TSOGO SUN

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

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CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 March 2023

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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 group at the end of the financial year and of the results of operations and cash flows for the year. In preparing the accompanying consolidated 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 consolidated financial statements. The consolidated financial statements incorporate full and responsible disclosure.

The board of directors recognises and acknowledges its responsibility for the group's systems of internal financial control. The group'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 group taking into account the current financial position and their best estimate of the cash flow forecasts. The cash flow and liquidity projections for the group 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(b) *Critical accounting estimates and judgements – Going concern* in the notes to the consolidated financial statements.

The group's independent auditor, PricewaterhouseCoopers Inc., has audited the consolidated financial statements and the auditor's unqualified report appears on pages 07 to 11. 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 consolidated financial statements

for the year ended 31 March 2023

The preparation of the consolidated financial statements set out on pages 01 to 84 has been supervised by the Chief Financial Officer, G Lunga CA(SA). These consolidated 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 84, 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 and its consolidated subsidiaries 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 group 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 group for 54 years, with the rotation of the designated audit partner during 2019; PricewaterhouseCoopers has resigned as auditor of the group 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 group's internal control policies and procedures in place for the identification, assessment and reporting of risks, as well as the group's process of risk management;
- Reviewed and approved the group 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 group from 1 April 2022;
- Evaluated and is satisfied with the implementation of the combined assurance framework and plan;
- Considered and evaluated the group'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 consolidated 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 CONSOLIDATED FINANCIAL STATEMENTS

The committee has evaluated the consolidated 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 consolidated 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 group for the year are set out in the consolidated financial statements and accompanying notes thereto. The group profit after tax for the year under review from operations amounted to R1 768 million (2022: R1 434 million). The directors have noted their consideration to the going concern status of the group, taking into account the current financial position and their best estimate of the cash flow forecasts in the directors' approval to the accompanying consolidated financial statements for the year ended 31 March 2023. Refer also to note 3(b) *Critical accounting estimates and judgements – Going concern* in the consolidated financial statements. Separate company 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 future dividends will depend on the directors' ongoing assessment of the group'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 46.3 in the consolidated 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 46 *Related parties* and the shareholder analysis in the consolidated financial statements for further detail.

9 SHARE CAPITAL

There was no change to the company's issued share capital during the year under review. Refer to note 31 *Share capital and premium* in the consolidated financial statements for further details. Subsequent to the year end date, the company embarked on a share buy-back programme – refer to note 53 in the consolidated financial statements for further details.

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 ASSOCIATES AND SUBSIDIARIES

Refer to note 24 in the consolidated financial statements for details of investments in associates, note 54 for details of subsidiary companies with material non-controlling interests and note 55 for details of subsidiaries.

11 EVENTS AFTER THE REPORTING DATE

Refer to note 53 in the consolidated 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 consolidated financial statements, not otherwise dealt with within the financial statements, that would affect the operations or results of the group significantly.

12 APPOINTMENT OF DEBT OFFICER

In terms of the JSE Debt Listings Requirements, Egbert Loubser, the Group 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 consolidated financial statements

Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Tsogo Sun Limited (the Company) and its subsidiaries (together the Group) as at 31 March 2023, and its consolidated financial performance and its consolidated 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 consolidated financial statements set out on pages 12 to 83 comprise:

- the consolidated statement of financial position as at 31 March 2023;
- the consolidated statement of profit or loss for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated 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 consolidated financial statements* section of our report.

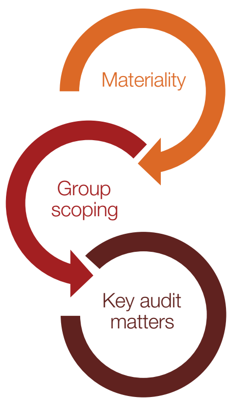
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group 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)*.

Our audit approach

Overview



Overall group materiality

- R113 million, which represents 1% of consolidated income for the year ended 31 March 2023.

Group audit scope

- We performed full-scope audits, in accordance with determined materiality, on all significant components in terms of their financial significance and risk to the Group's results.
- In total there are 11 components which were deemed to be significant based on their financial significance to the Group results and risk.
- For non-significant components we performed either full-scope audit procedures or analytical review procedures based on the associated risk of the component.

Key audit matters

- Impairment assessment of goodwill and intangible assets with indefinite useful lives; and
- Valuation of the Investments in SunWest International Proprietary Limited ("SunWest") and Worcester Casino Proprietary Limited ("Worcester").

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Overall group materiality	R113 million
How we determined it	1% of consolidated income.
Rationale for the materiality benchmark applied	We chose consolidated income as the benchmark because, in our view, it is the benchmark against which the performance of the Group is most commonly measured by users and is a generally accepted benchmark. We chose 1% based on our professional judgement, after consideration of the range of quantitative materiality thresholds that we would typically apply to groups operating within this industry.

How we tailored our group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates. The Group has gaming and related entertainment operations in South Africa. Furthermore, the Group has centralised functions and investment holding companies domiciled in South Africa.

The consolidated financial statements are a consolidation of the Group's gaming and related entertainment operations, investment holding companies and centralised functions (each considered to be a 'component' for purposes of our group scoping). We performed full-scope audits on all significant components in terms of their financial significance to the Group results and risk. We identified 11 significant components. In respect of the components that were not considered to be significant, we performed either full-scope audit procedures or analytical review procedures due to statutory audit requirements and associated risk of the respective component.

In establishing the overall approach to the group audit, we determined the type of work that needed to be performed by us, as the group engagement team, and component auditors from other PwC network firms and other firms operating under our instruction. Where the work was performed by component auditors, we determined the level of involvement we needed to have in the audit work at those components to be able to conclude whether sufficient appropriate audit evidence had been obtained as a basis for our opinion on the consolidated financial statements as a whole.

Further audit procedures were performed by the group audit engagement team, including substantive procedures over the consolidation process. The work performed at operational levels, as well as the procedures performed at the group level, provided us with sufficient evidence to express an opinion on the consolidated financial statements as a whole.

Key audit matters

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

Key audit matter	***How our audit addressed the key audit matter***
Impairment assessment of goodwill and intangible assets with indefinite useful lives *The Group recognised goodwill with a carrying value of R1.5 billion, which arose from business combinations undertaken in prior years. Due to the nature of the gaming business, the Group has also recognised intangible assets with indefinite useful lives relating to casino licences and bid costs with a carrying value of R3.3 billion. The carrying values of goodwill and intangible assets with indefinite useful lives included an impairment reversal charge of R198 million in respect of the Gold Reef City precinct and an impairment charge in respect of the Goldfields precinct of R28 million in the current financial year. With regards to the Hemingways precinct, an impairment of the cash-generating unit ("CGU") of R48 million was recognised.*	*Our audit addressed this key audit matter as follows:* *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 CGUs that contribute more than 5% to consolidated revenue, those CGUs that have the possibility of casino licence impairments or impairment reversals due to prior year impairments of casino licences, as well as for the group as a whole, 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*
International Accounting Standards ("IAS") 36 – Impairment of Assets requires management to conduct an annual impairment test, or more frequently if there is an indication of impairment, to assess the recoverability of the carrying value of goodwill and the indefinite life intangible assets. *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.* *The recoverable amounts of the respective CGUs that goodwill and intangible assets with indefinite useful lives have been allocated to, have been determined based on the higher of the 'value in use' and 'fair value less cost of disposal' calculated for each CGU. Management applied a risk-adjusted discount rate to determine the discounted cash flow analysis for each of the individual CGUs, being the individual casino precincts.* *Significant judgement and estimation were applied by management in determining the recoverable amount for the respective CGUs to determine whether any impairment charge or impairment reversal is required. The key assumptions and unobservable inputs applied in the valuation models for the CGUs are disclosed in notes 22 and 23 to the consolidated financial statements.* *The impairment assessment of goodwill and intangible assets with indefinite useful lives was considered 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 and impairments recognised as well as the magnitude of the carrying values of goodwill and intangible assets with indefinite useful lives in relation to the consolidated financial statements* *These matters are disclosed in the following notes to the consolidated financial statements:* • *Note 13: Impairment reversal of non-current assets;* • *Note 14: Impairment of non-current assets;* • *Note 22: Goodwill;* • *Note 23: Other intangible assets;* • *Note 3: Critical accounting estimates and judgements (b), Estimated impairment of goodwill and indefinite-lived intangible assets and impairment reversals of indefinite-lived intangible assets;* • *Note 1: Summary of significant accounting policies, (d) Basis of consolidation and business combinations, (v) Goodwill;* • *Note 1: Summary of significant accounting policies, (h) Intangible assets, (i) Casino licences and bid costs; and* • *Note 1: Summary of significant accounting policies, (p) Impairment and impairment reversals of non-financial assets.*	*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 CGU. 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 CGUs, 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 CGU to the results of our independent calculations. We assessed whether management's valuation was within an acceptable range of our independent calculations and noted no material exceptions.* *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 by making use of our valuations expertise to assess the discounted cash flow model's compliance with market practice and the applicable requirements of IAS 36. 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 precincts assessed. We did not note any aspect which required further consideration.* *With regard to the Hemingways precinct CGU, we recalculated the allocation of the impairment in terms of IAS 36.104. 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 CGUs considered sensitive to a change in assumptions for disclosure purposes. We did not note any aspects requiring further consideration.*

Key audit matter	*How our audit addressed the key audit matter*
Valuation of the Investments in SunWest International Proprietary Limited ("SunWest") and Worcester Casino Proprietary Limited ("Worcester") *The investments in SunWest and Worcester are recognised as equity instruments measured at fair value through other comprehensive income in accordance with IFRS 9 'Financial Instruments'. The investments have been classified as level 3 fair value measurements in accordance with the fair value measurement hierarchy as per IFRS 13 'Fair Value Measurement', using unobservable inputs, and have been re-measured at each reporting date with the fair value movements recognised in other comprehensive income.* *The fair value of these investments amounted to R959 million as at 31 March 2023 and management recognised a fair value gain of R145 million in other comprehensive income during the year under review.* *Management used a discounted cash flow valuation model to estimate the fair values of these investments. The expected cash flows have been discounted using a risk-adjusted post-tax discount rate. The significant unobservable inputs used in determining the fair value of these investments are disclosed in Note 25 to the consolidated financial statements.* *The valuation of the group's investments in SunWest and Worcester Casino was considered 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 determining the fair value; and* • *The magnitude of the investments in relation to the financial statements for the year ended 31 March 2023.* *These matters are disclosed in the following notes to the consolidated financial statements:* • *Note 25: Financial assets at fair value through other comprehensive income; and* • *Note 3: Critical accounting estimates and judgements (c), Estimated fair value of financial instruments that are not traded in an active market.*	*Our audit addressed this key audit matter as follows:* *We obtained an understanding of management's process for determining the forecasted results for the SunWest and Worcester investments and assessed the reasonableness of the forecasted results by performing the following procedures:* • *Assessed the reasonableness of management's ability to forecast results by comparing the historical actual published results for SunWest and Worcester to the figures included in the prior period's forecasts. In addition, management's ability to budget in the industry was assessed as reasonable, based on the experience of management and the accuracy of their historical budgets being within an acceptable range of the actual results.* • *We considered the appropriateness of the base year cash flows applied by management in their forecast by comparing the estimated performance of SunWest and Worcester against available industry-related forecasts. We found management's base year cash flows applied to be reasonable.* • *We held discussions with management to understand the basis for the assumptions used in respect of cash outflows used in their discounted cash flow analysis and assessed the assumptions for reasonability as well as corroborated this against historic performance. We did not note any aspect which required further consideration.* *With the assistance of our internal valuation expertise, we independently recalculated a discount rate taking into account independently obtained data such as the cost of debt of Sun International Limited, risk-free rates in the market, market risk premiums, debt/equity ratios as well as the beta of comparable companies; and this was compared to the discount rates used by management. We further independently performed the discounted cash flow calculation using the internally calculated discount rate, upon which we found management's valuation to be within an acceptable range of our independent calculation.* *With the assistance of our internal valuation expertise, we tested the reasonableness of the terminal growth rates by comparing it to the long-term growth rates obtained from independent sources. The growth rates used by management were noted to be comparable.* *We tested the mathematical accuracy of the discounted cash flow model and assessed the model against market practice and the applicable requirements of IFRS 13. We did not note any aspect which required further consideration.* *We further assessed the reasonableness of the discount rates, long-term growth rates and forecasted cash flows by performing sensitivity analyses 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 valuation. We compared the results of our sensitivity analysis to management's valuation results in order to identify if SunWest and Worcester were considered sensitive to a change in assumptions for disclosure purposes. We did not note any aspect which required 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 Consolidated Annual Financial Statements for the year ended 31 March 2023", the document titled "Tsogo Sun Company 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 consolidated 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 consolidated 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 consolidated 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 consolidated financial statements

The directors are responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group'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 or to cease operations, or have no realistic alternative but to do so.

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

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 Group'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 Group'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 consolidated 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 consolidated 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

Consolidated statement of profit or loss

for the year ended 31 March

	Notes	2023 Rm	2022 Rm
Net gaming win	1(v)	**9 627**	7 779
Food and beverage revenue	7	**589**	365
Rooms revenue	7	**501**	303
Other revenue	7	**359**	219
Other income	8	**242**	272
Income		**11 318**	8 938
Gaming levies and Value Added Tax	9	**(2 115)**	(1 708)
Employee costs	10	**(1 836)**	(1 489)
Other operating expenses	11	**(3 318)**	(2 580)
Cancellation of hotel management contracts	46	**(399)**	–
Amortisation and depreciation	12	**(756)**	(783)
Impairment reversal of non-current assets	13	**198**	298
Impairment of non-current assets	14	**(83)**	(10)
Fair value adjustment of investment properties	21	**(17)**	10
Operating profit		**2 992**	2 676
Finance income	15	**60**	26
Finance costs	16	**(666)**	(792)
Share of profit of associates	24	**9**	2
Profit before income tax		**2 395**	1 912
Income tax expense	17	**(627)**	(478)
Profit for the year		**1 768**	1 434
Profit attributable to:			
Equity holders of the company		**1 744**	1 405
Non-controlling interests		**24**	29
		1 768	1 434
Basic and diluted earnings attributable to the ordinary equity holders of the company per share (cents)	4	**167**	134

The accounting policies and notes on page 17 to page 83 form an integral part of these consolidated financial statements.

Consolidated statement of comprehensive income

for the year ended 31 March

	Notes	2023 Rm	2022 Rm
Profit for the year		**1 768**	1 434
Other comprehensive income for the year, net of tax			
Items that may be reclassified subsequently to profit or loss:		**28**	137
Cash flow hedges fair value adjustment		**39**	189
Deferred tax relating to items that may subsequently be reclassified to profit or loss		**(11)**	(52)
Items that may not be reclassified subsequently to profit or loss:			
Equity instruments at fair value through OCI fair value adjustment	25	**120**	139
Total comprehensive income for the year		**1 916**	1 710
Total comprehensive income attributable to:			
Equity holders of the company		**1 892**	1 681
Non-controlling interests		**24**	29
		1 916	1 710

The accounting policies and notes on page 17 to page 83 form an integral part of these consolidated financial statements.

Consolidated statement of financial position

as at 31 March

	Notes	2023 Rm	2022 Rm
ASSETS			
Non-current assets			
Property, plant and equipment	19	**8 263**	8 109
Right-of-use assets	20	**195**	237
Investment properties	21	**377**	374
Goodwill	22	**1 461**	1 461
Other intangible assets	23	**3 337**	3 183
Investments in associates	24	**26**	27
Financial assets at fair value through OCI	25	**1 072**	814
Non-current receivables	26	**34**	50
Derivative financial instruments	35	**35**	–
Deferred income tax assets	27	**69**	92
		14 869	14 347
Current assets			
Inventories	28	**72**	70
Trade and other receivables	29	**395**	392
Current income tax assets		**54**	73
Cash and cash equivalents	30	**600**	852
		1 121	1 387
Assets classified as held for sale	39	**–**	46
Total current assets		**1 121**	1 433
Total assets		**15 990**	15 780
EQUITY			
Capital and reserves attributable to equity holders of the company			
Ordinary share capital and premium	31	**6 485**	6 487
Other reserves	32	**(4 050)**	(4 185)
Retained income		**2 080**	850
Total shareholders' equity		**4 515**	3 152
Non-controlling interests		**90**	120
Total equity		**4 605**	3 272
LIABILITIES			
Non-current liabilities			
Interest-bearing borrowings	33	**8 380**	7 400
Lease liabilities	34	**267**	295
Derivative financial instruments	35	**–**	82
Deferred income tax liabilities	27	**1 391**	1 259
Long-term incentive liabilities	36	**40**	88
Provisions	37	**13**	10
		10 091	9 134
Current liabilities			
Interest-bearing borrowings	33	**114**	2 351
Lease liabilities	34	**38**	42
Trade and other payables	38	**885**	879[1]
Long-term incentive liabilities	36	**139**	–
Provisions	37	**104**	82[1]
Current income tax liabilities		**14**	20
		1 294	3 374
Total liabilities		**11 385**	12 508
Total equity and liabilities		**15 990**	15 780

[1] *Provisions have been disaggregated from* Trade and other payables *due to the current year materiality*

The accounting policies and notes on page 17 to page 83 form an integral part of these consolidated financial statements.

Consolidated statement of changes in equity

for the year ended 31 March

	Notes	Attributable to equity holders of the company					
		Ordinary share capital and premium Rm	Other reserves[1] Rm	Retained income/ (accumulated losses) Rm	Total Rm	Non-controlling interests Rm	Total equity Rm
Balance at 1 April 2021		6 487	(4 461)	(555)	1 471	113	1 584
Total comprehensive income		–	276	1 405	1 681	29	1 710
Profit for the year		–	–	1 405	1 405	29	1 434
Cash flow hedges, net of tax		–	137	–	137	–	137
Equity instruments at FVOCI		–	139	–	139	–	139
Ordinary dividends declared		–	–	–	–	(22)	(22)
Balance at 31 March 2022		6 487	(4 185)	850	3 152	120	3 272
Total comprehensive income		**–**	**148**	**1 744**	**1 892**	**24**	**1 916**
Profit for the year		**–**	**–**	**1 744**	**1 744**	**24**	**1 768**
Cash flow hedges, net of tax		**–**	**28**	**–**	**28**	**–**	**28**
Equity instruments at FVOCI	25	**–**	**120**	**–**	**120**	**–**	**120**
Acquisition of non-controlling interests	41	**–**	**(23)**	**–**	**(23)**	**(3)**	**(26)**
Share-based payment charge on business acquisition		**–**	**10**	**–**	**10**	**–**	**10**
Share options lapsed		**(2)**	**–**	**–**	**(2)**	**–**	**(2)**
Ordinary dividends declared	18	**–**	**–**	**(514)**	**(514)**	**(51)**	**(565)**
Balance at 31 March 2023		**6 485**	**(4 050)**	**2 080**	**4 515**	**90**	**4 605**

[1] *Refer to note 32 for details of other reserves*

The accounting policies and notes on page 17 to page 83 form an integral part of these consolidated financial statements.

Consolidated statement of cash flows

for the year ended 31 March

	Notes	2023 Rm	2022 Rm
Cash flows from operating activities			
Cash generated from operations	42	**3 600**	3 185
Finance income received		**51**	20
Finance costs paid[1]		**(732)**	(1 184)
Income tax paid	43	**(498)**	(326)
Dividends received		**84**	62
Dividends paid to ordinary shareholders	44	**(514)**	–
Dividends paid to non-controlling interests		**(45)**	(16)
Net cash generated from operating activities		**1 946**	1 741
Cash flows from investment activities			
Purchase of property, plant and equipment		**(542)**	(252)
Proceeds from disposals of property, plant and equipment		**146**	14
Proceeds from disposal of assets classified as held for sale		**14**	16
Proceeds from insurance claims for capital assets		**5**	20
Purchase of intangible assets		**(7)**	(1)
Additions to investment properties		**(20)**	(14)
Acquisition of financial assets at FVOCI	25	**(138)**	–
Acquisition of business, net of cash acquired	40	**(320)**	–
Loans advanced to other parties		**–**	(2)
Net cash utilised for investment activities		**(862)**	(219)
Cash flows from financing activities			
Borrowings raised	45.1	**3 136**	–
Borrowings repaid	45.1	**(4 386)**	(1 170)
Principal elements of lease payments	45.2	**(39)**	(31)
Transactions with non-controlling interests		**(26)**	–
Decrease in amounts due by share scheme participants		**1**	1
Net cash utilised for financing activities		**(1 314)**	(1 200)
Net (decrease)/increase in cash and cash equivalents		**(230)**	322
Cash and cash equivalents at beginning of the year, net of bank overdrafts		**780**	458
Cash and cash equivalents at end of the year, net of bank overdrafts	30	**550**	780

[1] *The prior year includes the settlement of interest of R400 million which was capitalised in the 2021 financial year – refer to note 45.1*

The accounting policies and notes on page 17 to page 83 form an integral part of these consolidated financial statements.

Notes to the consolidated financial statements

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of the consolidated 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 consolidated 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 and investment property as described in the accounting policies below.

(b) New and amended standards adopted by the group

The group adopted all the new, revised or amended accounting pronouncements as issued by the IASB which were effective for the group from 1 April 2022. 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:

- IFRS 3 (Amendment) *Business Combinations*
  Reference to the Conceptual Framework: The amendment updates a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations;
- IAS 16 (Amendment) *Property, Plant and Equipment*
  Proceeds before Intended Use: The amendments prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss;
- 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; and
- IFRS 16 *Leases* amendment to the Illustrative Example 13 that accompanies IFRS 16 to remove the illustration of payments from the lessor relating to leasehold improvements. The amendment intends to remove any potential confusion about the treatment of lease incentives.

(c) Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker ("CODM").

The group's Chief Executive Officer assesses the performance of the operating segments based on earnings before interest, taxation, depreciation, amortisation and exceptional items ("EBITDA") (refer to note 6 *Segmental analysis)*. There has been no change in the basis of measurement of segment profit or loss from the last consolidated financial statements, other than as described in note 6.

(d) Basis of consolidation and business combinations

The consolidated financial statements include the financial information of subsidiary and associate entities owned by the group.

(i) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group 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 group has the ability to direct or dominate decision-making in an entity, regardless of whether this power is actually exercised.

The group applies the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the group recognises any non-controlling interest ("NCI") in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *continued*

(d) Basis of consolidation and business combinations *continued*

(i) Subsidiaries continued

Goodwill arising on consolidation represents the excess of the costs of acquisition over the group's interest in the fair value of the identifiable assets (including intangibles), liabilities and contingent liabilities of the acquired entity at the date of acquisition. Where the fair value of the group's share of separable net assets acquired exceeds the fair value of the consideration, the difference is recognised immediately in profit or loss.

Intergroup balances, and any unrealised gains and losses or income and expenses arising from intergroup transactions, are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred.

(ii) Transactions with non-controlling interests

The group treats transactions with non-controlling interests as transactions with equity owners of the group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests and direct costs incurred in respect of transactions with non-controlling interests are also recorded in equity.

(iii) Cessation of control or significant influence

When the group ceases to have control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate or financial asset. In addition, any amounts previously recognised in other comprehensive income ("OCI") in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

(iv) Associates

Associates are entities over which the group has directly or indirectly significant influence but not control, generally accompanying a shareholding of 20% to 50%, where significant influence is the ability to influence the financial and operating policies of the entity.

Investments in associates are accounted for using the equity method of accounting.

When the group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

The net investment in an associate is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the net investment (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows from the net investment that can be reliably estimated.

(v) Goodwill

Goodwill is stated at cost less impairment losses and is reviewed for impairment on an annual basis and whenever there is an indication that the goodwill may be impaired. Any impairment identified is recognised immediately in profit or loss and is not subsequently reversed. Goodwill is allocated to cash-generating units ("CGUs") for the purpose of impairment testing. Each of those CGUs is identified in accordance with the basis on which the businesses are managed from both a business type and geographical basis.

(vi) Common control acquisitions

A business combination involving entities or businesses under common control is a business combination in which all of the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory.

A transaction deemed to be a transaction under common control consequently falls outside the scope of IFRS 3. The group's accounting policy is to apply predecessor accounting to common control transactions. Common control accounting is applied and, under the predecessor accounting method, assets and liabilities acquired, including goodwill acquired, are recognised at the predecessor values with the difference between the acquisition value and the aggregate purchase consideration recognised as a separate reserve in equity, a "common control" reserve.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *continued*

(e) Property, plant and equipment

Property, plant and equipment is stated at cost net of accumulated depreciation and any impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the assets. Subsequent costs are included in the asset's carrying value or recognised as a separate asset as appropriate, only when it is probable that future economic benefits associated with the specific asset will flow to the group and the cost can be measured reliably. Repairs and maintenance costs are charged to profit or loss during the financial period in which they are incurred.

Assets' residual values and useful lives are reviewed by management and adjusted, if appropriate, at each reporting date and triennially independent valuations of land and buildings are completed by external valuators. Land and buildings comprise mainly casinos and hotels.

(i) Assets in the course of construction

Assets in the course of construction are carried at cost less any impairment loss. Cost includes professional fees. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

(ii) Depreciation

No depreciation is provided on freehold land or assets in the course of construction. In respect of all other property, plant and equipment, depreciation is provided on a straight-line basis at rates calculated to write off the cost less the estimated residual value, of each asset over its expected useful life as follows:

Freehold properties	20 – 50 years
Leasehold building improvements	Shorter of the lease term or 50 years
Casino equipment	4 – 10 years*
Computer equipment and software	2 – 10 years*
Furniture, fittings and other equipment	3 – 15 years*
Vehicles	5 years*
Theme Park rides	6 – 26 years*
Operating equipment	2 – 3 years

* *These categories have been grouped together under "Plant and equipment" in note 19* Property, plant and equipment

Operating equipment that meets the definition of property, plant and equipment (which includes gaming chips, kitchen utensils, crockery, cutlery, linen and uniforms) is recognised as an expense based on usage. The period of usage depends on the nature of the operating equipment and varies between two and three years.

(iii) Profit or loss on disposal

The profit or loss on the disposal of an asset is the difference between the disposal proceeds and the net carrying amount of the asset.

(f) Leases

(i) The group is a lessee

The group recognises right-of-use assets and corresponding lease liabilities in the statement of financial position for leases at the date at which the leased asset is available for use by the group. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Assets and liabilities arising from leases are initially measured on a present value basis.

Right-of-use assets are measured at cost comprising the amount of the initial measurement of the lease liability. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *continued*

(f) Leases *continued*

(i) The group is a lessee continued

Lease liabilities are subsequently measured by increasing the carrying amount to reflect interest on the lease liability and by reducing the carrying amount to reflect the lease payments made. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the group uses its respective incremental borrowing rates. Lease liabilities include the net present value of fixed payments (including in-substance fixed payments). Variable lease payments that depend on an index or a rate are initially measured using the index or rate as at the commencement date.

The group is exposed to potential future increases in variable lease payments based on indices and gross gaming win. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset. Where the group's leases are based on gross gaming win, these payments are recognised in profit or loss in the period in which the event or condition that triggers those payments occurs and are not included in the measurement of the lease liabilities.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

Contracts may contain both lease and non-lease components. The group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases for which the group is a lessee, non-lease components, such as cleaning and maintenance services, are accounted for separately by applying other applicable standards.

Up to 30 June 2022, the group applied the concessions practical expedient only to rent concessions occurring as a direct consequence of the COVID-19 pandemic, and only if all of the following conditions were met:
(a) The change in lease payments resulted in revised consideration for the lease that was substantially the same as, or less than, the consideration for the lease immediately preceding the change;
(b) Any reduction in lease payments affected only payments originally due on or before 30 June 2022; and
(c) There was no substantive change to other terms and conditions of the lease.

When the group made this election, any change in lease payments resulting from the rent concession was accounted for in the same way it would account for the change applying IFRS 16 *Leases* as if the change was not a lease modification. Subsequent to 30 June 2022, the group accounts for any concessions as modifications.

The group has no residual value guarantees.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise mainly small items of office equipment and furniture.

Lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

(ii) The group is a lessor

Assets leased to third parties under operating leases are included in property, plant and equipment and investment property in the statement of financial position.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *continued*

(g) Investment property

Property that is held for long-term rental yields or for capital appreciation or both, and where companies in the group occupy no or an insignificant portion, is classified as investment property. Investment property also includes property that is being constructed or developed for future use. The nature of these properties is mostly commercial.

Investment property is stated at fair value. Gains or losses arising on changes in the fair value are recognised immediately in profit or loss.

Properties are initially recognised at cost on acquisition, which comprises the purchase price and includes expenditure that is directly attributable to the acquisition of the property. Subsequent costs are included in the property's carrying value or recognised as a separate asset as appropriate, only when it is probable that future economic benefits associated with the specific asset will flow to the group and the cost can be measured reliably. Repairs and maintenance costs are charged to profit or loss during the financial period in which they are incurred.

Investment properties are derecognised either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal.

If an investment property becomes owner occupied, it is reclassified as property, plant and equipment. Its carrying value at the date of reclassification becomes its cost for subsequent accounting purposes.

If an owner-occupied property becomes an investment property, it is reclassified as investment property. Its fair value at the date of reclassification becomes its cost for subsequent accounting purposes. The property is revalued through other comprehensive income to fair value before being transferred.

(h) Intangible assets

Intangible assets are stated at cost less accumulated amortisation which is determined on a straight-line basis (if applicable) and impairment losses. Cost is usually determined as the amount paid by the group, unless the asset has been acquired as part of a business combination. Intangible assets acquired as part of a business combination are recognised at fair value at the acquisition date. Amortisation is included together with depreciation in the statement of profit or loss.

Intangible assets with indefinite lives are not amortised but are subject to annual reviews for impairment.

Intangible assets with finite lives are amortised over their estimated useful economic lives, and only tested for impairment where there is a triggering event. The group's assessment of the useful life of intangible assets is based on the nature of the asset acquired, the durability of the products to which the asset attaches and the expected future impact of competition on the business.

Intangible assets acquired as part of a business combination are recognised separately when they are identifiable, and it is probable that economic benefits will flow to the group.

(i) Casino licences and bid costs

Costs incurred during the bidding process for a casino licence are capitalised to casino licences and bid costs by the individual casino on the successful award of the casino licence as these costs are directly attributable to the award of the licence. Payments made to gaming boards for enhancements of existing casino licences, such as additional gaming positions, are capitalised by the individual casino to the underlying casino licence.

Casino licences that do not have an expiry date are not amortised as they are considered to have an indefinite life and are tested annually for impairment and whenever there is an indication that the goodwill may be impaired (refer to note 1(d)(v)). Casino licences having an expiry date are amortised over the exclusivity period of the respective licences. Costs associated with unsuccessful casino licence applications are immediately impaired.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *continued*

(h) Intangible assets *continued*

(ii) Computer software

Where computer software is not an integral part of a related item of property, plant and equipment, the software is capitalised as an intangible asset.

Capitalised computer software, licence and development costs are amortised over their estimated useful economic lives of two to ten years which are reassessed on an annual basis. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the group are recognised as intangible assets when the following criteria are met:

- It is technically feasible to complete the software so that it will be available for use;
- Management intends to complete the software or sell it;
- There is an ability to use or sell the software;
- It can be demonstrated how the software will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete the development and to use or sell the software are available; and
- Expenditure attributable to the software during its development can be reliably measured.

(iii) Intellectual property

Intellectual property is recognised on business combinations and amortised over their estimated useful economic lives of ten years.

(i) Investments and other financial assets

(i) Classification

The group classifies its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value through other comprehensive income ("FVOCI"); and
- 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.

For financial assets measured at fair value, gains and losses will be recorded in other comprehensive income. For investments in equity instruments that are not held for trading this will depend on whether the group has made an irrevocable election at the time of initial recognition to account for the equity investment at FVOCI. The group has no financial assets measured at fair value through profit or loss.

(ii) Recognition and derecognition

Financial assets are recognised when the group 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 group has transferred substantially all risks and rewards of ownership.

(iii) Measurement

At initial recognition, the group measures a financial asset at its fair value plus, in the case of financial assets at FVOCI, transaction costs that are directly attributable to the acquisition of the financial asset.

Equity investments

The group subsequently measures all equity investments at fair value. Where the group has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends on these equity investments are recognised in profit or loss as part of other income when the group's right to receive payments is established.

Debt instruments

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 directly in profit or loss included in other operating expenses due to these gains or losses not being significant.

Derivatives – cash flow hedges

The group subsequently measures its derivatives (cash flow hedges) at fair value under IFRS 9 – refer to note 1(j).

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *continued*

(i) Investments and other financial assets *continued*

(iv) Impairment

The group 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 group 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 group's financial assets measured at amortised cost comprises loan receivables and cash and cash equivalents to which the general model is applied.

(j) Derivative instruments and hedge accounting

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument and the nature of the item being hedged. The group designates its derivatives as hedges of a particular risk associated with the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges).

At inception of the hedge relationship, the group documents the economic relationship between hedging instruments and hedged items including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items. The group documents its risk management objective and strategy for undertaking its hedge transactions.

The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedging instrument is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedging instrument is less than 12 months.

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instruments that do not qualify for hedge accounting are recognised immediately in profit or loss. The group does not hold or issue derivative financial instruments for speculative purposes.

Cash flow hedges that qualify for hedge accounting

IFRS 9 provides an accounting policy choice allowing entities to continue with the hedge accounting requirements of IAS 39 *Financial Instruments: Recognition and Measurement* until the macro hedging project is finalised or they can apply IFRS 9. The group has elected to apply IFRS 9.

Cash flow hedges comprise derivative financial instruments designated in a hedging relationship to manage interest rate risk to which the cash flows of certain liabilities are exposed.

The effective portion of gains and losses on derivatives used to manage cash flow interest rate risk is recognised in other comprehensive income and accumulated in the cash flow hedge reserve. However, if the group closes out its position early, the cumulative gains and losses recognised in other comprehensive income are frozen and reclassified from the cash flow hedge reserve to profit or loss within finance costs using the effective interest method. Any ineffective portion of gains and losses on derivatives used to manage cash flow interest rate risk is recognised in profit or loss.

Cash flow hedge accounting is discontinued when a hedging instrument expires or is sold, terminated or when a hedge no longer meets the criteria for hedge accounting. At that time, for forecast transactions, any cumulative gain or loss existing in equity remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately reclassified to profit or loss.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *continued*

(k) Fair value measurement

Financial instruments carried at fair value, by valuation method, are defined as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); or
- Level 3 – inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

(l) 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.

(m) Inventories

Inventories are valued at the lower of cost or net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less selling expenses. Operating equipment utilised within 12 months is recognised as an expense based on usage. Provision is made for slow-moving goods and obsolete materials are written off. Cost is determined on the following basis:

- Consumable stores are valued at invoice cost on a first in, first out ("FIFO") basis; and
- Food and beverage inventories and operating equipment are valued at weighted average cost.

(n) 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.

(o) Assets classified as held for sale

Assets classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell. Such disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continued use. These disposal group assets 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.

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

At each reporting date the group 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 group estimates the recoverable amount of the 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, excluding goodwill as noted in note 1(d)(v). An impairment loss is recognised immediately in profit or loss.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *continued*

(q) 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 consolidated into the group as part of the Gold Reef Share Scheme and the executive facility (both of which have historically been discontinued) are accounted for as treasury shares.

(r) 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.

Borrowings are classified as current liabilities unless the group 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.

(s) Insurance and reinsurance contracts

(i) Classification

Insurance contracts are those contracts that transfer significant insurance risk in respect of related parties insured by the group, refer to note 46. Such contracts may also transfer financial risk. As a general guideline, the group defines as significant insurance risk the possibility of having to pay benefits on the occurrence of an insured event that are at least 10% more than the benefits payable if the insured event did not occur.

(ii) Recognition and measurement

For all insurance contracts, premiums are recognised as other income (earned premiums) proportionally over the period of coverage. The portion of premium received on in-force contracts that relates to unexpired risks at the reporting date is accounted for as the unearned premium liability. Premiums are shown before deduction of commission.

Provision for claims is made on a prudent basis for the estimated final cost of all claims that had not been settled at the reporting date, less amounts already paid. Provisions are made at each reporting date on the basis of available information for the estimated cost of claims incurred but not settled at the reporting date, including the cost of claims incurred but not yet reported to the company. The estimated cost of claims includes expenses to be incurred in settling claims. The company's own assessors or contracted external assessors individually assess claims. The group takes all reasonable steps to ensure that it has up to date reports from brokers regarding its claims exposures. However, given the uncertainty in establishing claims provisions, it is likely that the final outcome will prove different from the original liability established.

Insurance claims incurred, which are included in "Other operating expenses", comprise claims and related expenses paid in the year and changes in the provisions for outstanding claims, including provisions for claims incurred but not reported and related expenses, together with any adjustments to claims from previous years.

Provision is made for claims arising from insured events that occurred before the close of the accounting period, but which had not been reported to the company at that date, the incurred but not reported reserve ("IBNR"). The estimation of the IBNR is generally subject to a greater degree of uncertainty than the estimation of the cost of settling claims already notified to the company, where the information about the claim event is available. IBNR claims may not become apparent to the insurer until many months after the event that gave rise to the claims incurred.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *continued*

(s) Insurance and reinsurance contracts *continued*

(ii) Recognition and measurement continued

Contracts entered into by the group with reinsurers under which the group is compensated for losses on one or more contracts issued by the group and that meet the classification requirements for insurance contracts (as detailed above) are classified as reinsurance contracts held. Contracts that do not meet these classification requirements are classified as financial assets. Income received from insurance contracts entered into by the group under which the contract holder is another insurer (inwards reinsurance) is included with premium income. The benefits to which the group is entitled under its reinsurance contracts held are recognised as assets. These assets consist of short-term balances due from reinsurers on settled claims, as well as estimates (classified as reinsurance assets) that are calculated based on the gross outstanding claims and IBNR provisions. The amounts that will be recoverable from reinsurers are estimated based upon the gross provisions, having due regard to collectability. The group assesses its reinsurance assets for impairment on an annual basis. If there is objective evidence that the reinsurance asset is impaired, the group reduces the carrying amount of the reinsurance asset to its recoverable amount and recognises that impairment loss in the statement of profit or loss.

The recoverability of reinsurance recoveries is assessed having regard to market data on the financial strength of each of the reinsurers. Amounts recoverable from or due to reinsurers are measured consistently with the amounts associated with the reinsured insurance contracts and in accordance with the terms of each reinsurance contract. Reinsurance liabilities are primarily premiums payable for reinsurance contracts and are recognised in profit or loss when due. Amounts recovered from reinsurers in profit or loss reflect the amounts received or receivable from reinsurers in respect of those claims incurred during the period.

With respect to the insurance arrangement within the group, any insurance claim receivable is recognised and measured using the guidance of IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* and insurance premiums are expensed as they are incurred.

(t) Trade and other payables

Trade and other payables, excluding insurance and reinsurance contracts as mentioned in note 1(s), represent liabilities for goods and services provided to the group 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.

(u) Provisions

Provisions are recognised when there is a present obligation, whether legal or constructive, as a result of a past event for which it is probable that a transfer of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The group recognises a provision for bonus plans (note 1(w)(ii)) and long-service awards (note 1(w)(vii)).

(v) Income

Income comprises net gaming win, revenue from contracts with customers and other income:

(i) Net gaming win

Net gaming win comprises the net table and electronic gaming machines win derived by the gaming operations. In terms of accounting standards, betting transactions concluded under gaming operations meet the definition of derivatives and therefore income from gaming operations represents the net position arising from financial instruments. The net gaming win is measured as the net cash received from betting transactions from gaming operations. Due to the short-term nature of the betting transactions, all income is recognised in profit or loss immediately, at fair value.

In the gaming industry, where the nature of betting transactions in respect of table games makes it difficult to separate bets placed by customers and winnings paid to customers, it follows that gaming operations experience practical difficulties reflecting output tax separately from input tax. Accordingly, South African Revenue Service issued Binding General Ruling 59 ("BGR 59"), in accordance with the revised section 72 of the Value Added Tax ("VAT") Act decision process. BGR 59 allows gaming operators to account for VAT, in respect of table games, by applying the tax fraction to the gross gaming revenue as stipulated in the provincial gaming regulations. The gross gaming revenue is defined as the difference between the amount of money wagered by customers, and the amount of money returned to such customers by the gaming operator as direct winnings from the gambling activities in which the persons participated.

In respect of electronic gaming machines, the aggregate amount of bets placed over a time-period and the aggregate amount of winnings pay-outs over the same time period are recorded by a central monitoring system, as approved by the relevant provincial gaming board. Based on this, operators of electronic gaming machines are required to account for output tax on the aggregate bets placed; and input tax deductions on the aggregate winnings pay-outs, for each tax period.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *continued*

(v) Income *continued*

(i) Net gaming win continued

Provincial gaming levies are calculated by applying the tax fraction to the net betting transaction for both table games and electronic gaming machines.

Any change in either the VAT rate or the provincial gaming levies would be absorbed entirely by the group and would have no impact on the customers. The group thus treats VAT and gaming levies as direct costs as these are borne by the group and not customers, and have no effect on gaming activities from the customers' perspective. These costs are disclosed separately on the face of the statement of profit or loss as direct costs.

(ii) Revenue from contracts with customers

The group is in the business of providing food and beverage and hotel rooms and also earns revenue in the form of Theme Park and other sundry entrance fees, conferencing and venue hire, parking revenues, ticket sales and other hotel sundry revenues. Revenue from contracts with customers is recognised when control of the goods or services is transferred to the customer at an amount that reflects the consideration to which the group expects to be entitled in exchange for those goods or services. Food and beverage revenue is recognised at a point in time. Rooms revenue is recognised as performance obligations are met over time as services are rendered. Theme Park and other sundry entrance fees, conferencing and venue hire, parking revenues, ticket sales and other hotel sundry revenues 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 generally by cash or negotiated credit terms of 30 days. The group 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 group 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.

(iii) Other income

Property rental income

Property lease rentals received where the group is the lessor are recognised on a straight-line basis over the term of the lease. Contingent (variable) rentals are included in revenue when the amounts can be reliably measured. Recoveries of costs from lessees, where the group merely acts as agent and makes payment of these costs on behalf of lessees, are offset against the relevant costs.

Dividends received

Dividends on equity investments at FVOCI are recognised in profit or loss as part of other income when the group's right to receive payments is established.

Insurance income

Insurance income in respect of loss of earnings is recognised in profit or loss as part of other income when the group's right to receive payments is established.

(w) Employee benefits

(i) Defined contribution plans

A defined contribution plan is a pension or provident plan under which the group pays fixed contributions into a separate entity. The group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

(ii) Bonus plans – short-term incentives and staff bonuses

The group recognises a liability and an expense for bonuses, based on a formula that takes into consideration the profit attributable to the company's shareholders after certain adjustments and the performance of the respective employees. The amounts are only finalised after the group's year end. The group recognises the liability where an estimate can be made of the amount to be paid based on the rules of the scheme and the directors are of the opinion that it is probable that such bonuses will be paid. This liability is included in "Provisions" in the statement of financial position.

(iii) Share-based payments – equity-settled schemes

Where the group operates equity-settled, share-based compensation plans, the fair value of the employee services received by the company and/or its subsidiaries in exchange for the grant of the options is recognised as an expense. The group's historical share-based payments – equity-settled schemes have been discontinued – refer to note 1(q).

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *continued*

(w) Employee benefits *continued*

(iv) Goods or services settled in cash

Goods or services, including employee services received in exchange for cash-settled, share-based payments, are recognised at the fair value of the liability incurred and are expensed when consumed or capitalised as assets. The liability is remeasured at each reporting date to its fair value, with all changes recognised immediately in profit or loss.

The fair value of the long-term incentive plan liability is determined at each reporting date by reference to the company's share price. This is adjusted for management's best estimates of the appreciation, bonus and performance units expected to vest and management's best estimate of the performance criteria assumptions on the performance units.

(vi) Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. An accrual is made for the estimated liability to the employees for annual leave up to the reporting date. This liability is included in "Trade and other payables" in the statement of financial position.

(vii) Long-service awards

A liability and an expense are recognised for long-service awards where cash is paid to qualifying employees at certain milestone dates in their careers. The valuation to determine the liability is performed annually. This liability is included in "Provisions" in the statement of financial position.

(x) 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 group'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 consolidated financial statements, except where the temporary difference arises from goodwill or from the initial recognition (other than a business combination) of other assets and liabilities in a transaction that affects neither accounting nor taxable profit or loss.

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 taxable entity.

(y) Dividend distributions

Dividend distributions to the company's shareholders are recognised as a liability in the group's financial statements in the period in which the dividends are approved by the company's board of directors. Dividends *in specie* are valued at cost.

(z) Functional and presentation currency

Items included in the financial statements of the group 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 group'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 group. The group 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 are expected to have a material effect on the consolidated results of operations or financial position of the group. The group 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 group has decided not to early adopt, are shown below:

IFRS 16 *Leases*

Lease Liability in a Sale and Leaseback: The narrow-scope amendment requires a seller-lessee in a sale and leaseback transaction to determine "lease payments" or "revised lease payments" in a way that the seller-lessee would not recognise any amount of a gain or loss relating to the right of use retained by the seller-lessee. The new requirement does not prevent the seller-lessee from recognising in profit or loss any gain or loss relating to the partial or full termination of a lease. The group does not anticipate a material impact on the group's leasing arrangements of the application of IFRS 16 amendments due to the group not having any sale and lease back arrangements. IFRS 16 amendment must be applied for financial years commencing on or after 1 January 2024.

IFRS 17 *Insurance Contracts*

Under IFRS 17, the general model requires entities to measure an insurance contract at initial recognition at the total of the fulfilment cash flows (comprising the estimated future cash flows, an adjustment to reflect the time value of money and an explicit risk adjustment for non-financial risk) and the contractual service margin. The fulfilment cash flows are remeasured on a current basis each reporting period. The unearned profit (contractual service margin) is recognised over the coverage period.

Aside from this general model, the standard provides, as a simplification, the premium allocation approach. This simplified approach is applicable for certain types of contracts, including those with a coverage period of one year or less.

For insurance contracts with direct participation features, the variable fee approach applies. The variable fee approach is a variation on the general model. When applying the variable fee approach, the entity's share of the fair value changes of the underlying items is included in the contractual service margin. As a consequence, the fair value changes are not recognised in profit or loss in the period in which they occur but over the remaining life of the contract.

The group does not anticipate a material impact on the group's insurance arrangements of the application of IFRS 17 due to the insurance captive no longer writing third-party short-term insurance (refer to note 49.3 *Insurance and reinsurance risk*). IFRS 17 must be applied for financial years commencing on or after 1 January 2023.

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 group's accounting policies. The group 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 group's net debt to adjusted EBITDA ratio at the 31 March 2023 year end, as measured for covenant purposes, amounted to a 2.0 times multiple, which has reduced from the 2.9 multiple at the 31 March 2022 year end. The required ratio in terms of the group's debt covenants is less than a 3.0 times multiple. At the date of this report, the directors are not aware of any circumstances whereby the group should not be able to achieve the covenant requirements for March 2024. The group managed to reduce its net interest-bearing debt and guarantees by approximately R1.0 billion, from R9.0 billion at 31 March 2022 to R8.0 billion at 31 March 2023.

The cash flow and liquidity projections for the group were prepared for a period exceeding 12 months from the reporting date and included performing sensitivity analyses. Based on the forecast performed, the directors are of the opinion that the group has sufficient access to liquidity and facilities to fund operations for the ensuing 12 months. Following the group's achievement of its medium-term debt leverage target, this target has been reset with the group now aiming to reduce its net debt to adjusted EBITDA ratio to lower than a 1.8 times multiple in the medium term, thereby further decreasing risk and funding costs.

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

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

(b) Estimated impairment of goodwill and indefinite lived intangible assets and impairment reversals of indefinite lived intangible assets

The group tests annually whether goodwill and indefinite lived intangible assets have suffered any impairment in accordance with the accounting policy stated in notes 1(d) and 1(h). The recoverable amounts of CGUs have been determined based on the higher of "value in use" and "fair value less costs of disposal" calculated for each CGU. These calculations require the use of estimates as noted in notes 22 and 23 of the consolidated financial statements. Significant judgement is required when evaluating the inputs into the calculations and therefore this is seen as critical to the estimation uncertainty.

(c) Estimated fair value of financial instruments that are not traded in an active market

The fair value of financial instruments that are not traded in an active market (for example, unlisted investments) is determined by using valuation techniques. The group uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period, which includes making adjustments on publicly reported information to arrive at an estimated base year for the forecast cash flows.

Unlisted equity investments

The group uses estimates for the discounted cash flow analysis for the valuing of the group's unlisted equity investments at FVOCI financial assets that are not traded in an active market. Refer to note 25 for the significant unobservable inputs together with a sensitivity analysis should these significant unobservable inputs change.

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *continued*

(d) Critical judgement – categorisation of unlisted equity investments

With respect to the categorisation of the group's investments in SunWest International Proprietary Limited ("SunWest") and Worcester Casino Proprietary Limited ("Worcester") (refer to note 25) the group has pre-emptive rights but no representation on the board of directors of either company and has no operational responsibilities. The group also has no access to any information regarding the companies except for that to which it has statutory rights as a shareholder. These investments are therefore classified as level 3 fair value measurements and have been accounted for as equity instruments at FVOCI, and not associate investments.

(e) Estimated fair value of investment property

The fair value of investment property is determined by using valuation techniques. The group uses its judgement to select a method and makes assumptions that are mainly based on market conditions existing at the end of each reporting period. Refer to note 21 for the significant unobservable inputs together with a sensitivity analysis should these significant unobservable inputs change.

(f) Business combinations

The acquisition of a business by the group requires the application of judgements and estimates.

In order to determine whether the group has control over an acquired entity, the group makes judgements based on the terms and conditions of the respective transaction in order to ensure it in fact has control of the variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The fair value is obtained by applying valuation techniques performed on discounted cash flow bases which require inputs estimated by management. Future events could cause the assumptions used by the group to change which could have a significant impact on the results and net position.

Refer to note 40 for details of business combinations during the year under review.

4 RECONCILIATION OF PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY TO HEADLINE EARNINGS AND ADJUSTED HEADLINE EARNINGS

	2023 Gross Rm	2023 Net[(1)] Rm	2022 Gross Rm	2022 Net[(1)] Rm
Profit attributable to equity holders of the company		**1 744**		1 405
(Less)/add: Headline adjustments				
Gain on disposal of property	**(77)**	**(66)**	–	–
Loss/(gain) on disposal of plant and equipment	**5**	**4**	(2)	(2)
Gain on disposal of assets classified as held for sale	**(6)**	**(5)**	(11)	(8)
Impairment of property, plant and equipment	**39**	**20**	10	7
Impairment of right-of-use assets	**5**	**3**	–	–
Impairment reversal of intangible assets	**(198)**	**(144)**	(298)	(227)
Impairment of intangible assets	**39**	**27**	–	–
Fair value adjustment of investment properties	**17**	**13**	(10)	(8)
Insurance proceeds received for capital assets	**(5)**	**(4)**	(20)	(14)
Headline earnings		**1 592**		1 153
Add/(less): Other exceptional items				
Cancellation of hotel management contracts	**399**	**289**	–	–
Cash flow hedges ineffectiveness included in profit or loss[(2)]	**(78)**	**(57)**	–	–
Adjusted headline earnings[(3)]		**1 824**		1 153
Number and weighted average number of shares in issue (million)		**1 046**		1 046
Basic and diluted earnings per share (cents)		**167**		134
Basic and diluted headline earnings per share (cents)		**152**		110
Basic and diluted adjusted headline earnings per share (cents)		**174**		110

(1) *Net of tax and non-controlling interests*
(2) *Included in finance costs*
(3) *Adjusted headline earnings are defined as earnings attributable to equity holders of the company adjusted for after tax non-recurring expenditure items which are regarded as unusual and are infrequent and are considered to distort the numbers if they were not adjusted, and headline adjustments in terms of Circular 1/2021* Headline Earnings*. This measure is not required by IFRS, is audited, is commonly used in the industry and used by management to make decisions on the application of resources*

5 RECONCILIATION OF OPERATING PROFIT TO EBITDA

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

Refer to note 6 *Segment information* in respect of the group's definition of EBITDA.

6 SEGMENTAL ANALYSIS

The group's reporting lines and precincts are grouped under separate regional managers who report on a regional basis to the chief executive officer. In terms of IFRS 8 *Operating Segments*, the CODM has been identified as the group's Chief Executive Officer.

For casinos, in order to assess performance and allocate resources, the chief operating decision maker reviews the businesses by region and thus the group considers its reportable segments to be geographical and has presented a segmental analysis by region. The group applies the aggregation criteria being that the casino businesses are all similar in nature, profit generation and class of customer in each province. Furthermore, each province has its own gambling board which governs the respective businesses. In terms of the quantitative threshold, although Mpumalanga and Western Cape do not meet the 10% profit threshold, the group is voluntarily disclosing these as separate segments, being more than one casino in separate provinces. The Eastern Cape and Free State provinces comprise a single casino each, and are individually immaterial, therefore these casinos are now combined in the segmental table within "Other casinos". Comparatives have been re-aligned in accordance with IFRS 8 *Operating Segments*. With effect from 12 September 2022, the group acquired an effective 55% interest in Emerald Safari Resort Proprietary Limited ("Emerald") operating in Gauteng which has been included in the Casinos – Gauteng segment (refer to note 40).

The group consists of the 14 casino precincts, comprising casinos and hotels generating gaming win and related revenue, together with Bingo (Galaxy Bingo) and VSlots (Vukani) which consist of electronic bingo terminals and limited payout machines ("LPMs"). Other group operations consist mainly of head office costs.

The CODM assesses the performance of the operating segments based on EBITDA. The measure excludes the effects of items that are regarded as unusual and are infrequent and are considered to distort the numbers if they were not adjusted, and headline adjustments in terms of Circular 1/2021 *Headline Earnings*.

Finance income and finance costs are not included in the results for each operating segment as this is driven by the group's treasury function which manages the cash and debt position of the group. No measure of total assets and liabilities for the reportable segments has been provided as such amounts are not regularly provided to the CODM.

All income from operations is derived from external customers. No one customer contributes more than 10% to the group's total income.

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

(1) *Refer to note 5* Reconciliation of operating profit to EBITDA
(2) *All casino units are reported pre-internal management fees*
(3) *Comparatives have been re-aligned as noted above*

Investments by the segments' associates and capital expenditure for the year ended 31 March are as follows:

	Associates		Capital expenditure	
	2023 Rm	2022 Rm	**2023 Rm**	2022 Rm
Casinos	**26**	27	**425**	135
Bingo	**–**	–	**18**	113
LPMs	**–**	–	**130**	113
Other group operations	**–**	–	**9**	4
Group	**26**	27	**582**	365

7 DISAGGREGATION OF REVENUE FROM CONTRACTS WITH CUSTOMERS

The group derives revenue over time, with the exception of food and beverage revenue which is recognised at a point in time. The group has no contract assets. The table below presents revenue by segment which excludes net gaming win and other income, which are included in the segmental analysis in note 6 as these are accounted for under different accounting standards (refer to note 1(v)). Disaggregation of revenue from contracts with customers for the year under review is as follows:

	Food and beverage recognised at a point in time		Rooms revenue recognised over time		Other revenue recognised over time		Revenue from contracts with customers	
	2023 Rm	2022 Rm	**2023 Rm**	2022 Rm	**2023 Rm**	2022 Rm	**2023 Rm**	2022 Rm
Casinos	**524**	315	**501**	303	**359**	209	**1 384**	827
Gauteng	**281**	149	**288**	118	**312**	178	**881**	445
KwaZulu-Natal	**114**	78	**86**	68	**15**	10	**215**	156
Mpumalanga	**54**	38	**72**	76	**14**	9	**140**	123
Western Cape	**42**	28	**27**	20	**8**	6	**77**	54
Other casinos[1]	**33**	22	**28**	21	**10**	6	**71**	49
Bingo	**65**	50	**–**	–	**–**	5	**65**	55
LPMs	**–**	–	**–**	–	**–**	3	**–**	3
Other group operations	**–**	–	**–**	–	**–**	2	**–**	2
Group	**589**	365	**501**	303	**359**	219	**1 449**	887
Reconciliation to segmental analysis in note 6:								
Net gaming win							**9 627**	7 779
Revenue from contracts with customers per above							**1 449**	887
Other income (note 8)							**242**	272
Total income per the segmental analysis							**11 318**	8 938

	2023 Rm	2022 Rm
Other revenue is made up as follows:		
Theme Park	**184**	110
Cinemas	**48**	29
Other hotel revenue[2]	**–**	10
Venue hire	**23**	8
Parking	**12**	7
Other revenue[3]	**92**	55
	359	219

[1] *Comparatives have been re-aligned as noted in the segmental analysis – refer to note 6*
[2] *Other hotel revenue consists mainly of revenue related to the group's hosting of sporting events during the ongoing COVID-19 pandemic as a bio-bubble*
[3] *Other revenue consists mainly of entrance fees and other sundry revenue*

8 OTHER INCOME

	2023 Rm	2022 Rm
Rental income from operating leases – property, plant and equipment (note 19)	**120**	67
Rental income from operating leases – investment property (note 21)	**36**	36
Dividends from investments in equity instruments designated at FVOCI (note 25)	**74**	54
Insurance proceeds received	**1**	111
Insurance premiums from insurance business (net)	**–**	4
Premium income from insurance underwriting business	**–**	12
Reinsurance premiums	**–**	(8)
Other sundry income	**11**	–
	242	272

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

9 GAMING LEVIES AND VAT

	2023 Rm	2022 Rm
Gaming levies	**974**	788
VAT	**1 141**	920
	2 115	1 708

10 EMPLOYEE COSTS

	2023 Rm	2022 Rm
Employee costs (including executive directors' remuneration):		
Salaries and wages	**1 696**	1 418
Long service award provision reversal (note 37)	**(4)**	(8)
Termination benefits	**–**	14
Pension – defined contribution plans	**51**	2
Long-term incentive expense – cash-settled (note 36.2)	**93**	63
	1 836	1 489

11 OTHER OPERATING EXPENSES

	2023 Rm	2022 Rm
Gain on disposal of property, plant and equipment	**(72)**	(2)
Gain on disposal of assets classified as held for sale	**(6)**	(11)
Insurance proceeds received for capital assets	**(5)**	(20)
Auditors' remuneration	**27**	24
Audit fees – current year	**25**	23
Other services and expenses	**2**	1
Bank charges	**105**	85[5]
Cleaning	**164**	119[5]
Advertising, marketing and promotional costs	**346**	220
External consultants	**42**	29
Food and beverage costs and operating equipment usage	**275**	179
Impairment charge for bad and doubtful debts, net of recoveries	**5**	11
Information technology-related costs	**85**	97
Insurance claims from insurance business (net)	**5**	2
Insurance claims expense	**3**	3
Reinsurance claims adjustments, net of recoveries	**2**	(1)
LPM site owners' commission	**577**	503
Management fees[1]	**44**	38
Monitoring fees for sites	**116**	103
Property and equipment lease rentals	**143**	117
Short-term leases	**25**	21
Properties	**11**	16
Gaming and other equipment	**14**	5
Low-value assets	**7**	6
Gaming and other equipment	**7**	6
Variable lease payments not included in lease liabilities	**111**	90
Properties	**7**	5
Gaming equipment	**104**	85
Property and equipment lease concessions	**(2)**	(14)
Properties	**–**	(4)
Gaming equipment	**(2)**	(10)
Property costs – rates, water and electricity	**480**	423[3]
Property costs – diesel	**98**	10[3]
Repairs and maintenance expenditure on property, plant and equipment	**210**	150
Reversal of expected credit loss allowances, net of charges	**(3)**	(11)
Security and surveillance costs	**133**	106[2]
Share-based charge/(credit) (NCI)	**10**	(3)[4]
Other operating expenses	**541**	425[2] [4] [5]
	3 318	2 580

[1] *Mainly paid to Southern Sun Limited – refer to note 46.1* Related parties

[2] *Previously the group reported "Rooms departmental expenses", however with the group bringing the management of its hotels inhouse (refer to note 46), the group has reclassified these expenses by nature to align with its reporting. Hence an amount of R53 million has been reclassified to Security and surveillance costs of R4 million, R23 million to Cleaning and R49 million to "Other operating expenses"*

[3] *Due to the significant impact of load shedding on the group's cost of diesel (refer to note 22), this expense has been disaggregated from property costs and shown separately*

[4] *Due to the prior year amount not being significant, the R3 million credit was previously included in "Other operating expenses", now disaggregated as current year change shown separately*

[5] *Due to the amounts being significant, both bank charges and cleaning have been disaggregated from "Other operating expenses" and shown separately within note 11. The remaining amounts included within "Other operating expenses" consist of gaming licences, film rentals, corporate social investment and other sundry costs, none of which are individually material*

12 AMORTISATION AND DEPRECIATION

	2023 Rm	2022 Rm
Depreciation of property, plant and equipment (note 19)	**691**	711
Depreciation of right-of-use assets (note 20)	**48**	52
Amortisation of intangible assets (note 23)	**17**	20
	756	783

13 IMPAIRMENT REVERSAL OF NON-CURRENT ASSETS

	2023 Rm	2022 Rm
Impairment reversal of intangible assets (note 23)	**198**	298

14 IMPAIRMENT OF NON-CURRENT ASSETS

	2023 Rm	2022 Rm
Impairment of property, plant and equipment (note 19)	**39**	10
Impairment of right-of-use assets (note 20)	**5**	–
Impairment of intangible assets (note 23)	**39**	–
	83	10

15 FINANCE INCOME

	2023 Rm	2022 Rm
Interest received from banks	**47**	20
Effective interest income on loans to LPM site owners	**9**	4
Interest received – other	**4**	2
	60	26

16 FINANCE COSTS

	2023 Rm	2022 Rm
Finance costs in respect of interest-bearing debt	**707**	757
Interest expense in respect of lease liabilities	**29**	31
Effective interest expense on loans to LPM site owners	**8**	4
Cash flow hedge ineffectiveness to profit or loss (note 35)	**(78)**	–
	666	792

17 INCOME TAX EXPENSE

	2023 Rm	2022 Rm
Profit or loss		
Current tax – current year charge	**522**	347
Current tax – over provision prior year	**(9)**	(7)
Deferred tax – current year charge	**119**	188
Deferred tax – over provision prior year	**(5)**	(6)
Deferred tax – change in corporate tax rate[1]	**–**	(44)
	627	478
Other comprehensive income		
Tax charge relating to components of other comprehensive income on items that may be reclassified subsequently to profit or loss:		
Cash flow hedges	**11**	52

[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 all deferred tax balances that were expected to reverse after 1 April 2022*

	2023 Rm	2023 %	2022 Rm	2022 %
Income tax rate reconciliation				
Profit before income tax	**2 395**		1 912	
Income tax thereon at 27% (2022: 28%)	**647**	**27.0**	536	28.0
Exempt income/credits:				
Dividend income	**(20)**	**(0.8)**	(15)	(0.8)
Share of profit of associates	**(3)**	**(0.1)**	(1)	(0.1)
Other non-taxable credits	**(2)**	**(0.1)**	–	–
Expenses/debits not deductible for tax purposes:				
Amortisation and depreciation	**5**	**0.2**	5	0.3
Impairment of non-current assets	**1**	**–**	–	–
Other non-deductible items	**9**	**0.4**	3	0.2
Capital gains tax rate differentials:				
Gain on disposal of property, plant and equipment	**(8)**	**(0.3)**	(1)	(0.1)
Fair value adjustment on investment properties	**1**	**–**	–	–
Other:				
Deferred tax not provided on losses	**11**	**0.5**	8	0.4
Over provisions prior year	**(14)**	**(0.6)**	(13)	(0.7)
Deferred tax – change in corporate tax rate	**–**	**–**	(44)	(2.2)
	627	**26.2**	478	25.0

18 DIVIDENDS DECLARED

	2023 Rm	2022 Rm
Ordinary		
Final dividend	**199**	–
Interim dividend	**315**	–
	514	–
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 53 in respect of the dividend declared and paid after the reporting date.		
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**	

19 PROPERTY, PLANT AND EQUIPMENT	Land and buildings Rm	Leasehold improvements Rm	Assets in the course of construction Rm	Plant and equipment Rm	Operating equipment Rm	Total Rm
Year ended 31 March 2023						
Opening net carrying amount	**6 174**	**205**	**4**	**1 681**	**45**	**8 109**
Acquisition of business (note 40)	**342**	**–**	**–**	**46**	**–**	**388**
Additions	**9**	**13**	**68**	**426**	**26**	**542**
Reclassification from held for sale (note 39)	**37**	**–**	**–**	**–**	**–**	**37**
Depreciation charge	**(121)**	**(33)**	**–**	**(537)**	**–**	**(691)**
Disposals and operating equipment usage	**(51)**	**–**	**–**	**(17)**	**(15)**	**(83)**
Impairments	**(1)**	**–**	**–**	**(34)**	**(4)**	**(39)**
Transfers	**10**	**–**	**(30)**	**20**	**–**	**–**
Closing net carrying amount	**6 399**	**185**	**42**	**1 585**	**52**	**8 263**
At 31 March 2023						
Cost	**7 696**	**457**	**42**	**5 820**	**52**	**14 067**
Accumulated depreciation	**(1 297)**	**(272)**	**–**	**(4 235)**	**–**	**(5 804)**
Net carrying amount	**6 399**	**185**	**42**	**1 585**	**52**	**8 263**
Year ended 31 March 2022						
Opening net carrying amount	6 276	216	2	2 017	49	8 560
Additions	7	27	4	243	7	288
Reclassification to held for sale	9	–	–	–	–	9
Depreciation charge	(112)	(28)	–	(571)	–	(711)
Disposals and operating equipment usage	–	(11)	–	(5)	(11)	(27)
Impairments	(5)	–	–	(5)	–	(10)
Transfers	(1)	1	(2)	2	–	–
Closing net carrying amount	6 174	205	4	1 681	45	8 109
At 31 March 2022						
Cost	7 402	447	4	5 613	45	13 511
Accumulated depreciation	(1 228)	(242)	–	(3 932)	–	(5 402)
Net carrying amount	6 174	205	4	1 681	45	8 109
At 31 March 2021						
Cost	7 396	442	2	5 590	49	13 479
Accumulated depreciation	(1 120)	(226)	–	(3 573)	–	(4 919)
Net carrying amount	6 276	216	2	2 017	49	8 560

During each reporting period, the group reassesses the useful lives and residual values of its property, plant and equipment. Adjustments to depreciation in respect of the reassessed useful lives and residual values are made prospectively. The adjustment to useful lives resulted in a credit to the depreciation charge of R39 million (2022: credit of R43 million). The effect of the change in the useful lives in future periods is considered impracticable to estimate. The reassessment of residual values resulted in a debit to the depreciation charge during the year of R5 million (2022: debit of R7 million) and will result in a debit of R8 million in the following year.

Changes in useful lives and residual values are not considered significant estimates and judgements as any changes in useful lives and residual values have historically been gradual and any adjustments made, where necessary, have not been significant.

19 PROPERTY, PLANT AND EQUIPMENT *continued*

The following land and buildings and plant and equipment at properties with respective carrying amounts were impaired during the year. Impairments are included in "Impairment of non-current assets" in the statement of profit or loss.

	2023 Rm	2022 Rm
Equipment, fixtures and fittings impaired for Hemingways precinct (note 23)	**32**	–
Various casinos and hotels equipment written off due to obsolescence	**5**	–
Buildings due to recoverable amounts assessments	**–**	5
LPM machines written off due to KZN and Gauteng July 2021 riots	**–**	3
Various other smaller items written off	**2**	2
	39	10

Where the group is the lessor

The group rents out commercial office space at its properties.

As at 31 March 2023, the group's gross lettable area at the properties was 78 193m^2 (2022: 79 141m^2), of which 70 384m^2 (2022: 68 051m^2) was let.

Rental income is based on fixed, fixed and variable and variable lease agreements concluded with tenants. Variable rentals are mainly based on the turnover amounts of the respective tenants. The majority of the leases are fixed and variable with the fixed rental amounts resetting after a number of years. Property rentals (included in other income note 8) earned during the year is as follows:

	2023 Rm	2022 Rm
Rental income from property operating leases under IFRS 16 is as follows:		
Fixed	**64**	28
Variable	**56**	39
	120	67

Lease concessions granted by the group to its tenants (operating leases) amounted to R0.4 million (2022: R4 million) and these have been accounted for as new leases effective from the date of modification.

The casinos retain the rights to the properties rented and mitigate their risk of the underlying properties by requiring deposits or bank guarantees from the lessees and/or personal suretyships. In addition, lessees are required to provide proof of their third-party indemnity insurance. Expectations about the future residual values are reflected in the recoverable assessments of the properties.

At the reporting date the group had contracted with tenants for the following future minimum undiscounted lease payments under non-cancellable operating leases for property, plant and equipment. The rentals below relate only to fixed rentals and do not include any variable rentals or escalations based on CPI:

	2023 Rm	2022 Rm
Not later than 1 year	**49**	52
Between 1 and 2 years	**39**	39
Between 2 and 3 years	**20**	29
Between 3 and 4 years	**10**	13
Between 4 and 5 years	**5**	5
After 5 years	**3**	–
	126	138

20 RIGHT-OF-USE ASSETS

The group leases various properties, the most significant being the Golden Horse Casino land, leases of various properties at the bingo business sites and offices at certain of the LPM business sites as well as gaming equipment at the casinos.

	Land and buildings Rm	Gaming equipment Rm	Total Rm
Year ended 31 March 2023			
Opening net carrying amount	**231**	**6**	**237**
Additions	**6**	**7**	**13**
Depreciation	**(42)**	**(6)**	**(48)**
Impairments	**(5)**	**–**	**(5)**
Remeasurement of leases	**3**	**–**	**3**
Terminations	**(3)**	**(2)**	**(5)**
Closing net carrying amount	**190**	**5**	**195**
At 31 March 2023			
Cost	**438**	**13**	**451**
Accumulated depreciation	**(248)**	**(8)**	**(256)**
Net carrying amount	**190**	**5**	**195**
Year ended 31 March 2022			
Opening net carrying amount	207	17	224
Additions	61	–	61
Depreciation	(41)	(11)	(52)
Remeasurement of leases	7	–	7
Terminations	(3)	–	(3)
Closing net carrying amount	231	6	237
At 31 March 2022			
Cost	448	58	506
Accumulated depreciation	(217)	(52)	(269)
Net carrying amount	231	6	237
At 31 March 2021			
Cost	386	58	444
Accumulated depreciation	(179)	(41)	(220)
Net carrying amount	207	17	224

The impairment to right-of-use assets of R5 million during the year under review is in respect of the Hemingways precinct as mentioned in note 23 *Other intangible assets*. Impairments are included in "Impairment of non-current assets" in the statement of profit or loss.

21 INVESTMENT PROPERTIES

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

The group rents out commercial office space at its investment properties. The group has elected to measure investment properties at fair value (refer to note 51). Fair values are estimated annually by an independent valuer who holds a recognised and relevant professional qualification and has recent experience in the location and category of the investment properties being valued.

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

Significant estimate – unobservable inputs used in the fair value measurement

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

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

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

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

Investment properties are leased to tenants under operating leases with rentals payable monthly. Rental income is based on fixed lease agreements concluded with tenants and included in other income in note 8.

	2023 Rm	2022 Rm
Rental income from investment property operating leases, all fixed, no variable leases	**36**	36
Direct operating expenses from property that generated rental income	**(18)**	(15)

There were no direct operating expenses from property that did not generate rental income.

21 INVESTMENT PROPERTIES *continued*

No lease concessions were granted by the group to its tenants (operating leases) during the year under review (2022: R0.2 million lease concessions granted). Prior year leases were accounted for as new leases effective from the date of modification.

Refer to note 19 *Property, plant and equipment* for reference as to how the group manages risk for the rights it retains in the underlying assets.

At the reporting date the group had contracted with tenants for the following future minimum lease payments under non-cancellable operating leases for investment properties. The rentals below relate only to fixed rentals (there are no variable rentals):

	2023 Rm	2022 Rm
Not later than 1 year	**26**	27
Between 1 and 2 years	**19**	19
Between 2 and 3 years	**13**	12
Between 3 and 4 years	**9**	6
Between 4 and 5 years	**5**	2
After 5 years	**22**	–
	94	66

22 GOODWILL

	2023 Rm	2022 Rm
At 31 March	**1 461**	1 461

Goodwill is allocated and monitored based on the group's CGUs. A summary of the goodwill allocation is as follows per CGU:

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

Impairment test for goodwill and casino licences (refer to note 23 for casino licences)

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

Significant estimate: key assumptions

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

22 GOODWILL *continued*

Significant estimate: key assumptions *continued*

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

- Trading assumptions – management forecast income, operating expenses and EBITDA margins are based on past and current performance, its expectations of market developments post the COVID-19 pandemic and the aforementioned inflationary impacts of the Eskom power crisis and the Russia/Ukraine conflict. As from 23 June 2022, the National State of Disaster, together with all remaining COVID-19 restrictions were lifted and, therefore, no further impact of COVID-19 infections have been provided for in the cash flow forecasts. Management continued to focus on previously implemented cost reductions and operational efficiencies during the reporting period, resulting in maintaining reduced cost bases and improved margins. Certain expenses, some of which are beyond the group's control (such as administered property costs and high diesel costs incurred due to load shedding), have increased, offsetting some of the saving initiatives achieved. Taking the aforementioned into account, the group's forecast models assume continued recovery for the 2024 financial year cash flow forecasts, and growth levelling off with effect from 2025. The significant unobservable inputs used in the trading assumptions as at 31 March 2023 compared to 31 March 2022 are shown below:
  - Expected income, including gaming win, food and beverage, hotel rooms revenue and other income grows by 7% for the 2024 financial year, then levels out to growths of 5% for 2025 and then 4% for the following years (31 March 2022: expected income, including gaming win, food and beverage, hotel rooms revenue and other income grew at trading growths of 3% for the forecast years from 2024); and
  - Expected operating expenditure costs increase on average by 10% for the 2024 financial year, then levels out to increases of 6% for 2025 and then 5% for the following years (31 March 2022: expected operating expenditure costs levelled out to increases of 4% for the forecast years from 2024);
- Long-term growth rate – cash flows beyond the first five-year period are extrapolated using estimated long-term growth rates in order to calculate the terminal recoverable amount. The growth rate estimations consider risks associated with the gaming, entertainment and hospitality industry in which the CGUs operate. The group considers a long-term growth rate of 5.0% more appropriate compared to the 31 March 2022 rate of 4.7% due to the higher inflationary conditions in the South African economy; and
- Risk adjusted discount rate – the discount rate is calculated by using a weighted average cost of capital ("WACC") of the respective CGUs. WACC is calculated using a risk-free rate referenced to the 10 year point on the SA Government Bond curve and an equity premium adjusted for specific risks relating to the relevant CGUs (share beta and small stock premium). The pre-tax discount rates have increased marginally in comparison with the prior year due to a higher risk-free rate, offset by a lower weighted average cost of debt and share beta. The COVID-19 pandemic triggered a reduction in interest rates that has reversed since late 2021 in response to rising inflation, hence there have been a number of increases in rates by the South African Reserve Bank. The Eskom power crisis has also had a negative impact on rates. The group believes the discount rate will return to more normal levels over the medium term.

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

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

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

Significant estimate – impairment charges

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

Significant estimate – impact of possible changes in key assumptions

The group's impairment reviews are sensitive to changes in the key assumptions described above. Based on the group's sensitivity analysis, a reasonable possible change in a single assumption will not cause any goodwill impairment loss in any of the group's CGUs, as the group's CGUs have significant headroom available between the calculated values in use and the carrying amount of goodwill allocated to each CGU. Refer also to note 3(b) *Critical accounting estimates and judgements – Estimated impairment of goodwill and indefinite lived intangible assets*.

23 OTHER INTANGIBLE ASSETS

	Casino licences and bid costs Rm	Computer software Rm	Intellectual property Rm	Total Rm
Year ended 31 March 2023				
Opening net carrying amount	**3 137**	**14**	**32**	**3 183**
Acquisition of business (note 40)	**5**	**–**	**–**	**5**
Additions	**–**	**7**	**–**	**7**
Amortisation charge	**(5)**	**(7)**	**(5)**	**(17)**
Impairment reversals	**198**	**–**	**–**	**198**
Impairments	**(39)**	**–**	**–**	**(39)**
Closing net carrying amount	**3 296**	**14**	**27**	**3 337**
At 31 March 2023				
Cost	**4 570**	**157**	**49**	**4 776**
Accumulated amortisation	**(181)**	**(142)**	**(22)**	**(345)**
Accumulated impairments	**(1 093)**	**(1)**	**–**	**(1 094)**
Net carrying amount	**3 296**	**14**	**27**	**3 337**
Year ended 31 March 2022				
Opening net carrying amount	2 842	24	37	2 903
Additions	2	–	–	2
Amortisation charge	(5)	(10)	(5)	(20)
Impairment reversals	298	–	–	298
Closing net carrying amount	3 137	14	32	3 183
At 31 March 2022				
Cost	4 565	149	49	4 763
Accumulated amortisation	(176)	(135)	(17)	(328)
Accumulated impairments	(1 252)	–	–	(1 252)
Net carrying amount	3 137	14	32	3 183
At 1 April 2021				
Cost	4 563	146	49	4 758
Accumulated amortisation	(171)	(122)	(12)	(305)
Accumulated impairments	(1 550)	–	–	(1 550)
Net carrying amount	2 842	24	37	2 903

23 OTHER INTANGIBLE ASSETS *continued*

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

	Carrying amount		Remaining useful life	
	2023 Rm	2022 Rm	**2023**	2022
Indefinite lives:				
Montecasino[(1)]	**70**	70	**Indefinite**	Indefinite
Suncoast[(1)]	**105**	105	**Indefinite**	Indefinite
Gold Reef City[(1) (2)]	**1 765**	1 567	**Indefinite**	Indefinite
Silverstar[(1) (2)]	**289**	289	**Indefinite**	Indefinite
Golden Horse[(2)]	**554**	554	**Indefinite**	Indefinite
Garden Route[(2)]	**252**	252	**Indefinite**	Indefinite
Mykonos[(2)]	**215**	215	**Indefinite**	Indefinite
Goldfields[(2)]	**12**	40	**Indefinite**	Indefinite
Blackrock[(1)]	**1**	1	**Indefinite**	Indefinite
Emerald[(3)]	**5**	–	**Indefinite**	N/a
Galaxy[(4)]	**13**	13	**Indefinite**	Indefinite
Kuruman[(5)]	**7**	7	**Indefinite**	Indefinite
Definite lives:				
Hemingways[(6)]	**3**	19	**3 years**	4 years
Vukani[(4)]	**4**	4	**4 – 18 years**	5 – 19 years
Bet.co.za[(7)]	**1**	1	**14 years**	15 years
	3 296	3 137		

(1) Relate to additional gaming positions
(2) Relate to the casinos acquired on the reverse acquisition of Gold Reef during the 2011 financial year
(3) Acquisition of Emerald during the year under review (refer to note 40). The licence cost has an indefinite useful life
(4) Acquisition of the Bingo and LPM businesses as a common control acquisition during the 2018 financial year, and an acquisition of a Bingo Witbank licence during the 2021 financial year (R12 million)
(5) Acquisition of Kuruman as a common control transaction during the 2019 financial year
(6) Relates to corporate social investment spend
(7) Acquisition of Bet.co.za as a common control transaction during the 2021 financial year

Significant estimate – impairment charges and reversals

Taking into account the revised assumptions as described in note 22 *Goodwill*, with respect to licences with indefinite lives, the group recognised an impairment reversal of R198 million in respect of the Gold Reef City precinct and an impairment in respect of the Goldfields precinct of R28 million (2022: the group recognised impairment reversals of R298 million made up of the Gold Reef City (R149 million), Silverstar (R142 million) and Goldfields (R7 million) precincts). The impairment reversal was mainly due to the five-year forecast cash flows reflecting an improvement compared to those expected at 31 March 2022, offset by the marginal increase in the discount rate mentioned in note 22. The impairment in respect of the Goldfields precinct is due to lower actual and forecast trading, together with reducing margins, which is indicative of the area in which the precinct is located. Where applicable, impairment and impairment reversals are included in "Impairment of non-current assets" and "Impairment reversals of non-current assets" in the statement of profit or loss.

With regards to the Hemingways precinct, taking into account the revised assumptions as described in note 22, together with an EBITDA margin averaged over the five year forecast period of 15% and a discount rate of 19.8% (pre-tax), an impairment of the CGU was identified as being R48 million. This impairment has been recognised on an apportionment basis over the assets of the CGU (this precinct does not have any intangible assets with indefinite lives allocated to it). The impairment was due to lower actual and forecast trading, together with reducing margins, which is indicative of the area in which the precinct is located. The impairment of R48 million has been applied to the following non-current assets:

	Rm
Property, plant and equipment (note 19)	**32**
Right-of-use assets (note 20)	**5**
Licence and bid costs (included in intangible assets noted above)	**11**
	48

23 OTHER INTANGIBLE ASSETS *continued*

Significant estimate: impact of possible changes in key assumptions

The group's impairment reviews are sensitive to changes in the key assumptions described in note 22. Based on the group's sensitivity analysis, a reasonable possible change in a single assumption will not cause a material impairment loss in any of the group's CGUs, as the group's CGUs have significant headroom available between the calculated values in use and the intangible asset allocated to each CGU, other than the below CGUs. Refer also to note 3b *Critical accounting estimates and judgements – Estimated impairment of goodwill and indefinite lived intangible assets*.

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

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

[1] *Refer to note 22 for key assumptions*

The following reflects the total impairment of other non-current assets in respect of Hemingways, that would be recognised if a reasonable possible change in a key assumption noted above, on which the group has based its determination of the Hemingways' recoverable amount, would cause Hemingways' respective non-current assets' carrying amounts to exceed their recoverable amounts (there were no impairments in the prior year):

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

24 INVESTMENTS IN ASSOCIATES

	2023 Rm	2022 Rm
At 1 April	**27**	33
Share of profit after tax and other interests of associates	**9**	2
Dividends received	**(10)**	(8)
At 31 March	**26**	27

The group's interest in associate entities is as follows:

- 50% in TMCTS Management Company Proprietary Limited which operates entertainment venues in eight of the group's properties; and
- 50% in Three Groups Cinemas Proprietary Limited which operates cinemas at the group's Suncoast casino property.

The group has no share of associates' contingent liabilities or capital commitments.

The group does not consider its investments in associates significant and therefore no further disclosure is provided in this regard.

25 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Financial assets at fair value through OCI comprise investments in equity instruments which are not held for trading, and which the group has irrevocably elected at initial recognition to recognise in this category. These are strategic investments and therefore the group considers this classification relevant. Refer to notes 3c *Critical accounting estimates and judgements – Fair value of financial instruments that are not traded in an active market* and 51 *Fair value estimation*. Dividends received are included in other income (note 8). Deferred tax is not provided on the fair value adjustments of the group's equity instruments at FVOCI due to the future profitability of the respective holding entities not being anticipated to produce taxable capital gains in the foreseeable future.

	2023 Rm	2022 Rm
Unlisted		
At 1 April	**814**	675
Fair value adjustment recognised in OCI	**145**	139
At 31 March	**959**	814
Listed		
Acquired during the year	**138**	–
Fair value adjustment recognised in OCI	**(25)**	–
At 31 March	**113**	–
Total financial assets at fair value through OCI	**1 072**	814
Dividends received from:		
Unlisted	**73**	54
SunWest	**71**	50
Worcester	**2**	4
Listed	**1**	–
	74	54

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

SunWest and Worcester casinos

Previously the group entered into a transaction with Sun International Limited ("SI") and Grand Parade Investments Limited for the acquisition of a 20% equity interest in each of SunWest and Worcester. The group has pre-emptive rights but no representation on the board of directors of either company and has no operational responsibilities. The group also has no access to any information regarding the companies except for that to which it has statutory rights as a shareholder.

At the end of each reporting period, the group's 20% equity interest in each of SunWest and Worcester is remeasured, recognising the increase or decrease in other comprehensive income. The equity interests have been remeasured at 31 March 2023 to R959 million (2022: R814 million), a R145 million gain. A discounted cash flow valuation was used to estimate the fair values. The valuation models consider the present value of net cash flows to be generated from SunWest and Worcester, together with their operating capital expenditures taking into account expected growths in net gaming win and other income generated from non-gaming related activities. These cash flow forecasts are aligned to the financial reporting periods of the respective entities, being 12 months to December each year. The expected net cash flows are discounted using a risk-adjusted post-tax discount rate.

The cash flow forecasts used in the valuation anticipate the recovery in trading to continue for the entities' December 2023 financial year off a base for December 2022 that has not yet reached pre-COVID 19 levels, with relatively high gaming win growth in the December 2023 financial year and reaching normal growth rate levels from the December 2024 financial year. As mentioned in note 22, the group's view on the terminal growth rate was revised upward based on inflation projections. The aforementioned were offset by a marginally higher discount rate due to the increase in interest rates also mentioned in note 22 and an increased risk-free rate, offset by a lower weighted average cost of debt and share beta. Among other factors, the discount rate estimation considers risks associated with the gaming, entertainment and hospitality industry in which SunWest and Worcester operate.

25 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME *continued*

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

Significant estimate – unobservable inputs used in the fair value measurement

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

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

	2023 Rm	2022 Rm
Fair value of the unlisted equity instruments are made up as follows:		
SunWest	**924**	784
Worcester	**35**	30
	959	814

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

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

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

Listed financial assets at fair value through OCI comprise ordinary shares held by subsidiaries in City Lodge Hotels Limited a listed entity on the JSE. This investment is revalued to its market price as listed on the JSE at the reporting date of R3.98 per share, (refer to note 49.1(a)(iii) in respect of price risk).

26 NON-CURRENT RECEIVABLES

	2023 Rm	2022 Rm
Financial instruments		
Financial assets measured at amortised cost		
Debt investments – net	**26**	31
Amounts owing by LPM site owners – gross	**27**	33
Amounts owing by LPM site owners – loss allowance	**(1)**	(2)
Loans to NCI	**4**	11
Loans to tenants	**2**	3
Other	**2**	5
	34	50

Non-current receivables do not contain significant credit risk and there are no significant receivables past due not impaired. Refer to note 29 *Trade and other receivables* for information in respect of LPM site owners debt investments. The group does not consider the remaining non-current receivables significant and therefore no further disclosure is provided in this regard.

27 DEFERRED INCOME TAX

The movement in deferred tax assets and liabilities during the year, without taking into account the offsetting of balances of entities within the group, is as follows:

	Accelerated tax allowances Rm	Other assets[1] Rm	Debt finance costs Rm	Provisions and accruals Rm	Deferred income Rm	Right-of-use assets and lease liabilities Rm	Tax losses Rm	Items through OCI Rm	Total Rm
Deferred tax liabilities									
Balance at 1 April 2021	1 294	(6)	–	(43)	–	(13)	(154)	29	1 107
Profit or loss expense/(credit)	74	25	–	(9)	(1)	2	107	–	198
Change in corporate tax rate	(50)	–	–	2	–	–	2	–	(46)
Balance at 31 March 2022	**1 318**	**19**	**–**	**(50)**	**(1)**	**(11)**	**(45)**	**29**	**1 259**
Acquisition of business (note 40)	**38**	**–**	**–**	**(4)**	**(1)**	**–**	**(3)**	**–**	**30**
Profit or loss expense/(credit)	**46**	**(10)**	**(4)**	**6**	**(3)**	**(6)**	**48**	**–**	**77**
Deferred tax expense relating to components of other comprehensive income	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**25**	**25**
Deferred tax liability at 31 March 2023	**1 402**	**9**	**(4)**	**(48)**	**(5)**	**(17)**	**–**	**54**	**1 391**
Deferred tax assets									
Balance at 1 April 2021	29	(5)	28	15	1	8	14	40	130
Profit or loss credit/(expense)	6	1	(6)	13	1	6	(4)	–	17
Change in corporate tax rate	–	–	(1)	(1)	–	(1)	–	1	(2)
Deferred tax expense relating to components of other comprehensive income	–	–	–	–	–	–	–	(53)	(53)
Balance at 31 March 2022	**35**	**(4)**	**21**	**27**	**2**	**13**	**10**	**(12)**	**92**
Profit or loss credit/(expense)	**(54)**	**1**	**(18)**	**15**	**(1)**	**9**	**11**	**–**	**(37)**
Deferred tax expense relating to components of other comprehensive income	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**14**	**14**
Deferred tax asset at 31 March 2023	**(19)**	**(3)**	**3**	**42**	**1**	**22**	**21**	**2**	**69**
Total net deferred tax liability at 31 March 2023	**1 421**	**12**	**(7)**	**(90)**	**(6)**	**(39)**	**(21)**	**52**	**1 322**
Total net deferred tax liability at 31 March 2022	1 283	23	(21)	(77)	(3)	(24)	(55)	41	1 167

[1] *Includes investment property and prepaid expenditure*

Deferred tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable.

Deferred tax of R21 million on estimated tax losses of the group's subsidiaries relate mainly to subsidiary entities of Galaxy Bingo due to the inflationary factors on the South African economy as mentioned in note 22. The directors have considered the future profitability of these entities and, based on cash flow projections extending beyond a period of 12 months, they are anticipated to produce taxable income in the foreseeable future, these deferred tax assets are considered fully recoverable. Capital losses for capital gains tax purposes available for set off against future capital gains and for which deferred tax assets have not been raised are estimated at R338 million (2022: R457 million). Losses for normal tax purposes available for set off against future taxable income and for which deferred tax assets have not been raised are estimated at R42 million (2022: R31 million).

28 INVENTORIES

	2023 Rm	2022 Rm
Food and beverage	**28**	20
Operating equipment	**17**	24
Consumable stores	**27**	26
	72	70
The cost of food and beverage recognised as an expense and included in other operating expenses	**(234)**	(145)
The cost of operating equipment recognised as an expense and included in other operating expenses	**(31)**	(25)

There were no significant inventories written off during the year.

29 TRADE AND OTHER RECEIVABLES

	2023 Rm	2022 Rm
Financial instruments		
Financial assets measured at amortised cost		
Trade receivables (net)	**82**	78
Gross	**101**	98
Allowance for expected credit losses	**(19)**	(20)
Debt investments – amounts owing by LPM site owners (net)	**70**	80
Gross	**140**	149
Allowance for expected credit losses	**(70)**	(69)
Other receivables	**43**	47
Deposits	**89**	82
Reinsurance recoveries	**1**	10
	285	297
Non-financial instruments		
Prepayments	**95**	80
VAT receivable	**2**	1
Straight-lining of operating leases	**13**	14
	110	95
	395	392

29.1 Trade receivables

Trade receivables comprise a widespread customer base mostly in respect of the hotel, conferencing and tenanting of commercial office space provided in the ordinary course of business at the group's properties. Credit sales mostly have negotiated credit terms of 30 days and are therefore all classified as current. Trade receivables also comprise amounts owed by LPM site owners relating to gross gaming win. The group does not hold any collateral as security.

The carrying value less the respective credit loss allowance of trade receivables is assumed to approximate their fair values due to the short-term nature of trade receivables.

Exposure to credit risk

The group performs ongoing credit evaluations of the financial condition of its customers for both new credit applications and existing customers having credit facilities. These reviews include evaluating previous relations the customer has had with the group, taking into account the length of time and amount of business. New customers are given credit only after meeting strict minimum requirements. The utilisation of credit limits is regularly monitored by management by reviewing the aging analysis of these debtors on an ongoing basis. At 31 March 2023, no single customer was in debt in excess of 10% of the total trade receivables balance. The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable as shown above. There has been no significant increase in credit risk.

Management closely monitors credit limits that are exceeded and anticipates that any losses from non-performance by these counterparties which have not been provided for, will be immaterial.

29 TRADE AND OTHER RECEIVABLES *continued*

29.1 Trade receivables *continued*

Loss allowance calculated under the provision matrix

The group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for trade receivables by applying a provision matrix which is presented below. In accordance with this approach, the loss allowance for trade receivables is determined as the lifetime expected credit losses on trade receivables. Trade receivables are categorised into respective characteristics, namely geographical and business type. The provision matrices have been developed by making use of judgement, past default experience of debtors but also incorporates forward looking information such as general economic conditions of the industry as at the reporting date. The group also has customer accounts in respect of tenant debtors which are separately identified and risk weighted differently to the general customer listing and are managed on an individual basis.

The following South African macroeconomic factors were used to determine forward looking information:

- The devastating impact of the Eskom power crisis and the ongoing Russia/Ukraine conflict, both having an inflationary impact on the economy (as mentioned in note 22);
- The after-effects of COVID-19;
- Gross domestic product;
- Vulnerability of state owned enterprises and municipalities; and
- The high unemployment rate.

Trade receivables are written off when there is no reasonable expectation of recovering additional cash, mostly when the respective debtor entity has been liquidated and no further distributions are possible. The following are the indicators of default:

- The failure of a debtor to engage in a repayment plan once the account falls into arrears;
- Failure to make payments after the institution and/or conclusion of legal proceedings; and/or
- Business rescue and/or liquidation of the debtor entity.

The creation of the provisions is offset by the release of provisions for impaired receivables and has been included in other operating expenses in profit or loss (note 11) due to the amounts not being material.

Specific trade receivables – tenant debtors

Tenant debtors are specific trade receivables from the tenanting of commercial office space. The loss allowances for tenanting debtors are in respect of long outstanding balances that generally have slower payment terms and are managed on a one-on-one basis.

Trade receivables – loss allowance

On the bases described above, the loss allowance was determined as follows for trade receivables:

	Current – performing Rm	30 to 60 days past due Rm	60 to 90 days past due Rm	More than 90 days past due Rm	Total Rm
As at 31 March 2023					
Carrying value of debtors with specific credit losses recognised (tenant debtors)					**21**
Gross amount					**31**
Specific credit losses					**(10)**
Carrying value of debtors with expected credit losses (trade debtors)	**48**	**9**	**2**	**3**	**61**
Gross carrying amount	**49**	**9**	**2**	**10**	**70**
Expected loss rate %	**1.9**	**11.6**	**4.2**	**68.6**	**12.6**
Lifetime expected credit losses	**(1)**	**(1)**	*****	**(7)**	**(9)**
					82
As at 31 March 2022					
Carrying value of debtors with specific credit losses recognised (tenant debtors)					19
Gross amount					27
Specific credit losses					(8)
Carrying value of debtors with expected credit losses (trade debtors)	52	4	1	2	59
Gross carrying amount	56	4	1	10	71
Expected loss rate %	6.7	7.5	57.9	77.8	17.6
Lifetime expected credit losses	(4)	*	*	(8)	(12)
					78

* *Amount less than R1 million*

29 TRADE AND OTHER RECEIVABLES *continued*

29.1 Trade receivables *continued*

***Trade receivables – loss allowance** continued*

Movements in the allowance for expected credit losses on trade receivables are as follows:

	2023 Rm	2022 Rm
At 1 April	**20**	28
Acquisition of business (note 40)	**2**	–
Loss allowance recognised during the year	**4**	12
Loss allowance unused and reversed during the year	**(6)**	(13)
Impairment charge for bad and doubtful debts, net of recoveries	**(1)**	(7)
At 31 March	**19**	20

29.2 Debt investments

The group's debt investments, at amortised cost, comprise mainly short-term loans to LPM site owners as well as payments on behalf of site owners. Debt investments, other than personal suretyships, are unsecured, interest free and repayable in weekly instalments. These receivables are discounted at the prevailing prime interest rate. Deferred differences are recognised in profit or loss. Debt investments are made up as follows:

	2023 Rm	2022 Rm
Carrying value of loans to LPM site owners	**65**	72
Gross	**133**	139
Loss allowance	**(68)**	(67)
Carrying value of payments on behalf of site owners	**5**	8
Gross	**7**	10
Loss allowance	**(2)**	(2)
	70	80

Exposure to credit risk

The ECL model of IFRS 9 requires the classification and measurement of ECLs using the general model for loans and advances measured at amortised cost. The general model is a three stage model. The three stages are Performing (Stage 1), Underperforming (Stage 2) and Non-performing (Stage 3). Impairment of loans in Stage 1 is measured based on a 12-month ECL and loans in Stages 2 and 3 are based on lifetime ECLs. Loans in Stage 2 and 3 are minimised and controlled through strict loan granting criteria. The maximum exposure to credit risk at the reporting date is the carrying value of loan investments as shown above. There has been no significant increase in credit risk. The creation and release of the allowance for credit losses have been included in other operating expenses in profit or loss (note 11) due to the amounts not being material.

In determining whether there has been a significant increase in credit risk, consideration is given to the average gross gaming win generated per site per month. The average gross gaming win generated per site per month has been determined to be R135 000 (2022: R135 000). Therefore, where a site is generating less than this, the site is considered to be underperforming in terms of its cash generations. This is considered to be a significant increase in credit risk.

Probability of default is an estimate of the likelihood of default over a given time horizon. The estimation is based on current conditions, adjusted to take into account estimates of future conditions that will impact the probability of default. A loss given default is an estimate of the loss arising on default. The time of recovery and the recovery rate are taken into account when the loss given default is estimated. Exposure at default is an estimate of the exposure at a future default date, which is the total balance outstanding at default.

Site owner loans comprise amounts due by LPM site owners resulting in initial costs incurred to get the gaming sites approved by the gambling boards, as well as funding requirements for maintaining and expanding their operations. The loan repayment periods range between 3 and 36 months, are unsecured, interest free and are repayable in weekly instalments.

Payments on behalf of site owners comprise amounts due by LPM site owners resulting in initial costs incurred to get the gaming sites approved by the gambling boards. These loans are repayable once site licences are approved which is generally withing six months, are unsecured and interest free.

All amounts repayable over greater than 12 months are disclosed as non-current loans (refer to note 26).

29 TRADE AND OTHER RECEIVABLES *continued*

29.2 Debt investments *continued*

Loss allowance calculated under the general model

Inputs, assumptions and estimation techniques

The three stage model has been developed by making use of judgement, past default experience of loans but also incorporates forward looking information such as the macroeconomic factors mentioned above as at the reporting date. All loans and advances are assessed on a monthly basis to determine whether there has been a significant increase in credit risk. There have been no changes in estimation techniques or significant assumptions applied in the determination of expected credit loss allowances.

Basis of inputs and assumptions and estimation techniques

Stage 1 Performing (12-month ECLs)	Stage 1 LPM site owner loans total R44 million with 12-month ECLs of R2 million, based on past default experience on loans to site owners it was determined that if a site generates more than the average gross gaming win of the LPM business segment for the reporting period of R135 000 (2022: R135 000), it is more likely to be able to service its debt. Varying percentages of default are applied to all site owners in this category and are calculated by making use of judgement and past default experience on loans to site owners. Based on this and taking into account the forward-looking information, the overall ECL percentage is 4% (2022: 4%). Payments on behalf of Stage 1 LPM site owners total R4 million with 12-month ECLs of R121 000. These loans are considered Stage 1 when current licence approvals and outstanding licence approvals are less than 26 weeks. These loans are not considered significant and therefore no further disclosure is provided in this regard.
Stage 2 Underperforming (lifetime ECLs)	Stage 2 LPM site owner loans total R83 million. In cases where significant increase in credit risk has occurred an impairment equal to the lifetime ECL is recognised. For LPM site owner loans, it was determined that if a site generates less than the average gross gaming win of the LPM business segment for the reporting period of R135 000 (2022: R135 000), it is more likely to default in repayment due to past default experience with debtors. Varying percentages of default are applied to all site owners in this category and are calculated by making use of judgement and past default experience on loans to site owners. Based on this and taking into account the forward-looking information, the overall ECL percentage is 72% (2022: 66%) with an ECL amount of R61 million (2022: R62 million). Payments on behalf of site owners loans total R2 million that are considered underperforming. The group considers a significant increase in credit risk events when a licence approval is outstanding for more than 26 weeks but less than 52 weeks. These loans are not considered significant and therefore no further disclosure is provided in this regard.
Stage 3 Non-performing (lifetime ECLs)	For LPM site owner loans, sites that are closed or temporarily closed are fully provided for totalling R3 million. It is the group's experience that closed or temporarily closed sites will not generate sufficient future cash flows to settle outstanding loans and the loans are considered to be credit impaired. For payments on behalf of site owner loans of R4 million, where licence approvals are outstanding for more than 52 weeks are fully provided for.

29 TRADE AND OTHER RECEIVABLES *continued*

29.2 Debt investments *continued*

Loss allowance calculated under the general model *continued*

On the above basis, the expected credit loss allowance for debt investments as at 31 March 2023 was determined as follows:

	2023			
	Stage 1 Performing (12 month ECL) Rm	**Stage 2 Under-performing (Lifetime ECL – not credit impaired) Rm**	**Stage 3 Non-performing (Lifetime ECL – credit impaired) Rm**	**Total Rm**
Carrying value of debt investments with specific credit losses recognised			**–**	**–**
Gross amount			**7**	**7**
Specific credit losses			**(7)**	**(7)**
Carrying value of debt investments with expected credit losses	**46**	**24**	**–**	**70**
Gross amount	**48**	**85**	**–**	**133**
Expected credit loss rate	**4.2%**	**71.8%**	**–**	**47.4%**
Lifetime expected credit loss	**(2)**	**(61)**	**–**	**(63)**
	46	**24**	**–**	**70**

	2022			
	Stage 1 Performing (12 month ECL) Rm	Stage 2 Under-performing (Lifetime ECL – not credit impaired) Rm	Stage 3 Non-performing (Lifetime ECL – credit impaired) Rm	Total Rm
Carrying value of debt investments with specific credit losses recognised			–	–
Gross amount			5	5
Specific credit losses			(5)	(5)
Carrying value of debt investments with expected credit losses	48	32	–	80
Gross amount	50	94	–	144
Expected credit loss rate	4.0%	66.0%	–	44.4%
Lifetime expected credit loss	(2)	(62)	–	(64)
	48	32	–	80

29 TRADE AND OTHER RECEIVABLES *continued*

29.2 Debt investments *continued*

***Loss allowance calculated under the general model** continued*

Movements in the allowance for expected credit losses on debt investments are as follows:

	2023 Rm	2022 Rm
At 1 April	**69**	69
Loss allowance recognised on specific receivables during the year	**4**	2
Twelve-month expected credit loss allowance recognised during the year	**2**	9
Lifetime expected credit loss allowance recognised during the year:		
Receivables with significant increase in credit risk but not credit-impaired	**2**	12
Loss allowance unused and reversed during the year	**(3)**	(19)
Impairment charge for bad and doubtful debts, net of recoveries	**(4)**	(4)
At 31 March	**70**	69

29.3 Other receivables and deposits

Other receivables and deposits do not contain significant credit risk. There are no significant receivables past due not impaired and therefore no further disclosure is provided in this regard.

29.4 Reinsurance recoveries

Reinsurance recoveries are the reinsurers' portion for insurance claims that have been provided for. The insurance claims provision is provided for in note 38 *Trade and other payables*.

Credit risk – reinsurance recoveries

No reinsurance assets are past due or impaired at the reporting date and the group expects no significant losses from non-performance by these counterparties.

30 CASH AND CASH EQUIVALENTS

	2023 Rm	2022 Rm
Cash and cash equivalents measured at amortised cost		
Current accounts	**282**	312
Call deposit accounts	**50**	309
Cash	**268**	231
Gross cash and cash equivalents	**600**	852
Less: Bank overdrafts included in borrowings (note 33)	**(50)**	(72)
Net cash and cash equivalents per the statement of cash flows	**550**	780

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.

31 SHARE CAPITAL AND PREMIUM

	Number of ordinary shares	Number of treasury shares	Net number of shares	Ordinary share capital Rm	Share premium Rm	Treasury shares Rm	Total Rm
At 1 April 2021/2022	1 050 188 300	(4 086 043)	1 046 102 257	4	6 585	(102)	6 487
Share options lapsed	–	(148 299)	(148 299)	–	–	(2)	(2)
At 31 March 2023	1 050 188 300	(4 234 342)	1 045 953 958	4	6 585	(104)	6 485

There were no changes in the number of shares for the 2022 financial year end. 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 36.1), 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).

32 OTHER RESERVES

	Common control reserve[1] Rm	Transactions with non-controlling interests Rm	Financial assets at FVOCI Rm	Cash flow hedge reserve Rm	Property, plant and equipment revaluation reserve Rm	Share-based payment reserve Rm	Total Rm
Balance at 1 April 2021	(3 231)	(636)	(598)	(97)	101		(4 461)
Cash flow hedges	–	–	–	137	–		137
Fair value adjustments	–	–	–	189	–	–	189
Deferred tax	–	–	–	(53)	–	–	(53)
Effects of change in corporate tax rate on deferred taxation recognised	–	–	–	1	–	–	1
Financial assets at fair value through OCI fair value reserve							
Fair value adjustments[2]	–	–	139	–	–	–	139
Balance at 31 March 2022	**(3 231)**	**(636)**	**(459)**	**40**	**101**	**–**	**(4 185)**
Cash flow hedges	**–**	**–**	**–**	**28**	**–**		**28**
Fair value adjustments	**–**	**–**	**–**	**39**	**–**	**–**	**39**
Deferred tax	**–**	**–**	**–**	**(11)**	**–**	**–**	**(11)**
Financial assets at fair value through OCI fair value reserve							
Fair value adjustments[2]	**–**	**–**	**120**	**–**	**–**	**–**	**120**
Share-based payment reserve	**–**	**–**	**–**	**–**	**–**	**10**	**10**
Acquisition of non-controlling interests (note 41)	**–**	**(23)**	**–**	**–**	**–**	**–**	**(23)**
Balance at 31 March 2023	**(3 231)**	**(659)**	**(339)**	**68**	**101**	**10**	**(4 050)**

(1) *The common control reserve arose mainly on the group's acquisition of the Bingo and LPM businesses from the HCI group during the 2018 financial year, together with the Bet.co.za acquisition during the 2021 financial year*

(2) *Deferred tax is not provided on the fair value adjustments of the group's equity instruments at FVOCI due to the future profitability of the respective holding entities not being anticipated to produce taxable capital gains in the foreseeable future*

33 INTEREST-BEARING BORROWINGS

	2023 Rm	2022 Rm
Financial liabilities measured at amortised cost		
Bank borrowings	**2 973**	4 141
Corporate bonds (Domestic Medium-term Note Programme)	**5 311**	5 538
Loans from non-controlling interests	**160**	–
Bank overdrafts	**50**	72
	8 494	9 751
Non-current	**8 380**	7 400
Current portion	**114**	2 351
	8 494	9 751
Secured	**8 334**	9 751
Unsecured	**160**	–
	8 494	9 751

During February 2023, certain of the debt was refinanced. The facilities are a combination of new term loans from banking institutions and a Domestic Medium-Term Note Programme. The facilities range from committed overnight facilities to tenors of up to four years. Refer to notes 49 and 50 for further details on borrowings and covenants.

Borrowings of R160 million relate to the non-controlling interests funding their portion of the group's acquisition in Emerald Safari Resort Proprietary Limited as per note 40. This loan is unsecured and bears interest at the prime overdraft rate. The repayment terms are subject to the board of directors of the borrower subsidiary, and at 31 March 2023 there was no intention to settle the loan in the next 12 months.

Securities

The following represents the carrying amount of assets of the company, together with certain of its subsidiaries, that are pledged as security in respect of the group's interest-bearing borrowings:

	2023 Rm	2022 Rm
Property, plant and equipment	**5 179**	5 376
Investment property	**177**	182
Other claims and receivables	**123**	171
Pledge of cash in bank accounts	**316**	568
Assets classified as held for sale	**–**	2
	5 795	6 299

The group has mortgage bonds registered over six properties.

Committed facilities

The group has the following committed direct facilities excluding bank overdrafts (from banks and corporate bonds):

	2023 Rm	2022 Rm
Expiring within 1 year	**172**	3 602
Expiring beyond 1 year	**9 570**	8 900
	9 742	12 502
Undrawn facility of committed direct bank borrowings	**1 458**	2 823

Fair value 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 group 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 5.86% and 9.30% (2022: 5.66% and 6.16%). All borrowings bear interest at floating rates (refer note 49.1a(ii)).

	2023	2022
Weighted average effective interest rates (including cash held in call accounts)	**7.04%**	7.37%

33 INTEREST-BEARING BORROWINGS *continued*

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

	Carrying amount		Fair value	
	2023 Rm	2022 Rm	**2023 Rm**	2022 Rm
Bank borrowings	**2 973**	4 141	**2 963**	4 140
Corporate bonds (Domestic Medium-term Note Programme)	**5 311**	5 538	**5 306**	5 536
Loans from non-controlling interests	**160**	–	**160**	–
Bank overdrafts	**50**	72	**50**	72
	8 494	9 751	**8 479**	9 748

34 LEASE LIABILITIES AND COMMITMENTS

	Land and buildings Rm	Gaming equipment Rm	Total Rm
At 1 April 2022	**325**	**12**	**337**
Additions	**6**	**7**	**13**
Finance costs	**29**	**–**	**29**
Lease payments	**(63)**	**(5)**	**(68)**
Lease concessions practical expedient applied	**–**	**(2)**	**(2)**
Remeasurement of lease	**3**	**–**	**3**
Termination of lease	**(1)**	**(6)**	**(7)**
At 31 March 2023	**299**	**6**	**305**
Less: Current portion	**(32)**	**(6)**	**(38)**
Non-current portion	**267**	**–**	**267**
At 1 April 2021	282	24	306
Additions	61	–	61
Finance costs	29	2	31
Lease payments	(52)	(6)	(58)
Lease concessions practical expedient applied	(4)	(10)	(14)
Remeasurement of lease	13	2	15
Termination of lease	(4)	–	(4)
At 31 March 2022	325	12	337
Less: Current portion	(35)	(7)	(42)
Non-current portion	290	5	295

	2023 Rm	2022 Rm
Total cash flows in respect of leases:		
Interest portion of the lease liabilities (included in finance costs cash flows)	**29**	28
Principal portion of the lease liabilities (included in cash flows from financing activities)	**39**	31
Short-term lease payments, payments for leases of low-value assets and variable lease payments that are not included in the measurement of the lease liabilities (included in cash generated from operations)	**143**	117
Total cash outflow for leases	**211**	176

The group leases various properties, the most significant being the Golden Horse Casino land, leases of various properties at the Bingo business sites and offices at certain of the LPM business sites as well as gaming equipment at the casinos. These rental contracts are for fixed periods of three to 30 years, but may have extension options as described below.

34 LEASE LIABILITIES AND COMMITMENTS *continued*

Variable lease payments

Certain leases contain variable payment terms that are linked to indices and gross gaming win respectively. Variable lease payments are included in other operating expenses in note 11.

The group has the following variable lease payments in respect of its property leases:

The Golden Horse Casino land lease includes variable lease payments that are included in the lease liability. The variable lease payment terms comprise the annual CPI increase which is included in the lease liability, and 4.5% (2022: 4.5%) of gross operating profit of the Golden Horse precinct not included in the lease liability. A 10% increase in the variable lease liability (CPI) would increase lease payments by less than R1 million (2022: increase lease payments by less than R1 million). A 5.0% increase in the gross operating profit of the Golden Horse precinct would increase lease payments by less than R1 million (2022: by less than R1 million).

The group has the following variable lease payments in respect of its gaming equipment:

The Casino division has no variable lease payments in respect of its gaming equipment.

Bingo gaming machine leases contain variable payment terms that are linked to gross gaming win generated by the respective machines and these payments are recognised in profit or loss in the period in which the event or condition that triggers those payments occurs and are not included in the measurement of the lease liabilities. A 10% increase in gross gaming win across all sites in the group with such variable lease contracts would increase total gaming equipment lease payments included in operating costs by approximately R10 million (2022: by approximately R8 million).

Extension options and termination options

Extension options and termination options are included in certain property and gaming equipment leases across the group. These are used to maximise operational profitability in terms of managing the assets used in the group's operations. The majority of extension and termination options held are exercisable only by the group and not by the respective lessors.

The group has the following extension and termination options in respect of its property leases:

The Golden Horse Casino land has an extension option with effect from 1 September 2030 which the group is reasonably certain to extend and is included in the lease liability. Hemingways casino has a cinema lease with an extension option with effect from 21 August 2024 which the group is reasonably certain to extend which is also included in the lease liability.

Where the group leases property for Bingo operations, all extension options have been capitalised:

- If a gaming licence term exceeds the initial property rental term, the group is typically reasonably certain to extend the lease contract (or not terminate the lease contract); and
- For operational properties being leased and more suitable properties have been identified, management is reasonably certain to not extend the property lease contract.

Extension options and termination options in respect of casinos' gaming equipment leases:

Certain casino gaming equipment leases have extension options that have not been capitalised. As at 31 March 2023, there were no potential undiscounted future cash outflows (2022: R16 million) that were not included in the lease liability for this equipment as most of the leases with extension options have been converted to short-term leases. The remaining balance of the leases with extension options have not been included in the lease liability because it is not reasonably certain that the leases will be extended (or not terminated).

For casinos' gaming equipment leases, the group has the option to terminate, without penalties, the respective lease contracts.

Residual value guarantees

The group has not provided residual value guarantees in relation to any of its leases as none of its leases contain residual value guarantees.

Rent concessions

The outbreak of the COVID-19 pandemic at the end of the 2020 financial year and subsequent restrictive measures implemented by government to control the spread of the virus, had a profound impact on the group's operations. The group received rent concessions from lessors due to the inability to operate for significant periods of time. The group's rent concessions totalling R2 million (2022: R14 million), were in the form of forgiveness of rentals. Refer also to note 1(f) which describes the treatment of lease concessions before and after 30 June 2022.

Leases not yet commenced but committed

The group has not committed to any leases that had not commenced by the reporting date.

Discount rates

The group's incremental borrowing rates applied ranged from 6.6% to 9.6% (2022: 7.3% to 9.6%).

34 LEASE LIABILITIES AND COMMITMENTS *continued*

Lease commitments

At the reporting date the group had outstanding commitments under non-cancellable operating leases which are not capitalised being variable lease payments, short-term leases (leases with a lease term of 12 months or less) and low-value assets (comprising mainly small items of office equipment and furniture). The aggregate undiscounted commitments for short-term leases fall due as follows:

	2023 Rm	2022 Rm
Not later than 1 year	**3**	3

Refer to note 49.1(c) for the maturity analysis for capitalised leases.

35 DERIVATIVE FINANCIAL INSTRUMENTS

	2023 Rm	2022 Rm
Derivative financial instruments are measured at fair value and comprise interest rate swaps – cash flow hedges.		
Non-current asset/(liability)	**35**	(82)

For effective hedges, gains and losses are recognised in the hedging reserve directly in other comprehensive income (after tax). Refer also to notes 49 F*inancial risk management* and 51 *Fair value estimation*.

The fair value of the group's derivatives used for hedge accounting is an asset of R35 million (31 March 2022: a liability of R82 million) and is calculated as the present value of the estimated future cash flows based on observable yield curves, which is consistent with the prior year. The reason for the move since the 31 March 2022 year end is due to an increase in market-related interest rates. The amount recognised in finance costs in respect of the interest rate swap instruments is a debit of R47 million (2022: R161 million), and in the cash flow an amount of R57 million (2022: R164 million). A credit of R78 million was recognised in profit or loss due to increases in interest rates causing ineffectiveness in the hedging relationship. This credit has been included in finance costs (refer to note 16).

	2023 Rm	2022 Rm
The notional amounts of the outstanding effective interest rate swap contracts at 31 March were:		
Linked to the three-month JIBAR		
With a fixed rate of 7.135% maturing 31 May 2024	**700**	700
With a fixed rate of 7.095% maturing 31 May 2024	**560**	560
With a fixed rate of 7.145% maturing 31 May 2024	**2 240**	2 240
	3 500	3 500

SI put option

In terms of the acquisition agreement of the SunWest and Worcester interests (refer to note 25), in the event that any party acquires 35% or more of the issued ordinary shares of SI triggering a change in control of the SI group, the group may elect to put its equity interests in SunWest and Worcester to SI. SI can elect to either settle the put option by the issue of new ordinary shares in SI and/or for a cash consideration, based on the aggregate value of the group's interest in SunWest and Worcester. No derivative has been recognised as the fair value of the option is Rnil at 31 March 2023 (Rnil at 31 March 2022).

36 LONG-TERM INCENTIVE LIABILITIES

The group only operates the Share Appreciation Bonus Plan under note 36.2 as a long-term incentive plan with the Executive facility under note 36.1 being historically discontinued.

36.1 Equity-settled – 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. The shares referred to are treasury shares – refer to note 31 *Share capital and premium*.

36.2 Cash-settled – Tsogo Sun Gaming Share Appreciation Bonus Plan

The Tsogo Sun Gaming Share Appreciation Bonus Plan is a bonus scheme whereby participants receive cash bonuses, the amounts of which are determined with reference to the growth in the company's share price. Allocations of notional shares are discretionary and administered in terms of the rules of the scheme. These vest and are available to be settled on the third anniversaries of the allocations.

The fair value is expensed over the period as services are rendered by the employees. In terms of the rules, the fair values of the payments are determined using the seven-day volume weighted average trading price of the company's shares prior to the determination of the fair value of the long-term incentive bonus. The following is pertinent to this bonus plan:

The liability is calculated using a binomial lattice model (2022: Black Scholes) as it allows for better estimation of the liability. Assumptions and inputs as follows:

- Respective strike prices as shown in the below table;
- Volatility: based on market prices since the June 2019 unbundling of Southern Sun Limited ("SS") (formerly Tsogo Sun Hotels Limited) 46% (2022: 78%);
- Forward dividend yield 0% as the scheme allows for the receipt of dividends (2022: 5%); and
- The risk free rate was taken from the South African swap curve as at the valuation dates based on the expected term to expiry 7.8% to 7.9% (2022: 10.3%).

	Total appreciation units granted		Appreciation units granted and not vested		Strike price	Appreciation units vested and still outstanding			Long-term incentive liability	
	2023	2022	**2023**	2022	R	**2023**	2022	**Expiry date**	**2023 Rm**	2022 Rm
Grant date										
1 April 2016[1]	**–**	153 376	**–**	–	22.82	**–**	153 376	31 March 2022	**–**	–
1 April 2017[1]	**125 004**	125 004	**–**	–	28.00	**125 004**	125 004	31 March 2023	**–**	–
1 April 2018[1]	**124 584**	124 584	**–**	–	24.08	**124 584**	124 584	31 March 2024	**–**	–
12 December 2019	**970 425**	970 425	**–**	970 425	10.82	**970 425**	–	11 December 2025	**5**	1
18 December 2020	**17 200 000**	18 200 000	**17 200 000**	18 200 000	5.20	**–**	–	17 December 2026	**134**	85
16 March 2022	**14 550 000**	14 450 000	**14 550 000**	14 450 000	9.61	**–**	–	15 March 2026[2]	**38**	2
1 March 2023	**11 900 000**	–	**11 900 000**	–	10.67	**–**	–	28 February 2027[2]	**2**	–
At 31 March	**44 870 013**	34 023 389	**43 650 000**	33 620 425		**1 220 013**	402 964		**179**	88
Average share price utilised to value the liability									**R 12.11**	R 12.04

[1] *As a result of the share price collapse due to COVID-19, the liability of the respective appreciation units were reduced to Rnil*

[2] *The scheme rules were amended in the prior year. Appreciation units allocated from the 2022 financial year expire four years after grant date. All other terms and conditions remain unchanged*

All appreciation units issued pre the Southern Sun Limited unbundling of 14 June 2019 include both businesses and both the share prices of Tsogo Sun Limited and Southern Sun Limited are taken into consideration when valuing those liabilities. All appreciation units issued after 14 June 2019 relate to Tsogo Sun Limited only.

The group recognised an expense of R93 million (31 March 2022: R63 million). The long-term incentive liability in the group's statement of financial position at 31 March 2023 is R179 million, with a current portion of R139 million (31 March 2022: R88 million, with no current portion).

37 PROVISIONS

	2023 Rm	2022 Rm
At 1 April		
Short-term incentives	**78**	50
Long-service awards	**12**	19
Jackpot provisions	**2**	2
	92	71
Created/reclassified/(reversed) during the year		
Short-term incentives	**73**	56
Staff bonuses[(1)]	**55**	–
Long-service awards[(2)]	**(4)**	(7)
Jackpot provisions	**(2)**	–
	122	49
Utilised during the year		
Short-term incentives	**(64)**	(28)
Staff bonuses	**(37)**	–
Long-service awards	**(1)**	–
	(102)	(28)
Acquisition of business		
Short-term incentives	**2**	–
Staff bonuses	**3**	–
	5	–
At 31 March		
Short-term incentives	**89**	78
Staff bonuses	**21**	–
Long-service awards	**7**	12
Jackpot provisions	**–**	2
Total provisions	**117**	92
Less: Current portion	**(104)**	(82)
Non-current portion	**13**	10

[(1)] *Includes an amount of R12 million for the group's staff bonuses which were reclassified from accruals to provisions during the year under review, due to the terms and conditions changing from that of being guaranteed to that of being at the discretion of management*

[(2)] *The discontinuation of long service awards is still in process. This resulted in a credit to profit or loss of R4 million (2022: R8 million). The benefit is paid when employees reach predetermined years of service. The method of accounting and frequency of valuation are similar to those used for defined benefit schemes. The remaining balance is not considered significant and therefore no further disclosure is provided in this regard*

38 TRADE AND OTHER PAYABLES

	2023 Rm	2022 Rm
Financial instruments		
Trade and other payables	**684**	686
Trade payables	**136**	120
Capital creditors	**81**	83
Accrued expenses	**173**	168
Advance deposits	**19**	13
Deferred income (refer below)	**25**	19
Insurance claims payable	**6**	7
Other payables[1]	**244**	276
Non-financial instruments	**201**	193[3]
VAT payable	**74**	65
Leave pay liability	**51**	44
Payroll related payables[2]	**36**	46
Gaming levies	**40**	38
	885	879[3]

Deferred income

The group accounts for its gaming customer reward programmes (mainly gaming win) in terms of IFRS 9 *Financial Instruments* and is made up as follows:

	2023 Rm	2022 Rm
At 1 April	**19**	15
Acquisition of business (note 40)	**2**	–
Created during the year	**234**	174
Forfeitures during the year	**(11)**	(9)
Utilised during the year	**(219)**	(161)
At 31 March	**25**	19

(1) *Other payables include unallocated deposits received, Smartcard gaming credits due to customers and other sundry payables*
(2) *An amount of R12 million for the group's annual bonuses was reclassified from accruals to provisions as at 1 April 2022, due to the terms and conditions changing from that of being guaranteed to that of being at the discretion of management (refer to note 37* Provisions*)*
(3) *Provisions have been disaggregated from* Trade and other payables *due to the current year materiality*

The carrying amounts of the group's trade and other payables are assumed to approximate their fair values due to the short-term nature of trade and other payables. The expected timing of the recognition of deferred income is within one year (2022: one year) and is considered current.

39 ASSETS CLASSIFIED AS HELD FOR SALE

	2023 Rm	2022 Rm
Property, plant and equipment	–	46

During the 2021 financial year, the directors undertook to dispose of identified non-core business properties owned by the group by way of sale. During the year under review, property to the value of R9 million was sold for proceeds of R15 million (excluding costs to sell), realising a profit on sale of R6 million. The remaining properties were all reclassified to property, plant and equipment as it is not highly probable that these properties will be disposed of in the next 12 months from the reporting date.

40 BUSINESS ACQUISITION

The group acquired an effective 55% shareholding in Emerald Safari Resort Proprietary Limited ("Emerald") operating in Gauteng, effective 12 September 2022. The group has determined that it has control of Emerald due to its majority shareholding, together with the group having the ability to appoint the board of directors of Emerald. Emerald requires an appropriate turnaround strategy to ensure a sustainable and viable future for all stakeholders which can be achieved with the group's experience and resources.

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

	2023 Rm
The fair value of net assets acquired:	
Non-current assets	
Property, plant and equipment	**388**
Intangible assets	**5**
Current assets	
Inventory	**3**
Trade and other receivables	**8**
Loan used to offset purchase consideration	**15**
Current income tax assets	**2**
Cash and cash equivalents	**62**
Non-current liabilities	
Deferred income tax liabilities	**(30)**
Current liabilities	
Trade and other payables	**(56)**
Total identifiable net assets acquired	**397**
Fair value of the consideration:	
Cash consideration paid	**(382)**
Loan used to offset purchase consideration	**(15)**
Total fair value of consideration	**(397)**
Net outflow of cash on acquisition:	
Cash consideration for acquisition by subsidiary company	**(222)**
Cash consideration for acquisition by NCI (refer to note 33)	**(160)**
Cash consideration for acquisition by the group	**(382)**
Less: Cash balances acquired with acquisition	**62**
Net outflow of cash – investing activities	**(320)**

Non-controlling interests did not arise on the acquisition, as the group, together with the non-controlling interests, funded the acquisition in accordance with their proportionate shareholding percentages (refer to note 33).

No goodwill arose on the acquisition as a result of the fair value of the net assets acquired equating to the fair value of the purchase consideration.

Acquisition-related costs of R9 million have been incurred of which R3 million were expensed during the reporting period under review, and the balance of R6 million during the prior year. Acquisition costs are recognised in other operating expenses in profit or loss.

The fair value of trade and other receivables of R8 million are expected to be collectable.

41 TRANSACTIONS WITH NON-CONTROLLING INTERESTS

Acquisition of NCI by Galaxy and Vukani

During the year under review, the group acquired additional NCI shareholdings in various of the Galaxy and Vukani businesses. The acquisitions were for a consideration of R26 million in aggregate and no further disclosure has been supplied as these transactions are considered not significant to the group.

42 CASH GENERATED FROM OPERATIONS

	2023 Rm	2022 Rm
Profit before tax from operations	**2 395**	1 912
Adjusted for:		
Dividends received from investments in equity instruments designated at FVOCI	**(74)**	(54)
Proceeds from insurance claims for capital assets	**(5)**	(20)
Share of profit of associates	**(9)**	(2)
Amortisation and depreciation	**756**	783
Finance income	**(60)**	(26)
Finance costs	**666**	792
Impairment charge for bad and doubtful debts, net of recoveries	**5**	11
(Gain)/loss on lease terminations	**(7)**	7
Lease concessions	**(2)**	(14)
Long-term incentive expense	**93**	63
Movement in provisions	**110**	49
Operating equipment usage	**38**	35
Reversal of expected credit loss allowance, net of charges	**(3)**	(11)
Share-based payment charge/(credit) for non-controlling interests	**10**	(3)
Gain on disposal of property, plant and equipment	**(72)**	(2)
Gain on disposal of assets held for sale	**(6)**	(11)
Impairment reversal of non-current assets	**(198)**	(298)
Impairment of non-current assets	**83**	10
Fair value adjustment on investment properties	**17**	(10)
Other non-cash moves and adjustments	**(9)**	24
Cash generated from operations before working capital movements	**3 728**	3 235
Working capital movements		
Increase in inventories	**(24)**	(15)
Decrease in trade and other receivables	**15**	129
Decrease in payables and provisions	**(119)**	(164)
Cash generated from operations	**3 600**	3 185

43 INCOME TAX PAID

	2023 Rm	2022 Rm
Tax asset at 1 April	**53**	67
Current tax provided	**(513)**	(340)
Acquisition of business	**2**	–
Tax asset at 31 March	**(40)**	(53)
	(498)	(326)

44 DIVIDENDS PAID TO THE COMPANY'S SHAREHOLDERS

	2023 Rm	2022 Rm
Ordinary		
Unclaimed dividends owing to shareholders at 1 April	**(2)**	(2)
Dividends declared	**(514)**	–
Unclaimed dividends owing to shareholders at 31 March	**2**	2
	(514)	–

45 CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

45.1 Changes in interest-bearing borrowings

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

	Non-current Rm	Current Rm	Total Rm
At 1 April 2022	**7 400**	**2 279**	**9 679**
Cash flow movements			
Borrowings raised[(1)]	**3 136**	**–**	**3 136**
Borrowings repaid	**(206)**	**(4 180)**	**(4 386)**
Interest paid during the year	**–**	**(637)**	**(637)**
Non-cash movements			
Borrowing facilities raised/(settled)[(2)]	**1 000**	**(1 000)**	**–**
Borrowings reclassification to current	**(2 950)**	**2 950**	**–**
Interest raised for the year	**–**	**652**	**652**
At 31 March 2023	**8 380**	**64**	**8 444**
At 1 April 2021	10 300	949	11 249
Cash flow movements			
Borrowings repaid	–	(1 170)	(1 170)
Interest paid during the year[(3)]	–	(985)	(985)
Non-cash movements			
Borrowings reclassification to current	(2 900)	2 900	–
Interest raised for the year	–	585	585
At 31 March 2022	7 400	2 279	9 679

(1) *Included in borrowings raised is an amount of R160 million which arises due to the non-controlling interests funding their portion of the group's acquisition in Emerald Safari Resort Proprietary Limited as per note 40*

(2) *At the time of the debt refinancing completed on 28 February 2023, borrowings of R1 billion were offset between the same lender, therefore there was no cash flow through the group's bank accounts at the time the group received the new borrowing facility of R1 billion*

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

45.2 Changes in lease liabilities

Changes arising from lease liabilities for the year under review are as follows:

	Non-current	Current	Total
At 1 April 2022	**295**	**42**	**337**
New leases raised	**8**	**5**	**13**
Principal elements of lease payments	**(1)**	**(38)**	**(39)**
Interest raised for the year	**–**	**29**	**29**
Interest paid during the year	**–**	**(29)**	**(29)**
Lease concessions practical expedient applied	**–**	**(2)**	**(2)**
Remeasurement of leases	**–**	**3**	**3**
Termination of leases	**–**	**(7)**	**(7)**
Reclassification to current	**(35)**	**35**	**–**
At 31 March 2023	**267**	**38**	**305**
At 1 April 2021	266	40	306
New leases raised	56	5	61
Principal elements of lease payments	(4)	(27)	(31)
Interest raised for the year[(1)]	–	26	26
Interest paid during the year[(1)]	–	(26)	(26)
Interest raised – non-cash portion	–	4	4
Lease concessions practical expedient applied	–	(14)	(14)
Remeasurement of leases	(9)	24	15
Termination of leases	–	(4)	(4)
Reclassification to current	(14)	14	–
At 31 March 2022	295	42	337

(1) *Comparatives have been disaggregated reflecting interest raised and paid*

46 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 ("TIHC") which directly owned 39.7% (2022: 39.7%). These percentage shareholdings exclude treasury shares.

HCI is a major shareholder of SS. A number of the group's hotel properties, which are situated at certain of the casino precincts, were managed by SS which charged management fees and royalties to the group, together with administration fees. During September 2022, the group concluded a separation agreement with regard to the cancellation of the management agreement of 15 of its hotels for a cost of R399 million, and the disposal of its two hotels to Hospitality Property Fund (a subsidiary of SS) for a total consideration of R142 million (carrying value R70 million). Accordingly, in terms of the separation agreement, the gaming hotels have been incorporated into the group's own management and operational structure. All service and rental agreements had been terminated with SS by the reporting date.

The group operates a short-term insurance captive for its own account, and also underwrites short-term insurance for the SS group. The SS business is only covered to the extent of the run-off business remaining as, subsequent to the prior year end, SS and its subsidiaries exited the group's insurance captive for their insurance requirements.

HCI has a majority shareholding in GRiPP Advisory Services Proprietary Limited ("GRiPP") which is responsible for the internal audit function for the group.

In accordance with the Eastern Cape Gambling Board's licence conditions, an Eastern Cape-based Black Enterprise, Muji Investments Proprietary Limited ("Muji"), is a vehicle distributor that was appointed to the group whereby Vukani Gaming Eastern Cape (a subsidiary of the group) procures motor vehicles from Muji for the licence period. Muji and Vukani have a common director appointed to their boards.

The group's significant transactions with related parties were all made on terms equivalent to those that prevail in arm's length transactions. Transactions between the company and its subsidiaries, which are related parties of the company, have been eliminated on consolidation and are not disclosed in this note. The following were transactions with related parties during the year under review.

	2023 Rm	2022 Rm
46.1 Transactions with related parties		
Dividends paid to HCI	**51**	–
Dividends paid to TIHC	**203**	–
Termination fee paid to SS for cancellation of hotels management agreements	**(399)**	–
Profit on sale of property, plant and equipment to SS	**71**	–
Hotel management fees and royalties paid to SS	**(31)**	(29)
Management fees paid to SS for shared services	**(6)**	(4)
Fees paid to SS for administration services of hotels	**(15)**	(15)
Management fees charged to SS for shared services	**1**	2
Tenant recoveries charged to SS	**5**	4
Insurance premiums earned from SS	**–**	10
Insurance claims expense in respect of SS	**–**	(2)
Internal audit fees paid to GRiPP	**(16)**	(15)
Vehicles purchased from Muji	**(30)**	(20)

	2023 Rm	2022 Rm
46.2 Amounts owing to/by related parties		
Non-current		
Amount owing to non-controlling interests (notes 33 and 40)	**(160)**	–
Current		
Trading accounts net amount owing to SS	**(2)**	(6)
Insurance claims payable to SS	**–**	(6)

46 RELATED PARTIES *continued*

46.3 Key management compensation

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

46.3.1 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

46.3.2 Executive directors

	Year ended 31 March 2023			
	Basic remuneration R'000	**Benefits R'000**	**Short-term incentives R'000**	**Total paid R'000**
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**

	Year ended 31 March 2022			
	Basic remuneration R'000	Benefits R'000	Short-term incentives R'000	Total paid R'000
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 executive director 1 August 2020, resigned 30 September 2021*

46 RELATED PARTIES *continued*

46.3 Key management compensation *continued*

46.3.3 Other key management and prescribed officers

	Year ended 31 March 2023			
	Basic remuneration R'000	**Benefits R'000**	**Short-term incentives R'000**	**Total paid R'000**
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**

	Year ended 31 March 2022			
	Basic remuneration R'000	Benefits R'000	Short-term incentives R'000	Total paid R'000
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 1 April 2021*

47 FUTURE CAPITAL EXPENDITURE

	2023 Rm	2022 Rm
Authorised by directors and contracted for:		
Property, plant and equipment	**147**	100
Investment property	**–**	20
Intangible assets: software	**2**	–
	149	120

48 CONTINGENCIES AND GUARANTEES

The group has entered into various agreements with its bankers and the respective gambling boards whereby the bank has guaranteed agreed capital amounts not exceeding R120 million (2022: R107 million) for gambling board taxes and working capital. The group has also entered into various agreements with its bankers and respective utility boards, suppliers and municipalities whereby the bank has guaranteed agreed capital amounts not exceeding R24 million (2022: R25 million) for utility expenses. Landlord rental guarantees amounting to R9 million (2022: R9 million) have also been provided through bank guarantees.

49 FINANCIAL AND INSURANCE RISK MANAGEMENT

49.1 Financial risk factors

The group'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 group'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 group. The group uses derivative financial instruments to hedge certain risk exposures.

Risk management process

The board of directors recognises that the management of business risk is crucial to the group'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 throughout the group. 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 group's assets. The board of directors and management acknowledge that an integrated approach to the total process of combined assurance improves the assurance coverage and quality, in addition to being more cost-effective.

In addition to the risk management processes embedded within the group, management identifies, quantifies and evaluates the group'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 time a year. This methodology ensures that identified risks and opportunities are prioritised according to the potential impact on the group 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 group's operating units. 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 group is not exposed to significant foreign exchange risk and therefore no further information has been presented.

(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

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

49 FINANCIAL AND INSURANCE RISK MANAGEMENT *continued*

49.1 Financial risk factors *continued*

(a) Market risk continued

(ii) Interest rate risk continued

The group manages its interest rate risk by using floating-to-fixed interest rate swaps. Interest rate swaps have the economic effect of converting floating rate borrowings to fixed rates. Where the group raises long-term borrowings at floating rates, it swaps a portion of them into fixed rates in terms of group policy. Under the interest rate swaps, the group agrees with other parties to exchange, at specified intervals (mainly quarterly), the difference between fixed contract rates and floating rate interest amounts calculated by reference to an agreed reference interest rate calculated on agreed notional principal amounts. Swaps of R3.5 billion have settlement dates coinciding with the dates on which interest is payable on the underlying debt and settlement occurs on a net basis, settlement dates being February, May, August and November annually.

Group policy requires that between 0% and 75% of its net borrowings (net borrowings = gross borrowings net of cash and cash equivalents) are to be in fixed rate instruments over a 12-month rolling period. As at 31 March 2023, 42% (2022: 36%) of consolidated gross borrowings and 45% (2022: 39%) of consolidated net borrowings were in fixed rates taking into account interest rate swaps (excluding NCI borrowings). The hedge ratio is monitored on an ongoing basis taking into account the interest rate cycle.

Hedge effectiveness is determined at the inception of the hedge relationship, and at each reporting date (mainly half yearly and annually) when effectiveness is assessed to ensure that an economic relationship exists between the hedged item and the hedging instrument. The group enters into interest rate swaps that have similar terms as the hedged item, such as reference rate, reset dates, payment dates, maturities and notional amounts. In line with policy, the group does not hedge 100% of borrowings, however, loans eligible for hedging are identified based on their profile, predominantly three to five-year term loan facilities with bullet repayments. Hedge instrument terms are matched to the interest and capital repayment profile for the hedged item in order to minimise ineffectiveness. The effectiveness of the hedges is tested at inception and thereafter annually and the ineffective portion is recognised immediately in profit or loss. Hedge ineffectiveness for interest rate swaps may occur due to:

- The credit or debit value adjustment on the interest rate swaps which is not matched by borrowings;
- Differences in critical terms between the interest rate swaps and borrowings; and
- Costs of hedging (including the costs of adjusting an existing hedging relationship).

The effects of the interest rate swaps on financial position and performance are as follows:

	2023 Rm	2022 Rm
Carrying amount asset/(liability)	**35**	(82)
Notional amount (note 35)	**3 500**	3 500
Maturity dates (note 35)	**31 May 2024**	31 May 2024
Hedge ratio of consolidated gross borrowings	**42%**	36%
Increase/(decrease) in the fair value of the outstanding hedging swap asset/(liability) for the year	**39**	(189)
Ineffectiveness recognised in profit or loss (a credit)	**78**	–
Weighted average hedged rate for the year	**7.14%**	7.14%

Fixed interest rate swaps ranged from 7.095% to 7.145% as at 31 March 2023 referenced against the three-month JIBAR of 7.45% (2022: fixed interest rate swaps ranged from 7.095% to 7.145% as at 31 March 2022 referenced against the three-month JIBAR of 4.367%).

At 31 March floating rate bank borrowings that are not hedged are linked/referenced to various rates the carrying amounts of which are as follows:

	2023 Rm	2022 Rm
Linked to the Rand Overnight Deposit Index	**–**	–
Linked to one-month JIBAR	**–**	–
Linked to three-month JIBAR	**4 784**	6 179
	4 784	6 179

49 FINANCIAL AND INSURANCE RISK MANAGEMENT *continued*

49.1 Financial risk factors *continued*

(a) Market risk continued

(ii) Interest rate risk continued

At 31 March the interest rate profile of the group's interest-bearing financial instruments, excluding the effect of interest rate swaps and lease liabilities, was:

	Carrying amount	
	2023 Rm	2022 Rm
Variable rate instruments		
Financial assets	**332**	621[(1)]
Financial liabilities	**(8 494)**	(9 751)[(1)]
	(8 162)	(9 130)

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

There were no fixed rate financial instruments.

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 R47 million (2022: R56 million), including the effects of the interest rate swaps. 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 group.

(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 group's exposure to equity securities price risk arises from the listed investment held by the group classified in the statement of financial position at fair value through other comprehensive income (note 25). These equities are publicly traded on the JSE. Other than this, the group has no pricing risk.

To manage its price risk arising from investments in equity securities, the group has limits set by the board of directors which are reviewed on a regular basis.

Sensitivity

At 31 March 2023, the share price closed at R3.98 resulting in a fair value loss of R25 million. Had the closing share price increased/decreased by 3%, equity would increase/decrease by R3 million.

(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

The group has no significant concentrations of credit risk. Overall credit risk is managed on a group basis with exposure to trade receivables managed at entity level.

Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with financial institutions, as well as credit exposures to the group's customer base, including outstanding receivables.

For financial institutions, only group audit and risk committee approved parties are accepted (on behalf of the board of directors). The group has policies that limit the amount of credit exposure to any financial institution. The group 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. To reduce credit exposure, the group has International Swaps and Derivatives Association Master Agreements with most of its counterparties for financial derivatives which permit net settlement of assets and liabilities in certain circumstances. The credit quality ratings of financial institutions that the group deposits funds with are at least Ba2.

Refer to note 29 *Trade and other receivables* for further credit risk analysis in respect of trade and other receivables.

49 FINANCIAL AND INSURANCE RISK MANAGEMENT *continued*

49.1 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 group generates sufficient cash flows during the period to meet all current liability obligations. Refer to note 3(a) *Going concern* for further details in respect of liquidity.

Management monitors rolling forecasts of the group'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 group's long-term planning process.

In order to manage the group's liquidity, the group's policy is to ensure that, at all times, its unutilised borrowing facilities is maintained at a minimum of R500 million. At 31 March 2023, the group had R1.5 billion (2022: R2.8 billion) surplus facilities. 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 Rm	2022 Rm
Debt at 31 March (bank borrowings and corporate bonds)	**(8 284)**	(9 679)
Credit facilities[1]	**9 742**	12 502
Headroom available	**1 458**	2 823

[1] *Excludes indirect facilities (letters of guarantees), finance leases, bank overdrafts and NCI borrowings*

The group 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 utilisations and available facilities as follows:

	2023 facility			2022 facility		
	Total Rm	**Utilisation Rm**	**Available Rm**	Total Rm	Utilisation Rm	Available Rm
Demand facilities	**172**	**–**	**172**	172	–	172
364-day notice facilities	**1 000**	**–**	**1 000**	1 200	–	1 200
Term facilities maturing 30 November 2022	**–**	**–**	**–**	2 230	2 230	–
Term facilities maturing 31 March 2023	**–**	**–**	**–**	1 500	–	1 500
Term facilities maturing 30 November 2023	**–**	**–**	**–**	2 950	2 950	–
Term facilities maturing 30 November 2024	**3 200**	**3 200**	**–**	3 200	3 200	–
Term facilities maturing 30 November 2025	**2 100**	**1 750**	**350**	600	600	–
Term facilities maturing 28 February 2026	**1 620**	**1 620**	**–**	–	–	–
Term facilities maturing 30 November 2026	**650**	**650**	**–**	650	650	–
Term facilities maturing 28 February 2027	**1 000**	**1 000**	**–**	–	–	–
Accrued interest	**–**	**64**	**(64)**	–	49	(49)
	9 742	**8 284**	**1 458**	12 502	9 679	2 823

The group 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 debt tranche of R2.95 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.

49 FINANCIAL AND INSURANCE RISK MANAGEMENT *continued*

49.1 Financial risk factors *continued*

(c) Liquidity risk continued

The tables below analyse the group'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 group'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 Rm	Between 1 and 2 years Rm	Between 2 and 3 years Rm	Between 3 and 4 years Rm	Over 4 years Rm
At 31 March 2023					
Bank borrowings	**265**	**1 389**	**1 311**	**758**	**–**
Corporate bonds	**468**	**2 473**	**2 490**	**1 088**	**–**
Loans from non-controlling interests	**–**	**–**	**–**	**–**	**160**
Lease liabilities	**62**	**56**	**51**	**48**	**227**
Bank overdrafts	**50**	**–**	**–**	**–**	**–**
Trade and other payables	**684**	**–**	**–**	**–**	**–**
	1 529	**3 918**	**3 852**	**1 894**	**387**

	Less than 1 year Rm	Between 1 and 2 years Rm	Between 2 and 3 years Rm	Between 3 and 4 years Rm	Over 5 years Rm
At 31 March 2022					
Bank borrowings	1 474	1 196	1 234	39	676
Corporate bonds	1 250	2 124	2 164	624	–
Lease liabilities	72	64	58	44	266
Bank overdrafts	72	–	–	–	–
Derivative financial instruments	68	16	–	–	–
Trade and other payables	686	–	–	–	–
	3 622	3 400	3 456	707	942

Gross cash inflows and outflows in respect of the group's derivative financial instruments are not significant and therefore no further information has been presented.

49 FINANCIAL AND INSURANCE RISK MANAGEMENT *continued*

49.2 Financial instruments by category

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

	Amortised cost Rm	Financial assets at FVOCI Rm	Derivatives used for hedging Rm	Other financial liabilities at amortised cost Rm	Not categorised as a financial instrument Rm	Total Rm	Non-current Rm	Current Rm
At 31 March 2023								
Financial assets								
Financial assets at FVOCI	–	1 072	–	–	–	1 072	1 072	–
Non-current receivables	34	–	–	–	–	34	34	–
Derivative financial instruments	–	–	35	–	–	35	35	–
Trade and other receivables	285	–	–	–	110	395	–	395
Cash and cash equivalents	600	–	–	–	–	600	–	600
Financial liabilities						–		
Interest-bearing borrowings	–	–	–	8 494	–	8 494	8 380	114
Trade and other payables	–	–	–	678	305	983	–	983
Insurance claims payable[(1)]	–	–	–	6	–	6	–	6

	Amortised cost Rm	Financial assets at FVOCI Rm	Derivatives used for hedging Rm	Other financial liabilities at amortised cost Rm	Not categorised as a financial instrument Rm	Total Rm	Non-current Rm	Current Rm
At 31 March 2022								
Financial assets								
Financial assets at FVOCI	–	814	–	–	–	814	814	–
Non-current receivables	50	–	–	–	–	50	50	–
Trade and other receivables	297	–	–	–	95	392	–	392
Cash and cash equivalents	852	–	–	–	–	852	–	852
Financial liabilities								
Interest-bearing borrowings	–	–	–	9 751	–	9 751	7 400	2 351
Derivative financial instruments	–	–	82	–	–	82	82	–
Trade and other payables	–	–	–	679	275	954	–	954
Insurance claims payable[(1)]	–	–	–	7	–	7	–	7

[(1)] *Not in the scope of IFRS 9* Financial Instruments *but accounted for in terms of IFRS 4* Insurance Contracts

49 FINANCIAL AND INSURANCE RISK MANAGEMENT *continued*

49.3 Insurance and reinsurance risk

Insurance risk arises from fluctuations in the timing, frequency and severity of claims and claim settlements relative to expectations, including inaccurate pricing of risks when underwritten or other risk transfer techniques and inadequate reserves.

Underwriting risk results from fluctuations in the timing, frequency and severity of insured events. It includes the risk that premium provisions turn out to be insufficient to compensate expected future claims, that the claims provisions raised for both reported and unreported claims are inadequate as well as the risk resulting from the volatility of expense payments.

Reinsurance risk is the risk of loss due to either insufficient or inappropriately structured reinsurance cover relative to the group's risk management strategy and objectives. It also includes the risk that the reinsurance programme is inappropriately administered. The group obtains third-party reinsurance cover to reduce risks from single events or accumulations of risk that could have a significant impact on the current year's earnings or the group's insurance subsidiary's (" Tsogosure"), capital adequacy requirements (refer to note 50).

Tsogosure writes property damage and business interruption, commercial crime, group personal accident and peripheral liability business for its own account and up to 31 July 2021, for that of SS and its subsidiaries, related parties of the group (refer to note 46). The SS group's business is only covered to the extent of the run-off business remaining as they exited the group's insurance captive for their insurance requirements.

The group manages its insurance risk through regular board of directors meetings, where the group's exposures are reviewed and the insurance risks assessed. The group's insurance company is managed by independent insurance managers and has appointed third-party brokers who act as claims handlers, all of which review the claims data on a regular basis. The board of Tsogosure is provided with management accounts, solvency calculation and underwriting charts at each board meeting for review by the respective directors.

Reconciliations of insurance liabilities and reinsurance assets are as follows:

	2023 Gross[(1)] Rm	**2023** Reinsurance recoveries[(2)] Rm	**2023** Net Rm	2022 Gross[(1)] Rm	2022 Reinsurance recoveries[(2)] Rm	2022 Net Rm
Notified claims	**6**	**(10)**	**(4)**	183	(183)	–
Unexpired risk reserve	**–**	**–**	**–**	8	–	8
Incurred but not reported	**1**	**–**	**1**	–	–	–
Total at beginning of the year	**7**	**(10)**	**(3)**	191	(183)	8
Cash paid for claims settled in the year	**(4)**	**9**	**5**	(185)	174	(11)
Increase/(decrease) in liabilities						
• arising from current year claims	**6**	**–**	**6**	–	–	–
• arising from prior year claims	**(3)**	**–**	**(3)**	1	(1)	–
Total at end of the year	**6**	**(1)**	**5**	7	(10)	(3)
Notified claims	**6**	**(1)**	**5**	6	(10)	(4)
Incurred but not reported	**–**	**–**	**–**	1	–	1
	6	**(1)**	**5**	7	(10)	(3)

(1) *Refer to note 38* Trade and other payables
(2) *Refer to note 29* Trade and other receivables

50 CAPITAL RISK MANAGEMENT

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

The group defines capital as equity funding provided by shareholders and debt funding from external parties. Shareholder funding comprises permanent paid-up capital, share premium, revenue reserves and other reserves as disclosed in the statement of financial position. Debt funding comprises loans from financial institutions, corporate bonds and loans from non-controlling interest and net debt represents gross debt net of all cash reserves. Debt funding excludes lease liabilities.

As a class 12 licence holder under Isle of Man Insurance Regulations, Tsogosure is required to maintain shareholders' funds in excess of £50 000 together with 10% of net written premium up to £2 million and 5% of net written premium in excess of £2 million. Tsogosure considers this, together with a calculation of capital adequacy, on a regular basis. During the period Tsogosure complied with all externally imposed requirements. Tsogosure held funds of R34 million (2022: R52 million) in excess of the regulatory minimum solvency margin at the reporting date.

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 monitors the cost of capital, which the group defines as the weighted average cost of capital, taking into account the group'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 group 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 group's debt capacity and optimal gearing levels are determined by the cash flow profile of the group and are measured through applicable ratios such as net debt to adjusted EBITDA (as shown below) and interest cover. These ratios provide a framework within which the group's capital base is managed. The group's current utilisation of debt facilities is shown in notes 33 and 49.1(c).

Under the terms of the borrowing facilities, the group is required to comply with the following financial covenants:
- Adjusted EBITDA covers net interest by at least 3.0 times;
- Net debt:adjusted EBITDA required to be less than 3.0 times; and
- Loan to value of less than 40% for interim reporting.

50 CAPITAL RISK MANAGEMENT *continued*

No debt covenants in respect of external borrowings were breached during the year under review. The covenants are monitored and reported to the board and CODM on a quarterly basis. Apart from the external debt borrowing covenants and the insurance regulations, the group is not subject to externally imposed capital requirements.

	2023 Rm	2022 Rm
Total borrowings (note 33)	**8 494**	9 751
Less: Cash and cash equivalents (note 30)	**(600)**	(852)
Guarantees by the group's bankers (note 48)	**153**	141
Net debt, including guarantees	**8 047**	9 040
Adjusted EBITDA (refer note below)	**3 972**	3 122
Net debt: Adjusted EBITDA (times)	**2.0**	2.9
Adjusted EBITDA made up as follows:		
EBITDA (per note 5)	**3 966**	3 128
Adjust for:		
IFRS 16 depreciation (note 12)	**(48)**	(52)
IFRS 16 finance costs (note 16)	**(29)**	(31)
Long-term incentive and restructure costs	**93**	77
Other sundry non-recurring items	**(10)**	–
Adjusted EBITDA per lender covenant calculation	**3 972**	3 122

51 FAIR VALUE ESTIMATION OF FINANCIAL INSTRUMENTS AND INVESTMENT PROPERTY

Specific valuation techniques used to value financial instruments and investment property include:

- Quoted market prices or dealer quotes for similar instruments;
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves; and
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments and investment property.

Financial instruments in level 1

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

The group has the following level 1 financial instruments (note 25):

	2023 Rm	2022 Rm
Equity instruments at FVOCI	**113**	–

Financial instruments in level 2

The level 2 inputs are inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.

The group has the following level 2 financial instruments (note 35):

	2023 Rm	2022 Rm
Derivative financial instruments – interest rate swaps asset/(liability)	**35**	(82)

51 FAIR VALUE ESTIMATION OF FINANCIAL INSTRUMENTS AND INVESTMENT PROPERTY *continued*

Financial instruments and investment property in level 3

Level 3 inputs are unobservable inputs for the asset or liability. The basis of fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date assuming buyers and sellers in the principal market for the asset have all of the following characteristics:

- They are independent of each other;
- They are knowledgeable, having a reasonable understanding about the asset and the transaction using all available information, including information that might be obtained through due diligence efforts that are usual and customary;
- They are able to enter into a transaction for the asset or liability; and
- They are willing to enter into a transaction for the asset.

The group has the following level 3 financial instruments and investment property:

	2023 Rm	2022 Rm
Equity instruments at FVOCI (note 25)	**959**	814
Investment properties (note 21)	**377**	374
	1 336	1 188

There were no transfers between levels 1, 2 and 3 during the year under review or in the prior year. The group has no other financial assets or liabilities measured at fair value.

52 OFFSETTING

The group has the following financial instruments which are subject to enforceable master netting arrangements which are not offset due to offsetting requirements not being met as at 31 March:

	2023 Rm	2022 Rm
Current bank accounts		
Gross bank balances	**488**	716
Gross bank overdrafts	**(50)**	(72)
Net bank balance if offset	**438**	644

53 EVENTS OCCURRING AFTER THE REPORTING DATE

The directors are not aware of any matters or circumstances arising since the end of the reporting period, not otherwise dealt with within these consolidated financial statements that would affect the operations or results of the group 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 "www.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.

Share buy-back

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. As 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.

Acquisition of listed shares

Subsequent to the company's reporting date, the group acquired additional shares in City Lodge Hotels Limited for an aggregate consideration of R181 million. The total holding of the group is less than 15%.

Refinancing of interest-bearing borrowings

Subsequent to the reporting date on 31 May 2023, the group completed a part refinance of its interest bearing borrowings and voluntarily prepaid a portion of its R3.2 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.

54 SUBSIDIARIES HAVING MATERIAL NON-CONTROLLING INTERESTS

The total non-controlling interests' share of profit for the year and accumulated non-controlling interests, all having their place of business being in SA, are allocated as follows:

	Ownership as at 31 March		Share of profit for the year 31 March		Accumulated non-controlling interests as at 31 March	
	2023 %	2022 %	**2023 Rm**	2022 Rm	**2023 Rm**	2022 Rm
Emerald Safari Resort Proprietary Limited[(1)]	**45**	–	**8**	–	**8**	–
Tsogo Sun Emonti Proprietary Limited	**35**	35	**(7)**	8	**136**	147
Galaxy non-controlling interests	**Various**	Various	**3**	9	**(46)**	(18)
Vukani non-controlling interests	**Various**	Various	**21**	19	**15**	13
Other non-controlling interests	**Various**	Various	**(1)**	(7)	**(23)**	(22)
			24	29	**90**	120

Summarised financial information, before intergroup eliminations, for subsidiaries having material non-controlling interests is as follows

	Tsogo Sun Emonti Proprietary Limited		Emerald Safari Resort Proprietary Limited[(1)]
Summarised statements of financial position as at 31 March	**2023 Rm**	2022 Rm	**2023 Rm**
Non-current assets	**242**	305	**433**
Current assets	**209**	188	**75**
Total assets	**451**	493	**508**
Non-current liabilities	**31**	43	**40**
Current liabilities	**29**	29	**392**
Total liabilities	**60**	72	**432**
Net assets	**391**	421	**76**

	For the year ended 31 March		
Summarised statements of profit or loss	**2023 Rm**	2022 Rm	**For the period 12 September 2022 to 31 March 2023 Rm**
Income	**241**	204	**193**
(Loss)/profit before income tax	**(22)**	30	**27**
Income tax credit/(expense)	**4**	(9)	**(9)**
Total comprehensive income	**(18)**	21	**18**
Dividends paid to non-controlling interests	**5**	1	**–**

[(1)] *The group acquired an effective 55% shareholding in Emerald Safari and Resort Proprietary Limited effective 12 September 2022 (refer to note 40). The year end has been changed from 31 December to 31 March in order to align with that of the group*

54 SUBSIDIARIES HAVING MATERIAL NON-CONTROLLING INTERESTS *continued*

Summarised statements of cash flows	For the year ended 31 March 2023 Rm	2022 Rm	For the period 12 September 2022 to 31 March 2023 Rm
Cash generated from operations	**43**	56	**19**
Interest received	**11**	6	**1**
Income tax paid	**(10)**	(10)	**(4)**
Dividends paid	**(13)**	(2)	**–**
Net cash generated from operations	**31**	50	**16**
Net cash utilised for investment activities	**(27)**	(48)	**(11)**
Net cash utilised for financing activities	**(2)**	(1)	**(42)**
Net increase/(decrease) in cash and cash equivalents	**2**	1	**(37)**
Cash and cash equivalents at beginning of the period	**10**	9	**62**
Cash and cash equivalents at end of the period	**12**	10	**25**

55 SUBSIDIARY COMPANIES

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 group, which is 100% except for Emerald Safari Resort Proprietary Limited and Tsogo Sun Emonti Proprietary Limited where the group holds 55% and 65% respectively.

Subsidiary

Direct shareholding

- Akani Egoli Management Proprietary Limited
- Akani Egoli Proprietary Limited
- Akani Msunduzi Proprietary Limited
- Akani Msunduzi Management Proprietary Limited
- Garden Route Casino Proprietary Limited
- Gold Reef Management Proprietary Limited
- Goldfields Casino and Entertainment Centre Proprietary Limited
- Silverstar Casino Proprietary Limited
- Tsogo Sun Alternative Gaming Investments Proprietary Limited
- Tsogo Sun Hotels, Gaming and Entertainment Proprietary Limited
- West Coast Leisure Proprietary Limited

Indirect shareholding

- Emerald Safari Resort Proprietary Limited
- Galaxy Gaming and Entertainment Proprietary Limited
- Tsogo Sun Caledon Proprietary Limited
- Tsogo Sun Casinos Proprietary Limited
- Tsogo Sun Emonti Proprietary Limited
- Tsogo Sun Investments Proprietary Limited (formerly Tsogo Sun Gaming Investments Proprietary Limited)
- Tsogo Sun KwaZulu-Natal Proprietary Limited
- Tsogo Sun Newcastle Proprietary Limited
- Tsogo Sun Treasury Proprietary Limited (formerly Tsogo Sun Proprietary Limited)
- Vukani Gaming Corporation Proprietary Limited

The group comprises a large number of companies. The list above only includes those subsidiary undertakings which materially affect the profit or loss or net assets of the group, or a business segment, together with the principal intermediate holding companies of the group. All subsidiaries shown above are incorporated, and have their place of business, in SA. A register detailing 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.

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 Retail Hedge 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 consolidated financial statements*

(2) *Treasury shares*

	Number of shares
Treasury shares are 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
CODM	Chief operating decision maker
EBITDA	Earnings before interest, tax, depreciation and amortisation and the effects of items that are regarded as unusual and are infrequent and are considered to distort the numbers if they were not adjusted (other exceptional items), and headline adjustments
EBITDA margin	This is calculated by expressing EBITDA as a percentage of revenue
ECL	Expected credit losses
Emerald	Emerald Safari Resort Proprietary Limited
Gold Reef	Gold Reef Resorts Limited
FVOCI	Fair value through other comprehensive income
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
LPMs	Limited Payout Machines
pp	Percentage point
NCI	Non-controlling interests
Net debt	Gross debt (including borrowings and overdrafts) net of gross cash and cash equivalents
OCI	Other comprehensive income
SA	South Africa
SI	Sun International Limited
SS	Southern Sun Limited (formerly "Tsogo Sun Hotels Limited")
SunWest	SunWest International Proprietary Limited
the Act	The Companies Act of South Africa, 71 of 2008, as amended
the board	The board of directors of Tsogo Sun Limited
the group	Tsogo Sun Limited and its subsidiaries and associates
Tsogo Sun or the company	Tsogo Sun Limited (formerly "Tsogo Sun Gaming Limited")
VAT	Value Added Tax
WACC	Weighted average cost of capital
Worcester	Worcester Casino Proprietary Limited