TSOGO SUN

Notice of Annual General Meeting **2023**

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NOTICE OF ANNUAL GENERAL MEETING 2023

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the year ended 31 March

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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 March

	2023 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	**120**	139
Total comprehensive income for the year	**1 916**	1 710
Total comprehensive income attributable to:		
Equity holders of the company	**1 892**	1 681
Non-controlling interests	**24**	29
	1 916	1 710

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 March

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 March

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

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

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

for the year ended 31 March

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

(1) *Included in finance costs*

Adjusted headline earnings are defined as earnings attributable to equity holders of the company adjusted for after-tax non-recurring expenditure items which are regarded as unusual and are infrequent and are considered to distort the numbers if they were not adjusted, and headline adjustments in terms of Circular 1/2021 *Headline earnings*.

RECONCILIATION OF OPERATING PROFIT TO EBITDA

for the year ended 31 March

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

Earnings before interest, tax, depreciation and amortisation and exceptional items ("EBITDA") excludes the effects of items which are regarded as unusual and are infrequent and are considered to distort the numbers if they were not adjusted, and headline adjustments in terms of Circular 1/2021 *Headline Earnings*.

SEGMENTAL ANALYSIS

for the year ended 31 March

Other than as indicated below, there has been no change in the basis of measurement of segment profit or loss since the previous financial year end.

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

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

[1] *All income from operations is derived from external customers. No one customer contributes more than 10% to the group's total revenue and income*
[2] *Refer reconciliation of operating profit to EBITDA*
[3] *All casino units are reported pre-internal management fees*
[4] *Comparatives have been re-aligned as noted above*

DISAGGREGATION OF REVENUE FROM CONTRACTS WITH CUSTOMERS

for the year ended 31 March

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

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

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

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

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

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

SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS

1 BASIS OF PREPARATION

The summarised consolidated financial statements for the year ended 31 March 2023 have been prepared in accordance with the JSE Listings Requirements and the requirements of the Companies Act of South Africa applicable to summarised consolidated financial statements. The JSE Listings Requirements require summarised consolidated financial statements to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards ("IFRS"), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by Financial Reporting Standards Council, and to also, as a minimum, contain the information required by IAS 34 *Interim Financial Reporting*. Chief Financial Officer, G Lunga CA(SA), supervised the preparation of the summarised consolidated financial statements. The accounting policies applied in the preparation of the audited consolidated financial statements, from which the summarised consolidated financial statements were derived, are in terms of IFRS and are consistent with those applied in the previous consolidated financial statements as at 31 March 2022 unless otherwise noted below. The summarised consolidated financial statements should be read in conjunction with the annual financial statements for the year ended 31 March 2023 which were approved by the board on 31 July 2023 and are available online. The summarised consolidated financial statements are extracted from audited information, but are not themselves audited. The unmodified audit report of PricewaterhouseCoopers Inc., the independent auditors, on the consolidated financial statements for the year ended 31 March 2023, dated 31 July 2023, is included in the audited financial statements publicly available on the company's website, www.tsogosun.com, and at the registered office of the company at Palazzo Towers East, Montecasino Boulevard, Fourways, 2055.

2 CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

The group adopted all the new, revised or amended accounting pronouncements as issued by the IASB which were effective for the group from 1 April 2022. No pronouncement had any material impact on the group.

3 STANDARDS ISSUED NOT YET EFFECTIVE

The group does not anticipate that any standards or amendments to existing standards that have been published and are mandatory for the group's accounting periods beginning on or after 1 April 2023 or later periods, which the group has not early adopted, would have a material impact on the group.

4 IMPAIRMENTS OF NON-CURRENT ASSETS

In terms of IAS 36 *Impairment of Assets*, the group assesses at the end of each reporting period whether there is any indication that an asset may be impaired, and assesses its goodwill and intangible assets with indefinite lives for impairment irrespective of whether there is any indication of impairment or not. The group makes estimates and assumptions concerning the future, with the significant estimates discussed below. Impairments and impairment reversals of non-current assets are shown separately in the statement of profit or loss. Impairments and impairment reversals of non-current assets are made up as follows:

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

4 IMPAIRMENTS OF NON-CURRENT ASSETS *continued*

4.1 Goodwill

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

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

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

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

Significant estimate: key assumptions used for value in use calculations

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

4 IMPAIRMENTS OF NON-CURRENT ASSETS *continued*

4.1 Goodwill continued

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

» Trading assumptions – management forecast income, operating expenses and EBITDA margins are based on past and current performance, its expectations of market developments post the COVID-19 pandemic and the aforementioned inflationary impacts of the Eskom power crisis and the Russia/Ukraine conflict. As from 23 June 2022, the National State of Disaster, together with all remaining COVID-19 restrictions were lifted and, therefore, no further impact of COVID-19 infections have been provided for in the cash flow forecasts. Management continued to focus on previously implemented cost reductions and operational efficiencies during the reporting period, resulting in maintaining reduced cost bases and improved margins. Certain expenses, some of which are beyond the group's control (such as administered property costs and high diesel costs incurred due to load shedding), have increased, offsetting some of the saving initiatives achieved. Taking the aforementioned into account, the group's forecast models assume continued recovery for the 2024 financial year cash flow forecasts, and growth levelling off with effect from 2025. The significant unobservable inputs used in the trading assumptions as at 31 March 2023 compared to 31 March 2022 are shown below:
  – Expected income, including gaming win, food and beverage, hotel rooms revenue and other income grows by 7% for the 2024 financial year, then levels out to growths of 5% for 2025 and then 4% for the following years (31 March 2022: expected income, including gaming win, food and beverage, hotel rooms revenue and other income grew at trading growths of 3% for the forecast years from 2024); and
  – Expected operating expenditure costs increase on average by 10% for the 2024 financial year, then levels out to increases of 6% for 2025 and then 5% for the following years (31 March 2022: expected operating expenditure costs levelled out to increases of 4% for the forecast years from 2024);

» Long-term growth rate – cash flows beyond the first five-year period are extrapolated using estimated long-term growth rates in order to calculate the terminal recoverable amount. The growth rate estimations consider risks associated with the gaming, entertainment and hospitality industry in which the CGUs operate. The group considers a long-term growth rate of 5.0% more appropriate compared to the 31 March 2022 rate of 4.7% due to the higher inflationary conditions in the South African economy; and

» Risk adjusted discount rate – the discount rate is calculated by using a weighted average cost of capital ("WACC") of the respective CGUs. WACC is calculated using a risk-free rate referenced to the 10 year point on the SA Government Bond curve and an equity premium adjusted for specific risks relating to the relevant CGUs (share beta and small stock premium). The pre-tax discount rates have increased marginally in comparison with the prior year due to a higher risk-free rate, offset by a lower weighted average cost of debt and share beta. The COVID-19 pandemic triggered a reduction in interest rates that has reversed since late 2021 in response to rising inflation, hence there have been a number of increases in rates by the South African Reserve Bank. The Eskom power crisis has also had a negative impact on rates. The group believes the discount rate will return to more normal levels over the medium term.

4 IMPAIRMENTS OF NON-CURRENT ASSETS *continued*

4.1 Goodwill continued

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

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

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

Significant estimate – impairment charges

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

Significant estimate: impact of possible changes in key assumptions

The group's impairment reviews are sensitive to changes in the key assumptions described above. Based on the group's sensitivity analysis, a reasonable possible change in a single assumption will not cause any goodwill impairment loss in any of the group's CGUs, as the group's CGUs have significant headroom available between the calculated values in use and the carrying amount of goodwill allocated to each CGU.

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

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

4 IMPAIRMENTS OF NON-CURRENT ASSETS *continued*

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

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

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

Significant estimate – impairment charges and reversals

Taking into account the revised assumptions as described in note 4.1 *Goodwill*, with respect to licences with indefinite lives, the group recognised an impairment reversal of R198 million in respect of the Gold Reef City precinct and an impairment in respect of the Goldfields precinct of R28 million (2022: the group recognised impairment reversals of R298 million made up of the Gold Reef City (R149 million), Silverstar (R142 million) and Goldfields (R7 million) precincts). The impairment reversal was mainly due to the five-year forecast cash flows reflecting an improvement compared to those expected at 31 March 2022, offset by the marginal increase in the discount rate mentioned in note 4.1. The impairment in respect of the Goldfields precinct is due to lower actual and forecast trading, together with reducing margins, which is indicative of the area in which the precinct is located.

4 IMPAIRMENTS OF NON-CURRENT ASSETS *continued*

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

Significant estimate: impact of possible changes in key assumptions

The group's impairment reviews are sensitive to changes in the key assumptions described in note 4.1. Based on the group's sensitivity analysis, a reasonable possible change in a single assumption will not cause a material impairment loss in any of the group's CGUs, as the group's CGUs have significant headroom available between the calculated values in use and the intangible asset allocated to each CGU, other than the below CGUs:

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

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

[1] *Refer note 4.1 for key assumptions*

4.3 Other non-current asset impairments

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

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

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

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

[1] *Refer note 4.1 for key assumptions*

5 FAIR VALUE ESTIMATION

The group fair values its investment properties which are categorised as level 3 values in the fair value hierarchy. The group fair values its financial assets at fair value through other comprehensive income which are categorised as levels 1 and 3 values in the fair value hierarchy. Derivative financial instruments are fair valued, comprising interest rate swaps, and are categorised as level 2 values in the fair value hierarchy. There were no transfers into or out of level 3 for any fair value assets during the year under review.

5.1 Investment properties

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

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

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

At 31 March 2023, the significant unobservable inputs were as follows:

» Capitalisation rates applied to rental income of 9.5% (2022: varied between 9.25% and 9.50%);
» Vacancy rates applied of 10% (2022: varied between 10% and 15%) ; and
» A weighted average projected rental decrease rate of 6.8% (2022: 13.7%).

Inter-relationship between key unobservable inputs and fair value measurement are shown below. The estimated fair value would increase/(decrease) if:

» The capitalisation rate was lower/(higher);
» Expected vacancy rate was lower/(higher); and
» Expected rental income was higher/(lower).

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

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

5 FAIR VALUE ESTIMATION *continued*

5.2 Financial assets at FVOCI

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

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

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

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 4.1, the group's view on the terminal growth rate was revised upward based on inflation projections. The aforementioned were offset by a marginally higher discount rate due to the increase in interest rates and an increased risk-free rate as mentioned in note 4.1, offset by a lower weighted average cost of debt and share beta. Among other factors, the discount rate estimation considers risks associated with the gaming, entertainment and hospitality industry in which SunWest and Worcester operate.

Significant estimate – unobservable inputs used in the fair value measurement

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

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

5 FAIR VALUE ESTIMATION *continued*

5.2 Financial assets at FVOCI continued

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

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

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

Listed financial assets at fair value through OCI comprise ordinary shares held by subsidiaries in City Lodge 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.

5.3 Interest rate swaps

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

6 ASSETS CLASSIFIED AS HELD FOR SALE

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

7 CHANGES IN INTEREST-BEARING BORROWINGS ARISING FROM FINANCING ACTIVITIES

7.1 Borrowings

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

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

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

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

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

7.1 Borrowings continued

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

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

7.2 Lease liabilities

Changes arising from lease liabilities are as follows:

	Non-current portion Rm	Current portion Rm	Total Rm
At 1 April 2022	**295**	**42**	**337**
New leases raised	**8**	**5**	**13**
Principal elements of lease payments	**(1)**	**(38)**	**(39)**
Interest raised for the year	**–**	**29**	**29**
Interest paid during the year	**–**	**(29)**	**(29)**
Lease concessions practical expedient applied	**–**	**(2)**	**(2)**
Remeasurement of leases	**–**	**3**	**3**
Termination of leases	**–**	**(7)**	**(7)**
Reclassification to current	**(35)**	**35**	**–**
At 31 March 2023	**267**	**38**	**305**

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

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

8 ACQUISITION OF BUSINESS

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

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

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

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

9 RELATED PARTY TRANSACTIONS

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

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

10 CAPITAL COMMITMENTS

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

11 GOING CONCERN

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

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

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

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

12 EVENTS OCCURRING AFTER THE REPORTING DATE

The directors are not aware of any matters or circumstances arising since the end of the reporting period, not otherwise dealt with within these summarised 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 programme

Subsequent to the company's reporting date, on 31 May 2023 the board of directors authorised the company to commence with a share buy-back programme. 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 a 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.

BOARD AND COMMITTEES

Our board composition, structure and report back

Board profile

Race diversity: July 2023

78% Black

22% White

Board tenure: July 2023

22% 1 – 3 years

11% 7 – 9 years

22% 4 – 6 years

45% 10+ years

Gender diversity: July 2023

67% Male

33% Female

Non-executive committee key

A **Audit and risk committee**
Chairperson: F Mall

R **HR and remuneration committee**
Chairperson: Y Shaik

S **Social and ethics committee**
Chairperson: RD Watson

CG du Toit (53) – Executive director – Chief Executive Officer

CA(SA), FCMA

Date appointed: 1 June 2019

Key skills and experience

Chris is a qualified Chartered Accountant and Fellow Chartered Management Accountant who completed his articles with PwC in 1996. Following three years of working in the financial services industry in the UK, he joined Mettle Limited (financial services) in 2001 and served as Financial Director from 2003. In 2009 he joined the JSE-listed Hosken Consolidated Investments group as Chief Executive Officer of one of its gaming and entertainment divisions. Chris acted as Chief Operating Officer of Tsogo Sun Alternative Gaming from 2017 and was promoted to Chief Executive Officer of the Tsogo Sun group from 1 July 2019. He was appointed to the Tsogo Sun board of directors on 1 June 2019.

G Lunga (51) – Executive director – Chief Financial Officer

CA(SA), EDP

Date appointed: 1 October 2021

Key skills and experience

Gregory is a qualified Chartered Accountant who completed his articles with KPMG in 1996 and commenced as the Group Reporting Manager for the then South African Breweries Limited in 1997. He joined the group in 2001 as Financial Manager of the group's Casino division and was appointed as the Financial Director of the group's Casino division in 2011. Gregory serves on the boards of most of the Casino division subsidiary companies and was appointed to the Tsogo Sun board and as Chief Financial Officer of the Tsogo Sun group from 1 October 2021.

JA Copelyn (73) – Non-executive Chairperson

BA (Hons), BProc

Date appointed: 24 February 2011[1]

Major external positions, directorships or associations

Chief Executive Officer of Hosken Consolidated Investments Limited, non-executive Chairperson of Deneb Investments Limited, eMedia Holdings Limited and Southern Sun Limited.

Key skills and experience

Johnny has served as the Chief Executive Officer of Hosken Consolidated Investments Limited since 1997. Prior to this he qualified as an attorney, served as a Member of Parliament and as the General Secretary of the Southern African Clothing and Textile Workers' Union.

BA Mabuza (58) – Lead independent non-executive director

BA, MBA

Date appointed: 1 June 2014

Major external positions, directorships or associations

Independent non-executive director of the dual listed NinetyOne Group, independent non executive director of Adcock Ingram Holdings Limited, non-executive Chairperson of the Industrial Development Corporation and head of the South African BRICS Business Council.

Key skills and experience

Busi holds the designation of CD(SA) and has held several positions at listed and private South African investment firms, including appointments as Chairperson of the board of Airports Company South Africa Limited and the Central Energy Fund Proprietary Limited. She was also previously a partner at Ethos Private Equity Proprietary Limited. Busi currently holds the abovementioned directorships and positions, serving on a number of board committees within these organisations.

Notes to CVs

[1] JA Copelyn was appointed to the board of the holding company of the group on 13 August 2003, prior to the reverse listing of the group into Gold Reef

MJA Golding (63) – Independent non-executive director

BA (Hons)

Date appointed: 24 February 2011[(1)]

Major external positions, directorships or associations

Non-executive Chairperson of Texton Property Fund Limited, executive director of Rex Trueform Group Limited and African and Overseas Enterprises Limited, non-executive director of Vunani Limited and Vunani Capital Partners Limited and Chairperson of Geomer Investments Proprietary Limited.

Key skills and experience

Marcel served as executive Chairperson of Hosken Consolidated Investments Limited and Chief Executive Officer of e-tv until 2014. Prior to this, he was a member of parliament and Deputy General Secretary of the National Union of Mineworkers. Marcel currently runs a private family investment portfolio.

F Mall (46) – Independent non-executive director

CA(SA)

Date appointed: 18 September 2020

Major external positions, directorships or associations

Chief Executive Officer of Komorebi Holdings (Pty) Ltd, director of Usizo Advisory Solutions and non-executive director of Crookes Brothers Limited.

Key skills and experience

Farzanah is a qualified Chartered Accountant with over 20 years of local and international experience in strategy development, market and brand positioning, leadership development, auditing, financial and management accounting, brand profiling, business turnaround and optimisation, governance, risk management, communications, internal auditing, market research and expansion strategies. She has worked for three of the big four auditing firms and has held numerous senior leadership roles including being a director at KPMG in the advisory practice, and she has served on the KPMG South Africa board. Her experience also includes lecturing postgraduate managerial accounting and finance, working for Coles Myer Limited in Melbourne, Australia, and serving as the national president of the Businesswomen's Association of South Africa from 2014 to 2017.

VE Mphande (64) – Independent non-executive director

Date appointed: 24 February 2011[(2)]

Major external positions, directorships or associations

Independent non-executive director and Chairperson of Hosken Consolidated Investments Limited, Independent non-executive director and Chairperson of HCI Coal Proprietary Limited, and Independent non-executive director of eMedia Holdings Limited.

Key skills and experience

Elias has served as national organising secretary of the Southern African Clothing and Textile Workers' Union, former Chief Executive Officer of Vukani Gaming Corporation and former Chairperson of Golden Arrow Bus Services.

Y Shaik (64) – Non-executive director

BA (Law), BProc

Date appointed: 15 June 2011

Major external positions, directorships or associations

Executive director of Hosken Consolidated Investments Limited, non-executive director of Deneb Investments Limited and eMedia Holdings Limited and Chairperson of Frontier Transport Holdings Limited.

Key skills and experience

Yunis is an admitted attorney of the High Court of South Africa. He has served as an Acting Judge in the Labour Court and as a senior commissioner to the Commission for Conciliation, Mediation and Arbitration, KwaZulu-Natal. Yunis is a former Deputy General Secretary of the Southern African Clothing and Textile Workers Union.

RD Watson (63) – Independent non-executive director

Date appointed: 1 June 2019

Major external positions, directorships or associations

Independent non-executive director of Hosken Consolidated Investments Limited, eMedia Holdings Limited and Frontier Holdings Limited.

Key skills and experience

Rachel served as manager at a regional broadcaster. Prior to this appointment she was employed for 33 years within the clothing industry, serving as a trade union representative and national media officer. Rachel now holds the abovementioned directorships and positions, serving on a number of board committees within these organisations.

Notes to CVs

(1) MJA Golding was appointed to the board of the holding company of the group on 30 April 2004, prior to the reverse listing of the group into Gold Reef

(2) VE Mphande was appointed to the board of the holding company of the group on 3 February 2005, prior to the reverse listing of the group into Gold Reef

Governance structure

The board maintains full and effective control over the company and is accountable and responsible for its performance and compliance. The board reviews the strategic priorities of the group, determines the investment policies and delegates to management the detailed planning and implementation of the objectives and policies in accordance with appropriate risk parameters. The board monitors compliance with policies and achievement against objectives by holding management accountable for its activities through quarterly performance reporting and discussion.

The board charter codifies the board's composition, appointment, authority, responsibilities and processes and sets out the fiduciary duties of the directors of the company. It provides the board with a mandate to exercise leadership, determine the group's vision and strategy and monitors operational performance.

Board composition

The board is required to comprise an appropriate balance of knowledge, skills, experience, diversity and independence in order for it to discharge its governance role and responsibilities objectively and effectively.

JA Copelyn, a non-executive director of the company, is the Chairperson of the company, and to strengthen the independence of the board, BA Mabuza serves as lead independent director. BA Mabuza serves on all the board committees and is therefore well placed to influence the governance of the company and to meet her obligations as lead independent director.

The roles of the Chairperson and the CEO of the company are separate, with responsibilities divided between them to ensure a balance of power and authority. The Chairperson is responsible for providing overall leadership of the board and ensuring that the board performs effectively. The CEO is responsible for the execution of the strategic direction, which has been approved by the board, through the delegation of authority. The board currently comprises two executive directors, being CG du Toit (Chief Executive Officer) and G Lunga (Chief Financial Officer), ensuring that the board has more than one point of contact with management. The remainder of the board is comprised of non-executive directors, the majority of whom are independent. The board considers the independence of directors holistically in line with the provisions of the Companies Act, JSE Listings Requirements and the practices set out in King IV™. One-third of the non-executive directors retire by rotation each year in line with the memorandum of incorporation of the company. The average tenure of the independent non-executive directors on the board of the company is 10.8 years. The non-executive directors who have served for more than nine years are MJA Golding, VE Mphande and BA Mabuza, who are all considered to be independent.

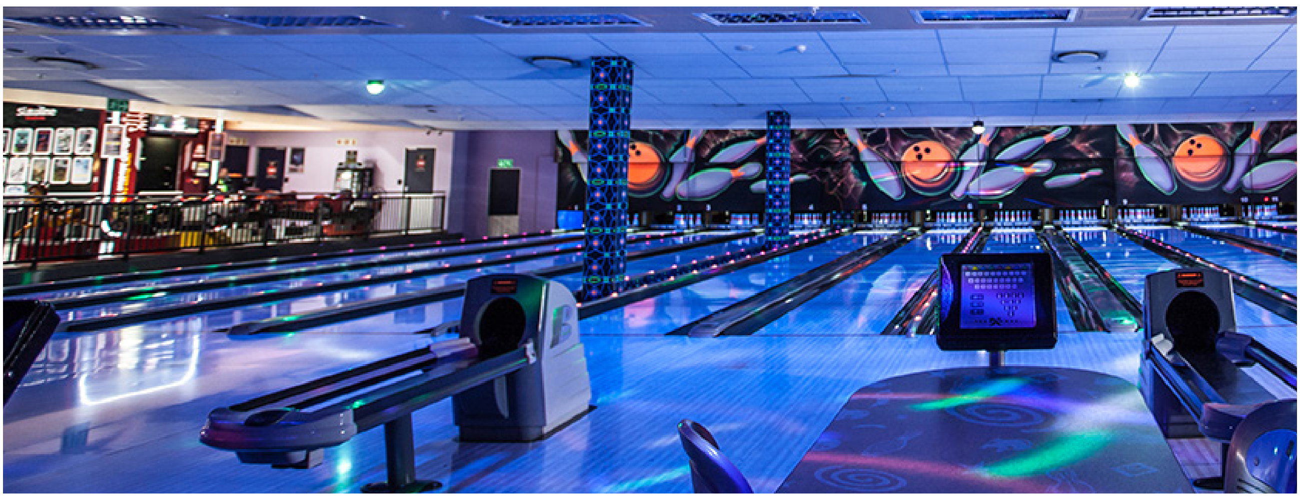
The CEO's employment contract includes a three-month notice period unless varied by agreement and there are no specific contractual conditions related to termination. The CEO has no other external professional commitments. Executive director appointments have historically been predominantly internal promotions as part of succession planning.

The HR and remuneration committee reviews and assesses board composition on behalf of the board. In terms of the board nomination policy, the HR and remuneration committee is responsible for assessing and selecting appropriate candidates to be nominated for election as directors.

All board appointments are made on merit, in the context of skills, experience, independence and knowledge, which the board, as a whole, requires to be effective. Factors taken into account include diversity, qualifications, skills, experience and capacity of candidates.

The HR and remuneration committee makes its recommendations to the board, and the board as a whole is responsible for approving the nomination of recommended candidate/s for election as directors of the company. The composition of the board is ultimately determined by shareholders since the appointment of all directors remains subject to the approval of shareholders.

The board considers that there is an appropriate balance of skills, experience, independence and knowledge among the independent directors. The board has approved a diversity policy incorporating race and gender. No voluntary targets have been set in relation to the board diversity policy, but currently 78% of the board members are black and 33% are female.



Four board meetings, four audit and risk committee meetings, three HR and remuneration committee meetings and two social and ethics committee meetings were held for the year. The attendance of individual directors at the board and committee meetings, and at the annual general meeting ("AGM"), is set out in the table below:

	Board	Audit and risk committee	HR and remuneration committee	Social and ethics committee	AGM
Executive directors					
CG du Toit	4/4	4/4[1]	3/3[1]	2/2[1]	✓
G Lunga	4/4	4/4 [1]		2/2[1]	✓
Non-executive directors					
JA Copelyn (Chairperson)	4/4		3/3		
Y Shaik	4/4	3/4[1]	3/3	2/2	✓
Independent non-executive directors					
BA Mabuza (lead independent)	4/4	4/4	2/3	0/2	
MJA Golding	4/4				
F Mall	4/4	4/4			
VE Mphande	4/4		3/3	2/2	✓
RD Watson	4/4	4/4	3/3	2/2	

[1] *Attends by invitation*

Board effectiveness

A formal self-evaluation of the performance of the board and board committees has been conducted, using an independent online assessment system. The board is satisfied with the performance of the Chief Executive Officer and with the competence of the Chief Financial Officer as set out in the report of the audit and risk committee in the consolidated financial statements for the year ended 31 March 2023.

A representative of the Company Secretary has been appointed to provide company secretarial services to the company and the group on behalf of the Company Secretary and to ensure that all board procedures are fully adhered to. This duly appointed representative is not a director of the company, and the board is satisfied that she is competent and has the appropriate qualifications and experience required by the group. The directors have unlimited access to the advice and services of this duly appointed representative.

Committee structure and report back

The board governs through clearly mandated statutory and board committees. The statutory committees have the power to make decisions regarding their statutory duties and are fully accountable for their performance in regard to those statutory duties. In addition to their statutory duties, the board has delegated certain of its responsibilities to the committees. The board retains full accountability for all matters in respect of which it has delegated responsibility to a committee.

Each committee has specific written terms of reference approved by the board and adopted by such committee. The board has appointed a non-executive director to chair each committee. The committees meet at regular intervals, and committee Chairpersons report orally to the board on the proceedings of these meetings, any decisions taken thereat and any recommendations to be made to the board for their consideration.

The board is satisfied that:

» Each committee, as a whole, has the necessary knowledge, skills, experience and capacity to execute its mandate and responsibilities efficiently; and
» Each of the committees has fulfilled its responsibilities in accordance with its mandate and terms of reference during the year.

Set out on the following pages are the reports relating to the committees.

A Audit and risk committee

Members

F Mall *(Chairperson)*
Independent non-executive director

BA Mabuza
Lead independent non-executive director

RD Watson
Independent non-executive director

Key objectives

The key objectives of the audit and risk committee are to assist the board with discharging its responsibilities relating to the integrity of the company's financial statements, the effectiveness of the systems of governance, risk management and internal control, monitoring the effectiveness, independence and objectivity of the internal and external auditors, and combined assurance. These responsibilities include the safeguarding of assets and ensuring compliance with the statutory duties of the committee, all applicable legal requirements as contained in the relevant legislation, JSE Listings Requirements and King IV™.

The audit and risk committee is constituted as a statutory committee of the company and its subsidiaries in respect of its statutory duties, and as a committee of the board in respect of all other duties delegated to it by the board. It is a combined committee that fulfils the functions of both an audit committee and a risk committee. The committee is chaired by F Mall, an independent non-executive director of the company, and the other members of the committee are also independent non-executive directors.

The audit and risk committee met four times during the year. The Chief Executive Officer, the Chief Financial Officer and the Group Risk Manager attend the meetings as permanent invitees, together with external audit representatives and the outsourced internal audit representatives. Other directors and members of management attend as required.

A duly appointed representative of the Company Secretary serves as the secretary of the audit and risk committee.

The scope of the audit and risk committee's work during the year included the following matters:

- Reviewing prospective accounting standard changes, particularly regarding standards that became effective during the year or will become effective in the coming year;
- Considering all significant transactional and accounting matters that occurred during the year;
- Considering the combined findings of the JSE Proactive Monitoring of Financial Statements report;
- Considering and reviewing the effectiveness of the group's internal controls over its interim and annual financial reporting;
- Evaluating the group's financial reporting procedures;
- Overseeing the management of financial and other risks that affect the integrity of external reports issued by the group;
- Reviewing the controls in place to be able to make the CEO and FD statement in terms of JSE LR 3.84;
- Reviewing and approving for recommendation to the board, the half year and full year results and announcements, the annual financial statements and integrated annual report;
- Reviewing 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;
- Reviewing the risk landscapes to which the group is exposed in relation to the group's risk tolerance and risk appetite levels and evaluating the appropriateness of management's responses to risk;
- Reviewing operational risk management including fraud and theft, whistle-blowing systems and organisational resilience;
- Reviewing IT risks in relation to core operational systems, system projects, information management and security initiatives and governance and regulatory compliance;
- Reviewing insurance, treasury and taxation matters;
- Monitoring material legal, legislative and regulatory developments affecting the group's businesses;
- Reviewing and monitoring the independence and objectivity of the external auditors and considering whether the audit firm and the individual auditor responsible for performing the functions of auditor, are accredited as such on the JSE list of auditors and their advisers;
- Reviewing 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;
- Monitoring and assessing the limited non-audit services provided by the external auditors and the service fees charged for the provision thereof;
- Reviewing the scope of the internal audit being performed, and evaluating the effectiveness, as well as the fees and terms of engagement, of the outsourced internal audit function;
- Reviewing developments in corporate governance and better practices and considered their impact and implication on the group's processes and structures;
- Reviewing the integrated annual report and confirming that it is presented in accordance with the International Integrated Reporting Council's ("IIRC") Integrated Reporting ("<IR>") Framework, addresses all material matters and offers a balanced view of the performance of the group and the impact on its stakeholders; and
- Considering and evaluating the proposals submitted, and presentations made, by applicants in response to the RFP issued for the appointment of external auditors for the 2024 financial year end as part of the Mandatory Audit Firm Rotation process, and recommending to the board the appointment of Deloitte & Touche, with Cathryn Emslie being the proposed audit partner.

The audit and risk committee is satisfied that it has fulfilled its responsibilities for the year in compliance with its mandate as prescribed in the Companies Act and in compliance with its terms of reference.

Refer to the report of the audit and risk committee in the consolidated financial statements for the year ended 31 March 2023.

Social and ethics committee

Members

RD Watson *(Chairperson)*
Independent non-executive director

BA Mabuza
Lead independent non-executive director

VE Mphande
Independent non-executive director

Y Shaik
Non-executive director

Key objectives

The key objectives of the social and ethics committee is to provide oversight of, and reporting on, organisational ethics, responsible corporate citizenship, sustainable development and stakeholder relationships, and in particular, to monitor the group's compliance with the applicable requirements of Regulation 43 of the South African Companies Act in relation to matters pertaining to social and economic development, the environment, occupational health and public safety, consumer relationships, labour and employment matters and the group's code of ethics and sustainable business practice.

The social and ethics committee is constituted as a statutory committee of the company to perform the prescribed statutory duties of such committee, and is appointed by all the subsidiaries of the company that are required to have a social and ethics committee in terms of the Companies Act, read with the Companies Act Regulations, to act as the social and ethics committee of such subsidiaries, and to perform the prescribed statutory duties of such committee on behalf of such subsidiaries.

The social and ethics committee is mandated by the board to act on behalf of the company and all its subsidiaries in matters relating to governance best practices and group wide ethical standards.

The social and ethics committee is chaired by RD Watson, an independent non-executive director of the company. The majority of the members of the committee are independent non-executive directors.

The committee met twice during the year. The Chief Executive Officer, the Chief Financial Officer, the group's Director of Human Resources and the Chairperson of the company attend committee meetings as permanent invitees. Other directors and members of management attend as required.

A duly appointed representative of the Company Secretary serves as the secretary of the social and ethics committee.

The scope of the social and ethics committee's work during the year included the following matters:

- Reviewing and updating the group's ethics policy;
- Reviewing and updating the committee's terms of reference;
- Monitoring the group's standing in terms of the goals and purposes of the 10 Principles set out in the United Global Compact Principles;
- Monitoring the group's standing in terms of the goals and purposes of the OECD recommendations regarding corruption;
- Monitoring legislative developments;
- Monitoring the implementation of prevention of bribery and corruption measures;
- Monitoring the group's compliance with Responsible Gambling legislation, regulations and policies;
- Monitoring progress in the alignment of the group's practices to the requirements of the B-BBEE codes;
- Monitoring the group's annual CSI contributions and sponsorships;
- Monitoring preferential procurement, socio-economic development and enterprise and supplier development;
- Monitoring the group's environmental law compliance;
- Monitoring environmental management and certification;
- Monitoring the group's environmental impact;
- Monitoring compliance with consumer protection laws;
- Monitoring customer satisfaction, loyalty, health and safety and consumer protection; and
- Monitoring employee health, safety and well-being, industrial relations, employee skills development, management of diversity and employment equity.

The committee is satisfied that it has fulfilled its responsibilities for the year in compliance with its mandate as prescribed by the Regulations to the Companies Act and its terms of reference and that there are no instances of non-compliance to disclose.

R HR and remuneration committee

Members

Y Shaik *(Chairperson)*
Non-executive director

JA Copelyn
Non-executive director

BA Mabuza
Lead independent non-executive director

VE Mphande
Independent non-executive director

RD Watson
Independent non-executive director

Key objectives

The key objectives of the HR and remuneration committee are to assist the board with overseeing remuneration governance and the establishment of a remuneration policy that will promote the achievement of strategic objectives and encourage individual performance, with particular focus on ensuring that the group remunerates executive members and employees fairly and responsibly and that the disclosure of directors' and other applicable remuneration is accurate, complete and transparent; and to assess and approve for recommendation to the board, the group's broad remuneration strategy and policy, and the execution and implementation thereof. In addition to the aforesaid, the committee provides strategic oversight in relation to human resources and other employment-related matters.

The HR and remuneration committee is constituted as a committee of the board in respect of the duties delegated to it by the board. The committee is chaired by Y Shaik, a non-executive director of the company. The majority of the members of the committee are independent non-executive directors.

The HR and remuneration committee met three times during the year. The Chief Executive Officer and the group's Director of Human Resources attend committee meetings as permanent invitees. Other directors and members of management attend as required.

A duly appointed representative of the Company Secretary serves as the secretary of the HR and Remuneration committee.

The scope of the HR and remuneration committee's work during the year included the following matters:

- Strategic oversight in relation to changes to the terms and conditions of employment and policies;
- Strategic oversight in relation to group life and disability benefits;
- Strategic oversight in relation to the group's retirement funds;
- Monitoring executive appointments, terminations and retirements;
- Monitoring material litigation and disputes;
- Monitoring union membership and activity;
- Strategic oversight in relation to the group's broad remuneration strategy and policy and the execution and implementation thereof;
- Assessing and approving the remuneration mandate for the group, including salary increases, short-term incentives and bonuses and long-term incentives;
- Assessing and proposing non-executive director fees; and
- Overseeing the preparation of the group's remuneration policy and remuneration implementation report included in this integrated annual report, ensuring its accuracy and that it provides sufficient levels of disclosure.

Further details of the work of the HR and remuneration committee can be found in our remuneration policy and implementation report section of this integrated annual report.

The committee is satisfied that it has fulfilled its responsibilities for the year in compliance with its mandate and terms of reference.

ANALYSIS OF SHAREHOLDING

as at 31 March 2023

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

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

(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*

REMUNERATION REPORT

Our remuneration policy

Remuneration policy

The information in this report covers the period from 1 April 2022 to 31 March 2023 ("the reporting period"). The group's remuneration reporting framework is informed by the Companies Act, 71 of 2008, as amended ("Companies Act"), the JSE Listings Requirements ("Listings Requirements") and the King Code on Corporate Governance™ for South Africa, 2016 ("King IV™").

As required by principle 14 of King IV™, the group's remuneration policy and remuneration implementation report will be tabled for separate non-binding advisory votes by shareholders at the company's 2023 annual general meeting ("2023 AGM").

In the event that either the remuneration policy or the remuneration implementation report, or both, are voted against by 25% (twenty-five percent) or more of the voting rights exercised in respect thereof at the 2023 AGM, the company will engage with the dissenting shareholders within a period of 30 days from the AGM to ascertain the reason for the dissenting votes and will appropriately consider legitimate and reasonable objections and concerns raised/alternatives that may be proposed. Details of the manner and timing of this process (if applicable) will be released on SENS with the 2023 AGM voting results announcement.

At the annual general meeting of the company held on 21 September 2022, 94% of the voting rights exercised on the advisory vote relating to the group's remuneration policy were cast in favour of the remuneration policy and 94% of the voting rights exercised on the advisory vote relating to the group's remuneration implementation report were cast in favour of the remuneration implementation report.

In its ongoing endeavours to deliver a sustainable business and recover from the recent adverse impact of COVID-19 and high levels of loadshedding on its financial position, the group has continued to manage its remuneration policy framework in line with what has been set up during recent years, having regard to the position of land-based casinos, hotels, bingos and LPM sites in the current economy, as well as the other risks to which the industry remains subject, thereby ensuring that affordable, yet fair remuneration structures are implemented.

Remuneration background statement

The objective of the group's remuneration policy framework is to ensure that the group remunerates fairly, responsibly and transparently, so as to attract and retain employees of the right calibre and skillset and to motivate them to achieve appropriate performance levels aligned with the group's strategic objectives, by offering fixed and variable financial rewards, and non-financial benefits, including development and career opportunities.

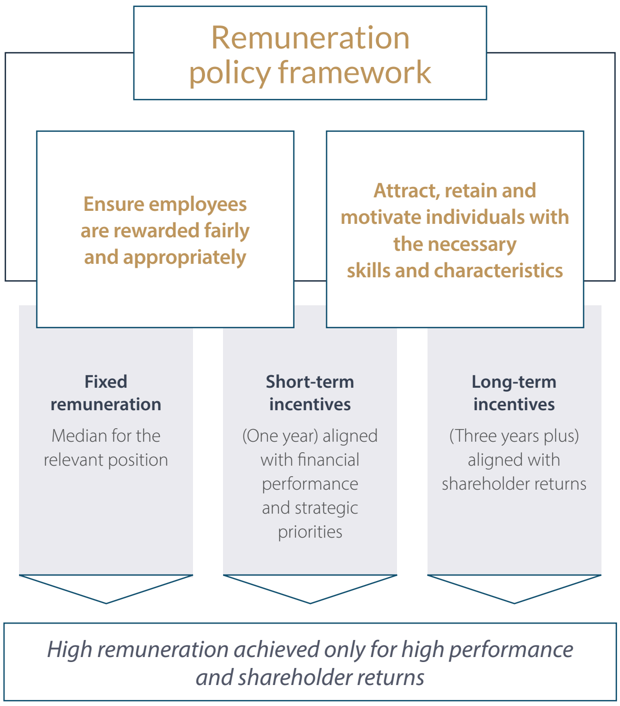
Total rewards are set at levels that are reasonable within the gaming, hotel, food and beverage, entertainment and broader hospitality sector. The fixed and variable financial reward elements of the remuneration structure of the group's employees differ depending on the division in which they are employed and on their relative broadband level/employee grade within that division.

The HR and remuneration committee, consisting of five non-executive directors, three of whom are independent, considers all matters pertaining to remuneration of the group's employees together with other significant matters relating to employment and employer/employee relations. The CEO and the Director of Human Resources provide comprehensive reports to the committee at each meeting. The committee, after due consideration of these reports, makes the necessary decisions and submits these as recommendations to the board which ultimately remains responsible for approving the remuneration policy and other human resources related decisions. The committee met three times during the reporting period.

Independent remuneration consultants are only used for the purpose of providing remuneration benchmark statistics when required.

Refer to the HR and remuneration committee report back contained in our board composition, structure and report back section of this integrated annual report for the key objectives and the key decisions taken by the HR and remuneration committee during the reporting period.

The HR and remuneration committee is satisfied that the remuneration policy has considered and recognised the additional challenges posed by the aftermath of COVID-19 and the current energy crisis, and that it has achieved its objectives for the past year.



The remuneration of each of the group's divisions and departments (i.e. casino and corporate, hotel, food and beverage, bingo and LPMs) is run independently of the others due to the different demands of the respective sectors.

The high-level remuneration policy framework for each division is, however, centrally managed and maintained by the Director of Human Resources, having regard to the input of the respective divisions and the group CEO. This remuneration policy framework is presented to, and considered by, the HR and remuneration committee.

Each division's remuneration policy framework, as a minimum, complies with the Basic Conditions of Employment Act and any other relevant laws and regulations.

The group seeks to ensure an appropriate balance between fixed and performance-related elements of remuneration and those aspects of the package linked to short-term performance and to long-term shareholder value creation.

The combination of these components ensures remuneration commensurate to performance and shareholder returns. Top management have a larger portion of their potential total remuneration subject to the achievement of performance-based targets than the lower broadbands. Short-term incentives are predominantly linked to annual financial performance, and are balanced with other strategic priorities, where appropriate.

The group has implemented the approach to preserve as many employment opportunities as possible in the current challenging environment and remains mindful of future regulatory threats to the business.

FIXED REMUNERATION: SALARIES AND BENEFITS

Group

The group provides employment to approximately 10 000 people including outsourced functions. The total direct employee cost for the financial year increased to R1.8 billion (2022: R1.5 billion), but remains significantly less than the R2.2 billion cost in 2020.

Casino division (including hotels taken on) and Corporate office

The Casino division and Corporate office employment increased from 5 340 to approximately 6 500 employees. Employees of the Casino division and Corporate Office are categorised into varying grades denoted as broadbands A to F. A negligible number of staff in this division are designated as broadband G employees, whose packages are similar to those of the Bingo division.

Salaries of broadbands A to D are based on a total package basis, with all contributions and benefits, except group life and disability, forming part of the total package remuneration.

Salaries of permanent broadband E to F employees are based on a basic salary plus benefit basis, whereby the employer and employee both contribute towards certain benefits such as retirement funding and medical aid, with the employer's contributions being in addition to the basic salary amount. With effect from the new financial year commencing April 2023, the Corporate office has changed the remuneration for these broadbands to a total package basis for simplification of payroll management, but the Casino division has remained unchanged.

The operational support staff ("OSS") are also employed on a basic plus benefit basis, but in general with less benefits than those of broadband E and F employees.

Employees are either employed on a permanent or a flexi basis, with flexi staff working variable hours depending on demand. More employment is preserved with the flexi work structure, especially when the business is faced with negative regulatory impacts on its business.

The salaries and benefits for each casino unit and company are determined on entity level within the remuneration policy framework for the relevant division or department approved by the HR and remuneration committee and the board, with the Director of Human Resources being responsible for the implementation and reporting thereon to the CEO.

Salary levels of similar job categories may vary depending on the size of the casino unit and the individual's skills, qualifications and experience. The Director of Human Resources and operations management of units or entities compare and review the remuneration packages payable in respect of similar roles across the divisions and units within the group to evaluate the appropriate compensation for each employee.

Structural and efficiency changes are continuously and separately assessed for each casino unit or entity in the group.

As explained in the previous year's report, for the 2023 financial year, employees mainly received *ex gratia* payments of up to half a month's salary in lieu of increases. This ensured that the cost base of the affected units remain protected in these uncertain times, yet rewarded staff and management for their contribution to the relevant units and entities. This excludes increases granted as a result of a change of role, promotions, adjustments to ensure fair remuneration, alignment or retention, requirements by law and otherwise in the normal operation of the business.

For the 2024 financial year, increases will be assessed by evaluating each role and unit separately and the average salary increase is expected to be approximately 7%. To get to the average of 7%, increases vary predominantly between 4% and 10% and in a few isolated incidents where specific positions have become significantly under-priced and to ensure retention and fair remuneration, more significant adjustments to market related levels were made for such roles. It should be noted that salary reviews occur at different dates during the year, and relevant consultations are therefore a continuous process which may result in different outcomes.

The pension fund contribution holiday for the employer and employee implemented in May 2020 lapsed on 30 April 2022 and contributions resumed from 1 May 2022, albeit at a lower contribution level of 8% until 1 May 2023, and thereafter, at a contribution level of 10%. This is deemed a reasonable level of contribution in the current circumstances. The employer and employee co-contribute where employees are on a basic plus benefits package. Employees remunerated on a total package basis pay their retirement fund contributions from their total package earnings with no requirement for a co-contribution from the employer.

The funeral, life and disability benefit cover for the various categories of employees was reviewed and reset in the previous reporting period, which will remain the same for the 2024 financial year. This cover is provided solely at the company's cost, and was accordingly set at a level which comprises a fair and reasonable cost to the employer while simultaneously providing an appropriate benefit to employees. The funeral cover benefits will need to be reset at the end of the 2024 financial year, since the employer assisted employees for the 2024 financial year, by not increasing contributions required as a result of the tough economic circumstances.

Changes to employment policies relating to leave at more reasonable levels for the employer (efficiency and cost) and the discontinuation of long-service awards have been implemented for all historical "gaming" company employees, but are still in the process of consultation for some hotel staff.

Bingo and LPM divisions

The Bingo and LPM divisions provide permanent employment to more than 1 400 and 200 employees, respectively.

Average salary increases for these divisions are set annually for each specific Galaxy Bingo unit and the head office employees of Galaxy Bingo and VSlots with inflation, business growth, market-related remuneration and the economic trading environment as considerations. Performance management systems are in place.

All salaries are based on a total package and retirement benefits are on a co-contribution basis.

The average salary increases of VSlots during the reporting period was approximately 5% and the increases for the new financial year effective from 1 April 2023 is approximately 6%. These increases were supported by the normalised earning levels of the division. No *ex gratia* payments were accordingly required for this division.

General salary increases were not granted to employees of the Bingo division during the reporting period, save in respect of increases granted as a result of a change of roles, promotions, requirements by law and otherwise in the normal operation of the business. For the 2023 financial year, employees of the Bingo division mainly received *ex gratia* payments of up to half a month's salary in lieu of increases.

For the new financial year the average salary increase of the Bingo division is expected to be between approximately 7% and 9%. It should be taken into account that there are various different increase dates throughout the year, which may result in different outcomes at different units. Even though this division's performance is under pressure, the other factors taken into account in determining increases, as stipulated, impacts the higher than usual increases granted.

For the Bingo division the employees contribute a lower portion to the retirement fund, which is being increased on an annual basis until it matches the employer's contribution.

The other benefits applicable depend on the category of employee, unit, division or department and include, *inter alia*, retirement funds, medical aid contributions and funeral cover.

BONUS AND SHORT-TERM INCENTIVES ("STIs")

Casino division and Corporate office

December bonuses for broadband levels E, F and OSS of the Casino division and Corporate office employees are discretionary and if awarded, are based on financial and personal performance, with exceptional and poor performers being adjusted upwards or downwards, as appropriate. The caps applied vary from a maximum of two weeks to one month's basic salary cost, depending on the broadband level. In December 2022, bonuses equivalent to between one and a half weeks and four weeks basic salary cost were paid to this category of employees given the improved performance of the various entities for the period up to November 2022.

The award and payment of STIs to broadband levels A to D in the Casino division and Corporate office employees is discretionary and is operated within a framework that has been assessed and recommended by the CEO and the Director of Human Resources to the HR and remuneration committee, and ultimately approved by the board.

The framework dictates that a decision to make an STI award be determined with reference to the following evaluation criteria:

- Financial performance of the group (where applicable);
- Financial performance of the respective divisions (Casino division, LPM division, Bingo division, etc);
- Financial performance of the unit e.g. a specific casino;
- Performance of a specific department e.g. compliance (only applicable in specific performance evaluation circumstances); and
- Personal performance (specific achievements and/or general) (only the outliers).

In addition, the following measures apply to the award of STIs:

- Tables for the determination of STI awards are set for each broadband, which tables may be amended on an annual basis with the approval of the HR and remuneration committee and the board;
- The potential STI cost per broadband is capped;
- There are "low", "middle" and "high" potential STI brackets;
- Even though there is a "low" STI bracket, a zero STI benefit (or between R0 and low) may be applied in the event of poor individual performance, unit or divisional performance or any external circumstances (such as a pandemic or restrictive regulations) which may have a significant negative impact on the results of the unit, division or group;
- The maximum allocation is an additional 10% of annual cost to company over and above the "high" STI bracket, which may be awarded in instances of exceptional personal achievement which may result in financial gain to the unit/division/group; and
- Units are partially differentiated on size, for cost to be commensurate with earnings.

The "high" percentages (caps) for the reporting period were as follows (and have been left unchanged for the new reporting period commencing 1 April 2023):

CEO	75%
Top management	25% to 55% (depending on position/unit)
Various levels of management	13% to 33% (depending on broadband/unit)

The STI policy framework aims to achieve a reasonable overall STI cost for the group, while incentivising management to "go the extra mile" and deliver the best performance practically possible. The CEO is also responsible to ensure that short-term focus by management to generate profits does not detract from long-term strategies. The total potential cost is controlled/capped and the scheme is simple to administer.

Short-term incentives are predominantly focused on financial performance, but also include specific strategic priorities and personal performance. Financial performance is based on targeted EBITDA, headline earnings (or profit after tax at unit level) and cash generation. The target may be adjusted for material structural changes during the year to ensure the target remains fair or challenging where appropriate. The financial performance or results achieved compared to the benchmarks are assessed for each unit, division or group and then applied to the relevant STI table.

Benchmarks take into account the location, economic environment and optimisation of the respective unit or group potential. Even though budgets are used as part of performance measurement, different targets may be set from time to time, as appropriate. Simply using budgets from year to year may lead to manipulation, have an unfair result among units and may not drive specific relevant performance. The year ending March 2023 is an example of a budget in isolation not being an appropriate measurement tool for STI, with these budgets being prepared in February 2022 whilst COVID-19 restrictions still existed, but with the restrictions being lifted from May 2022 resulting in actual results being substantially higher than budgeted numbers. This is accordingly taken into account with financial performance measurement.

The financial and relative growth performance or results achieved compared to the benchmarks are assessed for each relevant unit/department. The total STI to EBITDA and profit after tax/headline earnings are assessed and controlled to ensure the total cost of STIs to the business is rational.

At the end of each financial year, the above evaluation criteria and additional measures are assessed and considered by the CEO and the Director of Human Resources and discussed with respective unit general managers where appropriate or required, whereafter their recommendations for the payment (or otherwise) of STIs, together with a summary of the proposed STI cost calculated within the STI framework, are presented to the HR and remuneration committee for their assessment and, if approved, for recommendation to the board.

The Chairperson of the board assesses the CEO's performance in line with key performance criteria (EBITDA, headline earnings achieved, the debt to EBITDA multiple), as well as assessing the achievements for the financial year, it is considered and recommended by the HR and remuneration committee and approved by the board. The CEO's STI awarded for 2023 was the same amount awarded for 2022, regardless of the improved financial performance and the successful completion of the Emerald Resort and Casino acquisition, as a result of the caps applied. With a higher, more commensurate total package for the 2024 financial year, a higher STI amount could potentially be awarded, but the same percentage caps would apply.

The total 2023 financial year STIs awarded and paid increased to R77 million (prior year R56 million) after the HR and remuneration committee and board took into account the improvement in financial performance of each unit, division, the group and the improvement in the financial covenant ratios. Refer to the implementation report for additional information.

The potential impact on financial performance of the various levels of loadshedding makes it difficult to set exact targets for all units. Flexibility in this regard will continue to be applied when actual results are evaluated and STI amounts controlled within the applicable trading environment.

The historical (pre-2020) outperformance stretch of 15% is no longer part of the STI determination, since such a high deviation would in all likelihood only occur as a result of poor budgeting or target setting, an unusual event such as the lifting of restrictions when the targets were set taking the applicable restrictions into account (as already explained occurred for the 2023 financial year), a consequence of a significant macro-economic shift, natural recovery after an event such as the pandemic, etc. On the other hand, without any such incidents, the upper end of a 15% stretch is not reasonably achievable and therefore does not drive performance to achieve the maximum as management "accepts" that it cannot be achieved. As an example, a 15% stretch on 2023 financial year EBITDA would be approximately R600 million and for headline earnings R240 million for the group.

Bingo and LPM divisions

December bonuses for the Galaxy Bingo and VSlots divisions are discretionary, and if awarded, are based on financial and personal performance, allocated per job category and amounts are limited to a maximum based on monthly total package multiples. Senior head office management and regional general managers are aligned with management of the Casino division and Corporate office, and are subject to similar criteria and caps of the STI scheme and any such STI is awarded after the financial year end and paid in May.

December 2022 bonuses varied from one week's salary up to one month's salary depending on role and performance. The 2023 financial year STI paid in May 2023, ended in the upper end of the table for most regional management and the executives STI was calculated in terms of the pre-determined formula and amounted to approximately a 60% award with the LPM division's top performance.

The 2024 financial year targets for STI for executives include a percentage award based on a specific threshold and thereafter the award can increase by 1% for each R1 million of EBITDA achieved up to the maximum cap. This ensures continuous focus by senior management of the division to drive every million rand of performance, especially for outperformance above the initial targets set. The upper end equates to approximately 5% above target which is deemed to be appropriate (challenging, yet achievable) based on the circumstances applicable to this division. However, the impact of loadshedding may need to be considered throughout the year with regards to ensuring appropriate targets drive performance.

LONG-TERM INCENTIVES ("LTIs")

Tsogo Sun Group Share Appreciation Bonus Plan

The Tsogo Sun Group Share Appreciation Bonus Plan is a discretionary phantom share scheme which aligns participants with long-term shareholders and is operated in terms of the approved rules of the scheme.

Appreciation units (notional shares) are allotted to participants at a strike price per notional share which is calculated at a 10% discount to the seven-day VWAP of a Tsogo Sun share for the seven-day period prior to the date of allotment, and vest in full after three years. All notional shares allotted before 1 March 2022 are required to be cashed out by the participant before the sixth anniversary of the date of their allotment (i.e. within a period of three years of vesting), failing which they will lapse.

During the prior reporting period, the scheme rules were amended to the effect that all notional shares allotted from 1 March 2022 are required to be encashed before the fourth anniversary of the date of their allotment (i.e. within one year of vesting), failing which they will lapse. The rationale for this change was to align selected participants even closer to the interests of shareholders, i.e. the value appreciation is required to be realised within one year of vesting, rather than having another long-term benefit of three years after the vesting period to accrue upside while new allotments continue to be made. This should provide a fairer outcome to the company and shareholders in the long term. From a selected senior management participant perspective, it is the responsibility of the CEO, the Director of Human Resources, the HR and remuneration committee and the board to ensure that appropriate levels of incentive are allotted to selected participants to ensure long-term retention of essential key management driving the long-term performance of the respective divisions, units and the group.

The encashment value per notional share is calculated as an amount equal to the seven-day VWAP of a Tsogo Sun share for the seven-day period prior to the date of encashment, minus the strike price per notional share, plus the amount of dividends paid or declared in respect of a Tsogo Sun share between the date of allotment and encashment. This value is multiplied by the number of notional shares being encashed and the encashment value is settled in cash.

No equity is issued and therefore there is no shareholder dilution relating to the scheme.

LTI allocations are proposed by the CEO and Director of Human Resources, considered by the HR and remuneration committee for recommendation to the board and ultimately approved by the board. LTI allocations remain discretionary. The total number of notional shares in issue is limited and the total "value in scheme" is continually monitored and limited by the HR and remuneration committee. For this reason, participants who were allotted notional shares in December 2020 had to surrender all historical notional shares for no consideration.

The HR and remuneration committee is of the view that the share-price-linked scheme is simplistic with regards to performance measurement and provides the appropriate long-term incentive, which will also drive share price performance.

The focus of the scheme is to incentivise selected senior management who are directly involved with driving the performance of the business. The LTI scheme is critical for the retention of key performance drivers of the business and especially relevant after the low increases for the 2021, 2022 and 2023 financial years and no STIs for the 2020 financial year and an STI capped to a maximum of one month's total package for the 2021 financial year. Even though additional hurdles (other than share price performance) do not form part of the LTI scheme, the reasonable salary levels, coupled with stringent caps on STI payments should be considered as well, i.e. the total remuneration levels should not be further constrained for the key managers driving the performance of the business. The total outcome should over time reward performance achieved by the core team, even if STI caps payouts in the short term. The negative impact on the share price of external forces outside the control of the organisation, such as regulatory change or extreme levels of loadshedding, could however have an unfair long term negative impact on the achievement of the key senior management which will be monitored.

Accordingly on the recommendation of the HR and remuneration committee, the board resolved to allot up to 12,1 million new appreciation units/notional shares at a strike price equal to a 10% discount to the seven-day VWAP for the period up to 28 February 2023 and issued 1 March 2023, to selected core senior managers who are responsible for delivering revenue, EBITDA and adjusted headline earnings per share (or profit after tax as appropriate) for the next three years. This was the only allotment of notional shares during the 2023 financial year. The limited allotment of such notional shares was implemented within the framework approved by the HR and remuneration committee and approved by the board, and such allotment was limited to selected participants where it was deemed necessary and critical to ensure retention of the allotees for an additional period, by ensuring an appropriate level of LTI applicable to each individual's relevant role.

"Top-up", as per the above allotment of 1 March 2023, and the consequent issue of notional shares occurs annually, within the discretion of the HR and remuneration committee and the board, when previous allotted options vest or lapse and salary increases and change of roles may additionally be considered.

There are effectively only three tranches of notional shares currently active (apart from a couple of non-material exceptions), being those allotted in December 2020, March 2022 and March 2023, which should provide stability in senior management until approximately 2026. The administrative burden of the LTI scheme has also been simplified, with fewer tranches of options in issue.

Only a few selected key senior management of the Bingo division and LPM division with group performance responsibilities participate in the LTI scheme.

Gold Reef share scheme and executive facility LTI scheme

The Gold Reef share scheme and the executive facility LTI scheme were both equity and loan schemes. Both these schemes have been historically discontinued with no further allotments.

The Gold Reef share scheme has only six participants remaining (2022: nine), holding approximately 100 000 shares in Tsogo Sun and Southern Sun, and having loan claims due to the Gold Reef share trust. Steps were taken during the previous reporting period to finally unwind this scheme. The few remaining participants are currently "out of the money" and have been granted an extension of time within which to settle their loans as the share prices recover to a break-even level. The remaining participants are required to close out their positions within three months of being "in-the-money" with the result that there is no significant upside for such remaining participants. This is purely an administrative process implemented to responsibly and permanently close down the scheme, which should finally unwind within the next few years.

The executive facility LTI scheme has no participants left in the employ of the group. There has been no change to the status of the executive facility LTI scheme reported in the 2022 remuneration report, and this scheme will be wound up in the coming years.

NON-EXECUTIVE DIRECTORS' FEES

Non-executive directors' fees are reviewed and assessed by the HR and remuneration committee, proposed to the board for their consideration, and if approved by the board, are recommended to the shareholders of the company for their approval at each AGM of the company.

No increase to the amount of non-executive directors' fees payable by the company has been proposed since the 2019 AGM of the company.

The group has managed to turn the business around and met all requirements necessary to be back within its original financial covenants at 31 March 2022, and to historical EBITDA levels with growth in headline earnings for the year ending 31 March 2023.

For the new one year period from 1 October 2023 and until the next AGM of the company, it is accordingly and fairly proposed that non-executive directors' fees be set to a total amount of R4.5 million for a one year period, compared to R4.1 million of the period ending 30 September 2023 (excluding the once-off *ex gratia* amounts paid as included in the previous report).

Refer to the non-executive directors' fees section contained in the remuneration implementation report for full details and a breakdown of the proposed non-executive directors' fees for approval at the 2023 AGM of the company.

TERMINATION

In the case of terminations, the base salary, retirement and other benefits and leave pay will be paid up to and including the last day of employment. All vested long-term incentives will be deemed to have been exercised on the last day of employment and all unvested long-term incentives will be surrendered. The exception being that in the event of death or permanent disability, the unvested portion is also deemed to vest on the date of termination.

2023 key elements of remuneration	Fixed pay		
	Base salaries	**Non-executive directors' fees**	**Retirement benefits**
Purpose and link to strategy	Provides a fixed level of earnings appropriate to the requirements of the role	Remunerates non-executive directors for their responsibilities and time commitment	Provides the basis for retirement savings
Application dependent on employee type and level	All employees	Non-executive directors	All employees entitled to benefits are required to belong to an approved retirement fund
Operation and performance measures	**Base salaries** Base salaries are subject to annual review taking into account inflation, business and personal performance, changes in responsibilities, market-related salaries and other market conditions	**Non-executive directors' fees** The fees for the non-executive directors are recommended by the HR and remuneration committee to the board for its approval, considering fees payable to non-executive directors of comparable companies Levels of fees are also set by reference to the responsibilities assumed by the non-executive directors in chairing the board and in chairing or participating in its committees and are approved by special resolution of the shareholders. The increases are benchmarked to business growth and performance, inflation and taking other market conditions into account. Non-executive directors do not receive any short-term or long-term incentives or other benefits	**Retirement fund membership** Retirement funding for management and employees who are remunerated on a total package basis, is non-contributory (i.e. no additional contribution by the relevant employer) and is included in their total cost of employment For staff who are remunerated on a basic salary plus benefits basis, retirement funding consists of employer and employee contributions dependent on fund membership The group offers a pension and provident funds

2023 key elements of remuneration	Fixed pay Other benefits	Bonus and short-term incentives Annual bonus plan	Long-term incentives Share appreciation bonus plan
Purpose and link to strategy	Provides a fixed level of earnings appropriate to the requirements of the role Provides benefits appropriate to the market and the role	Rewards the achievement of annual financial performance, balanced with other specific priorities	Long-term incentives are utilised to reward long-term sustainable group performance improvement, retain expertise and align senior management pay and long-term value creation with shareholders
Application dependent on employee type and level	Depending on the various broadbands, employees are eligible for membership of a company-approved medical scheme and other benefits	Senior management and selected middle management receive STIs, if awarded Other staff receive December bonuses, if awarded	Selected senior management Focusing on performance drivers of the business
Operation and performance measures	**Healthcare** The majority of employees with medical cover belong to the Tsogo Sun Group Medical Scheme, a restricted membership scheme administered by Discovery Health. The scheme offers hospital, chronic illness and day-to-day cover **Risk and insured benefits** Arising through membership of the group's pension and provident funds, death, disability and funeral benefits are made available to divisions and staff entitled thereto **Long-service awards** Discontinuation of long-service awards has been implemented for all Casino division and Corporate Office employees and consultations are in progress for such discontinuation for affected hotel staff	**Annual cash incentive** STIs are capped per broadband level and in terms of pre-approved tables in accordance with the size and nature of the unit Measurement for STIs include unit or group financial and personal performance, where relevant. STI is paid in May of each year Staff bonuses, if applicable, are determined in December and are capped STIs and bonuses are discretionary	**Share appreciation bonus plan** The essential elements of the plan are a "phantom" version of a share scheme where each appreciation unit/notional share is in effect linked to an underlying share in Tsogo Sun, designed to align the interests of participants with those of the company's shareholders Annual allocations of appreciation units at 10% below market price (seven-day VWAP) are made to selected senior managers (linked to specific positions and cost to company). These vest and are available to be settled on the third anniversary of the date of allocation but must be exercised by the fourth anniversary of the date of allocation (sixth anniversary of the date of allocation for allotments made prior to March 2022), or they will lapse. On settlement, the value accruing to participants will be the full appreciation of Tsogo Sun's share price over the allocation price, plus dividends from the date of allotment to the date of exercise of the option, which value will be settled in cash. The allocations at market price result in a base performance hurdle as there is only value if the share price appreciates

Non-executive directors' remuneration

Non-executive directors are paid a fixed annual fee for their services as directors and for services provided as members of board committees. These fixed annual fees per director vary depending on their role/s within the committees and reflect the market dynamics and demands being made on each individual. Payment of these fees is made quarterly, in arrears. The fees are set at levels that will attract and retain the calibre of directors necessary to contribute to a highly effective board. Non-executive directors do not qualify for participation in any bonus or incentive schemes.

Annual general meeting

No increases to non-executive directors' fees have been proposed since the 2019 AGM, except for the *ex gratia* payments included in the previous report.

The proposed fees for a year from 1 October 2023, equates to R4.5 million (2023: R4.1 million excluding *ex gratia*).

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

The proposed fees, excluding VAT where applicable, for the ensuing period from 1 October 2023 and until the next AGM are as set out below:

Role	**Proposed fees 2023/2024 R'000**	**Fees 2022/2023 R'000**[(1)]	**Discounted fees 2021/2022 R'000**[(2)]	***Ex gratia* top up 2021/2022 R'000**[(3)]	***Ex gratia* in lieu of increase 2022/2023 R'000**[(4)]
Chairperson of the board[(5)]	**1 280**	**1 155**	**693**	**231**	**48**
Lead independent non-executive and member of all committees[(5)]	**760**	**685**	**411**	**137**	**29**
Non-executive director	**372**	**335**	**201**	**67**	**14**
Chairperson of the audit and risk committee[(6)]	**190**	**170**	**102**	**34**	**7**
Chairperson of social and ethics committee[(6)]	**100**	**100**	**60**	**20**	**4**
Chairperson of the HR and remuneration committee[(6)]	**166**	**150**	**90**	**30**	**6**
Member of the HR and remuneration committee and member of the Social and ethics committee	**34**	**30**	**18**	**6**	**1**
Member of audit and risk committee	**48**	**30**	**18**	**6**	**1**

(1) *Unchanged since 2019/2020*
(2) *Discounted fee approved at 2021 AGM*
(3) *Paid in October 2022 to adjust the discount applied*
(4) *Paid in October 2022*
(5) *Including fee as non-executive director*
(6) *Including fee as member of the respective committee*

EXECUTIVE DIRECTORS' AND PRESCRIBED OFFICERS' REMUNERATION

Remuneration

The remuneration disclosure is based on the IoDSA guidance issued in November 2017 on remuneration disclosure in accordance with King IV™ and presents the remuneration for executive management made up of the executive directors and prescribed officers.

Executive Directors

	2023			2022			
	C du Toit R'000	**G Lunga R'000**	**Total R'000**	C du Toit R'000	G Lunga[1] R'000	A Hoyer[2] R'000	Total R'000
Salary	**6 322**	**2 682**	**9 004**	6 437	1 442	1 615	9 494
Pension fund contributions	**379**	**321**	**700**	–	–	–	–
Other benefits	**139**	**156**	**295**	136	77	56	269
Current year STI accrued	**5 525**	**1 200**	**6 725**	5 525	1 000	–	6 525
Total single figure of remuneration	**12 365**	**4 359**	**16 724**	12 098	2 519	1 671	16 288
Current year STI accrued not yet settled	**(5 525)**	**(1 200)**	**(6 725)**	(5 525)	(1 000)	–	(6 525)
Prior year STI settled	**5 525**	**1 000**	**6 525**	542	250	–	792
Financial statement remuneration[6]	**12 365**	**4 159**	**16 524**	7 115	1 769	1 671	10 555

Other key management and prescribed officers

	2023			
	B Mogiba[3] R'000	**S van Vuuren[4] R'000**	**C Wannell[5] R'000**	**Total R'000**
Salary	**2 826**	**1 530**	**1 626**	**5 981**
Pension fund contributions	**363**	**30**	**173**	**566**
Other benefits	**263**	**–**	**95**	**171**
Current year STI accrued	**1 950**	**600**	**600**	**3 150**
Total single figure of remuneration	**5 402**	**2 160**	**2 494**	**10 056**
Current year STI accrued not yet settled	**(1 950)**	**(600)**	**(600)**	**(3 150)**
Prior year STI accrual settled	**1 300**	**450**	**500**	**2 250**
Financial Statement remuneration[6]	**4 752**	**2 010**	**2 394**	**9 156**

	2022				
	G Lunga R'000	B Mogiba R'000	S van Vuuren R'000	C Wannell R'000	Total R'000
Salary	1 390	2 578	1 372	1 689	7 029
Pension fund contributions	–	375	–	–	375
Other benefits	77	26	–	90	193
Current year STI accrued	–	1 300	450	500	2 250
Total single figure of remuneration	1 467	4 279	1 822	2 279	9 847
Current year STI accrued not yet settled	–	(1 300)	(450)	(500)	(2 250)
Prior year STI accrual settled	–	248	117	150	515
Financial Statement remuneration[6]	1 467	3 227	1 489	1 929	8 112

[1] *Appointed as CFO and as executive director to the board of directors 1 October 2021, previously Financial Director - Casino division*
[2] *Resigned as Director and CFO effective 30 September 2021*
[3] *CEO – LPM division*
[4] *Appointed as Director of Human Resources and prescribed officer 1 April 2021*
[5] *Group Legal Manager and representative of the Company Secretary*
[6] *As per 2023 consolidated financial statements*

Short-term incentive

The STI accrued for the year ended 31 March 2023 and paid in May 2023 amounted to R77 million (2022: R56 million). The HR and remuneration committee, in their recommendation to the board, *inter alia* took into account that EBITDA is approximately back to pre-pandemic levels, headline earnings growth and debt to EBITDA improvement to a two times multiple. The total STI in terms of the tables and with the applicable caps, is lower than pre-pandemic level, and amounts to approximately 2% of EBITDA and 5% of headline earnings.

With the uncertainty of pandemic restrictions when the budgets were concluded (with budgets therefore clearly being too low), it was once again found most effective to rather evaluate the actual results achieved against the various challenges faced by the respective units.

The Chairperson of the board assesses the CEO's performance in line with key performance criteria and framework (EBITDA, headline earnings achieved, the debt to EBITDA multiple), as well as assessing the achievements for the financial year (e.g. the successful conclusion of the Emerald Resort and Casino acquisition). As a result of no increases to the CEO from June 2019 to March 2023 and the STI being a factor of total package, the total maximum STI remained capped at the same amount for the 2023 financial year, as the 2022 financial year, i.e. no increase in STI was possible regardless of the improved performance and achievements.

Long-term incentive liability – cash settled

The following table summarises details of the Tsogo Sun Share Appreciation Bonus Plan units awarded to participants per financial year, the units vested at the end of the year and expiry dates of each allocation:

	Appreciation units granted		Appreciation units granted and not vested			Appreciation units vested and still outstanding				
Grant date	**2023**	2022	**2023**	2022	Strike price R	**2023**	2022	Expiry date	**Liability 2023 Rm**	Liability 2022 Rm
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
Share price utilised to value the liability at 31 March									**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 (Prior 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 prior to December 2021 were issued pre the Southern Sun unbundling and therefore include both businesses and both the share prices of Tsogo Sun and Southern Sun are taken into consideration when valuing those liabilities.

The following table summarises details of the units awarded to executive directors and prescribed officers:

		Appreciation units granted and not vested			Appreciation units vested and still outstanding				
	Grant date	**2023**	2022	Strike Price	**2023**	2022	Expiry date	**Provision 2023 R'000**	Provision 2022 R'000
Executive directors									
C du Toit	18 December 2020	**4 500 000**	4 500 000	5.20	**–**	–	17 December 2026	**35 172**	18 673
	16 March 2022	**1 550 000**	1 550 000	9.61	**–**	–	15 March 2026	**3 999**	1 541
	1 March 2023	**1 500 000**	–	10.67	**–**	–	28 February 2027	**310**	–
G Lunga	18 December 2020	**1 000 000**	1 000 000	5.20	**–**	–	17 December 2026	**7 816**	4 150
	16 March 2022	**300 000**	300 000	9.61	**–**	–	15 March 2026	**774**	298
	1 March 2023	**300 000**	–	10.67	**–**	–	28 February 2027	**62**	–
		9 150 000	7 350 000		**–**	–		**48 133**	24 662
Other prescribed officers									
B Mogiba	18 December 2020	**1 000 000**	1 000 000	5.20	**–**	–	17 December 2026	**7 816**	4 150
	16 March 2022	**750 000**	750 000	9.61	**–**	–	15 March 2026	**1 935**	746
	1 March 2023	**200 000**	–	10.67	**–**	–	28 February 2027	**41**	–
S van Vuuren	18 December 2020	**300 000**	300 000	5.20	**–**	–	17 December 2026	**2 345**	1 245
	16 March 2022	**300 000**	300 000	9.61	**–**	–	15 March 2026	**774**	298
	1 March 2023	**250 000**	–	10.67	**–**	–	28 February 2027	**52**	–
C Wannell	18 December 2020	**300 000**	300 000	5.20	**–**	–	17 December 2026	**2 345**	1 245
	16 March 2022	**300 000**	300 000	9.61	**–**	–	15 March 2026	**774**	298
	1 March 2023	**200 000**	–	10.67	**–**	–	28 February 2027	**41**	–
		3 600 000	2 950 000		**–**	–		**16 123**	7 982

NOTICE OF ANNUAL GENERAL MEETING

TSOGO SUN LIMITED

Incorporated in the Republic of South Africa
Registration number 1989/002108/06
(formerly "Tsogo Sun Gaming Limited")
JSE share code: TSG
ISIN: ZAE00273116
("Tsogo Sun" or "the company")

Notice is hereby given to Tsogo Sun shareholders ("shareholders") that the 2023 annual general meeting of the company ("2023 AGM") will be held at in the main boardroom of Hosken Consolidated Investments Limited at Suite 801, 76 Regent Road, Sea Point, Cape Town 8005 at 13:00 (South African Standard Time) on Tuesday, 29 August 2023, for the purpose of considering the following business to be transacted and, if deemed fit, passing with or without modification, the ordinary resolutions, special resolutions and non-binding advisory endorsements set out in this notice ("the resolutions"). The proceedings will be held in English.

The quorum requirement for the 2023 AGM is sufficient persons being present to exercise, in aggregate, at least 25% of all voting rights that are entitled to be exercised on the resolutions, provided that at least three shareholders are present in person or represented at the 2023 AGM.

ATTENDANCE AND PARTICIPATION IN THE 2023 AGM

Shareholders who hold certificated Tsogo Sun shares, and shareholders who hold dematerialised Tsogo Sun shares registered in their own name, and who are registered as shareholders on Friday, 18 August 2023, are entitled to attend, participate in and vote at the 2023 AGM.

Shareholders who hold dematerialised Tsogo Sun shares (other than dematerialised Tsogo Sun shares which are registered in their own name), and who are registered as such on Friday, 18 August 2023, who wish to personally attend, speak and vote at the 2023 AGM, or to send a proxy to represent their interests thereat, must inform their Central Securities Depository Participant ("CSDP") or broker timeously thereof in accordance with the custody agreement between such dematerialised shareholders and their CSDP or broker. The CSDP or broker should then issue such dematerialised shareholders with the necessary letter of representation for such dematerialised shareholders or their proxy to personally attend, speak and vote at the 2023 AGM.

Shareholders who hold dematerialised Tsogo Sun shares (other than dematerialised Tsogo Sun shares which are registered in their own name) who do not wish to personally attend the 2023 AGM or to send a proxy to represent their interests thereat, should be contacted by their CSDP or broker for such CSDP or broker to ascertain how such dematerialised shareholder(s) wish the voting rights attaching to their Tsogo Sun shares to be voted at the 2023 AGM, and their CSDP or broker should thereafter cast the vote in accordance with such instructions. If you hold dematerialised Tsogo Sun shares (other than dematerialised Tsogo Sun shares which are registered in your own name), and your CSDP or broker has not contacted you, you are advised to contact your CSDP or broker and to provide them with your voting instructions. If your CSDP or broker does not obtain voting instructions from you, your CSDP or broker will be obliged to act in accordance with the mandate contained in the custody agreement between you and your CSDP or broker.

IDENTIFICATION

All meeting participants will be required to provide proof of identification to the reasonable satisfaction of the Chairperson of the 2023 AGM. Forms of identification include valid identity cards or documents, driving licences and/or passports. If in doubt as to whether any document will be regarded as satisfactory proof of identification, meeting participants should contact the transfer secretaries of the company, JSE Investor Services Proprietary Limited, for guidance.

PROXIES

Shareholders entitled to attend and vote in person at the 2023 AGM may appoint one or more proxies to attend, speak and vote thereat in their stead. A proxy need not be a shareholder of the company. A form of proxy (yellow), which sets out the relevant instructions for its completion, is enclosed for use by shareholders holding certificated shares and shareholders holding dematerialised shares registered in their own name who wish to be represented at the 2023 AGM. Completion of a form of proxy (yellow) by a shareholder will not preclude such shareholder from attending and voting (in preference to such shareholder's proxy) at the 2023 AGM.

Forms of proxy (yellow) and the authority (if any) under which they are signed must reach the transfer secretaries of the company, JSE Investor Services Proprietary Limited, at the addresses given below, to be received by them preferably by no later than 17:00 on Friday, 25 August 2023. Shareholders who hold certificated shares, and shareholders who hold dematerialised shares registered in their own name will also be entitled to deliver a completed form of proxy (yellow) in person to the Chairperson at the 2023 AGM.

VOTING

An ordinary resolution requires the support of more than 50% (fifty percent) of the voting rights exercised on such ordinary resolution to be adopted, and a special resolution requires the support of at least 75% (seventy-five percent) of the voting rights exercised on such special resolution in order to be adopted.

In terms of the Listings Requirements of the JSE Limited ("JSE Listings Requirements"), equity securities of the company held by a share trust or scheme established by the company, where such securities are controlled by the company from a voting perspective constitute "treasury shares" and will not have their votes at the 2023 AGM taken into account for the purposes of adopting the resolutions in terms of the JSE Listings Requirements.

Voting on the resolutions will be conducted by way of a poll. In this regard, every shareholder present in person or represented in person or by proxy at the 2023 AGM shall have one vote for every Tsogo Sun share held by such shareholder.

RECORD DATES

The date on which shareholders must have been recorded as such in Tsogo Sun's securities register for purposes of being entitled to receive this notice was Friday, 21 July 2023.

The date on which shareholders must be recorded as such in the Tsogo Sun securities register for purposes of being entitled to attend and vote at the AGM is Friday, 18 August 2023, with the last day to trade being Tuesday, 15 August 2023.

AGENDA

1 PRESENTATION OF ANNUAL FINANCIAL STATEMENTS AND REPORTS

The audited annual financial statements of the company for the year ended 31 March 2023 and the consolidated audited financial statements of the company and its subsidiaries, including the reports of the directors, the audit and risk committee and the independent auditors, for the year ended 31 March 2023 (collectively "the AFS") have been published on the company's website at **https://www.tsogosun.com/investors** and are hereby presented to shareholders as required in terms of sections 30(3)(d) and 61(8)(a) of the South African Companies Act, 71 of 2008, as amended ("Companies Act").

The reports of the social and ethics committee and the human resources and remuneration committee, together with the company's remuneration policy and remuneration implementation report, are included with this notice.

ORDINARY RESOLUTIONS

Shareholders are requested to consider, and if deemed fit, to pass, with or without modification, the following ordinary resolutions:

2 APPOINTMENT OF AUDITORS

In terms of section 90(1) of the Companies Act, each year at its annual general meeting, the company must appoint an auditor in terms of section 90(1) of the Companies Act who satisfies the requirements of section 90(2) of the Companies Act.

Pursuant to the Mandatory Audit Firm Rotation requirements, and following the conclusion of a tender process, the company's audit and risk committee has recommended, and the board of directors of the company ("the board") has endorsed, the proposed appointment of Deloitte & Touche ("Deloitte") as the external auditor of the company, with Cathryn Emslie to serve as the designated audit partner, for the financial year ending 31 March 2024, and until the next annual general meeting of the company, subject to shareholder approval as required in terms of section 90(1) of the Companies Act.

The company's audit and risk committee considered the independence of Deloitte in accordance with the Companies Act and is satisfied that Deloitte is independent as contemplated by the Companies Act.

Furthermore, the company's audit and risk committee have, in terms of paragraphs 3.84(g)(iii) and 3.86 of the JSE Listings Requirements, considered and satisfied itself that Deloitte is accredited by the JSE, and appears on the JSE's list of accredited auditors in compliance with section 22 of the JSE Listings Requirements, and is suitable for appointment.

Deloitte has indicated its willingness accept the appointment, with Cathryn Emslie to be appointed to serve as the designated audit partner in relation to the audit.

Ordinary resolution 1

"Resolved as an ordinary resolution that Deloitte & Touche be and are hereby appointed as independent external auditors of the company for the financial year ending 31 March 2024, with Cathryn Emslie to serve as the designated audit partner, until the conclusion of the next annual general meeting of the company."

3 RE-ELECTION OF DIRECTORS WHO RETIRE BY ROTATION BY SEPARATE RESOLUTIONS

In accordance with the company's memorandum of incorporation ("MOI"), one-third of the company's non-executive directors are required to retire at each annual general meeting of the company and, if eligible, may offer themselves for re-election. The non-executive directors to retire at each annual general meeting of the company are firstly those appointed to the board since the last annual general meeting of the company to fill a vacancy, and secondly those who have been in office the longest since their election or last re-election, as the case may be. It is proposed, by way of separate resolutions, to re-elect as directors of the company, JA Copelyn, F Mall, and RD Watson, comprising one-third of the non-executive directors of the company who have retired by rotation from office in accordance with the requirements of the MOI. Each of JA Copelyn, F Mall and RD Watson are eligible, and have offered themselves for re-election as a director of the company.

Summarised curricula vitae in respect of JA Copelyn, F Mall and RD Watson are included with this notice.

3.1 Ordinary resolution 2.1

"Resolved as an ordinary resolution that JA Copelyn, who retires by rotation in accordance with the company's memorandum of incorporation, be and is hereby re-elected as a director of the company."

3.2 Ordinary resolution 2.2

"Resolved as an ordinary resolution that F Mall, who retires by rotation in accordance with the company's memorandum of incorporation, be and is hereby re-elected as a director of the company."

3.3 Ordinary resolution 2.3

"Resolved as an ordinary resolution that RD Watson, who retires by rotation in accordance with the company's memorandum of incorporation, be and is hereby re-elected as a director of the company."

4 RE-ELECTION OF MEMBERS TO THE AUDIT AND RISK COMMITTEE BY SEPARATE RESOLUTIONS

In terms of section 94(2) of the Companies Act and the King IV Report on Corporate Governance in South Africa™* ("King IV"), the audit and risk committee of a company is a committee elected by shareholders at each annual general meeting of the company. In terms of the South African Companies Regulations, 2011, at least one-third of the members of a company's audit and risk committee at a particular time must have academic qualifications or experience in economics, law, corporate governance, finance, accounting, commerce, industry, public affairs, or human resource management.

The board, having satisfied itself of the independence, qualifications, skills, experience and expertise of F Mall, BA Mabuza, and RD Watson, who currently serve as members of the company's audit and risk committee, recommends their re-election as members of the company's audit and risk committee. Each of F Mall, BA Mabuza and RD Watson are eligible, and have offered themselves for election as members of the company's audit and risk committee.

Summarised curricula vitae, in respect of F Mall, BA Mabuza and RD Watson are included with this notice.

4.1 Ordinary resolution 3.1

"Resolved as an ordinary resolution that, subject to the passing of ordinary resolution number 2.2, F Mall be and is hereby re-elected as a member and the Chairperson of the company's audit and risk committee in terms of section 94(2) of the Companies Act until the conclusion of the next annual general meeting of the company."

4.2 Ordinary resolution 3.2

"Resolved as an ordinary resolution that BA Mabuza be and is hereby re-elected as a member of the company's audit and risk committee in terms of section 94(2) of the Companies Act until the conclusion of the next annual general meeting of the company."

4.3 Ordinary resolution 3.3

"Resolved as an ordinary resolution that, subject to the passing of ordinary resolution number 2.3, RD Watson be and is hereby re-elected as a member of the company's audit and risk committee in terms of section 94(2) of the Companies Act until the conclusion of the next annual general meeting of the company."

5 GENERAL AUTHORITY FOR DIRECTORS TO ALLOT AND ISSUE AUTHORISED BUT UNISSUED ORDINARY SHARES

In terms of the MOI, shareholders may authorise the directors of the company to allot and issue authorised but unissued shares as the directors in their discretion see fit, but at all times subject to the MOI, the Companies Act and the JSE Listings Requirements. The directors of the company consider it advantageous to obtain this authority to enable the company to take advantage of any business opportunities that may arise in future, particularly in the current financial and economic environment. Being able to act promptly on such opportunities through the issue of shares puts the company in an advantageous position at the time of negotiations and allows the company to protect its cash resources.

It is noted that this resolution does not grant the directors of the company the authority to issue shares for cash (whether by way of a general issue of shares for cash or a specific issue of shares for cash) where the JSE Listings Requirements or the Companies Act require an additional approval to be granted. Rather, this resolution is primarily included to allow the company to implement acquisition issues and rights offers, neither of which require the approval of shareholders in terms of the JSE Listings Requirements, but only insofar as the JSE Listings Requirements and the Companies Act do not require additional approvals for such actions.

Ordinary resolution 4

"Resolved as an ordinary resolution that, subject to the company's memorandum of incorporation, the Companies Act, 71 of 2008, as amended, and the Listings Requirements of the JSE, if and to the extent applicable, the directors of the company are, as a general authority and approval, authorised as they in their discretion think fit, to allot and issue the authorised but unissued ordinary shares in the capital of the company to such person(s) and upon such terms and conditions as the directors may determine, such authority to remain valid until the commencement of the next annual general meeting of the company provided that it will not extend beyond 15 months from the date on which this resolution is passed."

6 NON-BINDING ADVISORY VOTE ON THE GROUP'S REMUNERATION POLICY AND REMUNERATION IMPLEMENTATION REPORT

In terms of principle 14 of King IV, the group's remuneration policy and remuneration implementation report should be tabled to the shareholders of the company at each annual general meeting of the company for consideration and endorsement on a non-binding advisory basis.

The group's remuneration policy and remuneration implementation report are included with this notice. These reports will be submitted for endorsement by shareholders of the company by separate non-binding advisory votes at the annual general meeting of the company.

In the event that 25% (twenty-five percent) or more of the voting rights exercised on the non-binding advisory endorsements are cast against the remuneration policy, the remuneration implementation report or both, the board commits to implementing the process of consultation with shareholders detailed in the remuneration policy read together with King IV. Details of the manner and timing of this process (if applicable) will be released with the 2023 AGM voting results announcement.

6.1 Advisory endorsement 1

"Resolved on a non-binding advisory basis that shareholders endorse the group's remuneration policy (excluding the remuneration of the non-executive directors for their services as directors and/or as members of the board committees) set out in the notice convening the annual general meeting of the company at which this non-binding advisory endorsement was proposed."

6.2 Advisory endorsement 2

"Resolved on a non-binding advisory basis that shareholders endorse the group's remuneration implementation report set out in the notice convening the annual general meeting of the company at which this non-binding advisory endorsement was proposed."

7 IMPLEMENTATION OF RESOLUTIONS

Ordinary resolution 5

"Resolved as an ordinary resolution to authorise any director of the company, any person(s) that the directors of the company have validly delegated their authority to for this purpose, and/or a duly appointed representative of the Company Secretary, to give effect to and implement all ordinary resolutions and special resolutions duly passed at the annual general meeting of the company at which this resolution was proposed, and that any director of the company, any person(s) that the directors of the company have validly delegated their authority to, and/or such representative of the Company Secretary, be and is hereby authorised to sign all such documents and to do all such things as may be necessary to give effect to and implement such ordinary resolutions and special resolutions."

SPECIAL RESOLUTIONS

Shareholders are requested to consider, and if deemed fit, to pass, with or without modification, the following special resolutions:

8 NON-EXECUTIVE DIRECTORS' FEES

The fees proposed to be paid to the non-executive directors of the company for their services as directors of the company and/or as members of the board committees are set out in the remuneration implementation report included with this notice.

Special resolution 1

"Resolved as a special resolution in terms of the company's memorandum of incorporation and sections 66(8) and 66(9) of the Companies Act, 71 of 2008, as amended, that the proposed fees payable to the non-executive directors of the company for their services as directors of the company and/or as members of the board committees, set out in the remuneration implementation report included with the notice convening the annual general meeting of the company at which this special resolution was proposed, be and are hereby approved for the period from 1 October 2023 until the conclusion of the next annual general meeting of the company."

The reason for special resolution 1 is that in order to comply with the requirements of section 65(11)(b), read with sections 66(8) and (9) of the Companies Act remuneration may only be paid to directors for their services as directors in accordance with a special resolution approved by the shareholders within the previous two years and if not prohibited in terms of a company's MOI.

The effect of special resolution 1, if passed and becoming effective, is that the non-executive directors of the company will be entitled to receive the proposed fees set out in the remuneration implementation report included with this notice, for the period from 1 October 2023 until the conclusion of the next annual general meeting of the company.

9 GENERAL AUTHORITY TO ACQUIRE SHARES IN THE COMPANY

The directors consider that a general authority for the company and/or any of its subsidiaries to acquire ordinary shares issued by the company should be put in place to facilitate the repurchase of securities should an opportunity present itself which would be in the best interests of the company and its shareholders in the ensuing year.

Special resolution 2

"Resolved as a special resolution that the company and/or any of its subsidiaries be and are hereby authorised, by way of a general authority and approval in terms of the JSE Listings Requirements, to acquire ordinary shares issued by the company, from any person, upon such terms and conditions and in such number as the directors of the company or the subsidiary may from time to time determine, subject to the applicable requirements of the memorandum of incorporation of the company, the Companies Act and the JSE Listings Requirements, each as presently constituted and as amended from time to time, and provided that:

» this general authority will only be valid until the commencement of the next annual general meeting of the company, provided that it will not extend beyond 15 months from the date on which this special resolution is passed;
» all acquisition(s) under this general authority shall be effected through the order book operated by the JSE Limited ("JSE") trading system and done without any prior understanding or arrangement between the company and the counterparty;
» acquisition(s) under this general authority may not, in aggregate in any one financial year, exceed 15% (fifteen percent) of the company's issued ordinary share capital at the beginning of the financial year, and the subsidiaries of the company may not collectively hold more than 10% (ten percent) of the company's issued shares at any one time;

- no acquisition under this general authority may be made at a price which is more than 10% (ten percent) above the weighted average traded price of the ordinary shares of the company for the five business days immediately preceding the date of such acquisition. The JSE shall be consulted for a ruling if the company's ordinary shares have not traded in such five business day period;
- no acquisition under this general authority may take place during a prohibited period as defined in the JSE Listings Requirements unless the company has in place a repurchase programme where the dates and quantities of ordinary shares in the company to be traded are fixed (not subject to any variation) and full details of the programme have been disclosed in writing to the JSE prior to the commencement of the prohibited period;
- subsidiaries of the company which hold shares in the company shall not, in terms of section 48(2)(b)(ii) of the Companies Act, be entitled to exercise voting rights on any resolutions proposed by the company in respect of such shares;
- an announcement, giving such details as may be required in terms of the JSE Listings Requirements, shall be published when the company or its subsidiaries have, on a cumulative basis, acquired ordinary shares in the company which constitute 3% (three percent) of the number of ordinary shares in issue (at the time that this general authority was granted) and for each 3% (three percent) in aggregate of such number of ordinary shares acquired thereafter;
- the company may only appoint one agent at any point in time to effect any such acquisition(s) on the company's behalf;
- no acquisition under this general authority may be effected unless a resolution by the board authorising such acquisition has been passed in accordance with the requirements of the Companies Act, stating that the board has applied the solvency and liquidity test as set out in section 4 of the Companies Act, and has reasonably concluded that the company and its subsidiaries will satisfy the solvency and liquidity test immediately after such acquisition and that, since the test was performed, there have been no material changes to the financial position of the company and its subsidiaries; and
- the pre-approval by the JSE of any derivative transaction that may or will result in the acquisition of shares in terms of this general authority is obtained."

The reason for and effect of special resolution 2, if passed and becoming effective, is to grant the company and its subsidiaries a general authority, subject to the JSE Listings Requirements, for the company and/or a subsidiary of the company to acquire ordinary shares in the company which are in issue from time to time.

Having considered the impact of an acquisition by the company and/or any of its subsidiaries of the maximum number of issued shares in the company as is permissible under this general authority, the directors of the company are satisfied that, if such acquisition were implemented:

- the company and its subsidiaries are able to pay their debts in the ordinary course for a period of 12 months after the date of this notice;
- the assets of the company and its subsidiaries will be in excess of the liabilities of the company and its subsidiaries for a period of 12 months after the date of this notice. For this purpose, the assets and liabilities will be recognised and measured in accordance with the accounting policies used in the audited consolidated annual financial statements of the group for the year ended 31 March 2023 which comply with the Companies Act;
- the share capital and reserves of the company and its subsidiaries will be adequate for the ordinary course of business purposes for a period of 12 months after the date of this notice; and
- the working capital of the company and its subsidiaries will be adequate for ordinary business purposes for a period of 12 months after the date of this notice.

For the purposes of considering special resolution number 2, and in compliance with the JSE Listings Requirements, particulars of the major shareholders of the company are included with this notice, and the share capital of the company as at 31 March 2023 was as follows:

Authorised

1 200 000 000 ordinary shares having a par value of 2 cents per share.
20 000 000 preference shares of no par value.

Issued

1 050 188 300 ordinary shares having a par value of 2 cents per share.

Directors' responsibility statement

The directors of the company, whose names are included in this notice:

» collectively and individually accept full responsibility for the accuracy of the information pertaining to special resolution 2; and
» certify that, to the best of their knowledge and belief, there are no facts that have been omitted which would make any statement false or misleading, that all reasonable enquiries to ascertain such facts have been made and that this notice contains all information in relation to special resolution 2 required by the JSE Listings Requirements.

Material changes

No material changes in the financial position or trading of the company and its subsidiaries have occurred since the date of signature of the audited annual financial statements for the year ended 31 March 2023 and the date of this notice.

10 FINANCIAL ASSISTANCE IN TERMS OF SECTIONS 44 AND 45 OF THE COMPANIES ACT

Special resolution 3

"Resolved as a special resolution to authorise the directors of the company, during the period of two years commencing on the date of the adoption of this special resolution 3, in terms of and subject to the provisions of sections 44 and 45 of the Companies Act to cause the company to provide direct or indirect financial assistance by way of loan, guarantee, the provision of security or otherwise, to or for the benefit of:

» any of its present or future subsidiaries and/or any other company or corporation that is or becomes a related or interrelated company or corporation of the company; or
» any member of its present or future related or interrelated corporations; or
» any funder of the company and any of its present or future subsidiaries or present or future related or interrelated companies in relation to the provision of such funding; or
» any employee, director, prescribed officer or other person or any trust established for their benefit, in terms of any share-based incentive scheme described in the company's remuneration report, or any other incentive scheme approved by shareholders from time to time,

for such amounts and on such terms and conditions as the board of directors of the company (or any one or more persons authorised by the board of directors of the company from time to time for such purpose) may deem fit, subject at all times to the provisions and requirements of the Companies Act, the company's memorandum of incorporation and the Listings Requirements of the JSE Limited."

The reason for, and effect of, special resolution 3, if passed and becoming effective, is to grant the directors of the company the authority to cause the company to provide financial assistance to or for the benefit of any of its present or future subsidiaries and/or any other company or corporation that is or becomes a related or interrelated company or corporation of the company, to any member of its present or future subsidiaries and/or any other company or corporation that is or becomes a related or interrelated company or corporation, to any funder of the company or any of its subsidiaries in relation to the provision of such funding, or to any employee, director, prescribed officer or other person or any trust established for their benefit, in terms of any share-based incentive scheme described in the company's remuneration policy and reports included with this notice or any other incentive scheme approved by shareholders from time to time, subject to the provisions and requirements of the Companies Act, the company's MOI and the JSE Listings Requirements.

The financial assistance will be provided in accordance with the company's MOI, the provisions of the Companies Act and the JSE Listings Requirements. The directors of the company will, in accordance with sections 44(3)(b) and 45(3)(b) of the Companies Act, ensure that financial assistance is only provided if the requirements of that section are satisfied including, *inter alia*, that immediately after providing the financial assistance, the company would satisfy the solvency and liquidity test set out in section 4 of the Companies Act.

Shareholders and interested and affected parties are hereby advised to take note that, as part of the normal conduct of the business of the company's group, and consistent with standard practice, the board of directors of the company has from time to time, authorised, and will continue to authorise, the provision by the company of direct or indirect financial assistance to group members as envisaged in sections 44 and 45 of the Companies Act, which financial assistance has in the past year included the advance by the company by way of loans to its wholly owned subsidiary, Tsogo Sun Treasury Proprietary Limited ("Treasury"), the proceeds of the new notes issued by it under its Domestic Medium-Term Note Programme registered with the JSE. Treasury manages the group's treasury requirements and uses the proceeds of such loans by the company to Treasury to fund the group and in relation to the group's cash management practices that result in intragroup loans and liabilities from time to time. The provision of all such financial assistance by the company has, or will have been, authorised by a special resolution of the shareholders adopted within the previous two years of the provision thereof.

AVAILABILITY OF DOCUMENTS

The consolidated audited annual financial statements of the company and its subsidiaries, including the reports of the board, the audit and risk committee and the independent auditors, for the year ended 31 March 2023, and the integrated report of the company are available on the company's website, **https://www.tsogosun.com/investors**, and may be inspected at the registered office of the company, Palazzo Towers East, Montecasino Boulevard, Fourways, 2055, South Africa, during normal business hours from the date of this notice up to and including 29 August 2023.

ELECTRONIC COMMUNICATION

Should any shareholder (or a representative or proxy for a shareholder) wish to participate in the 2023 AGM by way of electronic participation, that shareholder should make an application in writing to the transfer secretaries using the electronic participation application form, which application to so participate must be received by the transfer secretaries by no later than 17:00 on Monday, 21 August 2023 in order for the transfer secretaries to arrange for the shareholder (or their representative or proxy) to provide satisfactory identification to the transfer secretaries for the purposes of section 63(1) of the Companies Act and for the transfer secretaries to provide the shareholder (or their representative or proxy) with details as to how to access the 2023 AGM by means of electronic participation. Shareholders participating electronically will not be able to vote electronically and must follow the standard voting arrangements set out above in the "Attendance and Participation in the 2023 AGM" section of this notice of annual general meeting. The company reserves the right to not provide for electronic participation at the AGM in the event that it determines that it is not practical to do so, or an insufficient number of shareholders (or their representatives or proxies) request to so participate.

ENQUIRIES

Any shareholder having difficulties or queries in regard to the 2023 AGM is invited to contact the company Secretary, Tsogo Sun Casino Management company Proprietary Limited (Attention: C Wannell), on **companysecretary@tsogosun.com**.

RESULTS OF THE 2023 AGM

The results of the 2023 AGM will be issued on the Stock Exchange News Service of the JSE as soon as practically possible after the 2023 AGM.

By order of the board

For: Tsogo Sun Casino Management Company Proprietary Limited
Company Secretary

31 July 2023

Company Secretary
Tsogo Sun Casino Management Company Proprietary Limited
(Registration number 1996/007718/07)
Palazzo Towers East
Montecasino Boulevard
Fourways
Johannesburg, 2055

(Private Bag X190, Bryanston, 2021)
companysecretary@tsogosun.com

Transfer secretaries
JSE Investor Services Proprietary Limited
(Registration number 2000/007239/07)
One Exchange Square
2 Gwen Lane
Sandown, 2196

(PO Box 4844 Johannesburg, 2000)
meetfax@jseinvestorservices.co.za

APPLICATION FORM FOR ELECTRONIC PARTICIPATION IN THE 2023 AGM

TSOGO SUN

TSOGO SUN LIMITED

Incorporated in the Republic of South Africa
Registration number 1989/002108/06
(formerly "Tsogo Sun Gaming Limited")
JSE share code: TSG
ISIN: ZAE00273116
("Tsogo Sun" or "the company")

Shareholders or their duly appointed proxies who wish to participate in the 2023 AGM by way of electronic participation must complete this application form and email it (together with the relevant supporting documents referred to below) to the transfer secretaries of the company, JSE Investor Services Proprietary Limited, on **meetfax@jseinvestorservices.co.za** by no later than 17:00 on Monday, 21 August 2023.

Participants will be liable for their own network charges in relation to electronic participation in the 2023 AGM. Neither the company, nor the transfer secretaries will be held accountable in the case of loss of network connectivity or other network failure due to insufficient airtime, internet connectivity, internet bandwidth and/or power outages which prevents any such participant from participating electronically in the 2023 AGM.

By signing this Electronic Participation Application Form, the participant indemnifies and holds the company harmless against any loss, injury, damage, penalty or claim arising in any way from the use of the telecommunication lines to participate in the 2023 AGM or any interruption in the ability of the participant to participate electronically in the 2023 AGM, whether or not the problem is caused by any act or omission on the part of the participant or anyone else.

INFORMATION REQUIRED FOR ELECTRONIC PARTICIPATION AT THE 2023 AGM

Full name of shareholder:		
Identity or registration number of shareholder:		
Full name of authorised representative (if applicable):		
Identity number of authorised representative:		
Email address:		
Cell phone number:		
Telephone number:		
Notes: *1. Shareholders participating electronically in the 2023 AGM will not be able to vote electronically and are required to submit their votes in advance of the 2023 AGM. Shareholders are referred to notice of annual general meeting to which this form is attached for instructions in this regard.* *2. The company reserves the right to not provide for electronic participation at the 2023 AGM in the event that it determines that it is not practical to do so, or an insufficient number of shareholders (or their representatives or proxies) request to so participate.*		
By signing this application form, I consent to the processing of my personal information above for the purpose of participating in the 2023 AGM.		
Signed at	on	2023
Signed:		

DOCUMENTS REQUIRED TO BE ATTACHED TO THIS APPLICATION FORM.

Documentary evidence establishing the authority of the shareholder or duly appointed proxy, including any person acting in a representative capacity, who is to participate electronically in the 2023 AGM, must be attached to this application. This includes the shareholder's full title to the shares issued by the company, in the form of share certificates (in the case of certified shares) and (in the case of dematerialised shares) written confirmation in the form of a letter of representation issued by the dematerialised shareholder's CSDP or broker confirming the dematerialised shareholder's title to the dematerialised shares. A certified copy of the valid identity document/passport of the person attending the 2023 AGM by electronic participation, including any person acting in a representative capacity, must be attached to this application. Applications to participate by electronic communication will only be considered if this application form is completed in full, signed by the shareholder, its proxy or representative, and delivered as detailed above. The company may in its sole discretion accept any incomplete application forms.

FORM OF PROXY

TSOGO SUN

TSOGO SUN LIMITED

Incorporated in the Republic of South Africa
Registration number 1989/002108/06
(formerly "Tsogo Sun Gaming Limited")
JSE share code: TSG
ISIN: ZAE00273116
("Tsogo Sun" or "the company")

This form of proxy is for use by shareholders registered as such who hold certificated shares in the company and shareholders who hold "own-name" dematerialised shares in the company, to appoint a proxy or proxies for the annual general meeting of the company to be held at in the main boardroom of Hosken Consolidated Investments Limited at Suite 801, 76 Regent Road, Sea Point, Cape Town 8005 at 13:00 (South African Standard Time) on Tuesday, 29 August 2023 ("the 2023 AGM"), or any adjournment or postponement thereof.

Dematerialised shareholders who are not own-name dematerialised shareholders must not complete this form of proxy and must provide their CSDP or broker with their voting instructions, in terms of the custody agreement entered into between them and their CSDP or broker. Dematerialised shareholders who are not own-name dematerialised shareholders wishing to attend the 2023 AGM must inform their CSDP or broker of such intention and request their CSDP or broker to issue them with the necessary letter of representation to attend.

It is recommended that forms of proxy should be completed and delivered to the transfer secretaries, JSE Investor Services Proprietary Limited (for administrative purposes only) by no later than 17:00 on Friday, 25 August 2023, but in any event, prior to the proxy exercising such shareholder's rights as a shareholder at the 2023 AGM or at any adjournment or postponement thereof which date, if necessary, will be notified on the Stock Exchange News Service of the JSE Limited and in the press.

I/We (full names in BLOCK LETTERS please)

of (insert address)

Telephone: (work) area code (   )   Telephone: (home) area code (   )

Cell phone number: Email address:

being the holder(s) of ____________ shares in the company, hereby appoint:

1. or failing him/her,

2. or failing him/her,

the Chairperson of the 2023 AGM, as my/our proxy to attend, speak and vote for me/us at the 2023 AGM for purposes of considering and, if deemed fit, passing, with or without modification, the resolutions to be proposed thereat and at any adjournment thereof and to vote for and/or against the resolutions and/or abstain from voting in respect of the Tsogo Sun Shares registered in my/our name(s), in accordance with the following instructions (see notes):

	For	Against	Abstain
Ordinary resolution 1 – Appointment of auditors			
Ordinary resolution 2.1 – Re-election of JA Copelyn as a director			
Ordinary resolution 2.2 – Re-election of F Mall as a director			
Ordinary resolution 2.3 – Re-election of RD Watson as a director			
Ordinary resolution 3.1 – Re-election of F Mall as member and Chairperson of the audit and risk committee			
Ordinary resolution 3.2 – Re-election of BA Mabuza as member of the audit and risk committee			
Ordinary resolution 3.3 – Re-election of RD Watson as member of the audit and risk committee			
Ordinary resolution 4 – General authority for directors to allot and issue authorised but unissued ordinary shares			
Advisory endorsement 1 – Non-binding advisory vote on the group's remuneration policy			
Advisory endorsement 2 – Non-binding advisory vote on the group's remuneration implementation report			
Ordinary resolution 5 – Authority to implement resolutions			
Special resolution 1 – Approval of the proposed fees for non-executive directors			
Special resolution 2 – General authority to repurchase shares in the company			
Special resolution 3 – Financial assistance in terms of sections 44 and 45 of the Companies Act			

* *One vote per share held by shareholders. Shareholders must insert the relevant number of votes they wish to vote in the appropriate box provided or "X" should they wish to vote all Tsogo Sun shares held by them. If the form of proxy is returned without an indication as to how the proxy should vote on any particular matter, the proxy will exercise his/her discretion as to whether, and if so, how he/she votes.*

Signed at   this   day of   2023

Signature(s)

Assisted by (where applicable)

Please read the summary of the rights contained in section 58 of the Companies Act, 71 of 2008, as amended ("Companies Act") and the notes overleaf.

SUMMARY OF RIGHTS CONTAINED IN SECTION 58 OF THE COMPANIES ACT

For purposes of this summary, the term "shareholder" shall have the meaning ascribed thereto in section 57(1) of the Companies Act.

1. At any time, a shareholder of a company is entitled to appoint any individual, including an individual who is not a shareholder of that company, as a proxy to participate in, speak and vote at, a shareholders' meeting on behalf of the shareholder.
2. A proxy appointment must be in writing, dated and signed by the relevant shareholder.
3. Except to the extent that the memorandum of incorporation of a company provides otherwise:

3.1 a shareholder of the relevant company may appoint two or more persons concurrently as proxies, and may appoint more than one proxy to exercise voting rights attached to different securities held by such shareholder;

3.2 a proxy may delegate the proxy's authority to act on behalf of the shareholder to another person, subject to any restriction set out in the instrument appointing the proxy; and

3.3 a copy of the instrument appointing a proxy must be delivered to the relevant company, or to any other person on behalf of the relevant company, before the proxy exercises any rights of the shareholder at a shareholders' meeting.

4. Irrespective of the form of instrument used to appoint a proxy:

4.1 the appointment of the proxy is suspended at any time and to the extent that the shareholder who appointed that proxy chooses to act directly and in person in the exercise of any rights as a shareholder of the relevant company; and

4.2 should the instrument used to appoint a proxy be revocable, a shareholder may revoke the proxy appointment by cancelling it in writing, or making a later inconsistent appointment of a proxy, and delivering a copy of the revocation instrument to the proxy and the relevant company.

5. The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the relevant shareholder as of the later of the date:

5.1 stated in the revocation instrument, if any; or

5.2 upon which the revocation instrument is delivered to the proxy and the relevant company.

6. Should the instrument appointing a proxy or proxies have been delivered to the relevant company, as long as that appointment remains in effect, any notice that is required by the Companies Act or the relevant company's memorandum of incorporation to be delivered by such company to the shareholder must be delivered by such company to the:

6.1 shareholder; or

6.2 proxy or proxies if the shareholder has in writing directed the relevant company to do so and has paid any reasonable fee charged by the company for doing so.

7. A proxy is entitled to exercise, or abstain from exercising, any voting right of the relevant shareholder without direction, except to the extent that the memorandum of incorporation of the relevant company or the instrument appointing the proxy provides otherwise.
8. If a company issues an invitation to shareholders to appoint one or more persons named by such company as a proxy, or supplies a form of instrument for appointing a proxy:

8.1 such invitation must be sent to every shareholder who is entitled to receive notice of the meeting at which the proxy is intended to be exercised and must bear a reasonably prominent summary of the rights established by section 58 of the Companies Act;

8.2 the company must not require that the proxy appointment be made irrevocable; and

8.3 the proxy appointment remains valid only until the end of the relevant meeting at which it was intended to be used, unless revoked as contemplated in section 58(5) of the Companies Act (see paragraph 5 above).

NOTES TO THE FORM OF PROXY

1. A registered shareholder may appoint and insert the name of a proxy or the names of two alternative proxies of the shareholder's choice in the space provided, with or without deleting "the Chairperson of the 2023 AGM", but any such deletion must be initialled by the shareholder. Should this space be left blank, the proxy will be exercised by the Chairperson of the 2023 AGM. The proxy or proxies need not be shareholders of the company. The person whose name stands first on this form of proxy and who is present at the 2023 AGM will be entitled to act as proxy to the exclusion of any proxy whose name follows.
2. A shareholder's voting instructions to the proxy must be indicated by the insertion of an "X" or the relevant number of votes exercisable by that shareholder in the appropriate box(es) provided overleaf. Failure to do so will be deemed to authorise the proxy to vote or abstain from voting at the meeting as he/she thinks fit in respect of the shareholder's exercisable votes, and if the proxy is the Chairperson of the 2023 AGM, he/she shall be entitled to vote in favour of the resolutions proposed at the 2023 AGM in respect of all the shareholders' votes exercisable thereat. If an "X" has been inserted in one of the blocks relating to a particular resolution, it will indicate the voting of all the shares held by the shareholder concerned in respect of such resolution.
3. A shareholder or his/her proxy is not obliged to cast all the votes exercisable by the shareholder or by the proxy, but the total of the votes cast and in respect of which abstention is recorded may not exceed the total of the votes exercisable by the shareholder or the proxy.
4. A minor or any other person under legal incapacity must be assisted by his/her parent or guardian, as applicable, unless the relevant documents establishing his/her capacity are produced or have been registered by the transfer secretaries.
5. It is recommended that the completed forms of proxy should be lodged with the transfer secretaries, JSE Investor Services Proprietary Limited, PO Box 4844, Johannesburg, 2000 or One Exchange Square, 2 Gwen Lane, Sandown, 2196, **meetfax@jseinvestorservices.co.za** (for administrative purposes only) by no later than 17:00 on Friday, 25 August 2023), but in any event, prior to the proxy exercising such shareholder's rights as a shareholder at the 2023 AGM or at any adjournment or postponement thereof which date, if necessary, will be notified on the Stock Exchange News Service of the JSE Limited and in the press.
6. The form of proxy must be dated and signed. The completion of any blank spaces overleaf need not be initialled, but any alterations or corrections to the form of proxy must be initialled by the signatory(ies).
7. Where there are joint holders of ordinary shares in the company:

7.1 any one holder may sign this form of proxy; and

7.2 the vote(s) of the senior shareholder (for that purpose seniority will be determined by the order in which the names of shareholders appear in the company's securities register) who tenders a vote (whether in person or by proxy) will be accepted to the exclusion of the vote(s) of the other joint shareholder(s).

8. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy, unless previously recorded by the company or unless this requirement is waived by the Chairperson of the 2023 AGM.
9. The Chairperson of the 2023 AGM may reject or accept any form of proxy which is completed and/or received other than in compliance with these notes.
10. The appointment by a shareholder of a proxy or proxies:

10.1 is suspended at any time and to the extent that such shareholder chooses to act directly and in person in the exercise of any rights as a shareholder; and

10.2 is revocable in which case a shareholder may revoke the proxy appointment by:

10.2.1 cancelling it in writing or making a later inconsistent appointment of a proxy; and

10.2.2 delivering a copy of the revocation instrument to the proxy and to the company.

11. The appointment of a proxy or proxies remains valid only until the end of the 2023 AGM subject to any revocation thereof.

CORPORATE INFORMATION

DIRECTORS

JA Copelyn (Chairperson)*
CG du Toit (Chief Executive Officer)
G Lunga (Chief Financial Officer)
MJA Golding**
BA Mabuza (Lead Independent)**
F Mall**
VE Mphande**
Y Shaik*
RD Watson**

* *Non-executive Director*
** *Independent Non-executive Director*

REGISTERED OFFICE

Palazzo Towers East, Montecasino Boulevard
Fourways, 2055
(Private Bag X190, Bryanston, 2021)
www.tsogosun.com

COMPANY SECRETARY

Tsogo Sun Casino Management company Proprietary Limited
(Registration no. 1996/007718/07)
companysecretary@tsogosun.com
Attention: C Wannell

TRANSFER SECRETARIES

JSE Investor Services Proprietary Limited
One Exchange Square
2 Gwen Lane
Sandown, 2196
(PO Box 4844, Johannesburg, 2000)
meetfax@jseinvestorservices.co.za

EQUITY SPONSOR

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

DEBT SPONSOR

Nedbank Corporate and Investment Banking
A division of Nedbank Limited
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AUDITORS

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