, Gaming and Entertainment Proprietary Limited	**33.1**	**18.7**	38.3	18.6

13 INVESTMENT IN SUBSIDIARIES *continued*

Significant estimate – impairment reversal and impairment charge

Taking into account the revised assumptions, no impairment reversals/(impairments) in respect of the company's investments in its subsidiaries were deemed necessary since the previous reporting date, other than as shown below:

	2023 R'000	2022 R'000
Akani Egoli Proprietary Limited	–	87 939
Goldfields Casino and Entertainment Centre Proprietary Limited	(16 682)	12 002
Silverstar Casino Proprietary Limited	102 285	70 644
Tsogo Sun Hotels, Gaming and Entertainment Proprietary Limited	2 267 333	1 932 135
	2 352 936	2 102 720

The impairment reversal in Tsogo Sun Hotels, Gaming and Entertainment Proprietary Limited is mainly due to two of the group's major casino precincts, Montecasino and Suncoast, which it owns indirectly, which values in use have improved over the prior year significantly due to the factors mentioned in the key assumptions used for the value in use calculations. The following key assumptions have been used for the analysis of these two precincts:

	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

Significant estimate: impact of possible changes in key assumptions

The company's impairment reviews are sensitive to changes in the key assumptions described above. Based on the company's sensitivity analysis, a reasonable possible change in a single assumption will not cause a material impairment loss in any of the company's investments in subsidiaries, as these subsidiaries have significant headroom available between the calculated values in use and the carrying amounts, other than the below subsidiaries. Refer also to note 3(b) *Critical accounting estimates and judgements – Estimated impairment of investment in subsidiaries*.

The following reflects the total impairment and impairment reversals that would be recognised if a reasonable possible change in a key assumption, on which the company has based its determination of the subsidiaries' recoverable amounts, would cause the carrying value of the company's investments in its subsidiaries to exceed the recoverable amounts:

	2023			2022		
	1pp decrease in trading assumptions[1] R'000	1pp decrease in growth rate assumptions[1] R'000	1pp increase in discount rate assumptions[1] R'000	1pp decrease in trading assumptions[1] R'000	1pp decrease in growth rate assumptions[1] R'000	1pp increase in discount rate assumptions[1] [2] R'000
Total impairment reversal/(impairment) would be:						
Tsogo Sun Hotels, Gaming and Entertainment Proprietary Limited	2 108 726	1 328 168	975 917	1 804 312	1 211 990	929 766
Silverstar Casino Proprietary Limited	86 580	27 744	(1 897)	54 326	(5 102)	(36 265)
Goldfields Casino and Entertainment Centre Proprietary Limited	(18 273)	(22 522)	(25 121)	10 172	5 130	1 950

[1] *Refer to assumptions above*
[2] *Prior year comparatives have been restated to reflect the total amount of impairment reversals and impairments rather than the change in the impairment reversals and impairments*

Investments in subsidiaries pledged as security

Investments in subsidiaries are pledged as security for the company borrowings and borrowings of the company's subsidiary, Tsogo Sun Treasury Proprietary Limited.

14 LOAN TO SUBSIDIARY

	2023 R'000	Restated[1] 2022 R'000
Financial instruments		
Financial assets measured at amortised cost		
Tsogo Sun Treasury Proprietary Limited		
Non-current portion	**5 235 236**	4 507 804
Gross	**5 262 381**	4 538 011
Less: loss allowance	**(27 145)**	(30 207)
Current portion	**41 511**	979 031
Gross	**41 726**	985 592
Less: loss allowance	**(215)**	(6 561)
	5 276 747	5 486 835

[1] *The prior year comparative financial information has been restated – refer to note 29 for further details*

	2023 R'000	2022 R'000
The maturity analysis is as follows:		
Loan tranche maturing 30 November 2023	**–**	2 852 755
Loan tranche maturing 30 November 2024	**2 044 106**	2 044 106
Loan tranche maturing 30 November 2025	**598 275**	598 275
Loan tranche maturing 28 February 2026	**1 620 000**	–
Loan tranche maturing 28 February 2027	**1 000 000**	–
Capital loan tranches due	**5 262 381**	5 495 136
Interest receivable	**41 726**	28 467
Loss allowance	**(27 360)**	(36 768)
	5 276 747	5 486 835

The loan to Tsogo Sun Treasury Proprietary Limited is an unsecured treasury loan, bearing Interest by applying three month JIBAR with an additional margin and is receivable quarterly.

Refer to notes 21 and 32 for detail in respect of interest rates.

Exposure to credit risk

Debt investments

Loan receivables are subject to the impairment provisions of IFRS 9, which requires a loss allowance to be recognised for all exposures to credit risk. Expected credit losses are measured annually by independent appointed actuaries and consultants who hold recognised and relevant professional qualifications. The loss allowance for subsidiary loan receivables is calculated based on 12 month expected losses if the credit risk has not increased significantly since initial recognition. In cases where the credit risk has increased significantly since initial recognition, the loss allowance is calculated based on lifetime expected credit losses. The loss allowance is updated to either 12 month or lifetime expected credit losses at each reporting date based on changes in the credit risk since initial recognition. If a loan is considered to have a low credit risk at the reporting date, then it is assumed that the credit risk has not increased significantly since initial recognition. Alternatively, if a loan is in arrears more than 90 days, then it is assumed that there has been a significant increase in credit risk since initial recognition.

There has been no change since the prior year to exposure to credit risk. All loans to subsidiary companies are based on lifetime ECL.

Credit loss allowances	2023 R'000	2022 R'000
Reconciliation of loss allowance		
Opening loss allowance as at 1 April	**36 768**	49 337
Decrease in allowance recognised in profit or loss during the year	**(9 408)**	(12 569)
Closing loss allowance as at 31 March	**27 360**	36 768

14 LOAN TO SUBSIDIARY *continued*

The following tables set out the carrying amount, loss allowance and measurement basis of expected credit losses for the loan to subsidiary company:

	Basis of loss allowance	Gross carrying amount at default R'000	Loss allowance R'000	Carrying amount (net of loss allowance) R'000
2023				
Tsogo Sun Treasury Proprietary Limited	**Lifetime ECL**	**5 304 107**	**(27 360)**	**5 276 747**

	Basis of loss allowance	Gross carrying amount at default R'000	Loss allowance R'000	Carrying amount (net of loss allowance) R'000
2022				
Tsogo Sun Treasury Proprietary Limited	Lifetime ECL	5 523 603	(36 768)	5 486 835

The maximum exposure to credit risk at the reporting date is the carrying value of the receivable shown above.

ECL methodology

Methodology considerations

The calculation of ECL for repayable on demand loans assumes that the loan is demanded at the reporting date. If the borrower has sufficient highly liquid assets ("HLA") to meet the loan repayment on demand, one could argue that the ECL is close to zero. If the borrowing company has insufficient liquid assets, the ECL assessment should consider likely amounts and timing of recoveries. The recoveries could come from repayments over time or a fire sale of assets.

The PD model was used to estimate the loans to subsidiaries ECL (the same model used for the guarantees refer note 22). The valuation approach uses a holistic view of the group, underlining the importance of operational continuity of the borrowers. It considers the strategic importance of the borrowing entity, as well as the importance of the borrower's support to related entities in the group.

Probabilities of Default ("PD")

Entity	Strategic Cat	S&P Rating	PD
Holding Company	0	BB-	0.9%
Core Subsidiary	1	B+	1.9%
Strategically important subsidiaries	2	B	3.0%
Non-strategic subsidiaries	3	B/B	4.4%

Loss Given Default ("LGD")

The LGD was based on a financial strength measure of the borrowing entity. The ratio used is total liability over fair value. Each entity is placed into a LGD bucket based on this ratio.

Strength	Ratio Band	LGD
Strong	< 25%	40%
Medium strong	25% – 50%	50%
Medium	50% – 100%	65%
Weak	> 100%	70%

Exposure Period ("EP")

Where a borrowing entity has sufficient cash (HLA) to cover the loan, an exposure period of ten days was used. For other loans, future cash flows relative to the outstanding amount was used. The EP was based on the ratio of outstanding balance over the 2024 financial year's estimated cash flow, with a minimum of three months and a maximum of three years.

Intercompany ECL Formula

Each entity's intercompany ECL was calculated as: *ECL = 0bal x PD x LGD x EP*

Based on the above, the assumptions used for the loan was as follows:	**2023**	2022
PD	**0.9%**	2.0%
LGD	**40.0%**	40.0%
EP (life time in both years)	**1.40**	2.00

Loans to group companies pledged as security

The total loan to the subsidiary company is pledged as security for the company borrowings and borrowings of the company's subsidiary, Tsogo Sun Treasury Proprietary Limited.

15 NON-CURRENT RECEIVABLES

	2023 R'000	2022 R'000
Financial instruments		
Financial assets measured at amortised cost		
Loan to share scheme	**3 399**	4 730

Non-current receivables do not contain significant credit risk and there are no significant receivables past due not impaired. The company does not consider the non-current receivables significant and therefore no further disclosure is provided in this regard.

Non-current receivables pledged as security

Non-current receivables are pledged as security for the company borrowings and borrowings of the company's subsidiary, Tsogo Sun Treasury Proprietary Limited.

16 DEFERRED INCOME TAX

The movement in deferred tax assets during the year is as follows:

	Debt finance costs R'000	Total R'000
Balance at 1 April 2021	3 038	3 038
Profit or loss expense	(1 014)	(1 014)
Change in corporate tax rate	(72)	(72)
Balance at 31 March 2022	1 952	1 952
Profit or loss expense	**(790)**	**(790)**
Balance at 31 March 2023	**1 162**	**1 162**

17 LOANS TO SUBSIDIARIES – CURRENT

	2023 R'000	Restated[1] 2022 R'000
Financial instruments		
Financial assets measured at amortised cost		
Tsogo Sun Treasury Proprietary Limited	**41 511**	979 031
Gold Reef Management Proprietary Limited	**1 413**	1 245
West Coast Leisure Proprietary Limited	**–**	36 000
	42 924	1 016 276

[1] *The prior year comparative financial information has been restated - refer to note 29 for further details*

With the exception of the loan to Tsogo Sun Treasury Proprietary Limited, the loans shown above are unsecured, earn no interest and are repayable on demand. For the terms and conditions for Tsogo Sun Treasury Proprietary Limited, refer to note 14. The reduction in the Tsogo Sun Treasury Proprietary Limited loan is mainly due to repayments of R960 million during the year under review.

The maximum exposure to credit risk at the reporting date is the carrying value of the receivables shown above. With the exception of Tsogo Sun Treasury Proprietary Limited, these loans are carried at their gross carrying amount.

Exposure to credit risk

Debt investments

As mentioned in note 14, loan receivables are subject to the impairment provisions of IFRS 9, which requires a loss allowance to be recognised for all exposures to credit risk. An impairment assessment was carried out at the reporting date and it was established that no impairment was required for the loans to Golf Reef Management Proprietary Limited, and also in the prior year, West Coast Leisure Proprietary Limited.

Loans to group companies pledged as security

Total loans to subsidiary companies are pledged as security for the company borrowings and borrowings of the company's subsidiary, Tsogo Sun Treasury Proprietary Limited.

18 CASH AND CASH EQUIVALENTS

	2023 R'000	2022 R'000
Current accounts	**2 721**	4 212
Less: Bank overdrafts	**–**	(3 387)
Net cash and cash equivalents per the statement of cash flows	**2 721**	825

Due to the short-term nature of these assets and historical experience, cash and cash equivalents are regarded as having a low probability of default and therefore the related expected credit loss is deemed not significant.

Cash and cash equivalents pledged as security

Cash and cash equivalents are pledged as security for the company borrowings and borrowings of the company's subsidiary, Tsogo Sun Treasury Proprietary Limited.

19 ASSETS CLASSIFIED AS HELD FOR SALE

During the 2021 financial year, the directors undertook to dispose of the non-core property owned by the company by way of sale. During the prior year, the property was sold for proceeds of R4.2 million, realising a profit on sale of R2.3 million.

20 SHARE CAPITAL AND PREMIUM

	Number of ordinary shares	Treasury shares	Net number of shares	Ordinary share capital R'000	Share premium R'000	Treasury shares R'000	Total R'000
Share capital and premium	1 050 188 300	(3 650 485)	1 046 537 815	21 071	17 525 849	(94 067)	17 452 853

There has been no change in the number of shares when compared to the 2022 and 2021 financial years. The total authorised number of ordinary shares is 1 200 000 000 (2022: 1 200 000 000) with a par value of 2 cents per share (2022: 2 cents per share). The company also has 20 000 000 authorised unissued preference shares of no par value. All issued shares, other than those related to the Gold Reef Share Scheme and the IFRS 2 *Share-based Payment* – equity-settled (refer to note below), are fully paid up.

The company's authorised but unissued ordinary share capital was placed under the control of the directors until the forthcoming annual general meeting ("AGM"). The board of directors has the authority to allot and issue any shares required to be issued for the purpose of carrying out the terms in accordance with the provisions of any share-based incentive scheme established by the company subject to section 38 of the Act and the JSE Listings Requirements, during the period of two years commencing on the date of the adoption of the special resolution, dated 21 September 2022. The board of directors has also been given, in terms of the JSE Listings Requirements, the authority to acquire ordinary shares issued by the company and shall be valid until the company's next AGM, or 15 months from the date of the passing of the special resolution, whichever period is the shorter. The board of directors has been authorised to determine the preferential rights attaching to the future issue of preference shares (subject to the approval of the JSE).

Executive facility (historical discontinued facility)

The scheme has been discontinued with no new allocations/facilities in future.

Following his early retirement, J Booysen has until 30 September 2025 to dispose of his 1 825 243 shares and repay the loan. The shares were pledged on 14 March 2019 to the company as security until the loan is repaid. Following their resignations, GD Tyrrell and RB Huddy have until 28 February 2025 and 31 July 2025 respectively to dispose of their 776 699 and 1 048 543 shares respectively and repay the portion of the loans equal to the proceeds on the shares sold. The shares were pledged to the company on 29 November 2019 as security until the loans are repaid.

The balance on the loans, if any, will be written off. Dividends have been ceded to the company.

21 INTEREST-BEARING BORROWINGS

	2023 R'000	2022 R'000
Borrowings are made up as follows:		
Financial liabilities measured at amortised cost		
Corporate bonds (Domestic Medium-term Note Programme)	**5 310 997**	5 538 083
Bank overdrafts	**–**	3 387
	5 310 997	5 541 470
Non-current liabilities	**5 270 000**	4 550 000
Current liabilities	**40 997**	991 470
	5 310 997	5 541 470

During February 2023, certain of the debt was refinanced. The facilities consist of a Domestic Medium-term Note Programme. The bonds have tenors of up to four years. Refer to notes 32 and 33 for further details on borrowings and covenants.

Securities

The following represents the carrying amounts of assets of the company, together with its subsidiaries, that are pledged as security in respect of the borrowings of the company and bank borrowings in its treasury subsidiary, Tsogo Sun Treasury Proprietary Limited:

	2023 R'000	2022 R'000
Property, plant and equipment	**5 179 292**	5 376 036
Investment properties	**177 000**	182 000
Other claims and receivables	**126 341**	171 185
Pledge of cash in bank accounts	**315 781**	567 579
Investment in subsidiaries and associates	**27 254 818**	24 594 589
Intergroup loan receivables	**26 649 701**	28 150 449
Assets classified as held for sale	**–**	2 077
	59 702 933	59 043 915

Mortgage bonds are registered over six properties of certain subsidiaries.

Committed facilities

The banking facilities at year end amounted to R20 million (2022: R20 million) and the amount utilised is Rnil (2022: Rnil).

Fair values and interest rates

The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the company for similar financial instruments and is within level 3 of the fair value hierarchy. The fair values of long and medium-term borrowings are based on cash flows discounted using commensurate variable rates chargeable by lenders of the above loans ranging between 8.75% and 9.15% (2022: 5.66% and 6.06%). All borrowings bear interest at floating rates (refer to note 32.1(a)(ii)).

	2023	2022
Weighted average effective interest rates net income[1]/(expense)	**0.05%[1]**	(0.02%)

[1] *Finance income exceeds finance costs, together with lower net interest-bearing debt results in a weighted average effective interest rate net income*

The carrying amounts and fair values of borrowings are as follows:

	Carrying amount		Fair value	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
Corporate bonds (Domestic Medium-term Note Programme)	**5 310 997**	5 538 083	**5 305 522**	5 536 055
Bank overdrafts	**–**	3 387	**–**	3 387
	5 310 997	5 541 470	**5 305 522**	5 539 442

22 FINANCIAL GUARANTEES

	2023 R'000	2022 R'000
Opening balance at 1 April	**87 255**	126 413
Gain on derecognition of financial guarantee liability	**(27 654)**	(488)
Gain on remeasurement of financial guarantee liability	**(18 195)**	(43 104)
Recognition of financial guarantee liability	**–**	4 434
At 31 March	**41 406**	87 255

The company has recognised a financial guarantee liability due to the fact that the company (together with other subsidiaries) provided guarantees for debt securities issued by Tsogo Sun Treasury Proprietary Limited (subsidiary). The company's maximum exposure to credit risk amounts to the total outstanding balances on the company's and Tsogo Sun Treasury Proprietary Limited's debt securities of R8.3 billion (2022: R9.7 billion). The measurement of financial guarantees is carried out annually by independent appointed actuaries and consultants who hold recognised and relevant professional qualifications.

Expected credit loss model for financial guarantees

The allowance account for credit losses is determined with reference to the following:

- Stage 1: 12 month ECLs for those financial guarantees where there has not been a significant increase in credit risk since initial recognition;
- Stage 2: lifetime ECLs for those financial guarantees where there has been a significant increase in credit risk on a collective basis; and
- Stage 3: lifetime ECLs for all credit impaired financial guarantees.

A significant increase in credit risk considers the impact of forward-looking economic information that is readily available. The secured term loans were negotiated and issued in November 2019 just before the onset of COVID-19. During the prior year these loans were assigned to stage 2 as they were seen to have incurred significant increase in credit risk since inception. During the current year, GCR Ratings credit ratings and key financial data have performed better than or at pre-COVID-19 levels and all loans have therefore been treated as Stage 1. Management has applied the below mentioned assumptions, judgements and estimates in developing the ECL model.

Guarantee exposure/EAD

The loan amounts (outstanding balances) plus any accrued interest at default were used as the EAD for the loans. For facilities that were not fully drawn down at year end, an estimation of the potential level of utilisation, over the period of the facility/guarantee date, was used. It is assumed that the nominal amount remains drawn until redemption of the note and full repayment of the facility at the contractual maturity date unless earlier settlement is anticipated. The respective quoted ZAR swap curves were obtained from an independent source at the inception date of the guarantees and at the reporting date for the purposes of the ECL calculations.

Credit spreads

The TTC PDs used in the ECL calculations were sourced from S&P's Annual Global Corporate Default and Rating Transition Study. The ratings issued by GCR Ratings were used as a base and adjusted to an international scale rating as used in the S&P study. Regression analysis between global corporates default rates and macroeconomic variables was performed. An analysis of proxy credit default swap spreads and management forecasts were also done to determine what forward looking adjustment would be required. A BB- credit rating (2022: B- credit rating) was used in the valuation.

LGD/Recovery rate

A LGD of 33% (2022: 40%) (equivalent to a recovery rate of 67% (2022: 60%)) was assumed in the valuation model. This was determined based on factors including the value and liquidity of the underlying assets of the entities, GCR Ratings modelled recoveries in default scenarios, and the historical recovery rates of defaulted companies in the gaming, entertainment and hospitality industry.

The valuation of the financial guarantee liability takes into account which guarantors will be called on in the event of default by the borrowers (the company and its subsidiary, Tsogo Sun Treasury Proprietary Limited).

23 TRADE AND OTHER PAYABLES

	2023 R'000	2022 R'000
Financial instruments		
Other payables	**–**	867
Non-financial instruments		
Value Added Tax payable	**67**	144
	67	1 011

The carrying amounts of the company's trade and other payables are assumed to approximate their fair values due to the short-term nature of trade and other payables.

24 LOANS FROM SUBSIDIARIES

	2023 R'000	2022 R'000
Tsogo Sun Hotels, Gaming and Entertainment Proprietary Limited	**6 902 508**	6 902 508
Tsogo Sun Treasury Proprietary Limited	**7 051**	46 009
Tsogo Sun Casinos Management Company Proprietary Limited	**106**	–
	6 909 665	6 948 517

The loans are unsecured, earn no interest and are repayable on demand with the exception of the loan from Tsogo Sun Treasury Proprietary Limited which is unsecured, is repayable on demand and bears interest at market related rates similar to the rates the company borrows at (refer to notes 21 and 32 for detail in respect of interest rates).

25 CASH GENERATED FROM OPERATIONS

	2023 R'000	2022 R'000
Profit before tax from operations	**2 938 066**	2 172 216
Adjusted for:		
Dividends received	**(514 500)**	–
Finance income	**(374 858)**	(331 981)
Finance costs	**372 088**	330 871
Impairment reversals of investments in subsidiaries	**(2 352 936)**	(2 102 720)
Gain on derecognition of financial guarantee liability	**(27 654)**	(488)
Gain on remeasurement of financial guarantee liability	**(18 195)**	(43 104)
Remeasurement of the loss allowance on loans to subsidiaries	**(9 408)**	(12 569)
Gain on disposal of assets classified as held for sale	**–**	(2 329)
Cash generated from operations before working capital moves	**12 603**	9 896
Working capital movements		
Decrease in trade and other receivables	**1 331**	865
Decrease in payables and provisions	**(944)**	(12)
Increase in amounts due by subsidiaries	**(43 150)**	(64)
Cash generated from operations	**(30 160)**	10 685

Notes to the financial statements *continued*

26 INCOME TAX PAID

	2023 R'000	2022 R'000
Tax (liability)/asset at 1 April	**(25)**	403
Current tax provided	**(3 117)**	(2 807)
Tax (asset)/liability at 31 March	**(446)**	25
	(3 588)	(2 379)

27 DIVIDENDS PAID

	2023 R'000	2022 R'000
Unclaimed dividends at 1 April	**(1 467)**	(1 467)
Dividends declared	**(514 317)**	–
Unclaimed dividends at 31 March	**1 618**	1 467
	(514 166)	–

28 CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

Changes in interest-bearing borrowings

Changes arising from interest-bearing borrowings for the year under review excluding bank overdrafts from short-term borrowings of Rnil (2022: R3.4 million) are as follows:

	Non-current R'000	Current R'000	Total R'000
As at 31 March 2022	**4 550 000**	**988 083**	**5 538 083**
Cash flow movements			
Borrowings raised	**1 620 000**	**–**	**1 620 000**
Borrowings repaid	**–**	**(1 860 000)**	**(1 860 000)**
Interest paid during the year	**–**	**(357 060)**	**(357 060)**
Non-cash movements			
Borrowing facilities raised/(settled)[(1)]	**1 000 000**	**(1 000 000)**	**–**
Borrowings reclassification to current	**(1 900 000)**	**1 900 000**	**–**
Interest raised for the year	**–**	**369 974**	**369 974**
At 31 March 2023	**5 270 000**	**40 997**	**5 310 997**
As at 31 March 2021	5 800 000	249 656	6 049 656
Cash flow movements			
Borrowings repaid	–	(290 000)	(290 000)
Interest paid during the year[(2)]	–	(548 567)	(548 567)
Non-cash movements			
Borrowings reclassification to short term	(1 250 000)	1 250 000	–
Interest raised for the year	–	326 994	326 994
At 31 March 2022	4 550 000	988 083	5 538 083

[(1)] *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 company's bank accounts at the time the company received the new borrowing facility of R1 billion*

[(2)] *Includes interest paid which was capitalised pursuant to the agreement reached with the lenders during the 2021 financial year of R224 million*

29 RESTATEMENT

The restatements below did not have any impact on the statement of profit or loss.

Statement of financial position

After the debt refinancing exercise completed in February 2023, the terms and conditions of loans to subsidiary companies were reviewed by the company, and it was established that all loans to subsidiary companies had historically been correctly presented as current, with the exception of the loan to Tsogo Sun Treasury Proprietary Limited. The entire loan with Tsogo Sun Treasury Proprietary Limited had been incorrectly reflected as a current asset, and its non-current portion has subsequently been restated to non-current. Refer to notes 14 and 17 for the respective terms and conditions of this loan. The impact of each affected financial statement line item for the prior periods has been shown below:

Statement of financial position (extract) as at 1 April 2021	As previously reported 31 March 2021 R'000	Reclassification of loan from current to non-current R'000	Restated 1 April 2021 R'000
Total non-current assets	**15 943 169**	**5 738 189**	**21 681 358**
Loan to subsidiary	–	5 738 189	5 738 189
Total current assets	**6 029 440**	**(5 738 189)**	**291 251**
Loans to subsidiaries	6 023 043	(5 738 189)	284 854
Total assets	21 972 609	–	21 972 609

Statement of financial position (extract) as at 31 March 2022	As previously reported 31 March 2022 R'000	Reclassification of loan from current to non-current R'000	Restated 31 March 2022 R'000
Total non-current assets	**18 048 374**	**4 507 804**	**22 556 178**
Loan to subsidiary	–	4 507 804	4 507 804
Total current assets	**5 528 292**	**(4 507 804)**	**1 020 488**
Loans to subsidiaries	5 524 080	(4 507 804)	1 016 276
Total assets	23 576 666	–	23 576 666

Statement of cash flows

After the debt refinancing exercise as mentioned above, the terms and conditions of the loan to subsidiary company, Tsogo Sun Treasury Proprietary Limited, was reviewed by the company, and it was established that the cash flows in relation to the loan was representative of investing activities and not financing activities. All cash flows in relation to the loan with Tsogo Sun Treasury Proprietary Limited had been incorrectly reflected as cash flows from financing activities, and have subsequently been reclassified as cash flows from investing activities in accordance with the requirements of IAS 7 *Statement of Cash Flows*. Refer to notes 14 and 17 for the respective terms and conditions of this loan. The impact of each affected statement of cash flow line item for the prior period has been shown below:

Statement of cash flows (extract) as at 31 March 2022	As previously reported 31 March 2022 R'000	Reclassification of loan from financing to investing R'000	Restated 31 March 2022 R'000
Cash flows from investment activities	**4 179**	**276 500**	**280 679**
Decrease in amount due by treasury subsidiary	–	290 000	290 000
Increase in amount due by treasury subsidiary	–	(13 500)	(13 500)
Cash flows from financing activities	**(13 500)**	**(276 500)**	**(290 000)**
Decrease in amount due by treasury subsidiary	290 000	(290 000)	–
Increase in amount due by treasury subsidiary	(13 500)	13 500	–

30 RELATED PARTIES

The company's ultimate controlling shareholder is Hosken Consolidated Investments Limited ("HCI") (a company listed on the JSE) which, at the reporting date, directly and indirectly owned 49.7% (2022: 49.7%) of the company's issued share capital. HCI directly owned 10.0% (2022: 10.0%) and is the majority shareholder of TIHC Investments (RF) Proprietary Limited which directly owned 39.7% (2022: 39.7%). These percentage shareholdings exclude treasury shares.

The company's transaction with related parties are made on terms equivalent to those that prevail in arm's length transactions. Royalties received are made based on contractual terms.

	2023 R'000	2022 R'000
Transactions with related parties		
Dividends received from subsidiary		
Vukani Gaming Corporation Proprietary Limited	**514 500**	–
Royalties received from subsidiary		
Akani-Egoli Proprietary Limited	**13 583**	10 880
Interest from/(to) subsidiary		
Tsogo Sun Treasury Proprietary Limited	**374 379**	331 619
Tsogo Sun Treasury Proprietary Limited	**(2 114)**	(3 877)
Amounts owing to/by related parties		
Non-current		
Loan due by subsidiary (note 14)	**5 235 236**	4 507 804
Current		
Loans due by subsidiaries (note 17)	**42 924**	1 016 276
Loans due to subsidiaries (note 24)	**(6 909 665)**	(6 948 517)

Key management compensation

Directors of the company and prescribed officers of the company are considered to be the company's key management personnel. All remuneration and fees are paid by subsidiary companies. Remuneration and fees paid to key management during the year by subsidiaries are as follows:

Non-executive directors

	Directors' fees for the year ended 31 March	
	2023 R'000	2022 R'000
JA Copelyn	**1 203**	693
MJA Golding	**349**	201
BA Mabuza	**714**	411
F Mall	**526**	303
VE Mphande	**411**	237
Y Shaik	**536**	309
RD Watson	**516**	297
	4 255	2 451

30 RELATED PARTIES *continued*

Key management compensation *continued*

Executive directors

	Basic remuneration R'000	Benefits R'000	Short-term incentives R'000	Total paid R'000
	Year ended 31 March 2023			
CG du Toit	**6 322**	**518**	**5 525**	**12 365**
G Lunga	**2 682**	**477**	**1 000**	**4 159**
Total remuneration	**9 004**	**995**	**6 525**	**16 524**

	Basic remuneration R'000	Benefits R'000	Short-term incentives R'000	Total paid R'000
	Year ended 31 March 2022			
CG du Toit	6 437	136	542	7 115
G Lunga[(1)]	1 442	77	250	1 769
A Hoyer[(2)]	1 615	56	–	1 671
Total remuneration	9 494	269	792	10 555

[(1)] *Appointed as Chief Financial Officer and as executive director to the board of directors 1 October 2021, previously Financial Director – Casino Gaming*
[(2)] *Appointed Chief Financial Officer and as an executive director 1 August 2020, resigned 30 September 2021*

Other key management and prescribed officers

	Basic remuneration R'000	Benefits R'000	Short-term incentives R'000	Total paid R'000
	Year ended 31 March 2023			
B Mogiba (Chief Executive Officer – Vukani)	**3 014**	**438**	**1 300**	**4 752**
S van Vuuren (Director of Human Resources)	**1 530**	**30**	**450**	**2 010**
C Wannell (Legal Manager and representative of the Company Secretary)	**1 626**	**268**	**500**	**2 394**
Total remuneration	**6 170**	**736**	**2 250**	**9 156**

	Basic remuneration R'000	Benefits R'000	Short-term incentives R'000	Total paid R'000
	Year ended 31 March 2022			
G Lunga[(1)]	1 390	77	–	1 467
B Mogiba (Chief Executive Officer – Vukani)	2 578	401	248	3 227
S van Vuuren[(2)]	1 372	–	117	1 489
C Wannell (Legal Manager and representative of the Company Secretary)	1 689	90	150	1 929
Total remuneration	7 029	568	515	8 112

[(1)] *Appointed as Chief Financial Officer and as executive director to the board of directors 1 October 2021, previously Financial Director – Casino Gaming*
[(2)] *Appointed as Director of Human Resources and prescribed officer on 1 April 2021*

31 CONTINGENCIES AND GUARANTEES

The company has no further contingencies nor guarantees not already recognised in the statement of financial position (refer to note 22 *Financial Guarantees*).

32 FINANCIAL RISK MANAGEMENT

32.1 Financial risk factors

The company's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the company.

Risk management process

The board of directors recognises that the management of business risk is crucial to the company's continued growth and success and this can only be achieved if all three elements of risk – namely threat, uncertainty and opportunity – are recognised and managed in an integrated fashion. The audit and risk committee is mandated by the board of directors to establish, coordinate and drive the risk management process. It has overseen the establishment of a comprehensive risk management system to identify and manage significant risks in the business. Internal financial and other controls ensure a focus on critical risk areas, are closely monitored and are subject to management oversight and internal audit reviews.

The systems of internal control are designed to manage rather than eliminate risk, and provide reasonable, but not absolute, assurance as to the integrity and reliability of the financial statements, the compliance with statutory laws and regulations and to safeguard and maintain accountability of the company's assets. The board of directors and management acknowledge that an integrated approach to the total process of assurance improves the assurance coverage and quality, in addition to being more cost-effective.

In addition to the risk management processes embedded within the company, management identifies, quantifies and evaluates the company's risks annually, utilising risk assessments. The severity of risks is measured in qualitative (e.g. zero tolerance for regulatory risks) as well as quantitative terms, guided by the risk tolerance and risk appetite measures of the board of directors. The scope of the risk assessment includes risks that impact shareholder value or that may lead to a significant loss, or loss of opportunity. Appropriate risk responses to each individual risk are designed, implemented and monitored.

The risk profiles, with the risk responses, are reviewed by the audit and risk committee at least three times a year. This methodology ensures that identified risks and opportunities are prioritised according to the potential impact on the company and cost-effective responses are designed and implemented to counter the effects of risks and take advantage of opportunities.

Financial risk management is carried out by a central treasury department ("Group Treasury") under policies approved by the board of directors. Group Treasury identifies, evaluates and hedges financial risks in close cooperation with the company. The board of directors provides principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, use of derivative financial instruments and non-derivative financial instruments and investing excess liquidity. Credit risk is managed at an entity level for trade receivables.

(a) Market risk

The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk

(i) Currency risk

The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates

The company is not exposed to significant foreign exchange risk and therefore no further information has been presented.

32 FINANCIAL RISK MANAGEMENT *continued*

32.1 Financial risk factors *continued*

(a) Market risk continued

(ii) Interest rate risk

The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates

The company's primary interest rate risk arises from loans from long-term borrowings (excluding bank overdrafts). Borrowings at variable rates expose the company to cash flow interest rate risk. Borrowings at fixed rates expose the company to fair value interest rate risk. The company's policy is to borrow in floating rates, having due regard that floating rates are generally lower than fixed rates in the medium term.

At 31 March the interest rate profile of the company's interest-bearing financial instruments, including the effect of bank overdrafts is shown below. There were no fixed rate instruments.

	2023 R'000	2022 R'000
Financial assets	**5 279 468**	5 491 047[1]
Financial liabilities	**(5 318 048)**	(5 584 092)[1]
	(38 580)	(93 045)

[1] *Prior year has been restated to include cash held in bank accounts and bank overdrafts*

Cash flow sensitivity analysis for variable rate instruments:
A change of 100 basis points in interest rates would have increased/decreased pre-tax profit or loss by R0.4 million (2022: R1.0 million). This analysis assumes that all other variables remain constant. The analysis was performed on the same basis for 2022.

The Financial Stability Board ("FSB") has initiated a fundamental review and reform of the major interest rate benchmarks used globally by financial market participants. This review seeks to replace existing interbank offered rates ("IBORs") with alternative risk-free rates ("ARRs") to improve market efficiency and mitigate systemic risk across financial markets. The South African Revenue Bank ("SARB") has indicated their intention to move away from JIBAR and to create an alternative reference rate for South Africa. The SARB has indicated their initial preference for the adoption of the South African Rand Overnight Index Average ("ZARONIA") as the preferred unsecured candidate to replace JIBAR in cash and derivative instruments. ZARONIA has been published for the purposes of observing the rate and how it behaves, but has not been formally adopted by the SARB as the successor rate to JIBAR. Accordingly, there is still uncertainty surrounding the timing and manner in which the transition would occur and how this would affect various financial instruments held by the company.

(iii) Other price risk

The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual financial instruments or its issuer, or factors affecting all similar financial instruments traded in the market

The company has no pricing risk.

(b) Credit risk

The risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation

Credit risk arises from cash and cash equivalents, deposits with financial institutions, as well as credit exposures in respect of loans to group companies, financial guarantees, the company's customer base and other receivables.

For financial institutions, only audit and risk committee approved parties are accepted (on behalf of the board of directors). The company has policies that limit the amount of credit exposure to any financial institution. The company limits its exposure to financial institutions by setting credit limits based on their credit ratings and generally only with reputable financial institutions with strong credit ratings. The utilisation of credit limits is regularly monitored. The credit quality ratings of financial institutions that the company deposits funds with is at least Ba2. Refer to note 22 *Financial guarantees* for the maximum exposure to credit risk in respect of financial guarantees.

Refer to notes 14 and 17 for further credit risk analysis in respect of loans to subsidiaries. The company has no significant credit risk in respect of trade and other receivables.

32 FINANCIAL RISK MANAGEMENT *continued*

32.1 Financial risk factors *continued*

(c) Liquidity risk

The risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, Group Treasury aims to maintain flexibility in funding by keeping committed credit lines available. Although current liabilities exceed current assets at 31 March 2023, the company's forecasts reflect that it will generate sufficient cash flows during the period to meet all trading liability obligations. Refer to note 3(a) *Going concern* for details.

Management monitors rolling forecasts of the company's liquidity headroom on the basis of expected cash flow and the resultant borrowing position compared to available credit facilities. This process is performed during each financial year for five years into the future in terms of the company's long-term planning process.

The company sources its funding from a syndicate of large South African banks and institutions thereby reducing liquidity concentration risk. The facilities comprise a mix of short, medium and long-term tenure, with utilised facilities in the table below. Bank overdrafts are not considered to be long-term debt but rather working capital arrangements as part of cash management as set up with the financial institutions, and are therefore excluded:

	2023 facility			2022 facility		
	Total R'000	**Available R'000**	**Utilisation R'000**	Total R'000	Available R'000	Utilisation R'000
Demand facilities (overdrafts)	**20 000**	**20 000**	**–**	20 000	20 000	–
Term facilities maturing 30 November 2022	**–**	**–**	**–**	960 000	–	960 000
Term facilities maturing 30 November 2023	**–**	**–**	**–**	1 900 000	–	1 900 000
Term facilities maturing 30 November 2024	**2 050 000**	**–**	**2 050 000**	2 050 000	–	2 050 000
Term facilities maturing 30 November 2025	**600 000**	**–**	**600 000**	600 000	–	600 000
Term facilities maturing 30 November 2026	**1 620 000**	**–**	**1 620 000**	–	–	–
Term facilities maturing 30 November 2027	**1 000 000**	**–**	**1 000 000**	–	–	–
	5 290 000	**20 000**	**5 270 000**	5 530 000	20 000	5 510 000
Accrued interest included in short-term borrowings			**40 997**			28 083
	5 290 000	**20 000**	**5 310 997**	5 530 000	20 000	5 538 083

The company completed a refinancing programme of its debt in February 2023, whereby the debt in existence was treated as an extinguishment and the new debt recognised due to the revised terms. The four-year bond of R1.9 billion due for repayment on 30 November 2023 was settled in February 2023 as part of the refinancing programme. The R2.62 billion refinanced debt is repayable as follows:

- R1.62 billion in February 2026; and
- R1.00 billion in February 2027.

32 FINANCIAL RISK MANAGEMENT *continued*

32.1 Financial risk factors *continued*

(c) Liquidity risk continued

The tables below analyse the company's financial liabilities that will be settled into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. Due to the company's debt refinancing programme which was completed in February 2023, the maturity analysis time bands have been updated to better reflect the timing of future cash flows, and the comparatives regrouped. The amounts disclosed in the table are the contractual undiscounted cash flows, inclusive of capital and interest:

	Less than 1 year R'000	Between 1 and 2 years R'000	Between 2 and 3 years R'000	Between 3 and 4 years R'000
At 31 March 2023				
Corporate bonds	**468 253**	**2 473 038**	**2 490 373**	**1 087 740**
Financial guarantees	**2 973 196**	**–**	**–**	**–**
Loans from subsidiaries	**6 909 665**	**–**	**–**	**–**
Trade and other payables	**1 618**	**–**	**–**	**–**
	10 352 732	**2 473 038**	**2 490 373**	**1 087 740**

	Less than 1 year R'000	Between 1 and 2 years R'000	Between 2 and 3 years R'000	Between 3 and 4 years R'000
At 31 March 2022				
Corporate bonds	1 249 895	2 124 170	2 163 527	623 636
Financial guarantees[(1)]	4 141 016	–	–	–
Loans from subsidiaries	6 948 517	–	–	–
Trade and other payables	2 334	–	–	–
Bank overdrafts	3 387	–	–	–
	12 345 149	2 124 170	2 163 527	623 636

[(1)] *The prior year has been amended to include the maximum exposure relating to financial guarantees*

32.2 Financial instruments by category

The table below reconciles the company's accounting categorisation of financial assets and financial liabilities (based on initial recognition) to the classes of assets and liabilities as shown in the statement of financial position:

	Amortised cost R'000	Financial guarantee[(1)] R'000	Not categorised as a financial instrument R'000	Total R'000	Non-current R'000	Current R'000
At 31 March 2023						
Financial assets						
Loans to subsidiaries	**5 278 160**	**–**	**–**	**5 278 160**	**5 235 236**	**42 924**
Non-current receivables	**3 399**	**–**	**–**	**3 399**	**3 399**	**–**
Cash and cash equivalents	**2 721**	**–**	**–**	**2 721**	**–**	**2 721**
Financial liabilities						
Corporate bonds	**5 310 997**	**–**	**–**	**5 310 997**	**5 270 000**	**40 997**
Financial guarantees	**–**	**41 406**	**–**	**41 406**	**–**	**41 406**
Loans from subsidiaries	**6 909 665**	**–**	**–**	**6 909 665**	**–**	**6 909 665**
Trade and other payables	**1 618**	**–**	**67**	**1 685**	**–**	**1 685**

[(1)] *Refer to note 22*

32 FINANCIAL RISK MANAGEMENT *continued*

32.2 Financial instruments by category *continued*

	Amortised cost R'000	Financial guarantee[1] R'000	Not categorised as a financial instrument R'000	Total R'000	Non-current R'000	Current R'000
At 31 March 2022						
Financial assets						
Loans to subsidiaries[2]	5 524 080	–	–	5 524 080	4 507 804	1 016 276
Non-current receivables	4 730	–	–	4 730	4 730	–
Cash and cash equivalents	4 212	–	–	4 212	–	4 212
Financial liabilities						
Corporate bonds	5 538 083	–	–	5 538 083	4 550 000	988 083
Financial guarantees	–	87 255	–	87 255	–	87 255
Loans from subsidiaries	6 948 517	–	–	6 948 517	–	6 948 517
Trade and other payables	2 334	–	144	2 478	–	2 478
Bank overdrafts	3 387	–	–	3 387	–	3 387

[1] *Refer to note 22*
[2] *Restated – refer to note 29*

33 CAPITAL RISK MANAGEMENT

The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern and provide optimal returns for shareholders through maintaining an optimal capital structure.

The company defines capital as equity funding provided by shareholders and debt funding from external parties. Shareholder funding comprises permanent paid-up capital, share premium and revenue reserves as disclosed in the statement of financial position. Debt funding comprises loans from corporate bonds, treasury loans from subsidiaries and net debt represents gross debt net of all cash reserves.

The policy of the board of directors is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business. The board of directors monitors the cost of capital, which the company defines as the weighted average cost of capital, taking into account the company's internally calculated cost of equity (shareholder funding) and long-term cost of debt assumptions. In order to maintain or adjust the capital structure, in the absence of significant investment opportunities, the company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or acquire own shares.

The board of directors seeks to maintain a balance of the higher returns that might be possible with optimal levels of net interest-bearing debt and unutilised headroom and the advantages and security afforded by a sound equity position. The company's debt capacity and optimal gearing levels are determined by the cash flow profile of the company. The company's current utilisation of debt facilities is shown in notes 21 *Interest-bearing borrowings* and 32 *Financial risk management*.

The covenants are monitored and reported to the board of directors on a quarterly basis. Apart from the external debt borrowing covenants, the company is not subject to externally imposed capital requirements.

34 EVENTS AFTER THE REPORTING PERIOD

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

Name change

On 31 May 2023, the name change was approved at a general meeting of shareholders from Tsogo Sun Gaming Limited to Tsogo Sun Limited. The board of directors deems the name "Tsogo Sun Limited" a more appropriate name for the company with diversified holdings in casinos, hotels, conferencing facilities, a resort, a theme park, betting and a variety of other entertainment offerings throughout South Africa, and the company and its subsidiaries use the registered trademark "Tsogo Sun" in their marketing material and the domain "tsogosun.com" as its main website. The name change was approved by the Companies and Intellectual Property Commission ("CIPC") on 1 June 2023.

Dividend declaration

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, paid on 17 July 2023, not recognised as a liability at the reporting date, is R594 million.

Refinancing of interest-bearing borrowings

Subsequent to the reporting date on 31 May 2023, the company completed a part refinance of its interest-bearing borrowings and voluntarily prepaid a portion of its R1.55 billion debt tranche which was due to mature at the end of November 2024. Existing notes to the value of R1.55 billion have been refinanced with new notes issued (having different terms and margins) "free of value" similar to the refinancing that had been performed on 28 February 2023.

Share buy-back programme

Subsequent to the company's reporting date, on 31 May 2023 the board of directors authorised the company to commence with a share buy-back programme. At the date of these financial statements, 5 782 633 shares have been repurchased and cancelled. The aggregate consideration paid for these repurchased shares was R73 million.

Analysis of shareholding

as at 31 March 2023

	Number of shareholders	%	Number of shares	%
Portfolio size				
Range				
1 – 1 000	13 804	84.41	1 234 033	0.12
1 001 – 5 000	1 256	7.68	3 105 542	0.30
5 001 – 10 000	325	1.99	2 478 250	0.24
10 001 – 50 000	423	2.59	10 288 517	0.98
50 001 – 100 000	118	0.72	8 502 867	0.81
100 001 – and more	426	2.61	1 024 579 091	97.55
	16 352	100.00	1 050 188 300	100.00
Shareholder spread				
Public	16 347	99.96	506 430 585	48.23
Individuals	15 326	93.71	11 557 764	1.10
Banks and insurance companies	29	0.18	20 612 727	1.96
Pension funds and medical aid societies	256	1.57	56 017 524	5.33
Collective investment schemes and mutual funds	140	0.86	214 514 731	20.43
Other corporate bodies	596	3.64	203 727 839	19.41
Non-public	5	0.04	543 757 715	51.77
Directors[1]	2	0.01	23 059 454	2.19
Gold Reef Share Scheme[2]	1	0.01	583 857	0.06
Controlling entity of controlling shareholder	1	0.01	104 932 377	9.99
Controlling shareholder (10% of issued share capital or more)	1	0.01	415 182 027	39.53
	16 352	100.00	1 050 188 300	100.00
Major shareholders owning 1% or more of total number of shares in issue:				
TIHC Investments (RF) Proprietary Limited			415 182 027	39.53
Hosken Consolidated Investments Limited			104 932 377	9.99
Allan Gray Balanced Fund			53 925 407	5.13
MANDG SA Equity Fund			43 180 221	4.11
Steyn Capital SA Equity Fund			30 429 047	2.90
Alexander Forbes Investments			29 909 172	2.85
SBSA ITF PSG Flexible Fund			22 253 253	2.12
Aylett Equity Prescient Fund			20 022 057	1.91
Standard Chartered Bank as Trustee			18 137 374	1.73
Geomer Investments Proprietary Limited			15 872 978	1.51
JPMC-Vanguard BBH Lending Account			13 582 513	1.29

[1] *At 31 March 2023, 6 946 560 shares were indirectly held (2022: 6 946 560 shares indirectly held) by JA Copelyn, Non-executive Director and Chairperson and 16 112 894 shares indirectly held (2022: 16 112 894 shares indirectly held) by MJA Golding, Non-executive Director. There has been no change to directors' shareholdings between the reporting date and the date of these financial statements*

[2] *Treasury shares*

	Number of shares
Treasury shares made up as follows:	
• Held by the Gold Reef Share Scheme	583 857[1]
• Treasury shares allocated as part of the executive facility – refer to note 36.1 to the consolidated financial statements	3 650 485
	4 234 342

[1] *In accordance with the JSE Listings Requirements, the votes on these shares will not be taken into account for the purposes of adoption of the resolutions proposed at the company's annual general meeting*

Glossary

Adjusted EBITDA	EBITDA before exceptional items, and adjusted for IFRS 16 lease depreciation and finance costs
AGM	Annual general meeting
CGU	Cash-generating unit
EAD	Exposure at default
EBITDA	Earnings before interest, tax, depreciation and amortisation and exceptional items
EBITDA MARGIN	This is calculated by expressing EBITDA as a percentage of revenue
ECL	Expected credit loss
HCI	Hosken Consolidated Investments Limited
IAS	International Accounting Standards
IASB	International Accounting Standards Board
IFRS	International Financial Reporting Standards
JIBAR	Johannesburg Interbank Agreed Rate
JSE	JSE Limited, or as the context dictates, the trading platform operated by the JSE Limited
LGD	Loss given default
PD	Probability of default
pp	Percentage point
Net debt	Gross debt (including borrowings and overdrafts) net of gross cash and cash equivalents
S&P	Standard and Poor
SA	South Africa
the Act	The Companies Act of South Africa, 71 of 2008, as amended
the board	The board of directors of Tsogo Sun Limited
Tsogo Sun or the company	Tsogo Sun Limited (formerly Tsogo Sun Gaming Limited)
TTC	Through-the-cycle
WACC	Weighted average cost of capital