THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

The definitions and interpretations commencing on page 9 of this Circular apply throughout this Circular, including this cover page, unless the context clearly indicates otherwise.

Action required

1. This Circular is important and should be read in its entirety, with particular attention to the section entitled *'Action Required by Sun International Shareholders'*, which commences on page 5 of this Circular.
2. If you are in any doubt as to what action you should take, please consult your accountant, Broker, banker, attorney, CSDP or other professional advisor immediately.
3. If you have disposed of all your Sun International Shares, please forward this Circular (incorporating the Form of Proxy *(green)* to the purchaser of such Sun International Shares or to the Broker, banker, CSDP or other agent through whom the disposal was effected.

Sun International does not accept responsibility, and will not be held liable, for any action of, or omission by, any CSDP or Broker including, without limitation, any failure on the part of the CSDP or Broker of any beneficial owner of Sun International Shares to notify such beneficial owner of the matters set out in this Circular.

Sun International

SUN INTERNATIONAL LIMITED

(Incorporated in the Republic of South Africa)
(Registration number 1967/007528/06)
JSE share code: SUI ISIN: ZAE000097580
LEI: 378900835F180983C60
("**Sun International**" or the "**Company**")

CIRCULAR TO SUN INTERNATIONAL SHAREHOLDERS

Relating to:

- the proposed acquisition by SISA, a wholly owned subsidiary of the Company, of the issued shares of Peermont Holdings;

and incorporating:

- a notice convening the General Meeting of Sun International Shareholders; and
- a Form of Proxy *(green)* (for use by Certificated Shareholders and Own-Name Dematerialised Shareholders only).

Investment Bank, Corporate Advisor and Transaction Sponsor to Sun International

CIB

Legal Advisor to Sun International

CDH
CLIFFE DEKKER HOFMEYR

Tax Advisor to Sun International

WEBBER WENTZEL
in alliance with > Linklaters

Financial Advisor to Sun International

pwc

Independent Auditors and Reporting Accountants Specialists to Sun International

Deloitte.

Independent Auditors and Reporting Accountants Specialists to Sun International

KPMG

Competition Law Advisor to Sun International

HERBERT SMITH FREEHILLS

Joint Competition Economics Advisor

RBB| Economics

Financial Advisor to the Peermont Group

RMB

Legal, Tax and Competition Law Advisor to the Peermont Group

BOWMANS

Date of issue: Monday, 5 February 2024

This Circular is available in English only. Copies may be obtained during normal business hours from the registered office of Sun International, whose address is set out in the 'Corporate Information and Advisors' section of this Circular from Monday, 5 February 2024 until Monday, 4 March 2024 (both days inclusive). A copy of this Circular will also be available on Sun International's website (www.suninternational.com/investors) from Monday, 5 February 2024.

IMPORTANT LEGAL NOTICES

The definitions and interpretations commencing on page 9 of this Circular apply throughout this Circular, including this section on 'Important Legal Notices', unless the context clearly indicates otherwise.

FORWARD-LOOKING STATEMENTS

This Circular contains statements about Sun International that are, or may be, forward-looking statements. All statements, other than statements of historical fact, are, or may be deemed to be, forward-looking statements, including, without limitation, those concerning: strategy; the economic outlook for the industry; production; cash costs and other operating results; growth prospects and outlook for operations, individually or in the aggregate; liquidity and capital resources and expenditure and the outcome and consequences of any pending litigation proceedings. These forward-looking statements are not based on historical facts, but rather reflect current expectations concerning future results and events and generally may be identified by the use of forward-looking words or phrases such as "believe", "aim", "expect", "anticipate", "intend", "foresee", "forecast", "likely", "should", "planned", "may", "estimated", "potential" or similar words and phrases. Examples of forward-looking statements include statements regarding a future financial position or future profits, cash flows, corporate strategy, anticipated levels of growth, estimates of capital expenditure, acquisition strategy, and expansion prospects for future capital expenditure levels and other economic factors, such as, *inter alia*, interest rates.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Sun International cautions that forward-looking statements are not guarantees of future performance. Actual results, financial and operating conditions, liquidity and the developments within the industries in which Sun International operates may differ materially from those made in, or suggested by, the forward-looking statements contained in this Circular.

All forward-looking statements in respect of Sun International are based on estimates and assumptions made by Sun International which, although Sun International believes them to be reasonable, are inherently uncertain. Such estimates, assumptions or statements may not eventuate. Factors which may cause the actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied in those statements, estimates or assumptions include other matters not yet known to Sun International or not currently considered material by Sun International.

Shareholders should keep in mind that any forward-looking statement made in this Circular or elsewhere is applicable only at the date on which such forward-looking statement is made. New factors that could cause the business of either Sun International and/or the Sun International Group not to develop as expected may emerge from time to time and it is not possible to predict all of them. Further, the extent to which any factor or combination of factors may cause actual results to differ materially from those contained in any forward-looking statement are not known. Sun International has no duty to, and does not intend to, update or revise the forward-looking statements contained in this Circular after the date of issue of this Circular, except as may be required by Law. Any forward-looking financial information or statement included in this Circular has not been reviewed and reported on by the Sun International Group's auditors.

FOREIGN SHAREHOLDERS

This Circular has been prepared for the purposes of complying with the Laws of South Africa and is subject to any applicable Laws, including but not limited to the Companies Act and the Listings Requirements, and is published in terms thereof. The information disclosed in this Circular may not be the same as that which would have been disclosed if this Circular had been prepared in accordance with the Laws of any jurisdiction outside of South Africa.

The release, publication or distribution of this Circular in jurisdictions other than South Africa may be restricted by Laws and therefore any persons who are subject to the Laws of any jurisdiction other than South Africa should inform themselves about, and observe, any applicable requirements. Any failure to comply with the applicable requirements may constitute a violation of the securities Laws of any such jurisdiction.

This Circular does not constitute a prospectus or a prospectus-equivalent document and has not been reviewed and/or registered by the Companies and Intellectual Property Commission in South Africa. Shareholders are advised to read this Circular, which contains the salient terms and conditions of the Proposed Transaction, with care. Any decision to approve the Resolutions set out in the Notice of General Meeting or any other response to the proposals described in this Circular should be made only on the basis of the information in this Circular.

Foreign Shareholders may be affected in relation to the Proposed Transaction, which is the subject of this Circular, by the Laws of the relevant jurisdictions applicable to them. Foreign Shareholders must satisfy themselves as to the full observance of any applicable Laws affecting them concerning the Proposed Transaction including (without limitation) obtaining any requisite governmental or other consents and observing any other requisite formalities.

This Circular and any accompanying documentation are not intended to, and do not constitute, or form part of, an offer to sell or a solicitation of any vote or approval in any jurisdiction in which it is unlawful to make such an offer or solicitation, or such offer or solicitation would require Sun International to comply with disproportionately onerous filing and/or other disproportionately onerous regulatory obligations. In those circumstances or otherwise if the distribution of this Circular and any accompanying documentation in jurisdictions outside of South Africa are restricted or prohibited by the Laws of such jurisdiction, this Circular and any accompanying documentation are deemed to have been sent for information purposes only and should not be copied or redistributed. Financial statements included in this Circular have been prepared in accordance with South African accounting standards, including, *inter alia* IFRS and the international accounting standards within the meaning of the IAS Regulation 1606/2002 that may not be comparable to the financial statements of United Kingdom companies.

Any Shareholder who is in doubt as to its position, including, without limitation, its tax status, should consult an appropriate independent professional advisor in the relevant jurisdiction without delay.

CORPORATE INFORMATION AND ADVISORS

Sun International company secretary and registered office

AG Johnston
Sun International Limited
(Registration number 1967/007528/06)
6 Sandown Valley Crescent
Sandton
2196
(PO Box 784487, Sandton, 2146)

Date of incorporation: 11 July 1967
Place of incorporation: South Africa

Peermont Group company secretary and registered office

C Sakutukwa
Peermont Holdings Proprietary Limited
(Registration number 2006/024982/07)
Executive Office
Emperors Palace
64 Jones Road
Kempton Park
1619
(PO Box 956, Kempton Park, 1620)

Date of incorporation: 10 August 2006
Place of incorporation: South Africa

Investment Bank, Corporate Advisor and Transaction Sponsor to Sun International

Nedbank Corporate and Investment Banking, a division of Nedbank Limited
(Registration number 1951/000009/06)
3rd Floor, Corporate Place, Nedbank Sandton
135 Rivonia Road
Sandton
2196
(PO Box 1144, Johannesburg, 2000)

Financial Advisor to the Peermont Group

Rand Merchant Bank
(a division of FirstRand Bank Limited)
(Registration number 1929/001225/06)
1 Merchant Place
Corner Fredman Drive and Rivonia Road
Sandton
2196
(PO Box 786273, Sandton, 2146)

Legal Advisor to Sun International

Cliffe Dekker Hofmeyr Incorporated
(Registration number 2008/018923/21)
1 Protea Place
Sandton
2196
(Private Bag X36, Sunninghill, 2157)

Legal Advisor to the Peermont Group

Bowman Gilfillan Incorporated
(Registration number 1998/021409/21)
11 Alice Lane
Sandton
2196
(PO Box 785812, Sandton, 2146)

Tax Advisor to Sun International

Webber Wentzel
90 Rivonia Road
Sandton
2196
(PO Box 61771, Marshalltown, 2107)

Financial Advisor to Sun International

PricewaterhouseCoopers Inc.
(Registration number 1988/012055/21)
Lisbon Lane
Waterfall City
Jukskei View
2090
(Private Bag X36, Sunninghill, 2157, South Africa)

Competition Law Advisor to Sun International

Herbert Smith Freehills South Africa LLP
(Registration number 2015/429700/10)
Rosebank Towers – 4th Floor
15 Biermann Avenue
Rosebank
Johannesburg
2196
(Postal address: same as physical)

Joint Competition Economics Advisor

RBB Economics LLP
(Registration number 2009/006430/10)
The Bank
11th Floor
Rosebank
2196
(Postal address: same as physical)

Independent Auditors and Reporting Accountant Specialists to Sun International

Deloitte & Touche
(Practice number 902276)
5 Magwa Crescent
Waterfall City
Waterfall
2090
(Private Bag X6, Gallo Manor, Johannesburg, 2052)

Independent Auditors and Reporting Accountant Specialists to Sun International

KPMG Incorporated
(Registration number 1999/012876/07)
85 Empire Road
Parktown
Johannesburg
2193
(Private Bag X9, Parkview, 2122)

Transfer Secretaries to Sun International

JSE Investor Services South Africa Proprietary Limited
(Registration number 2000/007239/07)
One Exchange Square
Gwen Lane
Sandown
Sandton
2196
(PO Box 4844, Johannesburg, 2000)

The Meeting Specialist

The Meeting Specialist Proprietary Limited
(Registration number 2017/287419/07)
JSE Building
One Exchange Square
Gwen Lane
Sandown
2196
(PO Box 62043, Marshalltown, 2107)

ACTION REQUIRED BY SUN INTERNATIONAL SHAREHOLDERS

The definitions and interpretations commencing on page 9 of this Circular apply throughout this Circular, including this section on 'Action required by Sun International Shareholders', unless the context clearly indicates otherwise.

This Circular is important and requires your immediate attention. The action you need to take is set out below. If you are in any doubt as to what action to take, consult your accountant, Broker, banker, attorney, CSDP or other professional advisor immediately. If you have disposed of all of your Shares in Sun International, please forward this Circular to the purchaser of such Shares or to the Broker, banker, CSDP or other agent through whom the disposal was effected.

The General Meeting

A general meeting of Sun International Shareholders will be held at the Maslow Hotel, Cnr Rivonia Road and Grayston Drive, Sandton, Gauteng, South Africa and, if necessary, through electronic participation by way of a Microsoft Teams call, at 09:00 on Monday, 4 March 2024, for the purpose of considering and, if deemed fit, passing, with or without modification, the Ordinary Resolutions required to be approved by Sun International Shareholders in order to, *inter alia*, authorise and implement the Proposed Transaction. The Notice of General Meeting is attached to and forms part of this Circular.

1. **DEMATERIALISED SHAREHOLDERS WITHOUT OWN-NAME REGISTRATION**

1.1 **Voting at the General Meeting**

1.1.1 Your Broker or CSDP should contact you to ascertain how you wish to cast your vote at the General Meeting and should thereafter cast your vote in accordance with your instructions.

1.1.2 If you have not been contacted by your Broker or CSDP, it is advisable for you to contact your Broker or CSDP and furnish it with your voting instructions.

1.1.3 If your Broker or CSDP does not obtain voting instructions from you, it will be obliged to vote in accordance with the instructions (if any) contained in the custody agreement concluded between you and your Broker or CSDP.

1.1.4 **You must not complete the attached Form of Proxy *(green)*.**

1.2 **Attendance, Participation and Representation at the General Meeting**

1.2.1 In accordance with the custody agreement concluded between you and your Broker or CSDP, you must advise your Broker or CSDP if you wish to attend and/or participate in the General Meeting and if so, your Broker or CSDP will issue the necessary letter of representation to you to attend and/or participate in and vote at the General Meeting.

2. **CERTIFICATED SHAREHOLDERS AND OWN-NAME DEMATERIALISED SHAREHOLDERS**

2.1 **Voting, Attendance and Participation at the General Meeting**

2.1.1 You may attend, speak and vote at the General Meeting in person (or, if you are a company or other body corporate, be represented by a duly authorised natural person).

2.1.2 Alternatively, you may appoint a proxy to represent you at the General Meeting by completing the attached Form of Proxy *(green)* in accordance with the instructions contained therein and returning it to The Meeting Specialist, to be received by them, for administrative purposes only, by no later than 09:00 on Friday, 1 March 2024, alternatively to be handed to the chairman of the General Meeting prior to its commencement.

The Meeting Specialist Proprietary Limited
JSE Building
One Exchange Square Gwen Lane
Sandown, 2196
(PO Box 62043, Marshalltown, 2107)
proxy@tmsmeetings.co.za

Sun International does not accept any responsibility and will bear no liability for any failure or delay on the part of a CSDP or Broker to notify a Dematerialised Shareholder of this Circular, the General Meeting or otherwise.

3. **DEMATERIALISATION**

If you wish to Dematerialise your Shares, please contact your Broker.

4. **ELECTRONIC PARTICIPATION**

4.1 Sun International Shareholders will also be able to participate in the General Meeting by electronic communication **(but not vote electronically)**, as permitted by the JSE, the provisions of the Companies Act and the MOI, if applicable, as detailed below.

4.2 Should Sun International Shareholders wish to participate in the General Meeting by way of a Microsoft Teams call, the Sun International Shareholder or its proxy as the case may be, must give written notice to the Company Secretary , c/o Mr AG Johnston, either by way of e-mail at andrew.johnston@suninternational.com or by way of physical delivery or post to the Company's registered office, set out in the *'Corporate Information and Advisors'* section of this Circular.

4.3 Such notice must be received by the Company by not later than 48 hours prior to the date of the General Meeting. If no notice is received by the Company at least 48 hours prior to the date of the General Meeting, then the Company shall not make provision for Shareholders or their proxies to participate in the General Meeting by way of electronic communication and more particularly by way of a Microsoft Teams call. However, if the Company timeously receives the above notice, then the Company will provide and set up a Microsoft Teams call facility for those Shareholders or their proxies to participate in the General Meeting.

Sun International Shareholders must note that access to the electronic communication will be at the expense of the Sun International Shareholders who wish to utilise the facility. Any such charges will not be for the account of the JSE, Sun International and/or TMS. None of the JSE, the Company or TMS can be held liable or 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 may prevent any Shareholder from participating in the General Meeting.

Sun International Shareholders and their appointed proxies attending by way of Microsoft Teams call will not be able to cast their votes at the General Meeting through this medium. Such Sun International Shareholders, should they wish to have their vote counted at the General Meeting must, to the extent applicable, complete the Form of Proxy *(green)* or contact their CSDP or Broker, in both instances as set out above.

TABLE OF CONTENTS

The definitions and interpretations commencing on page 9 of this Circular apply to this section, unless the context clearly indicates otherwise.

SALIENT DATES AND TIMES

The definitions and interpretations commencing on page 9 *of this Circular apply to this section, unless the context clearly indicates otherwise.*

	2024
Notice record date, being the date on which a Sun International Shareholder must be recorded in the Register to be eligible to receive the Circular and Notice of General Meeting on	Friday, 26 January
Circular and the Notice of General Meeting distributed to Shareholders and announced on SENS on	Monday, 5 February
Last day to trade Sun International Shares to be recorded in the Register to vote at the General Meeting (see note 4 below) on	Tuesday, 20 February
Voting Record Date on	Friday, 23 February
For administrative purposes, Forms of Proxy *(green)* in respect of the General Meeting to be lodged at or received by The Meeting Specialist or Company Secretary by no later than 09:00 on	Friday, 1 March
Form of Proxy *(green)* in respect of the General Meeting to be handed to the chairman of the General Meeting or The Meeting Specialist at the General Meeting, at any time prior to the commencement of the General Meeting on	Monday, 4 March
General Meeting to be held at 09:00 on	Monday, 4 March
Results of the General Meeting released on SENS on	Monday, 4 March

Note:

1. All dates and times indicated above are South African Standard Time.
2. The above dates and times are subject to amendment at the discretion of the Company. Any such amendment will be announced on SENS.
3. If the General Meeting is adjourned or postponed, Forms of Proxy *(green)* submitted for the initial General Meeting will remain valid in respect of any adjournment or postponement of the General Meeting, unless the contrary is stated on such Form of Proxy *(green)*.
4. Shareholders should note that as trade in Shares on the JSE is settled in the electronic settlement system used by Strate, settlement of trades takes place three Business Days after the date of such trade. Therefore, Shareholders who acquire Shares after close of trade on Tuesday, 20 February 2024 will not be eligible to attend, participate in and vote at the General Meeting.

DEFINITIONS AND INTERPRETATIONS

In this Circular and its annexures, unless otherwise stated or the context otherwise indicates, the words in the first column shall have the meanings stated opposite them in the second column and words in the singular shall include the plural and vice versa, natural persons shall include corporations and associations of persons and an expression denoting any gender shall include the other genders:

"Announcement"	the announcement released on SENS on Monday, 18 December 2023, containing details of the Proposed Transaction;
"Board" or "Directors"	the board of directors of Sun International at the Last Practicable Date, whose names appear on page 17 of this Circular;
"Botswana"	the Republic of Botswana;
"Botswana Competition Act"	the Competition Act, No. 4 of 2018;
"Botswana Competition Authorities"	the Competition and Consumer Authority established pursuant to Part II the Botswana Competition Act or the Competition and Consumer Tribunal established pursuant to Part XII of the Botswana Competition Act or the high court of Botswana, as the case may be;
"Broker"	any person registered as a *"broking member (equities)"* in terms of the rules of the JSE and in accordance with the provisions of the Financial Markets Act;
"Business Day"	any day other than a Saturday, Sunday or official public holiday in South Africa;
"Category 1 Transaction"	a transaction in respect of which the consideration payable is, or is anticipated to constitute 30% or more of the market capitalisation of an issuer and/or may result in a dilution of 30% or more of the issued shares of an issuer as contemplated in the Listings Requirements;
"CE"	Chief Executive;
"Certificated Shareholders"	holders of Certificated Shares;
"Certificated Shares"	Sun International Shares being "certificated securities" as defined in the Financial Markets Act and having accordingly not been Dematerialised, title to which is evidenced by Documents of Title;
"Circular"	this bound circular document to Sun International Shareholders, dated Monday, 5 February 2024 together with the annexures hereto, and including the Notice of General Meeting and the Form of Proxy *(green)*;
"Closing"	completion of the sale of the Sale Shares and the Sale Claims, as more fully described in paragraph 5 of this Circular;
"Closing Date"	the last day of the calendar month in which the Fulfilment Date occurs, unless the Fulfilment Date falls on a day following the twentieth day of the calendar month, in which case the Closing Date shall be the last day of the following calendar month;
"Closing Payment"	has the meaning in paragraph 5.2.3 of this Circular;
"Companies Act"	the Companies Act, No. 71 of 2008;
"Competition Act"	the Competition Act, No. 89 of 1998;
"Competition Authorities in South Africa"	the Competition Commission or the Competition Tribunal or the Competition Appeal Court established pursuant to Chapter 4, Part C of the Competition Act, as the case may be;
"Competition Commission"	the commission established pursuant to Chapter 4, Part A of the Competition Act;

"Competition Tribunal"	the tribunal established pursuant to Chapter 4, Part B of the Competition Act;
"Conditions Precedent"	the conditions precedent to which the Proposed Transaction is subject, as set out in paragraph 5.4 of this Circular;
"Controlling Shareholder"	has the meaning ascribed thereto in the Listings Requirements;
"CSDP"	a Central Securities Depository Participant, accepted as a participant in terms of the Financial Markets Act;
"Deloitte"	Deloitte & Touche (practice number 902276), the appointed Independent Auditor and reporting accountant specialist to Sun International in respect of the *Pro Forma* Financial Information set out in **Annexure 1**;
"Dematerialise" or **"Dematerialised"** or **"Dematerialisation"**	the process by which Certificated Shares are converted into an electronic format as Dematerialised Shares and recorded in a company's uncertificated securities register administered by a CSDP;
"Dematerialised Shareholders"	holders of Dematerialised Shares;
"Dematerialised Shares"	shares that have been converted into, and are tradeable in, electronic format;
"Documents of Title"	share certificates, transfer deeds or forms, balance receipts or any other documents of title acceptable to Sun International in respect of Certificated Shares;
"EBITDA"	earnings before interest, tax, depreciation and amortisation;
"EBITDA Adjustment"	in the event that the EBITDA of the Peermont Group for the financial year ended 31 December 2023 is less than R1 235 000 000, an amount equal to R1 235 000 000 less the actual EBITDA achieved by the Peermont Group for the year ended 31 December 2023, multiplied by four;
"Emperors Palace"	Emperors Palace Hotel Casino Convention and Entertainment Resort;
"EPS"	earnings per share;
"Executive MIP"	the 2017 and 2022 Management Incentive Plan for senior management of Peermont Global;
"Financial Markets Act"	the Financial Markets Act, No. 19 of 2012;
"Form of Proxy"	for purposes of the General Meeting, the form of proxy *(green)* for use by Certificated Shareholders and Dematerialised Shareholders with Own-Name Registration only, enclosed herewith;
"Fulfilment Date"	the date on which the last of the outstanding Conditions Precedent has been fulfilled or waived, as the case may be, and the Sale Agreement becomes unconditional;
"Fundamental Warranties"	warranties relating to ownership, title and capacity;
"Gauteng Gambling Board"	the Gauteng Gambling Board established in terms of section 3 of the Gauteng Gambling Act, No. 4 of 1995;
"General Meeting"	the general meeting of Sun International Shareholders scheduled to be held at 09:00 on Monday, 4 March 2024 at the Maslow Hotel, Cnr Rivonia Road and Grayston Drive, Sandton, Gauteng, South Africa (and, if applicable, through electronic participation by way of Microsoft Teams but excluding voting by electronic means) to consider and, if deemed fit, approve the Resolutions, as same may be postponed, adjourned or reconvened from time to time;

"Governmental Body"	any country, any national body, any state, province, municipality, or subdivision of any of the foregoing, any Governmental department, or any agency, court, entity, commission, board, ministry, bureau, locality or authority of any of the foregoing, or any quasi-Governmental or private body exercising any regulatory, taxing, importing, exporting, or other Governmental or quasi-Governmental function;
"Grand Parade Investments"	Grand Parade Investments Limited (registration number 1997/003548/06), a public company duly incorporated and registered in accordance with the Laws of South Africa;
"Group Historical Financial Information"	the reviewed consolidated financial statements of Peermont Holdings for the two financial years ended 31 December 2020, 31 December 2021 and the audited consolidated financial statements of Peermont Holdings for the year ended 31 December 2022 as set out in **Annexure 3** of this Circular;
"Group Interim Historical Financial Information"	the reviewed condensed consolidated group interim results of Peermont Holdings for the six-month period ended 30 June 2023 as set out in **Annexure 5** of this Circular;
"GTAM" or **"Sellers' Representative"**	GoldenTree Asset Management Lux S.a.r.l, a private limited liability company duly incorporated and registered in accordance with the Laws of Luxembourg;
"HEPS"	headline earnings per share;
"Income Tax Act"	the Income Tax Act, No. 58 of 1962;
"Independent Auditor"	either of Deloitte or KPMG, as the context indicates, appointed as the independent auditors and reporting accountant specialists, acting for Sun International in respect of the *Pro Forma* Financial Information and the Peermont Group's historical financial information, respectively;
"IFRS"	International Financial Reporting Standards as issued by the board of International Accounting Standards Committee from time to time;
"Initial Date"	the date falling 3 months after the Signature Date, as referenced in paragraph 5.6.1 of this Circular;
"Interim Period"	the period extending from the Signature Date up to the Closing;
"Irrevocable Undertaking"	the irrevocable undertakings provided by certain Sun International Shareholders to, among other things, vote in favour of the Resolutions at the General Meeting;
"JIBAR"	the publicly quoted basic rate of interest on the first day of each calendar month, compounded monthly in arrears and calculated on a 365-day year irrespective of whether or not the year is a leap year, from time to time published by Nedbank as being its 3-month Johannesburg Interbank Average Rate;
"JSE"	JSE Limited (registration number 2005/022939/06), a limited liability public company duly incorporated and registered in accordance with the Laws of South Africa and licensed as an exchange in terms of the Financial Markets Act, or the securities exchange operated by JSE Limited, as the context may require;
"KPMG"	KPMG Incorporated (practice number 900133), the appointed Independent Auditor and reporting accountant specialist to Sun International in respect of the Group Historical Financial Information and Group Interim Historical Financial Information of the Peermont Group set out in **Annexure 3** and **Annexure 5** respectively;
"Last Practicable Date"	the last practicable date prior to the finalisation of this Circular, being Monday, 29 January 2024;

“Laws”	laws, legislation, statutes, regulations, directives orders, notices, promulgations and other decrees of any Governmental Body which have the force of law or which would be an offence not to obey, and the common law, all of the aforementioned as modified, re-enacted, restated, replaced or re-implemented from time to time;
“Letters of Support”	the letters of support provided by certain Sun International Shareholders indicating support for the Proposed Transaction;
“Listings Requirements”	the Listings Requirements of the JSE in force as at the Last Practicable Date;
“Material Adverse Change”	any one or more of the following: i. the withdrawal, cancellation, suspension or material amendment of the casino licence issued to Peermont Global in respect of Emperors Palace (in the case of a material amendment, if it does not become effective or is not subsequently remedied without material cost to the Peermont Group prior to the Fulfilment Date); and/or ii. a change during the Interim Period in an event, matter or circumstance, or in any combination thereof existing as at the Signature Date, and/or a new event, matter or circumstance which occurs after the Signature Date, which individually or in aggregate, has, will or is reasonably likely to have a material adverse effect on the Peermont Group operations, excluding changes arising from: i. changes in macro-economic, industry and/or regulatory conditions; ii. any matter fairly disclosed prior to the Signature Date; iii. the effect of the Announcement or implementation of the Proposed Transaction; and/or iv. the change of control of the Peermont Group arising from compliance with the agreements pursuant to the Proposed Transaction or consummation of the Proposed Transaction or Reorganisation; and/or v. the effect of any condition or restriction imposed by any Governmental Body for the purpose of completing the Proposed Transaction; unless (that is, specifically including where) the change, new event, matter or circumstance arises in connection with any acts of God, pandemics, earthquakes, floods, fire, storm or other adverse weather conditions, war (declared or undeclared), civil commotion or other civil strife, embargo or sanctions; or a financial crisis affecting financial markets generally in the United States of America, Africa, Europe or Asia which results in the commercial banks in South Africa predominantly ceasing lending to corporate borrowers (and not merely repricing);
“Merger Notifications”	the merger notices (or equivalent filings) to be submitted to the Competition Authorities in South Africa and the Botswana Competition Authorities;
“MOI”	the memorandum of incorporation of Sun International;
“NAV”	net asset value;
“Nedbank”	Nedbank Limited (registration number 1951/000009/06), a limited liability public company duly incorporated and registered in accordance with the Laws of South Africa, acting through its Corporate and Investment Banking division;
“Notice of General Meeting”	the notice convening the General Meeting, which is attached to and forms part of this Circular;
“NTAV”	net tangible asset value;
“Ordinary Resolutions” or **“Resolutions”**	the ordinary resolutions, set out in the Notice of General Meeting, required to be approved by more than 50% of Shareholders, present and voting, at the General Meeting to give effect to the Proposed Transaction;

"Own-Name Dematerialised Shareholder" or **"Own-Name Registration"**	Sun International Shareholders who hold Dematerialised Shares and are recorded by the CSDP on the sub-register kept by that CSDP in the name of such Shareholder;
"Parties"	Sun International, SISA, the Sellers, Peermont Holdings and Peermont Global, being the parties to the Sale Agreement, and "Party" shall refer to any one of them, as the context requires;
"Peermont Global"	Peermont Global Proprietary Limited (registration number 2006/006340/07), a limited liability private company duly incorporated and registered in accordance with the Laws of South Africa;
"Peermont Group"	collectively or individually, as the context may require, Peermont Holdings and its Subsidiaries;
"Peermont Holdings"	Peermont Holdings Proprietary Limited (registration number 2006/024982/07), a limited liability private company duly incorporated and registered in accordance with the Laws of South Africa;
"*Pro Forma* Financial Information"	the *pro forma* condensed group statement of financial position at 30 June 2023, *pro forma* condensed group statement of comprehensive income of Sun International for the six-month period ended 30 June 2023, notes thereto and the *pro forma* financial effects set out in **Annexure 1**;
"Purchase Consideration"	the consideration payable by Sun International to the Sellers for the Sale Shares and the Sale Claims in terms of the Sale Agreement, as set out in paragraph 5.2 of this Circular, estimated to be R3 236 million based on information as at 30 September 2023;
"PwC"	PricewaterhouseCoopers Incorporated (registration number 1998/012055/21), the financial adviser to Sun International in respect of the preparation of the *Pro Forma* Financial Information set out in **Annexure 1**;
"R" or **"Rand"** or **"cents"**	South African Rand, the lawful currency of South Africa;
"Register"	the register of Certificated Shareholders maintained by the Transfer Secretaries and the sub-register of Dematerialised Shareholders maintained by the relevant CSDP;
"Regulatory Long Stop Date"	15 March 2025, provided that, in the event that the Competition Commission has issued its recommendation regarding the merger filed under the Merger Notification before that date, but the Competition Tribunal has not yet ruled on the merger by that date, or in the event that the Botswana Competition Authorities have been asked to reconsider any decision, then that date shall be automatically extended by a period of 6 months, and in the event that an appeal of any decision of a competition authority be required, the Regulatory Long Stop Date will be further extended to the date which is 24 months after the date of the relevant merger filing. Any such date may be extended by agreement between the Purchaser and the Sellers' Representative;
"Reorganisation" or **"Reorganised"**	the reorganisation to be implemented by the Peermont Group as described in paragraph 6 of this Circular;
"Reorganisation Agreement"	the agreement to be concluded between, amongst others, Peermont Holdings and the Purchaser, in terms of which the Reorganisation will be implemented prior to Closing as described in paragraph 6 of this Circular, and which is a Condition Precedent to the Proposed Transaction;
"Sale" or **"Proposed Transaction"**	sale of the Sale Shares and the Sale Claims by the Sellers to the Purchaser on the terms set out in the Sale Agreement;

"Sale Agreement"	the agreement entered into between Sun International, SISA, Peermont Holdings, Peermont Global and the Sellers on Thursday, 14 December 2023, in respect of the Proposed Transaction as described in this Circular;
"Sale Claims"	if applicable, all amounts of any nature whatsoever owing by Peermont Holdings to any Seller on the Closing Date from any cause whatsoever, including by way of loan account or otherwise, in contract or in delict, actual or contingent, and includes any interest accrued thereon, provided that any amounts owed to participants under the Executive MIP shall not constitute Sale Claims;
"Sale Shares"	all such B ordinary no par value shares of Peermont Holdings in issue after the Reorganisation, constituting 100% of all of the issued shares of Peermont Holdings as at Closing, excluding the B ordinary no par value shares in Peermont Holdings held as treasury shares by Peermont Global;
"SARB"	South African Reserve Bank;
"Sellers"	the holders of the Sale Shares, being: i. certain funds and accounts managed by GoldenTree Asset Management LP, an employee-owned global asset management fund; ii. MIC Leisure Proprietary Limited, a 100% black owned broad-based investment holding company that was established by the Mineworkers Investment Trust; iii. Peermont Holdings' shareholder trusts (Ekurhuleni Peermont Chambers of Commerce Trust, Peermont Community Benefit Trust, Peermont Children's Trust, Peermont Education Trust); iv. members of Peermont Holdings' executive management team (being Nigel Atherton, William Gray, David Milne, Charl Fouché, Fihliwe Molefi, Ranjay Harripersadh, Clive Tavener); and v. other minority shareholders (being Vusumuzi Zwane, Mabelindile Luhlabo and DB Consulting International CC (being an entity controlled by Danisa Baloyi));
"Sellers' Proportions"	the proportions in which the Sellers will receive the Purchase Consideration or bear liability under the Sale Agreement, calculated in accordance with their respective holdings of Sale Shares and, in respect of liability, which Sellers are liable;
"Sellers' Costs"	the various costs to be borne by the Sellers through an adjustment to the Purchase Consideration;
"SENS"	the Stock Exchange News Service of the JSE;
"Signature Date"	the date of signature by the last of the Parties to the Sale Agreement, being Thursday, 14 December 2023;
"SISA" or the **"Purchaser"**	Sun International (South Africa) Limited (registration number 1977/071333/06), a limited liability public company duly incorporated and registered in South Africa, a wholly owned subsidiary of Sun International, and the acquiror of the Sale Shares and the Sale Claims;
"South Africa"	the Republic of South Africa;
"Strate"	Strate Proprietary Limited (registration number 1998/022242/07), a limited liability private company duly incorporated and registered in accordance with the Laws of South Africa, and the electronic settlement system for transactions that take place on the JSE and off-market transactions;
"Subsidiary"	a "subsidiary" as defined in the Companies Act, but also includes a person incorporated outside South Africa which would, if incorporated in South Africa, have been a "subsidiary" as defined in the Companies Act;
"SunBet"	SunBet Proprietary Limited (registration number 2008/014410/07), a limited liability private company duly incorporated and registered in accordance with the Laws of South Africa, being Sun International's premier sportsbook;

"Sun International" or the **"Company"**	Sun International Limited (registration number 1967/007528/06), a limited liability public company duly incorporated and registered in accordance with the Laws of South Africa, the Shares of which are listed on the JSE;
"Sun International Group"	Sun International and its Subsidiaries;
"Sun International Interim Results 2023"	the unaudited condensed interim group financial statements of Sun International for the six-month period ended 30 June 2023, as released on SENS on Monday, 11 September 2023;
"Sun International Shareholder" or **"Shareholder"**	a holder of Sun International Shares;
"Sun International Shares" or **"Shares"**	ordinary shares of no par value in the authorised and issued share capital of Sun International;
"Sun Slots"	collectively, the term assigned to Sun International's Limited Payout Machines (**LPMs**) which can be accessed in c.700 licensed venues in South Africa;
"The Meeting Specialist" or "TMS"	The Meeting Specialist Proprietary Limited (registration number 2017/287419/07), a limited liability private company duly incorporated and registered in accordance with the Laws of South Africa;
"The Tourist Company of Nigeria" or **"TCN"**	The Tourist Company of Nigeria PLC (registration number RC 3781), a public listed company duly incorporated and registered in accordance with the Laws of Nigeria, in which Sun International has a 49.33% interest;
"Time Square"	the casino and entertainment facility situated in Gauteng, in which the Sun International Group has an 93.4% interest;
"Total Voteable Securities"	255 332 436 Shares, being the securities of the Company that carry voting rights;
"Transfer Secretaries" or **"JSE Investor Services"**	the transfer secretaries of Sun International being JSE Investor Services South Africa Proprietary Limited (registration number 2000/007239/07), a limited liability private company duly incorporated and registered in accordance with the Laws of South Africa;
"TRP"	Takeover Regulation Panel;
"Value Capital Partners"	Value Capital Partners Proprietary Limited (registration number 2016/242305/07), a limited liability private company duly incorporated and registered in accordance with the Laws of South Africa;
"VAT"	value added tax;
"Voting Record Date"	the date by which a Sun International Shareholder must be recorded in the Register in order to be eligible to attend, participate in, and vote at, the General Meeting;
"Withheld Amount"	an amount of R150 000 000 to be withheld from the Closing Date Payment as provision for any adjustments to the Purchase Consideration; and
"W & I Policy"	means any warranty and indemnity insurance policy (without any recourse to the Sellers) to be taken out by the Purchaser in terms of which third party underwriter/s indemnify the Purchaser against loss suffered as a result of breaches of insured warranties.

The following shall apply throughout this Circular, unless the context clearly provides otherwise:

1. headings are to be ignored when construing this Circular;
2. any reference to a time of day is a reference to South African Standard Time, unless a contrary indication appears;
3. a reference to any statute or statutory provision shall be construed as a reference to the same as it may have been, or may from time to time be, amended, modified, replaced or re-enacted;
4. a reference to any agreement or document referred to in this Circular is a reference to that agreement or document as amended, revised, varied, novated or supplemented from time to time;
5. should any provision in a definition be a substantive provision conferring rights or imposing obligations on any Person, effect shall be given to that provision as if it were a substantive provision in the body of this Circular;
6. unless specifically otherwise provided, where any number of days is prescribed, those days shall be reckoned exclusively of the first and inclusively of the last day unless the last day falls on a day which is not a Business Day, in which event the last day shall be the next succeeding Business Day;
7. the use of the words including and include/s, in particular or any similar such word followed by a specific example/s shall not be construed as limiting the meaning of the general wording preceding it and the *eiusdem generis* rule shall not be applied in the interpretation of such general wording or such specific example/s;
8. the use of any expression covering a process available under South African Law shall be interpreted as including any equivalent or analogous proceedings under the Laws of any other relevant jurisdiction; and
9. all references to “Rand”, “ZAR”, “R”, or “cents” are references to the lawful currency of South Africa.

SUN INTERNATIONAL LIMITED
(Incorporated in the Republic of South Africa)
(Registration number 1967/007528/06)
JSE share code: SUI ISIN: ZAE000097580
LEI: 378900835F180983C60
("**Sun International**" or the "**Company**")

Directors
Executive
AM Leeming *(Chief Executive)*
N Basthdaw *(Chief Financial Officer)*

Non-executive
S Sithole *(Chairman)*
GW Dempster* (Lead Independent Director)
CM Henry*
SN Mabaso-Koyana*
MLD Marole*
ZP Zatu Moloi*
TR Ngara
NT Payne*

** *Independent*

CIRCULAR TO SUN INTERNATIONAL SHAREHOLDERS

1. INTRODUCTION

1.1 Shareholders are referred to the Announcement released on SENS on Monday, 18 December 2023 wherein it was advised that the Parties had entered into the Sale Agreement, for the proposed acquisition of the Sale Shares and the Sale Claims of Peermont Holdings by SISA, for the Purchase Consideration, subject to the fulfilment or waiver (where appropriate) of the Conditions Precedent.

1.2 The Proposed Transaction is classified as a Category 1 Transaction in terms of the Listings Requirements. Accordingly, implementation of the Proposed Transaction is subject to, *inter alia*, the approval by Shareholders of the Proposed Transaction at the General Meeting.

1.3 As a precursor to the implementation of, and as a Condition Precedent to, the Proposed Transaction, Peermont Holdings will conclude the Reorganisation Agreement in terms of which, the Peermont Group will be Reorganised to reduce the overall complexity of the group, as further described in paragraph 6 of this Circular.

2. PURPOSE OF THE CIRCULAR

2.1 The purpose of this Circular is to:

2.1.1 provide Sun International Shareholders with information and details pertaining to the Proposed Transaction, the Conditions Precedent attaching thereto and the manner in which the Proposed Transaction will be implemented, so as to enable Shareholders to make an informed decision as to how they wish to exercise their votes in respect of the Resolutions; and

2.1.2 convene the General Meeting to consider and, if deemed fit, approve with or without modification, the Resolutions set out in the Notice of General Meeting attached to this Circular.

3. **OVERVIEW AND PROSPECTS OF SUN INTERNATIONAL**

3.1 Sun International is a tourism, leisure and gaming group and operates and has an interest in a number of resorts, luxury hotels and casinos. With a market capitalisation of approximately R10.6 billion as at the Last Practicable Date, Sun International is one of the leading casino operators in South Africa.

3.2 Sun International pioneered gaming in Southern Africa, introducing casinos to this part of the world in the late 1970s. This proud legacy has continued in the gaming, hospitality, and entertainment industries, with diverse assets, including world-class five-star hotels, modern and well-located casinos, and some of the world's finest premier resorts. Its destinations offer experiential luxury, enduring quality, and incredible adventure, supported by an authentic dedication to personal service.

3.3 Sun International has over the last six years, repositioned itself from a highly geared hospitality and gaming group operating across several regions in Africa and Latin America, into a simplified and empowered South African-focused, cash generative business with disciplined capital allocation principles. As per recent results, the Sun International Group generated EBITDA of R3 306 million and R1 571 million for the year ended 31 December 2022, and six months ended 30 June 2023, respectively. Furthermore, this strong performance has increased available capital (in the form of available borrowings and cash) for the Sun International Group.

3.4 Some of the key milestones achieved by the Sun International Group, as communicated in the Sun International Interim Results 2023, include having:

3.4.1 simplified the Sun International Group structure through the buy-back of some of the minority interests in its businesses;

3.4.2 exited Sun Dreams, the Latin American operation;

3.4.3 acquired strategic interests by increasing its shareholding in Time Square by 14.25% in 2022 and acquiring 21.1% in Grand Parade Investments;

3.4.4 achieved a reduction in the Sun International Group debt levels to below 2x EBITDA;

3.4.5 successfully navigated the Covid-19 pandemic lockdown, supported by a fully subscribed R1 200 million rights issue, emerging as a stronger business with embedded annual cost savings in excess of R500 million, to improve operating margins;

3.4.6 organically built and significantly scaled the SunBet online business into a significant contributor to the Sun International Group earnings with highly attractive growth prospects; and

3.4.7 re-initiated dividends after a six-year suspension at a highly attractive payout ratio of 75% of adjusted headline earnings per share, cumulatively returning in excess of R1 300 million of capital to Shareholders since 2022.

3.5 The Sun International Group is now in the advantageous position of being able to utilise this available capital to consider value accretive acquisitions at an attractive point in the cycle, and therefore has identified certain opportunities in the South African market, including acquisitions of scale such as the Proposed Transaction.

3.6 Sun International achieved exceptional results during 2022, and up to and including June 2023, with strong growth in revenue and adjusted EBITDA and a significant reduction in Sun International Group debt, despite a tough trading and regulatory environment.

3.7 Sun International's unique omni-channel offering across casinos, online gaming, sports betting, resorts and hotels provides an integrated premium gaming and leisure customer proposition which supported the resilience and recovery of the Sun International Group post the Covid-19 pandemic. In this regard, Sun International was able to successfully sustain and grow income at most urban casinos, while income generated from Sun Slots rebounded and SunBet generated record income during the year and is rapidly scaling up its premium sports and online betting offering.

3.8 The Company's capital allocation priorities have been clearly communicated to the market and include retaining flexibility for disciplined investment in high return opportunities. As a result of the significantly improved financial position with debt: EBITDA at c1.8x, (within the Sun International Group's target of 2.0x) and strong cash generation, the Sun International Group resumed dividend payments in 2022. In addition, Sun International embarked on a share buyback programme and made a substantial investment in Grand Parade Investments in its strategic objective to consolidate the minority positions in its underlying assets.

3.9 Sun International's performance reflects the quality of its operating businesses and disciplined execution on strategy which continues to drive shareholder value.

4. **OVERVIEW OF THE PEERMONT GROUP**

4.1 The Peermont Group is a leading hospitality and entertainment group of companies which operates 11 properties located across South Africa and Botswana, in addition to the online sportsbook, PalaceBet.

4.2 Founded in 1995, the Peermont Group has developed an excellent track record in the design, development, management, ownership and operation of multifaceted integrated resorts, including hotels, casinos, convention centres, retail centres, health spas, restaurants, bars and other sport and entertainment facilities. This track record and differentiated approach bodes well as a further addition to the Sun International stable.

4.3 The Peermont Group's flagship asset is Emperors Palace, a leading gaming destination in Gauteng offering a world-class casino property, complemented by four unique hotels, a health and beauty spa, various dining options, entertainment venues, including a state-of-the-art cinema complex, and world-class conference facilities. Furthermore, it is ideally situated close to the OR Tambo International Airport, a travel hub for those entering South Africa.

4.4 Emperors Palace represents a significant proportion of the value of the Peermont Group and has achieved an average EBITDA margin (before accounting for management fees) of c.40% in the past four years (excluding the 2020 financial year which was impacted by the global Covid-19 pandemic). This is similar to the historical performance of some of Sun International's largest casino operations and demonstrates the quality of the operation.

4.5 Collectively, the Peermont Group's physical properties offer 3 349 slot machines, 152 gaming tables and 1 636 hotel rooms. The details of the Peermont Group's current operations are set out in the table below:

Property	Location	Gambling Jurisdiction	Property Type	Slot Machines	Gaming Tables	Hotel Category	Rooms
South Africa							
Emperors Palace	Kempton Park	Gauteng	Casino resort	1 695	69	Five, four and three star	757
Graceland	Secunda	Mpumalanga	Casino resort	271	16	Four star	98
Mmabatho Palms	Mafikeng	North West	Casino resort	155	8	Four star	–
Khoroni	Thohoyandou	Limpopo	Casino resort	150	8	Three star	107
Rio	Klerksdorp	North West	Casino resort	274	12	Three star	70
Umfolozi	Empangeni	KZN	Casino resort	292	12	Three star	44
Frontier	Bethlehem	Free State	Casino resort	152	6	Three star	21
Thaba Moshate	Burgersfort	Limpopo	Casino resort	160	10	Three star	82
Botswana							
Grand Palm	Gaborone	Botswana	Casino resort	150	11	Four and three star	337
Sedibeng	Francistown	Botswana	Casino resort	50	–	N/A	53
Mondior	Gaborone		Stand-alone hotel	–	–	Four star	67
Total				**3 349**	**152**		**1 636**

4.6 Peermont Holdings' consolidated historical EBITDA was:

4.6.1 R1 056.2 million for the year ended 31 December 2022;

4.6.2 R549.0 million for the six months ended 30 June 2023; and

4.6.3 R1 165.5 million for the twelve months ended 30 June 2023.

5. **DETAILS OF THE PROPOSED TRANSACTION**

5.1 **Rationale and Directors' Opinion on Prospects**

5.1.1 The Proposed Transaction represents a unique opportunity for Sun International to acquire a group of gaming and hospitality assets of significant scale and quality, which is aligned with Sun International's growth strategy, thereby enabling the Company to:

5.1.1.1 in relation to Emperors Palace, operate one of the largest, most cash generative, high-quality casinos situated in a major metropolitan area which is least affected by load shedding. With its unique proximity to the OR Tambo International Airport, Emperors Palace offers a gateway to high net-worth customers from the rest of Africa and abroad. This customer base will drive opportunities for synergies with the rest of the Sun International Group's operations, including hotels and resorts, as well as the online sports and gaming business, thereby creating benefits for Sun International;

5.1.1.2 bolster its omnichannel strategy, by leveraging its current core operations to enhance alternative gaming revenue streams through exposure to a broader customer base and alternative revenue streams such as conferencing and hotels;

5.1.1.3 increase its scale of operations and market share in an attractive provincial jurisdiction with the highest gambling spend in South Africa;

5.1.1.4 advance the Sun International Group's strategic intent to focus its portfolio on large urban casinos with the ability to drive value-enhancing strategies across smaller regional assets and online growth;

5.1.1.5 implement combined best practice across all operations to enhance potential cost efficiencies and optimise capital expenditure utilisation; and

5.1.1.6 increase the depth at each of the Sun International Group's various staff and management levels while bolstering the industry specific critical skills base.

5.1.2 Sun International has taken a strategic decision to focus on growing gaming revenue, from both its land-based and online platforms to ensure that gaming assets remain the majority earnings generator of the Sun International Group. Sun international believes that land-based casinos, while mature, will continue to deliver approximately inflationary growth in gaming revenues with strong margins and cash flow, while online gaming has significant potential for double digit growth over the medium term.

5.1.3 The Proposed Transaction will accelerate and enhance the Sun International Group's online business platform by extending Sun International's strong and proven online management team's reach across the Peermont Group's assets. In addition, extending the Sun International Group's omnichannel strategy across a scaled customer base unlocks operating leverage across revenues, marketing reach, payment processing efficiencies and game liquidity.

5.1.4 Further, the Proposed Transaction allows Sun International to leverage off combined synergies to drive margin enhancement opportunities and capital efficiency, together with allowing for capital expenditure and procurement efficiencies. Synergies expected to be realised include a lower cost of borrowings for Peermont given the improved capital structure, potential synergies from combining the online business platforms and certain costs that will no longer be incurred post the acquisition.

5.1.5 The Peermont Group has a demonstrated track record of success over the past 25 years, including its participation in the development and management of Emperors Palace. Peermont continues to be agile and responsive to the dynamic operating environment and this agility will bolster the current operational excellence of Sun International and assist in the smooth integration of the combined group's operations.

5.1.6 A large contributor to the success of the Peermont Group is its entrepreneurial management team who are extensively experienced in the South African casino industry together with a high performing staff base. Sun International is of the belief that the shared expertise of the staff and management of the combined group will result in mutual benefits and efficiencies post implementation of the Proposed Transaction. Further, the combined group creates more opportunities for its staff through the creation of a larger group with diverse operations.

5.1.7 The combination of the Sun International Group and the Peermont Group is expected to generate strong cash flows given the quality of the portfolio of diversified assets and provide returns to Sun International's empowered South African shareholder base.

5.1.8 It is the Board's belief that the Proposed Transaction is in the best strategic interest of the Sun International Group and its Shareholders and it is encouraged by the ability of the Sun International Group to conclude an acquisition of this scale, rapidly de-gear, while maintaining its dividend policy.

5.1.9 Additionally, the combined EBITDA of the Sun International Group and the Peermont Group presents a compelling equity story through increased scale, a larger enterprise value (and therefore larger equity value as the business de-gears) together with greater capital markets visibility.

5.2 **Purchase Consideration**

5.2.1 The Purchase Consideration payable to the Sellers will be determined with reference to an enterprise value of the Peermont Group of R7 300 million, less net debt and Sellers' Costs and subject to the EBITDA Adjustment, capital expenditure and working capital adjustments, if applicable, calculated at the Closing Date, and is estimated to amount to approximately R3 236 million based on information as at 30 September 2023, being the last quarter end of the Peermont Group before the Signature Date) and shall adjust according to movements in items such as net debt during the period between the date of the Announcement and the Closing Date.

5.2.2 The enterprise value implies a transaction EV/EBITDA multiple of 5.76x relative to the estimated EBITDA for year ended 31 December 2023 for the Peermont Group of R1 268 million.

5.2.3 The Company will make the Closing Payment in cash to the Sellers in the Sellers' Proportions on the Closing Date, which will equal R7 300 million less the EBITDA Adjustment, if applicable and estimates of the net debt, the capital expenditure and working capital adjustments, and the Sellers' Costs. In this regard, the Withheld Amount of R150 million will be provisionally withheld from the Purchase Consideration.

5.2.4 The Withheld Amount (or any relevant portion thereof) will be paid to the Sellers in the Sellers' Proportions once the Closing Payment has been reconciled to the Purchase Consideration and the amount payable will be escalated at JIBAR from the Closing Date to the date of such payment.

5.3 **Capital Allocation and Shareholder Returns**

5.3.1 Sun International will effectively assume all the external debt owed by the Peermont Group at the Closing Date (other than that debt settled as part of the Reorganisation described in paragraph 6 below) approximating R4 024 million as at 30 June 2023. It is the intention of Sun International to refinance these facilities from funding to be received from its existing lenders.

5.3.2 The Purchase Consideration will be funded by new debt facilities, estimated to result in Sun International's South African debt levels as at 30 June 2023 of R5 926 million increasing to approximately R13 186 million, calculated on a *pro forma* basis, after the implementation of the Proposed Transaction.

5.3.3 At the Closing Date of the Proposed Transaction, and based on the Purchase Consideration being funded by new debt facilities, it is expected that the gearing levels of the Sun International Group will initially increase to approximately 2.6x, after which Sun International expects de-gear to levels below 2.0x, within approximately 24 – 36 months. Sun International has always and will continue to monitor its capital allocation and should the appropriate opportunity present itself, will consider disposing of some of its smaller casinos in order to assist with the de-gearing profile of the Sun International Group and facilitate broader ownership in the gaming industry.

5.3.4 The Board remains committed to the continued return of capital to Shareholders and therefore intends retaining the ordinary dividend policy of a 75% dividend pay-out ratio when the net debt to EBITDA ratio is below 2.0x, and a reduced 50% pay-out ratio when the net debt to EBITDA ratio is above 2.0x. It will, nevertheless, continue to proactively assess the Sun International Group's performance and macro risk factors and is prepared to take a more conservative approach to protect the balance sheet should the situation warrant it.

5.3.5 However, as stated in paragraph 5.1.7 above, due to the size and strong cash flows of the combined group, Shareholder returns in the long term are expected to be materially higher following the successful implementation of the Proposed Transaction as debt levels decrease, thereby compensating for any short term reduction in the dividend payout ratio.

5.3.6 In addition to maintaining its current dividend policy, the Board is confident that the acquisition of Peermont Holdings would not limit any critical investments to be made by Sun International, including investment in energy plans, managing maintenance capital expenditure programmes to gradually upgrade and refurbish assets and attractive bolt-on acquisitions.

5.3.7 Sun International is encouraged that its capital allocation framework allows it to acquire a grouping of scale such as Peermont whilst still retaining the flexibility to consider other acquisitions (including online opportunities), investment into minority consolidation and continuing share buybacks should the opportunity present itself.

5.3.8 Upon the de-gearing of the Sun International Group, and considering the expected combined cash flow generation of the Sun International Group, the Board envisages healthy financial accretion and higher shareholder returns in the form of higher earnings, free cash flows and dividend per share going forward.

5.3.9 Sun International has explored multiple other strategic initiatives, however considering the quality of the Peermont Group and the scale that it provides, the Board believes the acquisition of Peermont Holdings is currently the best use of the Sun International Group's available capital facilities. As referenced in paragraph 5.3.7 above, the Board will continue to explore other opportunities as they present themselves.

5.4 **Conditions Precedent**

The implementation of the Proposed Transaction is subject to the fulfilment or, if legally permissible, the waiver of, the following Conditions Precedent, by no later than 17h00 on:

5.4.1 31 March 2024, an appropriate W&I Policy being concluded between SISA and the relevant insurance provider;

5.4.2 31 March 2024, the requisite majority of Shareholders approving the Ordinary Resolutions required to give effect to the Proposed Transaction at the General Meeting;

5.4.3 31 May 2024, the Reorganisation Agreement being concluded by the parties thereto, and by the Regulatory Long Stop Date, or such other date as extended from time to time, it becoming unconditional, save for any condition requiring that the Sale Agreement becomes unconditional;

5.4.4 31 July 2024, the lenders to Sun International consenting in writing to the Proposed Transaction, as may be required under the lending agreements in place between Sun International and its respective lenders;

5.4.5 31 July 2024, the lenders to the Peermont Group consenting in writing to the implementation of the Sale Agreement and the Reorganisation Agreement;

5.4.6 the Regulatory Long Stop Date, to the extent required, the approval of the TRP being obtained;

5.4.7 the Regulatory Long Stop Date, to the extent required, the approval of the Gauteng Gambling Board being obtained;

5.4.8 the Regulatory Long Stop Date, the receipt of the necessary approval from the Financial Surveillance Department of SARB; and

5.4.9 the Regulatory Long Stop Date, the Proposed Transaction has been approved, with or without conditions, to the extent required, by:

5.4.9.1 the Botswana Competition Authorities; and

5.4.9.2 the Competition Authorities in South Africa,

5.4.10 To the extent that any of the regulatory approvals are granted subject to any conditions, then the relevant Condition Precedent shall not be fulfilled unless such conditions are accepted in writing by the Party (acting reasonably) affected by such conditions, unless otherwise agreed to in writing between SISA and the Sellers' Representative.

5.4.11 Each of the fulfilment dates for the Conditions Precedent set out above may be extended either by written notice by the Purchaser or the Sellers' Representative to the other or by prior written agreement between the Purchaser and the Sellers' Representative.

5.4.12 The Conditions Precedent set out in paragraphs 5.4.2, 5.4.7, 5.4.8 and 5.4.9 are not capable of waiver. The other Conditions Precedent may be waived in whole or in part, by prior written agreement between the Purchaser and the Sellers' Representative.

5.5 **NAV and profits attributable to Peermont Holdings**

The value of the net assets and the profit attributable to the net assets of the Peermont Group are R2 million and R68 million respectively ("**Financial Information**"), as extracted from the Peermont Group's reviewed interim results for the six-month period ended 30 June 2023.

5.6 **Material provisions of the Sale Agreement**

5.6.1 **Break Fee**

In the event that either Party breaches certain of its undertakings or obligations under the Sale Agreement or fails to procure that certain Conditions Precedent within its control are timeously fulfilled (including, but not limited to, in the case of Sun International, not receiving the requisite Shareholder approval for the Ordinary Resolution as described in paragraph 5.4.2 above, or for any Party acting unreasonably in relation to fulfilling a relevant Condition Precedent) and the Sale Agreement fails to become unconditional as a result thereof, then a break fee becomes payable, in the amount of R75 million if the Sale Agreement lapses on or after the Initial Date, which amount shall be increased by an amount equal to R16.7 million on the Initial Date and on the same day as the Initial Date in each subsequent calendar month following the month in which the Initial Date occurs, capped to a maximum amount of R225 million.

5.6.2 **Interim Period undertakings**

In terms of the Sale Agreement, each of Peermont Holdings and the Sellers shall exercise their respective voting rights and otherwise use their respective commercially reasonable endeavours to ensure that, during the Interim Period, the Peermont Group businesses will be carried on in the ordinary and usual course.

5.6.3 **W&I Policy and Warranties**

As a Condition Precedent to the Proposed Transaction, SISA will conclude a W&I Policy on usual market-related terms to cover any loss in respect of breaches of insured warranties provided under the Sale Agreement, with no recourse against the Sellers. Each Seller will be liable for any fraudulent conduct of that Seller and for any loss as a result of a breach of a Fundamental Warranty by that Seller, or in the relevant Sellers' Proportions for Fundamental Warranties given jointly, above the limits which are expected to be negotiated under a W&I Policy.

5.6.4 **Termination of the Sale Agreement**

The Purchaser has the right to terminate the Sale Agreement by written notification to the Sellers' Representative at any time prior to the Closing Date upon:

5.6.4.1 the occurrence of a Material Adverse Change;

5.6.4.2 any of the Sellers, Peermont Holdings or any Subsidiary of Peermont Holdings which holds a gaming licence, being liquidated or becoming subject to provisional or final liquidation or business rescue proceedings, whether by resolution of a board or order of court; or

5.6.4.3 the Purchaser becoming aware that the Fundamental Warranty that the Sale Shares constitute 100% of the issued shares of Peermont Holdings is not correct and not remedying such breach prior to the Closing Date, or any extension thereof.

5.7 **Effective Date of the Proposed Transaction**

The Proposed Transaction will be implemented and take effect on the Closing Date.

6. **THE REORGANISATION**

6.1 As a Condition Precedent to the Sale Agreement, Peermont Holdings and the Purchaser (amongst others) will conclude the Reorganisation Agreement, in terms of which the Peermont Group will be restructured to reduce the overall complexity of the Peermont Group.

6.2 The effect of the Reorganisation will be that, prior to Closing:

6.2.1 the preference shares held by external financial institutions and issued by a Subsidiary of Peermont Holdings will be redeemed or repurchased from available cash and debt facilities of the Peermont Group without cost or recourse to the Purchaser;

6.2.2 the wholly owned Subsidiaries between Peermont Holdings and Peermont Global will be unbundled to the Sellers prior to Closing, leaving Peermont Global as a direct wholly owned Subsidiary of Peermont Holdings; and

6.2.3 the issued shares in Peermont Holdings will be redeemed or converted such that the issued shares are of a single class (being the Sale Shares).

7. IRREVOCABLE UNDERTAKINGS AND LETTERS OF SUPPORT

7.1 Shareholders holding 26.43% of the Total Voteable Securities have provided Irrevocable Undertakings to vote in favour of the Proposed Transaction, as set out below:

Shareholder	Number of Shares	Percentage of Total Voteable Securities (%)
Value Capital Partners	67 601 634	26.43
Total	67 601 634	26.43

7.2 In addition, Shareholders holding more than 36.50% of the Total Voteable Securities have provided Letters of Support indicating their intention to vote in favour of the Proposed Transaction to the extent that the exercise of the relevant voting rights are within their control.

8. *PRO FORMA* FINANCIAL INFORMATION

8.1 The *Pro Forma* Financial Information and the Independent Auditor's report thereon are set out in **Annexure 1** and **Annexure 2**, respectively.

8.2 The following table is a summarised extract of the *pro forma* financial effects contained in **Annexure 1** and has been prepared to illustrate the impact of the Proposed Transaction on the reported financial information of Sun International for the six months ended 30 June 2023, had the Proposed Transaction occurred on 1 January 2023 for the statement of comprehensive income and as at 30 June 2023 for the statement of financial position.

8.3 The *Pro Forma* Financial Information contained in **Annexure 1** has been prepared using accounting policies that comply with IFRS and that are consistent with those applied in the annual financial statements of Sun International for the financial year ended 31 December 2022. The *Pro Forma* Financial Information, which is the responsibility of the Directors, is provided for illustrative purposes only and, because of its *pro forma* nature, may not fairly present Sun International's actual financial position, changes in equity, results of operations or cash flow.

8.4 The *Pro Forma* Financial Information set out below and in **Annexure 1** should be read in conjunction with the Independent Auditor's assurance report thereon, set out in **Annexure 2**.

8.5 The notes to the *Pro Forma* Financial Information and the assumptions thereto are set out in **Annexure 1.** Extracts from the *Pro Forma* Financial Information of Sun International are set out below:

	Before the Proposed Transaction[1]	After the Proposed Transaction[2]	Percentage change[3] (%)
Basic earnings per Share (cents)	171	124	(27.4)
Headline earnings per Share (cents)	173	157	(9.0)
Adjusted headline per Share (cents)	197	214	8.4
Diluted basic earnings per Share	168	122	(27.4)
Diluted headline earnings per Share (cents)	170	155	(9.0)
Diluted adjusted headline earnings per Share (cents)	194	210	8.4
NAV per Share (cents)	703	670	(4.6)
NTAV per Share (cents)	(114)	(2 519)	(2 115.5)
Weighted average number of Shares in issue (000's)	243 666	243 666	
Weighted average shares in issue for basic ('000)	244 496	244 496	
Adjustment for dilutive share awards ('000)	3 999	3 999	
Weighted average shares in issue for diluted ('000)	248 495	248 495	

Notes:

1. The financial information in the "Before" column has been extracted, without adjustment, from the Sun International Interim Results 2023.
2. Represents the NAV, Tangible NAV, EPS and HEPS after the effects of the Proposed Transaction. Refer to **Annexure 1** for detailed notes on the Proposed Transaction adjustments.
3. Represents the percentage movement as a result of the Proposed Transaction, being the percentage movement from column 1 to column 2.

9. HISTORICAL FINANCIAL INFORMATION OF THE PEERMONT GROUP

9.1 In compliance with the Listings Requirements, the historical financial information of the Peermont Group for the years ended 31 December 2022, 2021 and 2020 and for the six months ended 30 June 2023 are set out in **Annexure 3** and **Annexure** 5 respectively, and the Independent Auditor's reports thereon are set out in **Annexure 4** and **Annexure 6** respectively.

9.2 It should be noted that the historical financial information of the Peermont Group excludes the Reorganisation detailed in paragraph 6 of this Circular.

9.3 In addition, with respect to the accounting policies of the Company, during the year, Sun International reassessed the estimated write off period of intangible assets, relating to casino licenses, from definite to indefinite. The change in accounting estimate has been treated prospectively from 1 January 2023 with no financial impact. This estimate of the casino licences as indefinite useful life is consistent with the treatment in the Group Historical Financial Information and Group Interim Historical Financial Information of the Peermont Group.

10. DIRECTORS' INFORMATION

10.1 Directors' interests in Sun International Shares

As at the Last Practicable Date, the beneficial interests of the Directors (including directors that retired in the last 18 months) held, directly and indirectly, in the issued Shares are as follows:

	Direct beneficial		Indirect beneficial	Total	Percentage of Total Voteable Securities (%)
Name of Director	**Unrestricted**	**Restricted[1]**	**Unrestricted**		
N Basthdaw	341 268	632 971	–	974 239	0.38
AM Leeming	876 371	1 375 502	–	2 251 873	0.88
GW Dempster	85 000	–	–	85 000	0.03
S Sithole/TR Ngara[2]	–	–	67 601 634	67 601 634	26.43
Total	1 302 639	2 008 473	67 601 634	70 912 746	27.72

Note:

1. Restricted in terms of the varying vesting dates in accordance with the share plan rules as highlighted in Sun International's remuneration report forming part of the annual statutory report, available at: https://suninternational.onlinereport.co.za/2022/downloads/Annual-Statutory-Report-2022.pdf.
2. Mr S Sithole and Mr TR Ngara have an indirect beneficial interest in Value Capital Partners Proprietary Limited, which is the registered investment manager to Value Capital Partners H4 QI Hedge Fund and various other funds.

10.2 Directors' beneficial interests in transactions

There are no material beneficial interests, whether direct or indirect, of Directors, including a Director who has resigned in the last 18 months, in transactions that were effected by the Company during the current or immediately preceding year or during an earlier financial year and which remain in any respect outstanding or unperformed.

10.3 **Directors' service contracts and restraints of trade**

Executive Directors

10.3.1 Subject to paragraph 10.3.4 below, no special contractual arrangements apply to the appointments of and termination of employment of the executive directors and senior executives of Sun International and no fixed-term contracts of employment remain to be fulfilled.

10.3.2 Although, in line with prevailing practice in South Africa, the remuneration committee of the Company has the discretion to negotiate separation payments with the executive directors and senior executives, none of the executive directors or senior executives of Sun International have special termination benefits or balloon payment provisions in their employment contracts.

10.3.3 For the executive directors and senior executives, notices of termination vary between one month and a maximum of six months.

10.3.4 The Sun International CE is subject to a restraint of trade condition prohibiting him from taking up employment with competing organisations for a period of 12 months after the termination of his employment. No additional consideration is paid to the CE in terms of his restraint.

Non-executive Directors

10.3.5 Non-executive Directors conclude service contracts with the Company upon appointment, which are distinct from employment contracts.

10.3.6 The term of office of non-executive Directors is governed by the MOI which provides that:

10.3.6.1 non-executive Directors who have served for three years will retire by rotation, but may, if eligible, offer themselves for re-election for a further three-year term;

10.3.6.2 non-executive Directors who have served for more than nine years will retire at the end of each year thereafter, but may, if eligible, be re-elected annually for further periods of one year at a time; and

10.3.6.3 non-executive Directors' who have attained the age of 70 years will likewise retire at the end of each year thereafter, but may, if eligible, be re-elected annually for further periods of one year at a time.

10.3.7 The travel and accommodation expenses of non-executive Directors and premiums for Directors' and officers' insurance cover are paid by Sun International in terms of a formal approved policy.

10.4 **Directors' remuneration**

The Directors' remuneration will not be varied as a result of the Proposed Transaction.

11. MAJOR AND CONTROLLING SHAREHOLDERS

11.1 As at the Last Practicable Date, the following Shareholders are directly or indirectly beneficially interested, as defined in the Listings Requirements, in 5% or more of the issued Shares:

Name	**Number of shares held**	**Percentage of Total Voteable Securities (%)**
Value Capital Partners	67 601 634	26.43
Allan Gray Proprietary Limited	54 804 970	21.46
PSG Asset Management Proprietary Limited	21 488 521	8.42
M&G Investments	17 809 618	6.98
Steyn Capital Management	13 758 235	5.39
Total	175 340 951	68.67

11.2 As at the Last Practicable Date, there is no Controlling Shareholder of Sun International, nor has there been any Controlling Shareholder over the previous five years.

11.3 As at the Last Practicable Date, there has been no change in the business or trading objects of Sun International during the past five years.

12. **VENDORS OF MATERIAL ASSETS**

12.1 There have been no acquisitions of material assets made by the Peermont Group within the three years preceding the Last Practicable Date. Apart from the Proposed Transaction, there have been no material assets acquired by the Sun International Group within the three years preceding the Last Practicable Date. Details relating to the vendors of all material immovable properties, fixed assets and/or business undertakings ("**Vendors**") acquired or to be acquired by the Sun International Group in respect of the Proposed Transaction are set out below and throughout in this Circular.

12.2

Description:	The Proposed Transaction, being the proposed acquisition of Peermont Holdings by the Sun International Group.
Date of acquisition:	The Closing Date.
Consideration:	The Purchase Consideration.
Valuation:	R7 300 million enterprise value to which closing adjustments will be applied, as set out in paragraph 5.2 above.
Reconciliation of valuation to net asset value:	Value of consideration paid R3 236 million Value of the net assets attributable to the securities acquired R2 100 million Differential R1 126 million
Goodwill paid and manner in which was accounted for:	R225 million calculated on a *pro forma* basis (as set out in **Annexure 1**) which relates primarily to the casino licences and associated benefits such as specialised workforce skills. The Company's accounting policy on goodwill is set out on page 85 of its annual financial statements for the year ended 31 December 2022, accessible at: https://corporate.suninternational.com/content/dam/approved/corporate/investors/results/si-annual-financial-statements-2022-new.pdf
Price paid by vendor and date of acquisition by vendor if within preceding three years:	Not applicable

12.3 No Vendor has guaranteed book debts or other assets. The agreements in terms of which the relevant material assets were or are to be acquired (the "**Vendor Agreements**") contain warranties usual for transactions of their nature.

12.4 The Vendor Agreements do not preclude the Vendors from carrying on business in competition with the Sun International Group, nor do they impose any other similar restrictions on the Vendors. No payment in cash, other payment regarding restraints of trade or otherwise has been made in this regard.

12.5 There are no liabilities for accrued taxation that are required to be settled in terms of the Vendor Agreements.

12.6 No Director, proposed Director or promoter of the Parties (or any partnership, syndicate or other association in which a promoter or Director had an interest) had any direct or indirect beneficial interest in the acquisition of the material assets from the Vendors.

12.7 No cash or securities have been paid or any benefit given within the three years preceding the Last Practicable Date or is proposed to be paid or given to any promoter of the Sun International Group (not being a director).

12.8 Other than the Sale Shares which are to be acquired by Sun International in relation to the Proposed Transaction, the material assets of the Company are held in the name of the Sun International Group.

12.9 No assets have been provided as security for borrowings nor such been ceded or pledged.

13. **MATERIAL LOANS**

The material loans of the Sun International Group and the Peermont Group and its Subsidiaries, are contained in **Annexure 7** to this Circular.

14. **MATERIAL CONTRACTS**

14.1 Sun Treasury (RF) Proprietary Limited concluded a written agreement entitled *"Facilities Agreement"*, dated 1 December 2022 with, amongst others, Sun International Limited, SISA and Nedbank Limited as facility agent acting for various lenders in terms of which the lenders made a R2 000 million Facility D, a R2 000 million Facility E, a R1 000 million Facility F and a R1 000 million Facility G available to Sun Treasury (RF) Proprietary Limited. Further to the Facilities Agreement four of the lenders have also made bi-lateral short term banking products and credit lines available to Sun Treasury (RF) Proprietary Limited. The facilities, on aggregate do not exceed an amount of R8 300 million.

14.2 Save for the above, and except for the Sale Agreement and ancillary agreements thereto necessary for the implementation of the Proposed Transaction, all of which are contracts entered into otherwise than in the ordinary course of business, the Sun International Group has not entered into any material contract, being restrictive funding arrangements and/or contracts entered into otherwise than in the ordinary course of business, within the two years prior to the Last Practicable Date or at any time containing an obligation or settlement that is material to the Sun International Group at the Last Practicable Date.

14.3 The Peermont Group has not entered into any material contract, being restrictive funding arrangements and/or contracts entered into otherwise than in the ordinary course of business, within the two years prior to the Last Practicable Date or at any time containing an obligation or settlement that is material to the Peermont Group at the Last Practicable Date.

15. **MATERIAL CHANGES**

15.1 There have been no material changes in the financial or trading position of Sun International and its Subsidiaries since the publication of its interim results for the six-month period ended 30 June 2023 to the Last Practicable Date.

15.2 There have been no material changes in the financial or trading position of Peermont Holdings and its Subsidiaries since the date of its reviewed interim results for the six-month period ended 30 June 2023 to the Last Practicable Date.

16. **MATERIAL RISKS**

16.1 The material risks pertinent to the Sun International Group have been incorporated by reference and Shareholders are referred to the 'Material Matters' set out on page 28 of the Integrated Annual Report available at: https://suninternational.onlinereport.co.za/2022/.

16.2 In relation to the Proposed Transaction, the following additional risks were identified together with mitigants being considered:

16.2.1 risk of integration and the operational complexity of combining the Sun International Group and the Peermont Group:

Sun International has experience in managing complicated operational environments and it has already begun developing integration strategies and plans to ensure limited disruption to both businesses.

16.2.2 Prospects for land-based casinos given the macroeconomic environment and the potentially slower long-term growth:

Whilst there are macroeconomic headwinds at present, these are no different to recent years, and as demonstrated in the latest financial results of Sun International, the management team has the ability and experience to operate and achieve strong performance under such conditions.

16.2.3 Higher overall gearing in the Sun International Group and the potential for adverse shocks to impact overall leverage post conclusion of the Proposed Transaction:

Whilst this is a risk, it was considered by the Sun International Group and stress testing was conducted to ensure that there is sufficient headroom on the overall facilities in the Sun International Group. It is also noted that the Sun International management team has operated under higher levels of gearing in the past and been able to appropriately navigate the subsequent deleveraging.

16.2.4 Higher cost of funding in relation to Sun International's current cost of borrowings:

Sun International has already approached its funders to ensure that an efficient capital raise occurs to limit the increase in the cost of borrowings. Further, whilst Sun International may incur slightly higher costs of borrowings, it is expected that there will be a significant reduction in the cost of borrowings for the Peermont Group in comparison to its existing borrowing rates.

16.2.5 Lengthy regulatory approval processes with potential conditions being imposed:

Sun International has engaged several experts to assist in managing these processes to improve the likelihood of successful approvals.

16.2.6 Additional capital expenditure required to be incurred for the properties acquired:

Significant due diligence on the assets to be acquired was performed which would mitigate against any unexpected, required capital expenditure in the short term.

17. **WORKING CAPITAL STATEMENT**

The Directors have considered the impact of the Proposed Transaction and are of the opinion that, for a period of 12 months after the date of implementation of the Proposed Transaction:

17.1 the Sun International Group will be able, in the ordinary course of business, to pay its debts;

17.2 the assets of the Sun International Group will be in excess of its liabilities, where for this purpose, the assets and liabilities are recognised and measured in accordance with the accounting policies used in the latest audited consolidated annual financial statements of the Sun International Group;

17.3 the share capital and reserves of the Sun International Group will be adequate for ordinary business purposes; and

17.4 the working capital of the Sun International Group will be adequate for ordinary business purposes.

18. **LITIGATION STATEMENT**

18.1 In respect of Sun International, the Company has a 49,33% interest in The Tourist Company of Nigeria. The Tourist Company of Nigeria continues to experience difficulties engaging with the tax authorities in Nigeria to confirm any tax principles to obtain certainty or settle outstanding matters. The Company, with the assistance of its external tax and legal advisors, has estimated the potential exposure of these disputes and other matters taken to the relevant local courts as R85 million as of the Last Practicable Date. On consultation with these advisors, it has been established that it is not probable that TCN will be liable.

18.2 Apart from the above, the Directors are not aware of any legal or arbitration proceedings, including proceedings that are pending or threatened, that may have, or have, in the previous 12 months, had a material effect on the Company's financial position.

18.3 The Directors are not aware of any legal or arbitration proceedings, including proceedings that are pending or threatened, that may have, or have, in the previous 12 months, had a material effect on the Peermont Group's financial position.

19. **CONSENTS**

19.1 Each of the advisors, whose names are set out in the 'Corporate Information and Advisors' section of this Circular, have consented in writing to act in the capacities stated and to their names appearing in this Circular and have not withdrawn their consent prior to the publication of this Circular.

19.2 The Independent Auditors have consented to the inclusion of their reports in the form and context in which they are included in the Circular, which consents have not been withdrawn prior to the publication of this Circular.

20. **GENERAL MEETING AND VOTING**

20.1 A general meeting of Sun International Shareholders will be held at the Maslow Hotel, Cnr Rivonia Road and Grayston Drive, Sandton, Gauteng, South Africa and, if applicable, through electronic participation (but excluding voting by electronic means) by way of a Microsoft Teams call, at 09:00 on Monday, 4 March 2024, to consider and, if deemed fit, to pass, with or without modification, the requisite Resolutions required to give effect to the Proposed Transaction.

20.2 A notice convening the General Meeting is attached hereto and forms part of this Circular and contains the Resolutions to be considered at the General Meeting. Full details of the action required by Shareholders are set out in the *"Action required by Shareholders"* section of this Circular.

21. **DIRECTORS' OPINION AND RECOMMENDATION**

21.1 The Directors have considered the terms and conditions of the Proposed Transaction and the Resolutions set out in the Notice of General Meeting and are of the opinion that they are in the interests of Shareholders, as detailed above in paragraphs 5.1 and 5.3 of this Circular.

21.2 The Directors that hold Shares intend voting in favour of the Resolutions and recommend that Shareholders vote in favour of the Resolutions to be proposed at the General Meeting.

22. **DIRECTORS' RESPONSIBILITY STATEMENT**

The Board, whose names are set out on page 17 of this Circular, collectively and individually, accept full responsibility for the accuracy of the information given 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 and that they have made all reasonable enquiries to ascertain such facts and that this Circular contains all information required by Laws and the Listings Requirements.

23. **PERCEIVED CONFLICTS OF INTEREST**

In terms of paragraph IV of the Appendix to Schedule 16 contained in the Listings Requirements, a sponsor is required to disclose details of all matters that might reasonably be expected to impair its independence and objectivity in its professional dealings with Sun International.

23.1 Nedbank has been appointed as Sun International's Transaction Sponsor in relation to the Proposed Transaction. Nedbank's key responsibilities, as Transaction Sponsor, include the drafting of this Circular, obtaining the JSE's approval thereof and the drafting and release of related ancillary announcements.

23.2 In its capacity as Transaction Sponsor, Nedbank has confirmed to the JSE and Sun International that there is no matter that would impact on its ability to exercise reasonable care and judgement to achieve and maintain independence and objectivity in its professional dealings in relation to Sun International, and that would impact on its ability to act within the Code of Conduct as set out in schedule 16 of the Listings Requirements.

23.3 Nedbank has funding arrangements in place with Sun International, which funding is immaterial in relation to Nedbank's total advances to clients.

23.4 Nedbank, as a strictly regulated entity, has stringent compliance procedures in place to ensure that the activities of relevant divisions are monitored and that effective information barriers are in place between such divisions, ensuring that as Transaction Sponsor, Nedbank is able to act independently and objectively in relation to this mandate, and that its professional dealings with Sun International are maintained. Nedbank's compliance control room identifies and manages conflict risks and ensures that strict information barriers, both physical and virtual, are maintained to ensure the Transaction Sponsor acts independently from other divisions within the bank.

24. **EXPENSES**

24.1 The expenses incurred by the Parties in relation to the Proposed Transaction are presented in the tables below:

Sun International	Payable to	R'000*
Investment Bank, Corporate Advisor and Transaction Sponsor fees	Nedbank	33 000
Legal advisor fees – advisory	CDH	6 750
Legal advisor fees – taxation	Webber Wentzel	3 477
Legal fees – competition	HSF	5 500
Competition Commission filing fee		550
Independent Auditor fees	Deloitte	2 000
Independent Auditor fees	KPMG	2 482
Financial advisory fees	PwC	3 900
Competition process – advisory fees	RBB Economics LLP	3 600
JSE documentation fee	JSE	61
Typesetting, printing and distribution costs	INCE	298
Insurance costs	Brockwell Capital Limited	6 960
Total		68 579

*Exclusive of VAT.

The Peermont Group	Payable to	R'000*
Financial advisor	Rand Merchant Bank, a division of FirstRand Limited	23 000
Legal advisor fees – advisory and taxation	Bowman Gilfillan Inc.	17 500
Insurance costs	Brockwell Capital Limited	8 004
Economist fees – competition	RBB Economics LLP	4 000
Total		53 504

*Inclusive of VAT.

25. **DOCUMENTS AVAILABLE FOR INSPECTION**

The following documents, or copies thereof, will be available on request to the company secretary during normal business hours at andrew.johnston@suninternational.com or on the Company's website at www.suninternational.com/investors from the date of issue of this Circular up to the date of the General Meeting (both days inclusive):

25.1 the signed Circular;

25.2 the MOI and the memoranda of incorporation of its major Subsidiaries;

25.3 the Sale Agreement and Irrevocable Undertaking;

25.4 service agreements which the Directors entered into during the three years preceding the Last Practicable Date;

25.5 the written consents of advisors, whose names are set out in the *"Corporate Information and Advisors"* section of this Circular;

25.6 audited annual financial statements of Sun International in respect of the years ended 31 December 2022, 31 December 2021 and 31 December 2020;

25.7 Sun International's integrated annual report for the year ended 30 December 2022;

25.8 the Sun International Interim Results 2023;

25.9 the Independent Auditor's assurance report on *Pro Forma* Financial Information as reproduced in **Annexure 2**;

25.10 the historical financial information of the Peermont Group for the financial years ended 31 December 2022, 31 December 2021 and 31 December 2020 as reproduced in **Annexure 3**;

25.11 the Independent Auditor's report on the Group Historical Financial Information, as reproduced in **Annexure 4**; and

25.12 the Independent Auditor's review report on the interim results of the Peermont Group for the six-month period ended 30 June 2023 as reproduced in **Annexure 6**.

Signed at Sandton for and on behalf of the Board on Monday, 5 February 2024

Anthony Leeming
Chief Executive

ANNEXURE 1: *PRO FORMA* FINANCIAL INFORMATION OF SUN INTERNATIONAL

The definitions and interpretations commencing on page 9 of this Circular apply throughout this Circular, including this Annexure 1, unless the context clearly indicates otherwise.

The *pro forma* condensed group statement of financial position and *pro forma* condensed group statement of comprehensive income of Sun International, illustrating the *pro forma* effects of the Proposed Transaction (the "***Pro Forma* Financial Information**") is set out below. The *Pro Forma* Financial Information has been provided for illustrative purposes only, to provide information on how the Proposed Transaction may have affected the results and financial position of Sun International. Because of its nature, the *Pro Forma* Financial Information may not fairly represent Sun International's financial position, changes in equity, results of operations or cash flows after the Proposed Transaction.

The *pro forma* interim group statement of comprehensive income for the six months ended 30 June 2023 has been prepared to show the impact of the Proposed Transaction as if it was effective 1 January 2023 and the *pro forma* group statement of financial position as at 30 June 2023 has been prepared to show the impact of the Proposed Transaction as if it was effective 30 June 2023.

The *Pro Forma* Financial Information, including the assumptions on which it is based and the financial information from which it has been prepared, are the responsibility of the Directors.

The *Pro Forma* Financial Information has been prepared using accounting policies that comply with IFRS and are consistent with those applied in the annual financial statements of Sun International for the financial year ended 31 December 2022, except for the reassessment undertaken by Sun International during the course of the year regarding the estimated write off period of intangible assets, relating to casino licenses, from definite to indefinite. The change in accounting estimate has been treated prospectively from 1 January 2023 with no financial impact. The *Pro Forma* Financial Information is presented in accordance with the Listings Requirements and the Guide on *Pro Forma* Financial Information issued by the South African Institute for Chartered Accountants ("**SAICA**").

Sun International Interim Results 2023, on which the *Pro Forma* Financial Information is based, were prepared in accordance with International Financial Reporting Standards (IFRS), the SAICA Financial Reporting Guides as issued by the Accounting Practice Committee, International Financial Reporting Pronouncements (FRP) as issued by the Financial Reporting Standards Council (FRSC) and the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), effective at the time of preparing these financial statements and in compliance with the Listings Requirements and the Companies Act of South Africa.

The *Pro Forma* Financial Information, as set out below, should be read in conjunction with the reasonable assurance report of the Independent Auditor, which is included as **Annexure 2** to this Circular.

PRO FORMA INTERIM CONDENSED GROUP STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX-MONTHS ENDED 30 JUNE 2023

R million	Sun International Group last published results before the Proposed Transaction (1)	Peermont 2	Peermont presentation adjustments 3		Peermont after presentation adjustments	Reorganisation 4	Purchase Consideration 5	Consolidation entries and fair value allocation 6	Transaction costs 7	*Pro forma* after the Proposed Transaction
Net gaming wins	4 514	1 272			1 272					5 786
Revenue	1 269	311	7	a	318					1 587
Insurance receipts	2				–					2
Net income	**5 785**	**1 583**	**7**		**1 590**	**–**	**–**	**–**	**–**	**7 375**
Sundry income		7	(7)	a	–					–
Consumables and services	(651)	(169)			**(169)**					(820)
Depreciation and amortisation	(424)	(115)			**(115)**					(539)
Employee costs	(1 173)	(318)	(44)	b	**(361)**			41		(1 493)
Share based payment remeasurement		(44)	44	b	**–**					–
Levies and VAT on casino income	(1 065)	(263)			**(263)**					(1 328)
Impairment		(70)			**(70)**					(70)
Decrease in loss allowance in respect of financial assets		1	(1)	c	**–**					–
LPM site owners commission	(215)				**–**					(215)
Promotional and marketing costs	(197)	(80)			**(80)**					(277)
Property and equipment rentals	(43)	(4)			**(4)**					(47)
Property costs	(482)	(90)			**(90)**					(572)
Other operational costs	(404)	(117)	1	c	**(116)**			7	(79)	(592)

R million	Sun International Group last published results before the Proposed Transaction (1)	Peermont 2	Peermont presentation adjustments 3	Peermont after presentation adjustments	Reorganisation 4	Purchase Consideration 5	Consolidation entries and fair value allocation 6	Transaction costs 7	*Pro forma* after the Proposed Transaction
Operating profit	**1 131**	**321**	**–**	**321**	**–**	**–**	**48**	**(79)**	**1 421**
Foreign exchange losses	(89)			**–**					(89)
Finance income	11	48		**48**					59
Finance expense	(310)	(236)		(236)	–	(173)			(719)
Change in estimated redemption value of put option	(21)			–					(21)
Profit for the period	**722**	**133**	**–**	**133**	**–**	**(173)**	**48**	**(79)**	**652**
Tax	(237)	(65)		(65)	–	18	(1)		(286)
Profit for the period	**485**	**68**	**–**	**68**	**–**	**(155)**	**47**	**(79)**	**366**
Profit for the period	**485**	**68**		**68**	**–**	**(155)**	**47**	**(79)**	**366**
Other comprehensive income:									
Items that may be reclassified to profit or loss									
Fair value adjustment for listed shares	(37)			–					(37)
Tax on fair value adjustment for listed shares	10			–					10
Currency translation reserve	(51)	6		6					(45)
Total comprehensive income for the period	**407**	**74**	**–**	**74**	**–**	**(155)**	**47**	**(79)**	**294**

R million	Sun International Group last published results before the Proposed Transaction (1)	Peermont 2	Peermont presentation adjustments 3	Peermont after presentation adjustments	Reorganisation 4	Purchase Consideration 5	Consolidation entries and fair value allocation 6	Transaction costs 7	*Pro forma* after the Proposed Transaction
Profit for the period attributable to:	**485**	**68**		**68**	**–**	**(155)**	**47**	**(79)**	**366**
Minorities	67	(5)		(5)					62
Ordinary shareholders	418	73		73	–	(155)	47	(79)	304
Total comprehensive profit for the period attributable to:	**407**	**74**		**74**	**–**	**(155)**	**47**	**(79)**	**294**
Minorities	12	(2)		(2)					10
Ordinary shareholders	395	76		76	–	(155)	47	(79)	284
Reconciliation of headline earnings									
Basic earnings	418	73		73	–	(155)	47	(79)	304
Net loss/(profit) on disposal of property, plant and equipment	5			–					5
Impairments		78		78					78
Tax	(1)	(2)		(2)					(3)
Headline earnings	**422**	**149**	**–**	**149**	**–**	**(155)**	**47**	**(79)**	**384**
Change in estimated redemption value of put option	21			–					21
Foreign exchange and net monitory losses	78			–					78
Transaction costs				–				79	79
Minorities' interests in the above items	(39)			–					(39)
Adjusted headline earnings	**482**	**149**	**–**	**149**	**–**	**(155)**	**47**	**–**	**523**

R million	Sun International Group last published results before the Proposed Transaction	Peermont	Peermont presentation adjustments	Peermont after presentation adjustments	Reorganisation	Purchase Consideration	Consolidation entries and fair value allocation	Transaction costs	*Pro forma* after the Proposed Transaction
	(1)	2	3		4	5	6	7	
Earnings per share (cents)									
Basic earnings	171								124
Headline earnings	173								157
Adjusted headline earnings	197								214
Diluted basic earnings	168								122
Diluted headline earnings	170								155
Diluted adjusted headline earnings per share	194								210
Weighted average shares in issue for basic ('000)	244 496								244 496
Weighted average shares in issue for diluted ('000)	248 495								248 495

Notes and assumptions:

1. Extracted, without adjustment, from the unaudited interim group financial results of Sun International for the six months ended 30 June 2023.
2. Extracted, without adjustment, from the reviewed interim historical financial information of Peermont for the six months ended 30 June 2023, attached as Annexure 5 to this Circular.
3. Peermont presentation adjustments relate to adjustments required to align the presentation of line items on Peermont's statement of profit or loss and comprehensions income with the disclosures of Sun International. Annotations marked above indicate the related reclassifications.
4. In terms of the Reorganisation, set out in paragraph 6 of this Circular, Peermont's preference shares are to be settled as a condition precedent to the Proposed Transaction. It is envisaged that the preference shares will be settled out of cash generated by the Peermont operations to the effective date of the Proposed Transaction and to the extent there is a shortfall in cash generated, Peermont will draw down on its existing facilities to cover the shortfall, with an adjustment should this result in negative tax consequences. Whilst it is envisaged that the settlement of the preference shares will result in a net savings on the finance costs, largely due to a portion of the settlement being from cash to be generated by the operations to the effective date of the Proposed Transaction, no adjustment is effected within the *Pro Forma* Financial Information due to an adjustment not being factually supportable, resulting in the existing charge on Peermont's preference shares not being adjusted.
5. The Purchase Consideration, which will be funded from new interest-bearing debt of R1 016 million and additional issue of preference shares of R2 254 million, has been calculated assuming the financial position at 30 June 2023 as set out in note 5 to the *pro forma* statement of financial position. The new interest-bearing debt is assumed to incur interest at 9.84% per annum based on Sun International's current debt cost, adjusted for the increased gearing following the Proposed Transaction, of R50 million and the new preference shares at 85% of prime of R108 million. It is further assumed that the interest on the new interest-bearing debt will be deductible from taxable income, resulting in a net after tax cost of R144 million.

   As a consequence of this increased debt within Sun-International, the cost of its existing debt is assumed to increase by 50bps, which after tax results in an increased interest cost of R11 million.
6. In terms of the provisional fair value allocation exercise in terms of IFRS 3: Business Combinations, the excess of the Purchase Consideration over the book net asset value of Peermont is allocated to gaming licences, with an assumed indefinite period life based on the licences being renewable on an on-going basis, and goodwill. Consequently, no amortisation charge is assumed.

   Following and as a direct consequence of the Proposed Transaction, certain agreements will be terminated as follows:

   - the current Management Incentive Plan, which resulted in a charge for the six months to 30 June 2023 of R44 million relating to the remeasurement of the liability and not deductible for tax, will be settled. Consequently, this charge is reversed. The management beneficiaries of this scheme are assumed to join the Sun International Long-term Incentive Plan, with an assumed charge to income for the six-month period of R2.42 million, before tax, representing an estimate of the cost that would have been incurred for the period should the management beneficiaries have been awarded long-term incentives in accordance with Sun International's long-term incentive policy.
   - the management fee of R7 million before tax for the six months ended 30 June 2023, paid by Peermont to one of its current shareholders, will be terminated and is consequently reversed.
   - Tax on the combined impact of these adjustments amounts to R1 million.
7. Once-off transaction costs of R9 million are expected to be incurred as a result of the Proposed Transaction.
8. Except for transaction costs, all adjustments are expected to have a continuing effect.

PRO FORMA INTERIM CONDENSED GROUP STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2023

R million	Sun International Group last published results before the Proposed Transaction (1)	Peermont 2	Peermont presentation adjustments 3		Peermont after presentation adjustments	Reorganisation 4	Purchase Consideration 5	Consolidation entries and fair value allocation 6	Transaction costs 7	*Pro forma* after the Proposed Transaction
ASSETS										
Non-current assets	**11 585**	**7 790**	**–**		**7 790**	**–**	**3 270**	**(1 645)**	**–**	**21 000**
Property, plant and equipment	8 897	3 520			3 520					12 417
Intangible assets	798	4 140			4 140			1 625		6 562
Investment property	155									155
Right of use assets	82	85			85					167
Investment in subsidiaries							3 270	(3 270)		–
Equity accounted investments	32	1			1					33
Investment in listed shares	319									319
Derivative instruments		25			25					25
Pension fund assets	9									9
Deferred tax	1 191	17			17					1 208
Trade and other receivables	102	3			3					105
Current assets	**1 424**	**378**	**–**		**378**	**–**	**–**	**–**	**(79)**	**1 723**
Inventories	128	96			96					224
Trade and other receivables	751	116	2	a	118					869
Amounts due by related parties		1	(1)	a						–
Current portion of loan receivables		1	(1)	a						–
Contract asset	20									20
Current portion of derivative instruments		14			14					14
Taxation receivable	39	4			4					43
Cash and cash equivalents	380	114			114				(79)	415
Non current assets held for sale	106	31			31					137
Total assets	**13 009**	**8 168**	**–**		**8 168**	**–**	**3 270**	**(1 645)**	**(79)**	**22 723**

R million	Sun International Group last published results before the Proposed Transaction (1)	Peermont 2	Peermont presentation adjustments 3		Peermont after presentation adjustments	Reorganisation 4	Purchase Consideration 5	Consolidation entries and fair value allocation 6	Transaction costs 7	*Pro forma* after the Proposed Transaction
EQUITY AND LIABILITIES										
Equity attributable to owners of the parent										
Capital and reserves	2 998	2 023			2 023			(2 023)	(79)	2 919
Put option reserve	(1 286)									(1 286)
Ordinary shareholders equity	1 712	2 023	–		2 023	–	–	(2 023)	(79)	1 633
Minority interest	(144)	75			75					(69)
Total equity	**1 568**	**2 099**	**–**		**2 099**	**–**	**–**	**(2 023)**	**(79)**	**1 564**
Non-current liabilities	**7 705**	**5 551**	**–**		**5 551**	**–**	**3 270**	**378**	**–**	**16 904**
Deferred taxation	388	1 368			1 368			378		2 134
Borrowings	5 663	2 768	1 148	b	3 915		3 270			12 848
Preference shares		1 148	(1 148)	b						–
Put option liability	995									995
Trade payables and accruals	126		170	c	170					296
Share based payment liability		165	(165)	c						–
Amount due to related parties		4	(4)	c						–
Contract liabilities and other liabilities	533	99			99					632

R million	Sun International Group last published results before the Proposed Transaction (1)	Peermont 2	Peermont presentation adjustments 3		Peermont after presentation adjustments	Reorganisation 4	Purchase Consideration 5	Consolidation entries and fair value allocation 6	Transaction costs 7	*Pro forma* after the Proposed Transaction
Current liabilities	**3 736**	**519**	**–**		**519**	**–**	**–**	**–**	**–**	**4 255**
Borrowings	1 864	109	22	d	130					1 994
Bank overdraft		22	(22)	d						–
Trade payables and accruals	1 716	313	49	e	362					2 078
Loyalty points liability		36	(36)	e						–
Amount due to related parties		13	(13)	e						–
Taxation payable	29	6			6					35
Contract liabilities and other liabilities	127	21			21					148
Total Liabilities	**11 441**	**6 070**	**–**		**6 070**	**–**	**3 270**	**378**	**–**	**21 159**
Total equity and liabilities	**13 009**	**8 168**	**–**		**8 168**	**–**	**3 270**	**(1 645)**	**(79)**	**22 723**
Net asset value per share (cents) (refer to note 9)	**703**									**670**
Net tangible asset value per share (refer to note 9)	**(114)**									**(2 519)**
Shares in issue ('000)	**243 666**									**243 666**

Notes and assumptions:

1. Extracted, without adjustment, from the unaudited interim group financial results of Sun International for the six months ended 30 June 2023.
2. Extracted, without adjustment, from the reviewed interim historical financial information of Peermont for the six months ended 30 June 2023, attached as Annexure 5 to this Circular.
3. Peermont presentation adjustments relate to adjustments required to align the presentation of line items on Peermont's statement of financial position with the disclosures of Sun International. Annotations marked above indicate the related reclassifications.
4. In terms of the Reorganisation, set out in paragraph 6 of this Circular, Peermont's preference shares are to be settled as a condition precedent to the Proposed Transaction. It is envisaged that the preference shares will be settled out of cash generated by the Peermont operations to the effective date of the Proposed Transaction and to the extent there is a shortfall in cash generated, Peermont will draw down on its existing facilities to cover the shortfall.

   For purposes of the *Pro Forma* Financial Information and as at 30 June 2023, Peermont does not have sufficient cash available to settle the preferences share. Consequently, it is assumed that the preference shares are settled out of interest-bearing facilities, resulting in no net adjustment on the balance sheet.

   There is no financial effect of the consolidation by Peermont Holdings of their 3 classes of ordinary shares into a single class of ordinary shares.
5. The Purchase Consideration, which will be funded from new interest-bearing debt of R1 016 million and an issue of new preference shares of R2 244 million, has been calculated assuming the financial position as at 30 June 2023 as follows:

Purchase Consideration	**R million**
Equity value	7 300
Less Interest-bearing debt	(2 877)
Less Debt raising costs capitalised to interest-bearing borrowings	(23)
Add Unrestricted cash	53
Less Overdraft	(22)
Add Interest-rate hedge	40
Less Preference shares	(1 148)
Less Peermont transaction costs	(54)
Purchase Consideration	**3 270**

   Peermont transaction costs are assumed to be settled from cash generated by operations to the effective date of the Proposed Transaction.
6. Consolidation and fair value allocation adjustments comprise the following:
   - Elimination of "at-acquisition reserve"s of Peermont of R2 203 million at 30 June 2023;
   - Fair value allocation as follows:
     – Allocation of the Purchase Consideration to the fair value of the identified tangible and intangible assets and liabilities based on a provisional fair value allocation exercise in terms of IFRS 3: Business Combinations. In terms of the provisional fair value allocation exercise, the excess of the Purchase Consideration over the book net asset value of Peermont is allocated to gaming licences of R1 400 million with an indefinite period life, and goodwill of R225 million. All tangible assets and liabilities are assumed to be reflected at fair value based on the provisional fair value allocation exercise; and
     – Deferred tax liability raised on the uplift to identified intangible assets of R378 million.

Fair value allocation	**R million**
Purchase consideration	3 270
Less: Peermont net asset value at 30 June 23	(2 023)
Less: Uplift to intangible assets (gaming licenses) identified	(1 400)
Add: Deferred tax on uplift to intangible assets acquired	378
Goodwill	**225**

7. Once-off transaction costs of R79 million are expected to be incurred as a result of the Proposed Transaction. The transaction costs are assumed to be settled in cash shortly after the Closing Date.
8. There are no other material subsequent events that require adjustment to the *Pro Forma* Financial Information.
9. The net asset and net intangible asset value per share are based on ordinary shareholders equity before and after deducting intangible and deferred tax assets, respectively.

ANNEXURE 2: INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE COMPILATION OF *PRO FORMA* FINANCIAL INFORMATION

The definitions and interpretations commencing on page 9 of this Circular ***do not*** *apply to this Annexure 2, unless the context clearly indicates otherwise.*

To the Directors of Sun International Limited

5th Floor

6 Sandown Valley Crescent

Sandton

2146

Dear Sirs/Mesdames

Report on the Assurance Engagement on the Compilation of *Pro Forma* Financial Information Included in a Prospectus/Pre-listing Statement/Circular

We have completed our assurance engagement to report on the compilation of *pro forma* financial information of Sun International Limited ("**company**") by the directors. The *pro forma* financial information, as set out in paragraph 8 and Annexure 1 of the circular ("**the circular**"), to be dated on or about January 2024, consists of the *pro forma* Group Statement of Financial Position as at 30 June 2023, the *pro forma* Interim Group Statement of Comprehensive Income for the six-months ended 30 June 2023 and related notes. The *pro forma* financial information has been compiled on the basis of the applicable criteria specified in the JSE Limited (**JSE**) Listings Requirements and described in paragraph 8 and Annexure 1.

The *pro forma* financial information has been compiled by the directors to illustrate the impact of the corporate action or event, described in paragraph 1 of the circular, on the company's financial position as at 30 June 2023 and the company's financial performance for the period then ended, as if the corporate action or event had taken place at 1 January 2023 and for the period then ended. As part of this process, information about the company's financial position and financial performance has been extracted by the directors from the company's unaudited interim financial information for the period ended 30 June 2023.

Directors' Responsibility for the Pro Forma Financial Information

The directors are responsible for compiling the *pro forma* financial information on the basis of the applicable criteria specified in the JSE Listings Requirements and described in paragraph 8 and Annexure 1.

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the Code of Professional Conduct for Registered Auditors issued by the Independent Regulatory Board for Auditors (IRBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards).

The firm applies the International Standard on Quality Management 1, Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements, which requires the firm to design, implement and operate a system of quality management, including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountant's Responsibility

Our responsibility is to express an opinion about whether the *pro forma* financial information has been compiled, in all material respects, by the directors on the basis specified in the JSE Listings Requirements based on our procedures performed.

We conducted our engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3420, Assurance Engagements to Report on the Compilation of *Pro Forma Financial Information* Included in a Prospectus which is applicable to an engagement of this nature.

This standard requires that we comply with ethical requirements and plan and perform our procedures to obtain reasonable assurance about whether the *pro forma* financial information has been compiled, in all material respects, on the basis specified in the JSE Listings Requirements.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the *pro forma* financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the *pro forma* financial information.

The purpose of *pro forma* financial information included in a prospectus is solely to illustrate the impact of a significant corporate action or event on unadjusted financial information of the entity as if the corporate action or event had occurred or had been undertaken at an earlier date selected for purposes of the illustration, we do not provide any assurance that the actual outcome of the event or transaction at 30 June 2023 would have been as presented.

A reasonable assurance engagement to report on whether the *pro forma* financial information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used in the compilation of the *pro forma* financial information provides a reasonable basis for presenting the significant effects directly attributable to the corporate action or event, and to obtain sufficient appropriate evidence about whether:

- The related *pro forma* adjustments give appropriate effect to those criteria; and
- The *pro forma* financial information reflects the proper application of those adjustments to the unadjusted financial information.

Our procedures selected depend on our judgment, having regard to our understanding of the nature of the company, the corporate action or event in respect of which the *pro forma* financial information has been compiled, and other relevant engagement circumstances.

Our engagement also involves evaluating the overall presentation of the *pro forma* financial information.

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

Opinion

In our opinion, the *pro forma* financial information has been compiled, in all material respects, on the basis of the applicable criteria specified by the JSE Listings Requirements and described in paragraph 8 and Annexure 1.

Deloitte & Touche
Registered Auditor

Carmeni Naidoo

Per: Carmeni Naidoo Bester
Partner

30 January 2024

5 Magwa Crescent
Waterfall City, Waterfall
Gauteng
2090

ANNEXURE 3: GROUP HISTORICAL FINANCIAL INFORMATION

The definitions and interpretations commencing on page 9 of this Circular ***do not*** *apply to this Annexure 3, unless the context clearly indicates otherwise.*

Directors' Commentary

Business activities

Peermont Holdings group ("**the group**") refers to Peermont Holdings Proprietary Limited ("**Peermont Holdings**" or "**the company**") and its subsidiaries. The group's objective is to develop, own and operate a desirable portfolio of quality gaming, on-line sports betting and hospitality businesses offering exciting and relaxing products and services, to create and maximise value for all our stakeholders.

The group's operations consist of:

- Peermont Holdings, the ultimate holding company;
- PGH I, PGH II, PGH III and PGH IV, intermediate holding companies;
- Peermont, a holding and management company. Emperors Palace Hotel Casino Convention Resort adjacent to the OR Tambo International Airport, Gauteng, PalaceBet and the Corporate office are divisions of Peermont;
- PGB, trading as The Grand Palm Hotel Casino Convention Resort in Gaborone (including the Peermont Metcourt Inn), the Mondior Hotel and the Gaborone International Convention Centre in Gaborone, and the Peermont Metcourt Hotel and Sedibeng Casino in Francistown, all in Botswana;
- PGSH, trading as Graceland Hotel Casino and Country Club in the Mpumalanga Province;
- PGEFS, trading as Frontier Inn and Casino in the Free State Province;
- PGKZN, trading as Umfolozi Hotel Casino Convention Resort in the KwaZulu-Natal Province;
- PGNW, trading as Mmabatho Palms Hotel Casino Convention Resort and Rio Hotel Casino Convention Resort in the North West Province;
- PGLIM, trading as Khoroni Hotel Casino Convention Resort in the Limpopo Province;
- PGT, trading as Thaba Moshate Hotel Casino Convention Resort in the Limpopo Province;
- PGMKZN, a company providing management services to PGKZN; and
- PGMNW&L, a company providing management services to PGNW and PGLIM.

Review of operations

The performance of the group is set out in the group historical financial information. All subsidiary investments were consolidated.

Dividends

During 2022 preference dividends of R723,2 million (2021: none; 2020: none) were declared and paid by PGH III. No ordinary dividends were declared (2021: none; 2020: none) by the company. No subsequent dividends have been declared to date.

Stated capital

Details of the authorised and issued share capital are contained in note 19 to the group historical financial information.

Shareholding

GoldenTree Asset Management Lux Sarl and associated entities collectively hold 73,34% (2021: 73,34%; 2020: 74,15%) of the shares in the company (excluding treasury shares). MIC Leisure holds 15,65% (2021: 15,65%; 2020: 15,16%). EPCCT, PCBT, PCT and PET collectively hold 9,83% (2021: 9,83%; 2020: 9,52%). The remaining 1,18% (2021: 1,18%; 2020: 1,17%) of the shares are held by various other B-BBEE shareholders and members of management.

Directors

The directors in office during the current and prior periods and up to the date of this report are:

Executive		
ND Atherton	Group chief executive officer	
CP Fouché	Group chief financial officer	(appointed 27 July 2020)
WG Robinson	Group financial director	(resigned 30 June 2020)
Non-executive		
PC Baloyi	Chairman	
DH Brown	(appointed 6 July 2021; deceased 19 June 2022)	
PM de Chillaz	(resigned 9 February 2021)	
GBC Hardy		
CR Jardine		
N Khaole		
DEJ Merritt	Alternate to PM de Chillaz (resigned 31 December 2020)	
ZN Mankai	(appointed 29 April 2021)	
AE Puttergill		
SM Ziphethe-Makola	(resigned 24 July 2020)	

Secretary

The secretary of the company is C Sakutukwa. The company's business and postal addresses are:

Registered address	**Postal address**
Emperors Palace	PO Box 956
64 Jones Road	Kempton Park
Kempton Park	1620
1619	

Independent auditor

Clasina Erasmus of KPMG Inc. is the group's independent auditor in terms of the Companies Act for the six months ended 30 June 2023 and independent auditor for purposes of the Listings Requirements of the JSE Limited ("**Listings Requirements**"). Giuseppina Aldrighetti was the group's independent auditor in terms of the Companies Act for the three years ended 31 December 2022, 31 December 2021 and 31 December 2020 and the independent auditor for purposes of the Listings Requirements.

Commentary on the group historical financial information

Covid-19 pandemic

The Covid-19 pandemic has had a significant impact on the global economy since 2020. The President of South Africa declared a national state of disaster on 15 March 2020. The country was placed into a nationwide lockdown from 27 March until 30 April 2020 and a gradual and phased easing of the lockdown restrictions commenced on 1 May 2020. Casinos in South Africa were allowed to reopen at limited capacity at the end of June 2020, however a night-time curfew was implemented. Similarly, in Botswana, a State of Public Emergency was declared on 31 March 2020. The country was in a full lockdown from 2 April 2020 and a gradual reopening commenced on 8 May 2020.

Our Botswana gaming operations reopened on 27th May 2020, however these operations were required to close for a number of days during June, July and August. From early in 2020, group operations reported reduced activity in our casinos and the cancellation of planned travel, corporate functions and conferences due to the pandemic. During the nationwide hard lockdowns in South Africa and Botswana respectively, our properties were effectively without revenue for most of the second quarter while significant employee and other costs remained. After the reopening of operations, we continued to operate under strict limitations. The decrease in income severely impacted the results for the 2020 financial year.

Extensive protocols were implemented to enable operations to reopen in line with regulations. In addition, various measures were taken to maximise liquidity, reduce costs and support the sustainability of the group, including:

- The WCF was utilised in order to maximise available cash resources for the group;
- The Senior facility available from voluntary repayments made in prior years was re-drawn in April 2020;
- Senior lenders and preference shareholders were engaged and agreements were reached to amend scheduled repayments and waive debt covenants;

- An insurance claim was submitted under the group Business Interruption cover and proceeds of R25,0 million were received in 2021;
- Employees received reduced salaries during the lockdown period and a headcount restructure was undertaken at our operations. The process was largely completed at the South African operations by the end of October 2020, with a total of 780 severance agreements reached with permanent employees at a cost of R52,4 million;
- The group received R72,8 million in TERS grants from the UIF and P2,6 million in Botswana wage subsidies on behalf of employees;
- Rental payments of approximately P15,5 million which were due by the Botswana operations between May 2020 and April 2021 were deferred and PGB commenced catching up payments from May 2021;
- Budgeted refurbishment and replacement capital expenditure was significantly reduced in line with the reduction in income;
- Regulators were engaged regarding our bid commitments and these were realigned;
- Where possible, agreements or revised terms were negotiated with suppliers to ease payment terms and reduce fixed charges.

The relaxation of the ban on alcohol sales in South Africa from 2 February 2021 and the further relaxation of the curfew from this date improved our business volumes considerably. South Africa and Botswana remained under a level of regulation during 2021 and the first half of 2022. A move to Alert level 4 in June 2021 resulted in South African casinos being closed from the 28 June until 25 July 2021. Casinos in Botswana were permitted to operate 24 hours a day for in-house guests from 30 April 2021. The State of Public Emergency in Botswana was lifted on 30 September 2021 after a period of 18 months.

The removal of the curfew in South Africa from 30 December 2021 and the return of groups and conventions business improved our business volumes considerably in 2022. In South Africa, the National State of Disaster was lifted effective 5 April 2022. Certain regulations remained in place, including mask-wearing in indoor venues and capacity restrictions relating to gatherings. Effective 27 June 2022, all remaining restrictions were lifted.

PalaceBet

Following Peermont's award of a Western Cape Bookmakers and Manufacturers licence on 28 August 2020, PalaceBet commenced its sports betting operations on 7 October 2020. A total of R9,6 million was spent comprising R6,6 million on obtaining the licence, developing the website and underlying systems and setting up the Cape Town office and a further R3,0 million in pre-opening costs.

Mmabatho Palms

There was a fire at the Mmabatho Palms hotel in September 2021 resulting in the casino being closed for a period of 10 days and the hotel ceasing operations. The insurance claim was finalised on 6 December 2022. The settlement total was R123,2 million (including VAT) and all proceeds were received by 15 December 2022.

An application for the relocation of Mmabatho Palms from Mahikeng to Rustenburg was submitted to the North West Gambling Board in January 2022. A public hearing was held on the 5 and 6 of October 2022 and an unfavourable outcome was issued in December 2022. PGNW filed an application to review the decision in line with the Regulations on Review Proceedings, 2015. The application is founded on PGNW's view that the outcome was procedurally and substantively flawed. The review process is in progress.

Extension of Senior debt and PGH III preference share terms

Due to the negative impact of Covid-19 on the group's EBITDA and cash flows, Peermont was in breach of its financial covenants for the Senior debt and the PGH III preference shares from June 2020. Agreements with the Senior lenders and preference shareholders included waivers of covenant levels on the condition that revised covenant levels and terms are agreed on the Senior debt and the PGH III preference shares. The margin on the Senior debt was effectively increased by 0,5% p.a. from 1 April 2021. On 2 March 2022, Peermont's Senior debt repayment terms and the available R250,0 million working capital facility were successfully extended to 31 December 2023 and the covenants were reset with sufficient headroom. The PGH III preference share terms were extended to 31 January 2024, the dividend rate was increased to 188% of the prime interest rate and the financial covenants were reset. The preference dividends accrued to that date were converted to a two-year loan facility bearing interest at 142,5% of the prime interest rate.

Senior debt and PGH III preference shares refinance

On 21 October 2022, the Senior debt and the PGH III preference shares and facility were successfully refinanced. The refinance resulted in the Senior debt being replaced by a new Senior debt package for the same amount with a term of five years and bearing interest at reduced margins compared to the previous package. A distribution of R500,0 million was made by Peermont to enable the PGH III facilities to be reduced. The remaining PGH III preference shares and facility were settled through the issue of new preference shares of R1 147,5 million. Peermont incurred transaction costs of R45,0 million, of which R29,6 million was capitalised to the new Senior debt. As part of the refinance, the WCF was extended to 31 December 2024.

Smoking legislation

The Tobacco Products and Electronic Delivery Systems Control Bill, originally tabled in 2018, has been submitted to Parliament. The bill proposes a complete ban on smoking indoors which will have a negative impact on the casino industry. The Casino Association of South Africa, among other participants, successfully lobbied for a public engagement process and continues to engage the relevant authorities on the subject.

Sale of Sedibeng

The board of directors of PGB has approved a tender process to dispose of the Sedibeng casino and attendant hotel as a going concern. The tender process was concluded early in 2023 and the winning bidder was notified by PGB. The successful bidder is now engaged in fulfilling the conditions of acceptance which include confirmation of funding and negotiation of the terms of sale.

Going concern

The directors have considered the ability of the group to continue as a going concern and believe that it is appropriate to continue to use the going concern basis in the preparation of the group historical financial information. Refer to note 41 to the group historical financial information.

Events subsequent to year end

Refer to note 42 to the group historical financial information for information regarding events subsequent to the year ended 31 December 2022.

Other than those disclosed in the group historical financial information, no material events or circumstances, which require adjustment to, or disclosure in, the group historical financial information have occurred subsequent to the year ended 31 December 2022 and up to the date of this report.

Definitions

Adjusted headline earnings	Headline earnings adjusted for significant once-off non-operational items that were determined by management. Adjusted headline earnings is not an IFRS measure
B-BBEE	Broad-based Black Economic Empowerment
BDC	Botswana Development Corporation Limited, a shareholder of PGB
BHDC	Botswana Hotel Development Company Proprietary Limited, a subsidiary of BDC
Board	The common board of directors of Peermont Holdings, PGH I, PGH II, PGH III, PGH IV, and Peermont
BURS	Botswana Unified Revenue Services
CEO	Chief executive officer
CFO	Chief financial officer
Common Terms Agreement (2017)	The agreement dated 13 December 2017 under which the Senior debt (2017) was raised, as amended
Common Terms Agreement (2022)	The agreement dated 21 October 2022 under which the Senior debt (2022) was raised
Companies Act	South African Companies Act No. 71 of 2008, as amended
Corporate office	Peermont management division and group management companies performing the group corporate office function
Covid-19	Coronavirus disease 2019, illness caused by a novel coronavirus defined as severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2)
CPI	Consumer price index
EBITDA	Earnings or loss before interest and other finance income/expense, taxation, depreciation, amortisation, impairment, share-based payment remeasurements, pre-opening expenses and other non-cash items. Non-recurring settlements, restructuring costs, transaction costs and insurance claims/write-offs relating to damaged assets are excluded from EBITDA.

Emperors Palace	A division of Peermont, trading as Emperors Palace Hotel Casino Convention Resort
Euro	Legal tender of the European Union
Eskom	Electricity Supply Commission
EPCoCT	Ekurhuleni Peermont Chambers of Commerce Trust (Registration number IT 702/2007)
FCTR	Foreign currency translation reserve
FIDCT	Frontier Inn Dihlabeng Community Trust (Registration number IT 1027/2008)
FNB	First National Bank, a division of FirstRand Bank Limited
GBP or Pound	Pound sterling, legal tender of the United Kingdom
GMR&IT committee	Group Management Risk and Information Technology committee
GTAM	GoldenTree Asset Management, LP
Headline earnings	An additional earnings figure being earnings adjusted for "separately identifiable re-measurements" (as defined), net of related taxation and non-controlling interest impacts, other than re-measurements specifically included in headline earnings as defined by Circular 4/2018 issued by the South African Institute of Chartered Accountants. Headline earnings is not an IFRS measure.
IAS	International Accounting Standards
IASB	International Accounting Standards Board
IFRIC	International Financial Reporting Interpretations Committee
IFRS	International Financial Reporting Standards
JIBAR	Johannesburg interbank agreed rate
King IV	King IV Report on Corporate Governance for South Africa, 2016
Labour Relations Act	Labour Relations Act No. 66 of 1995
Main Street 1070	Main Street 1070 Proprietary Limited (RF), a limited liability company incorporated under the laws of the Republic of South Africa (Registration number 2012/182562/07). This entity holds all security for the lenders of the Senior debt.
Management Incentive Programme or MIP	The Peermont Global Management Incentive Plan implemented for the benefit of certain members of management of the Peermont group as described in the Rules of the Peermont Global 2017 Management Incentive Plan
MIC Leisure	MIC Leisure Proprietary Limited, a limited liability company incorporated under the laws of the Republic of South Africa (Registration number 1996/001460/07)
Mmabatho Palms	A division of PGNW, trading as Mmabatho Palms Hotel Casino Convention Resort
NACA	Nominal annual compounded annually
NACQ	Nominal annual compounded quarterly
Net asset value per share	Total assets less total liabilities as per the statement of financial position, divided by the number of shares in issue. Net asset value per share is not an IFRS measure.
Net tangible asset value per share	Net asset value less intangible assets as per the statement of financial position, divided by the number of shares in issue. Net tangible asset value per share is not an IFRS measure
NCI	Non-controlling interest
P or Pula	Botswana Pula, legal tender of the Republic of Botswana
PalaceBet	The online sports betting operation of Peermont

PCBT	Peermont Community Benefit Trust (Registration number IT 7559/97)
PCT	Peermont Children's Trust (Registration number IT 7550/97)
Peermont	Peermont Global Proprietary Limited, a limited liability company incorporated under the laws of the Republic of South Africa (Registration number 2006/006340/07)
Peermont group	Peermont and its subsidiaries
Peermont Holdings or the company	Peermont Holdings Proprietary Limited, a limited liability company incorporated under the laws of the Republic of South Africa (Registration number 2006/024982/07)
Peermont Holdings group or the group	Peermont Holdings and its subsidiaries
PET	Peermont Education Trust (Registration number IT 7551/97)
PGB	Peermont Global (Botswana) Limited, a limited liability company incorporated under the laws of the Republic of Botswana (Registration number 95/414), including all operations based in Botswana, namely the Grand Palm Hotel Casino Convention Resort, the Peermont Metcourt Inn, the Gaborone International Convention Centre and the Mondior Hotel (all in Gaborone), and the Peermont Metcourt Hotel and Sedibeng Casino in Francistown
PGEFS or Frontier	Peermont Global (Eastern Free State) Proprietary Limited, trading as Frontier Inn and Casino, a limited liability company incorporated under the laws of the Republic of South Africa (Registration number 1999/011534/07)
PGH I	Peermont Global Holdings I Proprietary Limited, a limited liability company incorporated under the laws of the Republic of South Africa (Registration number 2006/023109/07)
PGH II	Peermont Global Holdings II Limited, a limited liability company incorporated under the laws of the Republic of South Africa (Registration number 2006/006232/06)
PGH III	Peermont Global Holdings III Proprietary Limited (RF), a limited liability company incorporated under the laws of the Republic of South Africa (Registration number 2013/013178/07)
PGH III preference shares	Redeemable preference shares issued by PGH III in 2017 and 2022
PGH IV	Peermont Global Holdings IV Proprietary Limited, a limited liability company incorporated under the laws of the Republic of South Africa (Registration number 2013/013176/07)
PGIL	Peermont Global Investments Proprietary Limited, a dormant limited liability company incorporated under the laws of the Republic of South Africa (Registration number 1995/004449/07)
PGKZN or Umfolozi	Peermont Global (KZN) Proprietary Limited, trading as Umfolozi Hotel Casino Convention Resort, a limited liability company incorporated under the laws of the Republic of South Africa (Registration number 2006/029290/07)
PGLIM or Khoroni	Peermont Global (Limpopo) Proprietary Limited, trading as Khoroni Hotel Casino Convention Resort, a limited liability company incorporated under the laws of the Republic of South Africa (Registration number 2006/034446/07)
PGMKZN	Peermont Global Management (KZN) Proprietary Limited, a limited liability company incorporated under the laws of the Republic of South Africa (Registration number 2006/000558/07)
PGMNW&L	Peermont Global Management (NW&L) Proprietary Limited, a limited liability company incorporated under the laws of the Republic of South Africa (Registration number 2006/029265/07)

PGNW	Peermont Global (North West) Proprietary Limited, a limited liability company incorporated under the laws of the Republic of South Africa (Registration number 2006/028470/07), which includes Mmabatho Palms and Rio
PGSH or Graceland	Peermont Global (Southern Highveld) Proprietary Limited, trading as Graceland Hotel Casino and Country Club, a limited liability company incorporated under the laws of the Republic of South Africa (Registration number 1995/004452/07)
PGSHIH	PGSH Investment Holdings Proprietary Limited, a limited liability company incorporated under the laws of the Republic of South Africa (Registration number 2005/031301/07)
PGT or Thaba Moshate	Peermont Global (Tubatse) Proprietary Limited, trading as Thaba Moshate Hotel Casino Convention Resort, a limited liability company incorporated under the laws of the Republic of South Africa (Registration number 2006/019823/07)
PKZNST	Peermont (KZN) Staff Trust (Registration number IT1026/2008)
PNWLT	Peermont (NW&L) Employee Incentive Trust (Registration number IT4329/01)
PSHST	Peermont Southern Highveld Staff Trust (Registration number IT1979/2010)
PTCT	Peermont Tubatse Community Trust (Registration number IT20751/2014)
PTST	Peermont Tubatse Staff Trust (Registration number IT20753/2014)
R or Rand	South African Rand, legal tender of the Republic of South Africa
Rio	A division of PGNW, trading as Rio Hotel Casino Convention Resort
SARS	South African Revenue Service
Senior A Loan (2017)	Senior facility A, a R950,0 million tranche of the Senior debt (2017)
Senior A Loan (2022)	Senior facility A, a R750,0 million tranche of the Senior debt (2022)
Senior B Loan (2017)	Senior facility B, a R2 475,0 million tranche of the Senior debt (2017)
Senior B Loan (2022)	Senior facility B, a R2 023,1 million tranche of the Senior debt (2022)
Senior C Loan (2017)	Senior facility C, a R400,0 million tranche of the Senior debt (2017)
Senior C Loan (2022)	Senior facility C, a R400,0 million tranche of the Senior debt (2022)
Senior debt	The Senior debt (2017) and/or the Senior debt (2022), as applicable
Senior debt (2017)	The combined Senior A Loan (2017), Senior B Loan (2017) and Senior C Loan (2017) totalling R3 825,0 million, originally due 2022, raised by Peermont in 2017 under the Common Terms Agreement (2017)
Senior debt (2022)	The combined Senior A Loan (2022), Senior B Loan (2022) and Senior C Loan (2022) totalling R3 173,1 million, due 2027, raised by Peermont in 2022 under the Common Terms Agreement (2022)
Senior debt (2017) Guarantors	Consists of PGH IV, Peermont, PGNW, PGKZN, PGMNW&L and PGMKZN
Senior debt (2022) Guarantors	Consists of Peermont, PGMNW&L and PGMKZN
Umodzi Holdings	Umodzi Holdings Limited trading as Umodzi Park Hotel Conventions Events, a limited liability company incorporated in the Republic of Malawi (Registration number 150888)
US$	United States Dollar, legal tender of the United States of America
VAT	Value added tax
WACC	Weighted average cost of capital
WCF	Working Capital Facility of R250 000 000

GROUP STATEMENT OF PROFIT OR LOSS

for the three years ended 31 December 2022

	Note	**2022** R'm	Group 2021 R'm	2020 R'm
Net gaming win		**2 460,3**	1 915,1	1 570,1
Rooms revenue		**194,7**	91,9	127,5
Food and beverage revenue		**305,5**	132,6	138,5
Other revenue and income		**48,3**	26,7	26,8
Income	1	**3 008,8**	2 166,3	1 862,9
Sundry income/(loss)	2	**108,4**	(6,0)	12,1
Employee costs	3	**(593,9)**	(505,9)	(547,6)
Share-based payment remeasurement	25	**0,8**	(27,5)	188,6
VAT and gaming levies on net gaming win	4	**(509,6)**	(395,7)	(322,4)
Promotions and marketing		**(165,0)**	(103,0)	(94,9)
Depreciation and amortisation	5	**(219,1)**	(242,2)	(315,9)
Impairments	6	**–**	(99,1)	(118,9)
Decrease in loss allowances in respect of financial assets	35.3	**5,2**	1,5	(0,5)
Rental expense	31.3	**(7,9)**	(6,3)	(5,9)
Property costs		**(171,1)**	(139,1)	(144,4)
Consumables and services		**(311,9)**	(223,6)	(204,4)
Other operational costs		**(221,3)**	(140,5)	(157,5)
Operating profit	7	**923,4**	278,9	151,2
Non-recurring transaction costs	8	**(20,0)**	(1,4)	(9,8)
Finance income	9	**81,4**	132,0	34,9
Finance expense	10	**(617,9)**	(581,6)	(703,2)
Profit/(loss) before taxation		**366,9**	(172,1)	(526,9)
Taxation	11	**(110,1)**	(7,0)	136,8
Profit/(loss) for the year		**256,8**	(179,1)	(390,1)
Attributable to:				
Equity holders of Peermont Holdings		**238,0**	(163,7)	(363,2)
Non-controlling interests		**18,8**	(15,4)	(26,9)
		256,8	(179,1)	(390,1)

GROUP STATEMENT OF COMPREHENSIVE INCOME

for the three years ended 31 December 2022

	Note	**2022** R'm	2021 R'm	2020 R'm
Profit/(loss) for the year		**256,8**	(179,1)	(390,1)
Other comprehensive income net of taxation				
Items that are or may be reclassified to profit or loss				
Exchange differences on translating foreign operations		**(2,3)**	*	3,4
Total comprehensive income for the year		**254,5**	(179,1)	(386,7)
Attributable to:				
Equity holders of Peermont Holdings		**236,6**	(163,7)	(361,2)
Non-controlling interests		**17,9**	(15,4)	(25,5)
		254,5	(179,1)	(386,7)
Basic earnings per share and diluted basic earnings per share (Rand)	37.1	**1 170,4**	(805,1)	(1 777,4)

** Less than R50 000*

GROUP STATEMENT OF FINANCIAL POSITION

at 31 December

		Group		
		2022	2021	2020
	Note	**R'm**	R'm	R'm
Assets				
Total non-current assets		**7 835,4**	7 945,9	8 272,1
Property, plant and equipment	12	**3 532,0**	3 632,6	3 838,6
Intangible assets	13	**4 212,6**	4 209,2	4 321,2
Right-of-use assets	31.1	**78,7**	95,4	104,6
Loans receivable	14	**3,2**	0,1	2,1
Investment	15	**1,3**	1,3	1,3
Deferred taxation assets	16	**7,6**	7,3	4,3
Total current assets		**330,2**	573,9	793,6
Disposal group held for sale	44	**29,8**	–	–
Inventories	17	**92,7**	80,4	80,1
Trade and other receivables	18	**107,3**	75,0	70,3
Amounts due by related parties	33.3	**1,1**	0,8	0,5
Current portion of loans receivable	14	**1,2**	0,6	1,9
Taxation receivable	34.5	**2,5**	2,4	3,8
Cash and cash equivalents	34.6	**95,6**	414,7	637,0
Total assets		**8 165,6**	8 519,8	9 065,7
Equity and liabilities				
Equity				
Capital and reserves		**1 951,4**	1 532,3	1 699,0
Non-controlling interests	22	**81,4**	73,0	93,6
Total equity		**2 032,8**	1 605,3	1 792,6
Total non-current liabilities		**5 683,0**	3 178,6	6 421,9
Interest-bearing long-term borrowings	23	**2 937,1**	–	3 323,4
Preference share liability	24	**1 171,3**	1 467,3	1 322,4
Share-based payment liabilities	25	**121,5**	305,3	285,1
Lease liabilities	31.2	**88,6**	109,1	109,8
Derivative instruments	28	**–**	–	78,0
Amounts due to related parties	33.4	**4,1**	8,0	6,7
Deferred taxation liabilities	16	**1 360,4**	1 288,9	1 296,5
Total current liabilities		**449,8**	3 735,9	851,2
Trade and other payables	26	**328,6**	249,2	271,7
Loyalty points liability	27	**42,4**	40,1	34,4
Current portion of interest-bearing long-term borrowings	23	**37,1**	3 343,7	283,3
Current portion of lease liabilities	31.2	**23,4**	27,6	25,3
Current portion of share-based payment liability	25	**–**	7,3	–
Current portion of derivative instruments	28	**–**	60,5	89,9
Amounts due to related parties	33.4	**11,5**	5,0	6,8
Taxation payable	34.5	**6,8**	2,5	1,1
Bank overdraft	29	**–**	–	138,7
Total liabilities		**6 132,8**	6 914,5	7 273,1
Total equity and liabilities		**8 165,6**	8 519,8	9 065,7

GROUP STATEMENT OF CHANGES IN EQUITY

for the three years ended 31 December 2022

	Stated capital R'm	Treasury shares R'm	Translation reserve R'm	Accumulated loss R'm	Capital and reserves R'm	Non-controlling interests R'm	Total equity R'm
Balance at 1 January 2020	3784,0	(302,1)	10,7	(1 425,4)	2 067,2	123,1	2 190,3
Total comprehensive income for the year	–	–	2,0	(363,2)	(361,2)	(25,5)	(386,7)
Loss for the year	–	–	–	(363,2)	(363,2)	(26,9)	(390,1)
Other comprehensive income	–	–	2,0	–	2,0	1,4	3,4
Transactions with owners accounted directly in equity							
Transfer of treasury shares	–	12,3	–	(12,3)	–	–	–
Profit attributable to staff trust beneficiaries	–	–	–	(7,0)	(7,0)	–	(7,0)
Dividends paid to non-controlling interests	–	–	–	–	–	(4,0)	(4,0)
Balance at 31 December 2020	3 784,0	(289,8)	12,7	(1 807,9)	1 699,0	93,6	1 792,6
Total comprehensive income for the year	–	–	–	(163,7)	(163,7)	(15,4)	(179,1)
Loss for the year	–	–	–	(163,7)	(163,7)	(15,4)	(179,1)
Other comprehensive income	–	–	*	–	*	*	*
Transactions with owners accounted directly in equity							
Profit attributable to staff trust beneficiaries	–	–	–	(3,0)	(3,0)	–	(3,0)
Dividends paid to non-controlling interests	–	–	–	–	–	(5,2)	(5,2)
Balance at 31 December 2021	3 784,0	(289,8)	12,7	(1 974,6)	1 532,3	73,0	1 605,3
Total comprehensive income for the year	**–**	**–**	**(1,4)**	**238,0**	**236,6**	**17,9**	**254,5**
Profit for the year	**–**	**–**	**–**	**238,0**	**238,0**	**18,8**	**256,8**
Other comprehensive income	**–**	**–**	**(1,4)**	**–**	**(1,4)**	**(0,9)**	**(2,3)**
Transactions with owners accounted directly in equity							
Profit attributable to staff trust beneficiaries	**–**	**–**	**–**	**(7,8)**	**(7,8)**	**–**	**(7,8)**
Dividends paid to non-controlling interests	**–**	**–**	**–**	**–**	**–**	**(9,5)**	**(9,5)**
Expiry of options on B ordinary shares	**–**	**221,5**	**–**	**(31,2)**	**190,3**	**–**	**190,3**
Balance at 31 December 2022	**3 784,0**	**(68,3)**	**11,3**	**(1 775,6)**	**1 951,4**	**81,4**	**2 032,8**
Note	*19*	*20*	*21*			*22*	

** Less than R50 000*

GROUP STATEMENT OF CASH FLOWS

for the three years ended 31 December 2022

		Group		
		2022	2021	2020
	Note	**R'm**	R'm	R'm
Cash inflows from operating activities	34.1	**1 094,8**	684,2	278,6
Finance income received	34.2	**21,1**	24,4	34,9
Finance expense paid	34.3	**(541,4)**	(415,6)	(233,1)
Non-recurring transaction costs paid	34.4	**(20,0)**	(1,4)	(11,0)
Taxation paid	34.5	**(34,8)**	(14,8)	(43,7)
Share-based payments	25	**–**	–	(52,4)
Net cash inflows/(outflows) from operating activities		**519,7**	276,8	(26,7)
Cash outflows from investing activities		**(64,3)**	(69,0)	(139,5)
Replacement of property, plant and equipment to maintain operations		**(135,8)**	(68,5)	(118,2)
Acquisition of property, plant and equipment to expand operations		**(1,2)**	(0,2)	(2,4)
Replacement of intangible assets to maintain operations		**(11,5)**	(1,5)	(16,3)
Acquisition of intangible assets to expand operations		**–**	(0,6)	(4,2)
Insurance proceeds relating to property, plant and equipment	2	**79,3**	–	–
Proceeds on disposal of property, plant and equipment		**0,4**	0,5	0,8
Loans receivable advanced	14	**(4,0)**	–	–
Loans receivable repaid	14	**8,5**	1,3	0,8
Cash (outflows)/inflows from financing activities		**(774,2)**	(430,1)	384,4
Capital repayments on Senior debt	23	**(3 561,6)**	(283,3)	(64,1)
Drawdown on Senior debt	23	**–**	–	320,0
Senior debt (2022) raised	23	**3 173,1**	–	–
PGH III facility repaid	23	**(590,9)**	–	–
Preference shares redeemed	24	**(875,0)**	–	–
Preference shares issued	24	**1 147,5**	–	–
Transaction costs paid	23	**(39,3)**	–	–
Dividends paid to non-controlling interests		**(9,5)**	(5,2)	(4,0)
Capital portion of lease payments	31.2	**(12,4)**	–	(0,6)
Repayment of non-current amounts due to related parties	33.4	**(6,1)**	(2,9)	(5,6)
(Repayment)/drawdown on bank overdraft facility		**–**	(138,7)	138,7
Net (decrease)/increase in cash and cash equivalents		**(318,8)**	(222,3)	218,2
Cash and cash equivalents at beginning of year		**414,7**	637,0	418,3
Effect of exchange rate fluctuations on cash held		**(0,3)**	*	0,5
Cash and cash equivalents at end of year	34.6	**95,6**	414,7	637,0

** Less than R50 000*

		Group	
	2022	2021	2020
	R'm	R'm	R'm
1. Income			
Net gaming win	**2 460,3**	1 915,1	1570,1
Rental income	**30,5**	15,6	14,7
Revenue from contracts with customers	**518,0**	235,6	278,1
Rooms revenue	**194,7**	91,9	127,5
Food and beverage revenue	**305,5**	132,6	138,5
Other revenue from contracts with customers	**17,8**	11,1	12,1
	3 008,8	2 166,3	1 862,9

Net gaming win and revenue from contracts with customers by nature and geographical segment:

			Revenue from contracts with customers			
	Net gaming win	Rental income	Rooms	Food and beverage	Other	Total income
	R'm	R'm	R'm	R'm	R'm	R'm
Group						
2022						
Emperors Palace	1 690,3	27,7	96,7	123,5	10,5	**1 948,7**
South African regional operations	623,0	1,7	59,4	113,9	5,0	**803,0**
Botswana operations#	117,9	1,1	38,6	68,1	2,3	**228,0**
PalaceBet	29,1	–	–	–	–	**29,1**
	2 460,3	30,5	194,7	305,5	17,8	**3 008,8**
2021						
Emperors Palace	1 277,7	12,7	27,8	39,8	3,7	1 361,7
South African regional operations	510,6	1,6	47,7	70,0	5,8	635,7
Botswana operations#	86,0	1,3	16,4	22,8	1,6	128,1
PalaceBet	40,8	–	–	–	–	40,8
	1 915,1	15,6	91,9	132,6	11,1	2 166,3

		Revenue from contracts with customers				
	Net gaming win R'm	Rental income R'm	Rooms R'm	Food and beverage R'm	Other R'm	Total income R'm
2020						
Emperors Palace	1 059,2	12,3	66,9	50,8	5,6	1 194,8
South African regional operations	429,3	1,3	41,0	60,6	3,8	536,0
Botswana operations#	81,2	1,1	19,6	27,1	2,7	131,7
PalaceBet	0,4	–	–	–	–	0,4
	1 570,1	14,7	127,5	138,5	12,1	1 862,9

Average exchange rate (Rand/Pula) of 1,3199 (2017: 1,2879) applied to the revenue figures. Translated to Rand at an average effective exchange rate of R1,37:P1 (2021: R1,38:P1; 2020: R1,37:P1).

Net gaming win is recognised immediately, at fair value. Revenue from contracts with customers is recognised as the performance obligations are satisfied. Rooms revenue is recognised on the date of the stay. Food and beverage revenue is recognised as the goods or services are delivered. Other revenue from contracts with customers includes management fees, entertainment revenue, toll gate revenue, entrance fees and sundry revenue and is recognised as the relevant goods or services are transferred. There is typically no variable consideration for performance obligations and no financing component.

		Group	
	2022 R'm	2021 R'm	2020 R'm
2. Sundry income/(loss)			
Insurance proceeds relating to property, plant and equipment	**79,3**	–	–
Other insurance claims received/receivable	**17,8**	43,4	0,2
Prescription income	**9,8**	7,1	9,8
Refunds received	**1,2**	0,5	1,4
Other income	**0,3**	–	0,2
Loss on disposal of property, plant and equipment	*	(57,0)	0,5
	108,4	(6,0)	12,1

Loss on disposal of property, plant and equipment in 2021 included a loss of R56,6 million related to assets at Mmabatho Palms written off due to the hotel fire.

Insurance proceeds relating to property, plant and equipment comprise the asset-related portion of the proceeds received by Mmabatho Palms for claims relating to the 2021 hotel fire. Other Insurance claims received/receivable in 2022 include R11,3 million (2021: R6,2 million) received by Mmabatho Palms for the business interruption portion of the claims relating to the hotel fire. Other insurance claims received/receivable in 2021 also included R25,0 million received by the group for business interruption related to Covid-19 in 2020.

		Group	
	2022 **R'm**	**2021** **R'm**	**2020** **R'm**
3. Employee costs			
Short-term employee benefits			
Salaries and wages	**513,1**	445,5	425,5
Provident fund contributions	**47,1**	42,5	35,1
Directors' emoluments (refer to note 38)	**17,5**	13,2	18,4
Leave pay	**7,9**	(6,0)	10,5
Pension fund contributions	**3,3**	3,8	3,1
Unemployment Insurance Fund contributions	**2,9**	2,6	2,6
Restructuring costs	**2,1**	4,3	52,4
	593,9	505,9	547,6

Restructuring costs

A formal Section 189A process was conducted at the South African operations in 2020. The process was largely completed by the end of October 2020, with a total of 780 severance agreements reached at a cost of R52,4 million. In 2021, a number of severance agreements were reached at the South African operations and a number of voluntary exits were concluded at the Botswana operations. In 2022 additional severance agreements were reached at the Botswana operations.

Retirement benefit information

The group provides retirement benefits for its permanent employees through defined contribution schemes. The amounts expensed include the full cost to the company and its subsidiaries. The group provides no post-retirement, medical or other benefits.

	2022 R'm	2021 R'm	2020 R'm
Total amount expensed during the year amounted to:			
Peermont Global Provident Fund	**47,1**	42,5	35,1
The Grand Palm Pension Fund – Botswana	**3,3**	3,8	3,1
4. VAT and gaming levies on net gaming win			
VAT on net gaming win	**283,5**	221,4	180,9
Gaming levies	**226,1**	174,3	141,5
	509,6	395,7	322,4
5. Depreciation and amortisation			
Depreciation of property, plant and equipment	**196,1**	217,1	290,9
Amortisation of intangible assets	**13,1**	14,9	15,1
Depreciation of right-of-use assets	**9,9**	10,2	9,9
	219,1	242,2	315,9

** Less than R50 000*

		Group	
	2022	**2021**	**2020**
	R'm	**R'm**	**R'm**
6. Impairments			
Impairment of goodwill	**–**	21,1	11,0
– PGB	**–**	21,1	–
– PGEFS	**–**	–	5,1
– PGNW – Mmabatho	**–**	–	3,0
– PGNW – Rio	**–**	–	2,9
Impairment of casino licences	**–**	78,0	107,9
– PGNW – Rio	**–**	40,0	41,4
– PGB	**–**	38,0	–
– PGSH	**–**	–	45,7
– PGEFS	**–**	–	20,8
	–	99,1	118,9

The main factors leading to the 2021 impairments were slower than expected economic recovery in the local markets of PGB and Rio, respectively. The main factors leading to the 2020 impairments were a reduced growth forecast for the casino and hospitality market in South Africa due to the Covid-19 pandemic. Refer to note 13 for further details.

	2022 R'm	2021 R'm	2020 R'm
7. Operating profit			
Operating profit is stated after taking into account:			
Cost of sales – food and beverage	**(86,7)**	(44,2)	(50,2)
Service fees paid to related parties (refer to note 33.2)	**(15,5)**	(13,1)	(11,0)

Mmabatho fire:

There was a fire at the Mmabatho Palms hotel on 8 September 2021 resulting in the casino being closed for a period of 10 days and the hotel remaining non-operational to date. As a result, the following expenses and insurance proceeds received were included in operating profit:

	2022 R'm	2021 R'm	2020 R'm
– Insurance proceeds relating to the asset damage	**79,3**	10,0	–
– Insurance proceeds relating to the business interruption claim	**11,3**	6,2	–
– Loss on property, plant and equipment written off	**–**	(56,6)	–
– Other expenses incurred due to the fire	**–**	(2,4)	–
– Insurance excess	**–**	(0,2)	–
	90,6	(43,0)	–

The above prior year expenses form part of the insurance claim which was settled in 2022.

		Group	
	2022 R'm	**2021 R'm**	**2020 R'm**
8. Non-recurring transaction costs			
Transaction costs relating to the October 2022 debt refinance	**14,3**	–	–
Transaction costs relating to the March 2022 debt extension	**4,3**	–	–
Legal fees incurred on the above transactions	**1,4**	–	–
Waiver fees	**–**	1,4	11,0
Reversal of accruals previously raised in respect of transaction costs	**–**	–	(1,2)
	20,0	1,4	9,8

In 2022 the Senior debt and PGH III preference shares and facility were amended and extended and later refinanced (refer to note 23 and 24). Peermont incurred transaction costs and legal fees on these transactions. The transaction costs directly related to the Senior debt were capitalised and the remaining costs were expensed. In 2021 and 2020, agreements were reached with the Senior lenders and PGH III preference shareholders whereby covenants were waived. Peermont was liable to pay fees to the lenders and preference shareholders as compensation for the concessions granted.

	2022 R'm	2021 R'm	2020 R'm
9. Finance income			
Fair value gain on interest rate swaps	**60,5**	107,4	–
Interest received/receivable	**18,9**	21,4	34,1
Dividends received	**1,0**	0,8	0,6
Interest accrued on loans receivable	**0,7**	2,0	–
Foreign exchange gains – realised	**0,3**	0,4	0,2
	81,4	132,0	34,9
10. Finance expense			
Interest paid/payable – Senior debt	**347,7**	337,8	360,5
Preference dividends and interest accrued on PGH III facilities:			
– preference shares issued in 2022	**23,8**	–	–
– preference shares issued in 2017 and redeemed in 2022	**130,9**	144,9	144,2
– loan facility	**47,1**	–	–
Interest paid – interest rate swaps	**56,3**	85,4	59,0
Interest accrued on lease liabilities	**8,5**	9,3	9,5
Other finance expense paid	**2,1**	3,9	10,3
Modification of financial liabilities	**1,5**	–	–
Foreign exchange losses – realised	**–**	0,3	0,2
Fair value loss on interest rate swaps	**–**	–	119,5
	617,9	581,6	703,2

	Group		
	2022 R'm	2021 R'm	2020 R'm
11. Taxation			
Current taxation			
– current year	**33,2**	15,0	7,7
– prior year underprovision	**1,6**	1,7	(2,5)
Deferred taxation			
– current year	**122,5**	(12,0)	(134,0)
– change in taxation rate	**(49,8)**	–	–
– prior year (overprovision)/underprovision	**(1,6)**	1,4	(8,8)
Securities Transfer Tax	**2,2**	–	–
Withholding taxation	**2,0**	0,9	0,8
Total taxation charge/(credit)	**110,1**	7,0	(136,8)
Reconciliation of effective taxation rate	**%**	%	%
South African standard taxation rate	**28,0**	(28,0)	(28,0)
Taxation effect of reconciling items:			
Non-deductible expenses – preference dividends accrued	**15,4**	23,6	7,7
Non-deductible expenses – transaction costs	**1,5**	0,8	0,5
Non-deductible expenses – Share-based payments remeasurements	**(1,0)**	3,6	–
Non-deductible expenses – not incurred in the production of taxable income	**3,3**	0,8	0,2
Non-deductible expenses – impairments	**–**	3,4	1,6
Deferred taxation asset not recognised	**(0,6)**	(1,2)	1,1
Securities Transfer Tax	**0,6**	–	–
Withholding taxation	**0,5**	0,5	0,2
Income of a capital nature	**–**	–	0,5
Capital gains taxation	**2,7**	–	–
Prior year adjustment	**–**	1,8	(2,1)
Exempt income – capital nature	**(6,1)**	–	–
Exempt income – learnership allowances	**(0,7)**	(4,2)	(0,5)
Exempt income – dividends received	**(0,4)**	(0,4)	(0,1)
Exempt income – share-based payment remeasurements	**–**	–	(7,7)
Change in taxation rate	**(13,6)**	–	–
Effect of taxation rates in foreign jurisdictions	**0,4**	3,4	0,6
Effective taxation rate	**30,0**	4,1	(26,0)

On 23 February 2022, the South African Minister of Finance announced a change in the corporate taxation rate from 28% to 27% for the years of assessment ending on or after 31 March 2023.

A deferred taxation asset was not raised in respect of an estimated taxation loss of R129,6 million (2021: R133,7 million; 2020: R127,8 million). The deferred taxation asset in respect of this estimated taxation loss would have amounted to R35,0 million (2021: R37,4 million; 2020: R35,8 million). In addition, the deferred taxation assets at PGT were further limited for temporary differences amounting to R70,6 million (2021: R73,1 million; 2020: R84,7 million) due to the uncertainty as to the timing of realisation of these assets resulting in deferred taxation assets not raised of a further R19,1 million (2021: R20,5 million; 2020: R23,7 million). The total amount of deferred taxation assets not raised is therefore R54,1 million (2021: R57,9 million; 2020: 59,5 million). The group has total estimated taxation losses of R241,3 million (2021: R675,3 million; 2020: R673,1 million) which have been accounted for in deferred taxation (refer to note 16). These deferred taxation assets have been raised as the directors believe that sufficient taxable income will be generated to utilise these assets in the near future.

11. Taxation (continued)

During the 2014 financial year, revised assessments for PGB relating to capital allowances were received from BURS for the 2006 to 2013 tax years and the effects thereof were paid in the same year. Objections regarding the treatment of the capital allowances were dismissed by BURS. In addition, a review application was submitted to the High Court contesting interest on the shortfall of self-assessment tax paid on the revised assessments and the assessments being revised for the last eight years instead of only four years. The objections were dismissed by BURS. The High Court referred the matter to the Board of Adjudicators where on 9 July 2020 it was resolved that the appeal by PGB succeeded in its entirety. BURS filed an appeal at the High court against the judgement from the Board of Adjudicators in September 2020 and PGB filed opposing documents at the High Court in October 2020 against the appeal by BURS. The matter was heard at the Broadhurst Magistrate Court on 24 May 2022 and the appeal was upheld with costs on 4 October 2022. PGB filed a Notice of Appeal against the judgement at the High Court on 15 November 2022.

As was the case in the prior year, should PGB succeed in the appeal, management estimates that a refund of approximately P8,0 million (R11,0 million) plus interest thereon would be due to PGB. In the event that the final ruling is against PGB, management is not in a position to estimate any further tax liabilities for the tax years from 2014 since the amount will be determined by BURS. No taxation asset or liability has been recognised in this regard.

12. Property, plant and equipment

	Cost R'm	Accumulated depreciation and impairment R'm	Carrying amount R'm
Group			
2022			
Land	**184,7**	**–**	**184,7**
Freehold buildings	**4 427,4**	**(1 599,2)**	**2 828,2**
Leasehold buildings and improvements	**191,7**	**(75,9)**	**115,8**
Furniture, fittings and equipment	**2 307,0**	**(1 913,9)**	**393,1**
Capital work in progress	**10,2**	**–**	**10,2**
	7 121,0	**(3 589,0)**	**3 532,0**
2021			
Land	189,0	–	189,0
Freehold buildings	4 458,3	(1 550,5)	2 907,8
Leasehold buildings and improvements	179,4	(61,8)	117,6
Furniture, fittings and equipment	2 230,9	(1 830,8)	400,1
Capital work in progress	18,1	–	18,1
	7 075,7	(3 443,1)	3 632,6
2020			
Land	189,0	–	189,0
Freehold buildings	4 458,6	(1 484,8)	2 973,8
Leasehold buildings and improvements	256,1	(82,7)	173,4
Furniture, fittings and equipment	2 284,7	(1 791,6)	493,1
Capital work in progress	9,3	–	9,3
	7 197,7	(3 359,1)	3 838,6

12. Property, plant and equipment (continued)

	Note	Group 2022 R'm	2021 R'm	2020 R'm
The carrying amount of land and freehold buildings comprise the following properties:				
Erf 15, Jurgenspark Extension 2; Erf 16, Jurgenspark Extension 3; remaining extent of portion 210 of the farm Witkoppie 64; and Erf 569, Jet Park Extension 28, Gauteng#	(i)	**2 435,0**	2 466,8	2 514,7
Portion 1 of the farm Graceland 593 IS; remainder of the farm Graceland 593 IS (excluding Portions 1 and 2); Portion 42 (a portion of Portion 37) of the Farm Driehoek 275; remaining extent of Erf 8438 Secunda Extension 16; and, Erf 5869 Secunda Extension 16, Mpumalanga		**200,8**	208,0	215,2
Erven 995 and 996, Meiringspark Extension 8, Klerksdorp and Portion 605 (portion of Portion 604) of the Farm Townlands, Klerksdorp, North West#	(ii)	**120,8**	124,1	128,0
Erf 20, Thohoyandou, Venda, Limpopo		**81,7**	84,3	86,0
Portion 1 of Erf 113; portion of the remainder of Erf 193; portion of the remaining extent of portion 3 of Erf 246; Erf 291, Erf 292, Erf 298 and Erf 299 (extension 86), Kuleka, Empangeni, KwaZulu-Natal#	(iii)	**76,5**	77,6	80,0
Erven 8311 to 8320 of Burgersfort Extension 46, Limpopo#	(iv)	**53,6**	53,7	53,8
Portion 152 of the farm Pretoriuskloof, Johan Blignaut Drive, Bethlehem, Free State		**44,5**	46,4	48,0
Plot 32366 (Plot 16145 and 16146 consolidated) and Plot 16147, Francistown, Botswana		**–**	35,9	37,1
		3 012,9	3 096,8	3 162,8

These properties are encumbered to secure interest-bearing long-term borrowings (refer to note 23).

12. Property, plant and equipment (continued)

(i) Peermont has issued two continuing covering mortgage bonds over the immovable properties in favour of Main Street 1070 as follows:
- for the maximum sum of R8 billion and the further additional sum of R1,6 billion on 11 April 2014.
- for the maximum sum of R8 billion and the further additional sum of R1,6 billion on 20 May 2014.

Peermont has issued a general notarial bond over specified moveable assets in favour of Main Street 1070 for the maximum sum of R8 billion and the further additional sum of R1,6 billion on 9 May 2014.

Peermont has ceded as security, for the performance of the secured obligations, its secured assets to Main Street 1070.

(ii) PGNW has issued two continuing covering mortgage bonds over the immovable properties in favour of Main Street 1070 as follows:
- for the maximum sum of R8 billion and the further additional sum of R1,6 billion on 11 April 2014.
- for the maximum sum of R8 billion and the further additional sum of R1,6 billion on 20 May 2014.

PGNW has issued a general notarial bond over specified moveable assets in favour of Main Street 1070 for the maximum sum of R8 billion and the further additional sum of R1,6 billion on 9 May 2014.

PGNW has ceded as security, for the performance of the secured obligations, its secured assets to Main Street 1070.

(iii) PGKZN has issued a continuing covering mortgage bond over the immovable property in favour of Main Street 1070 for the maximum sum of R8 billion and the further additional sum of R1,6 billion on 11 April 2014.

PGKZN has issued a general notarial bond over specified moveable assets in favour of Main Street 1070 for the maximum sum of R8 billion and the further additional sum of R1,6 billion on 11 May 2014.

PGKZN has ceded as security, for the performance of the secured obligations, its secured assets to Main Street 1070.

(iv) PGT has issued a continuing covering mortgage bond over the immovable property in favour of Main Street 1070 for the maximum sum of R8 billion and the further additional sum of R1,6 billion on 20 May 2014.

PGT has issued a general notarial bond over specified moveable assets in favour of Main Street 1070 for the maximum sum of R8 billion and the further additional sum of R1,6 billion on 9 May 2014.

PGT has ceded as security, for the performance of the secured obligations, its secured assets to Main Street 1070.

		Group	
	2022 R'm	**2021 R'm**	**2020 R'm**
Leasehold buildings and improvements, which are measured at cost less accumulated depreciation and impairment, comprise the following properties:			
Remaining extent of Lot 17989 in Block 5 and Lot 21117, extension 15, Gaborone, Botswana	**83,4**	83,9	89,7
Erf 3157 Mmabatho, North West	**32,2**	33,3	82,7
Open Plan #5, Ground Floor, 1 Waterhouse Place, Century City, Cape Town	**0,2**	0,4	1,0
	115,8	117,6	173,4

12. Property, plant and equipment (continued)

	Land	Freehold buildings	Leasehold buildings and improvements	Furniture, fittings and equipment	Capital work in progress	Total
	R'm	R'm	R'm	R'm	R'm	R'm
Group						
2022						
Opening carrying amount	**189,0**	**2 907,8**	**117,6**	**400,1**	**18,1**	**3 632,6**
Additions	**–**	**16,9**	**0,1**	**116,4**	**3,6**	**137,0**
Depreciation	**–**	**(66,9)**	**(7,8)**	**(121,4)**	**–**	**(196,1)**
Disposals	**–**	**–**	**–**	**(0,4)**	**–**	**(0,4)**
Transfers	**(1,2)**	**(7,0)**	**8,6**	**2,9**	**(11,5)**	**(8,2)**
Transfer to held for sale	**(3,1)**	**(22,0)**	**(1,0)**	**(3,5)**	**–**	**(29,6)**
Unrealised foreign exchange movements	*	**(0,6)**	**(1,7)**	**(1,0)**	*	**(3,3)**
Closing carrying amount	**184,7**	**2 828,2**	**115,8**	**393,1**	**10,2**	**3 532,0**
2021						
Opening carrying amount	189,0	2 973,8	173,4	493,1	9,3	3 838,6
Additions	–	3,4	6,6	41,7	17,0	68,7
Depreciation	–	(69,7)	(8,0)	(139,4)	–	(217,1)
Disposals	–	–	(54,1)	(3,4)	–	(57,5)
Transfers	–	0,3	(0,3)	8,1	(8,2)	(0,1)
Closing carrying amount	189,0	2 907,8	117,6	400,1	18,1	3 632,6
2020						
Opening carrying amount	188,9	3 027,1	194,2	581,7	13,9	4 005,8
Additions	–	4,6	1,6	110,9	3,5	120,6
Depreciation	–	(72,0)	(9,4)	(209,5)	–	(290,9)
Disposals	–	–	–	(0,3)	–	(0,3)
Transfers	–	13,5	(15,0)	9,1	(8,1)	(0,5)
Unrealised foreign exchange movements	0,1	0,6	2,0	1,2	*	3,9
Closing carrying amount	189,0	2 973,8	173,4	493,1	9,3	3 838,6

** Less than R50 000*

12. Property, plant and equipment (continued)

The group reassesses the useful lives of property, plant and equipment annually. In 2021, the group estimated that certain gaming and other equipment that was previously expected to be in use for six years was expected to remain in use for eight years. In 2022, the group estimated that certain gaming and other equipment that was previously expected to be in use for eight years was expected to remain in use for nine years. These changes in estimates were accounted for prospectively. As a result, depreciation of furniture, fittings and equipment decreased by R25,2 million in 2022 (2021: R42,5 million).

In the current year, certain assets of PGB are classified as held-for-sale and have been reallocated to current assets (refer to note 44).

The carrying amounts of property, plant and equipment were subject to an impairment test at 30 September 2022, 30 September 2021 and 30 September 2020 (refer to note 13). No impairment was required in the current or prior years.

In addition to the annual impairment test of intangible assets with indefinite useful life and goodwill, IAS 36 requires an impairment test to be performed when there is an indicator of impairment. The September 2021 hotel fire at Mmabatho Palms is such an indicator. Buildings to the value of R54,1 million and furniture, fittings and equipment to the value of R2,5 million were derecognised from property, plant and equipment in 2021. In addition, inventory of R1,4 million was written off in 2021. The reduced net operational assets were then compared to the value in use of the cash-generating unit. No further impairment was required.

13. Intangible assets

	Cost R'm	Accumulated amortisation and impairment R'm	Carrying amount R'm
Group			
2022			
Goodwill	**1 829,6**	**(657,1)**	**1 172,5**
Casino licences	**3 196,3**	**(191,9)**	**3 004,4**
Trademarks	**20,0**	**–**	**20,0**
Computer software	**170,4**	**(154,7)**	**15,7**
	5 216,3	**(1 003,7)**	**4 212,6**
2021			
Goodwill	1 829,6	(657,1)	1 172,5
Casino licences	3 196,5	(191,9)	3 004,6
Trademarks	20,0	–	20,0
Computer software	156,3	(144,2)	12,1
	5 202,4	(993,2)	4 209,2
2020			
Goodwill	1 829,6	(636,0)	1 193,6
Casino licences	3 196,3	(113,9)	3 082,4
Trademarks	20,0	–	20,0
Computer software	158,7	(133,5)	25,2
	5 204,6	(883,4)	4 321,2

13. Intangible assets (continued)

Goodwill and trademarks arose on the acquisition of the 100% interest in PGIL on 25 April 2007.

The allocation of goodwill to cash generating units is disclosed in the segmental analysis (refer to note 45).

The casino licences and trademarks are encumbered as security for interest-bearing long-term borrowings (refer to note 23).

The casino licences and the trademarks, with the exception of the Grand Palm and Sedibeng casino licences, have an indefinite life and are not amortised. The licences are treated as having an indefinite useful life because they are expected to contribute to the group's net cash inflows indefinitely, subject to an annual administrative process. The carrying amount of group goodwill, the casino licences and the trademarks were subject to an impairment test as at 30 September 2022, 30 September 2021 and 30 September 2020, using a discounted cash flow methodology based on value in use. The assumptions used in the valuations were considered to remain appropriate up to the reporting date.

The other intangible assets were reviewed for impairment at 30 September 2022, 30 September 2021 and 30 September 2020 and no impairment test was required in the current or prior years as no indicator of impairment was identified.

Impairment testing of intangible assets

The following key assumptions, based on management experience and available industry forecasts, were utilised in determining the future cash flows for a period of five years:

- growth in revenue of between 6,3% (2021: 6,8%; 2020: 5,1%) and 12,9% (2021: 26,3%; 2020: 48,3%) with an average of 7,9% (2021: 11,5%; 2020: 14,6%) reducing to 6,3% (2021: 6,8%; 2020: 5,0%) in perpetuity;
- growth in costs of between 5,5% (2021: 6,6%; 2020 5,1%) and 12,8% (2021: 19,8%; 2020: 23,5%) with an average of 7,4% (2021: 9,8%; 2020: 9,5%) reducing to 6,2% (2021: 6,8%; 2020: 5,2%) in perpetuity;
- resulting in an average EBITDA growth of 8,8% (2021: 14,9%; 2020: 27,4%);
- a pre-tax weighted average cost of capital of 15,2% (2021: 14,6%; 2020: 14,4%) (14,1% (2021: 13,4%; 2020: 13,3%) post-tax);
- replacement capital expenditure of between 5,8% and 6,2% (2021: between 4,8% and 5,4%; 2020: between 5,2% and 5,4%) of annual projected revenues reducing to 5,8% (2021: 4,8%; 2020: 5,4%) in perpetuity;
- the taxation rate was assumed to remain at 27,0% (2021: 28,0%; 2020: 28,0%) in South Africa and 22,0% (2021: 22,0%; 2020: 22,0%) in Botswana for the forecast period;
- rates relating to management fee income to remain constant;
- rates relating to gaming levies and VAT to remain constant; and,
- an average exit EBITDA multiple of approximately 7,2 (2021: 7,2; 2020: 6,6) times was used in the discounted cash flow as an exit perpetuity.

The assumptions relating to revenue and costs included a forecasted economic recovery to pre-pandemic levels in two years from the 2022 base. Forecasted costs include the estimated impact of load shedding on operations. In the current year revenue continued to recover from the impact of the Covid-19 pandemic.

On this basis, the estimated values in use of each cash-generating unit was above the net carrying amount of the operational assets and liabilities of these units and no impairment was required. In 2021, the estimated values in use of the PGB (value in use of R171,8 million) and Rio (value in use of R221,4 million) cash-generating units were below the net carrying amounts of the operational assets and liabilities of these units. In 2020 the estimated values in use of the PGSH (value in use of R232,0 million), Rio (value in use of R256,0 million), Mmabatho (value in use of R137,0 million) and PGEFS (value in use of R70,0 million) cash-generating units were below the net carrying amounts of the net operational assets and liabilities of these units. Refer to note 6 for the resulting impairments recognised in the prior years and the allocation of impairments to goodwill or other assets.

Sensitivity analysis

The group assessed the impact of a 1 percentage point change in the revenue growth and weighted average cost of capital key assumptions in cash-generating units which were not impaired. The outcome of the analysis in the current and prior year was as follows:

13. Intangible assets (continued)

Cash-generating unit	PGKZN R'm	PGMN W&L R'm	Emperors Palace R'm
	2022	**2021**	**2021**
Impairment required if revenue growth rate is decreased by 1 percentage point	–	(6,0)	(238,5)
Impairment required if weighted average cost of capital is increased by 1 percentage point	**(3,2)**	(3,2)	(95,5)

In the prior year, following the impairment losses recognised in the PGB and Rio cash generating units, the recoverable amount was equal to the carrying amount of the net operational assets. Therefore, any adverse movement in a key assumption would have lead to further impairment.

Based on the group's sensitivity analysis, a reasonably possible change in the above key assumptions would not lead to a material impairment loss in any of the group's cash generating units in the current or prior year, other than those disclosed.

	Goodwill R'm	Casino licences R'm	Trade-marks R'm	Computer software R'm	Total R'm
Group					
2022					
Opening carrying amount	**1 172,5**	**3 004,6**	**20,0**	**12,1**	**4 209,2**
Additions	**–**	**–**	**–**	**11,5**	**11,5**
Amortisation	**–**	*	**–**	**(13,1)**	**(13,1)**
Transfers	**–**	**–**	**–**	**5,2**	**5,2**
Transfer to held for sale	**–**	**(0,2)**	**–**	*	**(0,2)**
Closing carrying amount	**1 172,5**	**3 004,4**	**20,0**	**15,7**	**4 212,6**
2021					
Opening carrying amount	1 193,6	3 082,4	20,0	25,2	4 321,2
Additions	–	0,2	–	1,9	2,1
Amortisation	–	–	–	(14,9)	(14,9)
Impairment	(21,1)	(78,0)	–	–	(99,1)
Transfers	–	–	–	(0,1)	(0,1)
Closing carrying amount	1 172,5	3 004,6	20,0	12,1	4 209,2
2020					
Opening carrying amount	1 204,6	3 189,7	20,0	20,4	4 434,7
Additions	–	0,6	–	19,9	20,5
Amortisation	–	*	–	(15,1)	(15,1)
Impairment	(11,0)	(107,9)	–	–	(118,9)
Closing carrying amount	1 193,6	3 082,4	20,0	25,2	4 321,2

In the current year, certain assets of PGB are classified as held-for-sale and have been reallocated to current assets (refer to note 44).

** Less than R50 000*

			Group	
		2022	2021	2020
		R'm	R'm	R'm
14. Loans receivable				
Enterprise development loans receivable	*(i)*	**4,4**	0,7	4,0
Umodzi Holdings loan receivable	*(ii)*	**–**	8,3	–
Loss allowance in respect of Umodzi Holdings loan receivable		**–**	(8,3)	–
Total loans receivable		**4,4**	0,7	4,0
Less: Current portion included in current assets		**(1,2)**	(0,6)	(1,9)
		3,2	0,1	2,1
Reconciliation from opening balance to closing balance:				
Balance at beginning of year		**0,7**	4,0	4,8
Interest accrued		**0,7**	2,0	–
Interest paid		**(0,8)**	(2,5)	–
Loans advanced		**4,0**	–	–
Capital repaid		**(8,5)**	(1,3)	(0,8)
Decrease in loss allowance		**8,3**	0,9	–
Enterprise development loans waived		**–**	(2,4)	–
Balance at end of year		**4,4**	0,7	4,0

(i) The loans are granted by Emperors Palace as part of an enterprise development programme. The loans are unsecured and interest free and are repayable over a period of five years. No loss allowance has been raised on the enterprise development loans receivable as the probability of default and the expected credit loss were assessed as immaterial. In the prior year enterprise development loans of R2,4 million were waived.

(ii) Umodzi Holdings owns a property in Malawi previously managed by Peermont. The loan originated from previous management fees and expenses due to Peermont in respect of which a loss allowance was raised in prior years for the full amount. In 2020 an agreement was reached whereby Umodzi Holdings undertook to repay the outstanding amount in monthly installments over a period of 18 months. A portion of the original R20,2 million loan was written off in 2021 and the remaining loan was reclassified from amounts due by related parties to loans receivable (note 33.3). The loan bore interest at 10,25% p.a. The loan balance was settled in 2022.

	2022 R'm	2021 R'm	2020 R'm
15. Investment			
Investment in PGSHIH ordinary shares held by PSHST	**1,3**	1,3	1,3

PSHST holds 20% (2021: 20%; 2020: 20%) of the ordinary shares issued by PGSHIH. PGSHIH is an investment holding company which holds 27% (2021: 27%; 2020: 27%) of the ordinary shares issued by PGSH. These investments are classified as investments in associates and are equity-accounted by PSHST and PGSHIH, respectively. The equity-accounted earnings of the investments consist mainly of a share in the profit or loss of PGSH. As PGSH is a subsidiary of Peermont, the equity-accounted earnings are eliminated on consolidation.

		Group	
	2022	**2021**	**2020**
	R'm	**R'm**	**R'm**
16. Deferred taxation			
Net deferred taxation liability			
At beginning of year	**1 281,6**	1 292,2	1 434,8
Deferred taxation charge/(credit) for the year	**71,1**	(10,6)	(142,8)
Difference due to translation of foreign operation	**0,1**	*	0,2
At end of year	**1 352,8**	1 281,6	1 292,2
Deferred taxation assets and liabilities are attributable to the following temporary differences:			
Assets			
Estimated taxation losses	**241,3**	675,3	673,1
Trade and other payables	**175,5**	140,8	161,2
Lease liabilities	**112,0**	136,7	115,7
Share-based payment liability	**98,9**	87,1	81,6
Income received in advance	**30,8**	24,9	29,5
Derivative instruments	**–**	60,5	167,9
Limitation of deferred taxation assets	**(70,6)**	(73,1)	(84,7)
	587,9	1 052,2	1 144,3
Liabilities			
Casino licences	**(2 987,5)**	(2 987,4)	(3 079,6)
Buildings	**(2 184,6)**	(2 213,6)	(2 276,8)
Capital allowances	**(250,4)**	(220,1)	(188,4)
Land	**(91,4)**	(91,4)	(91,4)
Right-of-use assets	**(78,7)**	(95,4)	(104,6)
Trademarks	**(20,0)**	(20,0)	(20,0)
Prepayments	**(9,4)**	(6,5)	(8,0)
Capitalised transaction costs on interest-bearing long-term borrowings	**–**	(20,0)	(40,3)
	(5 622,0)	(5 654,4)	(5 809,1)
South African deferred taxation at 27,0% (2021: 28,0%; 2020: 28,0%)	**(1 326,5)**	(1 254,0)	(1 245,5)
Foreign deferred taxation at 22,0% (2021: 22,0%; 2020: 22,0%)	**(6,6)**	(7,1)	(26,2)
South African deferred capital gains taxation on land at 21,6% (2021: 22,4%; 2020: 22,4%)	**(19,7)**	(20,5)	(20,5)
Net deferred taxation liability	**(1 352,8)**	(1 281,6)	(1 292,2)
Comprising:			
Deferred taxation assets	**7,6**	7,3	4,3
Deferred taxation liabilities	**(1 360,4)**	(1 288,9)	(1 296,5)

On 23 February 2022, the South African Minister of Finance announced a change in the corporate taxation rate from 28% to 27% for the years of assessment ending on or after 31 March 2023. In addition, measures were promulgated on 19 January 2022, limiting the assessed losses that are set off against taxable income to the higher of R1,0 million or 80% of the taxable income.

Deferred taxation has been raised at 27,0% (2021: 28,0%; 2020: 28,0%) and capital gains taxation at 21,6% (2021: 22,4%; 2020: 22,4%), except for foreign deferred taxation and foreign deferred capital gains taxation at 22,0% (2021: 22,0%; 2020: 22,0%).

** Less than R50 000*

			Group	
		2022	**2021**	**2020**
		R'm	**R'm**	**R'm**
17.	**Inventories**			
	Operating equipment	**52,3**	48,7	47,9
	Consumables stores	**21,1**	18,5	19,2
	Food and beverage	**19,3**	13,2	13,0
		92,7	80,4	80,1
	Obsolete, redundant and slow-moving inventories are identified and written down to an estimated net realisable value.			
18.	**Trade and other receivables**			
	Financial instruments			
	Gross trade receivables	**48,6**	29,5	39,5
	Less: Loss allowance in respect of trade receivables	**(11,1)**	(9,3)	(11,7)
	Net trade receivables	**37,5**	20,2	27,8
	Sundry receivables	**36,2**	28,8	15,9
		73,7	49,0	43,7
	Non-financial instruments			
	Prepayments	**33,1**	26,0	26,5
	VAT receivable	**0,5**	*	0,1
		107,3	75,0	70,3
	No loss allowance has been raised on sundry receivables as the probability of default and the expected credit loss were assessed as immaterial.			

	Group		
	2022	**2021**	**2020**
	R'm	**R'm**	**R'm**
19. Stated capital			
Authorised			
3 000 000 (2021: 3 000 000; 2020: 3 000 000) A ordinary shares of no par value			
1 000 000 (2021: 1 000 000; 2020: 1 000 000) B ordinary shares of no par value			
300 000 (2021: 300 000; 2020: 300 000) C ordinary shares of no par value			
The A ordinary shares and B ordinary shares are identical in all respects.			
The C ordinary shares rank *pari passu* with the A and B ordinary shares in relation to voting rights but are not entitled to distributions or to the net assets of the company on liquidation and are subject to notional vendor funding.			
In terms of the company's memorandum of incorporation, authorised but unissued shares may be issued by the company's board of directors.			
Issued and fully paid			
205 945 (2021: 205 945; 2020: 205 945) B ordinary shares of no par value	**3 784,0**	3 784,0	3 784,0
54 807 (2021: 54 807; 2020: 52 015) C ordinary shares of no par value	*	*	*
	3 784,0	3 784,0	3 784,0

Notional vendor funding

In 2017, the C ordinary shares were issued to the group's B-BBEE shareholders, subject to notional vendor funding. The shareholders will be entitled to the benefits of B ordinary shares to the extent that the market value of the shares exceed the amount of the notional vendor funding. The notional vendor funding amount is the market value of the shares at the 2017 transaction date value of R919,9 million, escalated by a factor of 85% of the prime interest rate per annum and is determined under certain circumstances constituting a Relevant Exit which is defined as a change in control and includes events such as a trade sale or a listing of the Peermont group. During 2021, 2 792 additional C shares were issued for a nominal amount and the notional vendor funding amount was increased by R11,9 million. At 31 December 2022, 31 December 2021 and 31 December 2020, the market value of the C ordinary shares did not exceed the notional vendor funding amount. The related obligation of the company was recognised as a share-based payment liability (refer to note 25).

** Less than R50 000*

	Group 2022 R'm	2021 R'm	2020 R'm
20. Treasury shares			
Obligation to repurchase 1 480 (2021: 14 003; 2020: 14 003) B ordinary shares	**29,2**	250,7	250,7
Opening balance – obligation to repurchase 14 003 (2021: 14 003; 2020: 16 607) B ordinary shares	**250,7**	250,7	302,1
Expiry of options on 12 523 B ordinary shares in 2022	**(221,5)**	–	–
2 604 shares repurchased from MIP participants by Peermont in 2020	**–**	–	(51,4)
2 604 B ordinary shares repurchased by Peermont in 2020	**39,1**	39,1	39,1
	68,3	289,8	289,8

In terms of the B-BBEE structure, Peermont Holdings had an obligation to repurchase 12 523 B ordinary shares from B-BBEE shareholders at a fair market value after a period of five years from inception in December 2017 under certain circumstances. These shares were recognised as treasury shares to the amount of R221,5 million in 2017. Upon expiry of the options in December 2022, these treasury shares were derecognised.

Under the MIP, Peermont Holdings has an obligation to repurchase 1 480 (2021: 1 480; 2020 1 480) B ordinary shares from members of management at a fair market value at the date of termination of employment. These shares were recognised as treasury shares to the amount of R29,2 million in 2017.

The related obligations of the group regarding the B ordinary shares are recognised as share-based payment liabilities (refer to note 25).

	2022 R'm	2021 R'm	2020 R'm
21. Translation reserve			
Translation reserve comprising all foreign exchange differences arising from the translation of the financial statements of foreign operations	**11,3**	12,7	12,7

22. Non-controlling interests (NCI)

The following table summarises the information relating to each of the group's subsidiaries that has material NCI, before any intra-group eliminations.

	PGB R'm	PGSH R'm	PGEFS R'm	PGKZN R'm	PGLIM R'm	PGNW R'm	PGT R'm	Total R'm
Group								
2022								
Percentage of NCI	**40%**	**30%**	**30%**	**10%****	**10%****	**10%****	**15%****	
Financial information before intra-group eliminations								
Total assets	**284,8**	**160,5**	**73,7**	**399,2**	**156,5**	**494,3**	**90,9**	**1 659,9**
Non-current assets	**213,8**	**137,0**	**69,0**	**383,6**	**140,1**	**409,2**	**78,0**	**1 430,7**
Current assets	**71,0**	**23,5**	**4,7**	**15,6**	**16,4**	**85,1**	**12,9**	**229,2**
Total liabilities	**(174,2)**	**(23,7)**	**(6,3)**	**(76,6)**	**(32,0)**	**(244,7)**	**(136,4)**	**(693,9)**
Non-current liabilities	**(87,2)**	**(3,6)**	**–**	**(57,8)**	**(19,5)**	**(195,6)**	**(123,6)**	**(487,3)**
Current liabilities	**(87,0)**	**(20,1)**	**(6,3)**	**(18,8)**	**(12,5)**	**(49,1)**	**(12,8)**	**(206,6)**
Net assets/(liabilities)	**110,6**	**136,8**	**67,4**	**322,6**	**124,5**	**249,6**	**(45,5)**	**966,0**
Less: Equity shareholder funding and share premium	**–**	**–**	**(55,5)**	**(71,3)**	**–**	**(419,8)**	**(132,2)**	**(678,8)**
Adjusted net assets/(liabilities)	**110,6**	**136,8**	**11,9**	**251,3**	**124,5**	**(170,2)**	**(177,7)**	**287,2**
At percentage of NCI	**44,2**	**41,0**	**3,6**	**25,1**	**12,5**	**(17,0)**	**(26,7)**	**82,7**
Transition to IFRS 10	**–**	**–**	**17,2**	**–**	**–**	**–**	**–**	**17,2**
Effect of business combination adjustments	**(2,1)**	**(16,4)**	**–**	**–**	**–**	**–**	**–**	**(18,5)**
Carrying amount of NCI	**42,1**	**24,6**	**20,8**	**25,1**	**12,5**	**(17,0)**	**(26,7)**	**81,4**
Income	**228,0**	**154,3**	**65,6**	**146,7**	**113,1**	**220,2**	**103,1**	**1 031,0**
Total comprehensive income for the year	**(2,0)**	**17,4**	**3,1**	**24,1**	**17,7**	**85,1**	**7,3**	**152,7**
(Loss)/profit for the year allocated to NCI	**(1,1)**	**5,2**	**0,9**	**2,4**	**1,8**	**8,5**	**1,1**	**18,8**
Other comprehensive income allocated to NCI	**(0,9)**	**–**	**–**	**–**	**–**	**–**	**–**	**(0,9)**
Total as per group statement of comprehensive income	**(2,0)**	**5,2**	**0,9**	**2,4**	**1,8**	**8,5**	**1,1**	**17,9**
Dividend paid to NCI	**–**	**(6,0)**	**–**	**(1,2)**	**(2,3)**	**–**	**–**	**(9,5)**
Cash flows from operating activities	**29,2**	**28,5**	**10,3**	**33,3**	**25,3**	**25,2**	**21,6**	**173,4**
Cash flows from investing activities	**(13,3)**	**(7,4)**	**(3,6)**	**(10,1)**	**(5,2)**	**66,2**	**(7,0)**	**19,6**
Cash flows from financing activities	**(12,4)**	**(20,0)**	**(8,0)**	**(24,8)**	**(23,0)**	**(88,2)**	**(14,0)**	**(190,4)**
Net increase/(decrease) in cash and cash equivalents	**3,5**	**1,1**	**(1,3)**	**(1,6)**	**(2,9)**	**3,2**	**0,6**	**2,6**

PGB is incorporated and operates in Botswana. The other subsidiaries are incorporated and operate in South Africa. The principle places of business are as follows: PGB: Gaborone and Francistown, Botswana; PGSH: Mpumalanga province; PGEFS: Free State province; PGKZN: KwaZulu–Natal province; PGLIM and PGT: Limpopo province; and, PGNW: North West province.

*** Based on the effective ownership of the group including holdings by trusts that are controlled by the group and therefore consolidated.*

22. Non-controlling interests (NCI) (continued)

	PGB R'm	PGSH R'm	PGEFS R'm	PGKZN R'm	PGLIM R'm	PGNW R'm	PGT R'm	Total R'm
Group								
2021								
Percentage of NCI	40%	30%	30%	10%**	10%**	10%**	15%**	
Financial information before intra-group eliminations								
Total assets	303,3	163,2	78,3	400,2	161,7	456,5	88,6	1 651,8
Non-current assets	272,4	144,6	72,6	383,7	143,2	417,8	77,3	1 511,6
Current assets	30,9	18,6	5,7	16,5	18,5	38,7	11,3	140,2
Total liabilities	(187,6)	(23,8)	(6,0)	(76,9)	(31,8)	(291,8)	(141,5)	(759,4)
Non-current liabilities	(107,4)	(3,7)	–	(58,7)	(20,2)	(256,8)	(132,1)	(578,9)
Current liabilities	(80,2)	(20,1)	(6,0)	(18,2)	(11,6)	(35,0)	(9,4)	(180,5)
Net assets/(liabilities)	115,7	139,4	72,3	323,3	129,9	164,7	(52,9)	892,4
Less: Equity shareholder funding and share premium	–	–	(63,5)	(84,4)	–	(419,9)	(132,3)	(700,1)
Adjusted net assets/(liabilities)	115,7	139,4	8,8	238,9	129,9	(255,2)	(185,2)	192,3
At percentage of NCI	46,3	41,8	2,6	23,9	13,0	(25,5)	(27,8)	74,3
Transition to IFRS 10	–	–	17,2	–	–	–	–	17,2
Effect of business combination adjustments	(2,1)	(16,4)	–	–	–	–	–	(18,5)
Carrying amount of NCI	44,2	25,4	19,8	23,9	13,0	(25,5)	(27,8)	73,0
Income	128,1	118,9	54,6	132,6	81,9	166,7	81,0	763,8
Total comprehensive income for the year	(42,0)	8,7	3,1	23,1	8,9	(65,0)	8,1	(55,1)
(Loss)/profit for the year allocated to NCI	(16,8)	2,6	0,9	2,3	0,9	(6,5)	1,2	(15,4)
Other comprehensive income allocated to NCI	*	–	–	–	–	–	–	–
Total as per group statement of comprehensive income	(16,8)	2,6	0,9	2,3	0,9	(6,5)	1,2	(15,4)
Dividend paid to NCI	–	(4,5)	–	(0,7)	–	–	–	(5,2)
Cash flows from operating activities	(0,7)	25,9	9,6	30,0	17,3	26,3	11,1	119,5
Cash flows from investing activities	(6,1)	(6,1)	(2,0)	(5,7)	(3,4)	(14,3)	(2,9)	(40,5)
Cash flows from financing activities	–	(15,0)	(6,7)	(21,9)	(8,3)	(12,2)	(7,0)	(71,1)
Net (decrease)/increase in cash and cash equivalents	(6,8)	4,8	0,9	2,4	5,6	(0,2)	1,2	7,9

PGB is incorporated and operates in Botswana. The other subsidiaries are incorporated and operate in South Africa. The principle places of business are as follows: PGB: Gaborone and Francistown, Botswana; PGSH: Mpumalanga province; PGEFS: Free State province; PGKZN: KwaZulu–Natal province; PGLIM and PGT: Limpopo province; and, PGNW: North West province.

* *Less than R50 000*

** *Based on the effective ownership of the group including holdings by trusts that are controlled by the group and therefore consolidated.*

22. Non-controlling interests (NCI) (continued)

	PGB R'm	PGSH R'm	PGEFS R'm	PGKZN R'm	PGLIM R'm	PGNW R'm	PGT R'm	Total R'm
Group								
2020								
Percentage of NCI	40%	30%	30%	10%**	10%**	10%**	15%**	
Financial information before intra-group eliminations								
Total assets	334,1	167,4	82,9	403,9	159,6	551,7	91,5	1 791,1
Non-current assets	291,7	153,5	78,0	388,7	147,6	520,5	82,0	1 662,0
Current assets	42,4	13,9	4,9	15,2	12,0	31,2	9,5	129,1
Total liabilities	(176,6)	(21,5)	(7,0)	(83,8)	(38,6)	(322,0)	(152,5)	(802,0)
Non-current liabilities	(114,2)	(0,5)	–	(66,3)	(27,3)	(280,6)	(140,6)	(629,5)
Current liabilities	(62,4)	(21,0)	(7,0)	(17,5)	(11,3)	(41,4)	(11,9)	(172,5)
Net assets/(liabilities)	157,5	145,9	75,9	320,1	121,0	229,7	(61,0)	989,1
Less: Equity shareholder funding and share premium	–	–	(70,2)	(97,6)	–	(419,9)	(132,3)	(720,0)
Adjusted net assets/(liabilities)	157,5	145,9	5,7	222,5	121,0	(190,2)	(193,3)	269,1
At percentage of NCI	63,0	43,8	1,7	22,3	12,1	(19,0)	(29,0)	94,9
Transition to IFRS 10	–	–	17,2	–	–	–	–	17,2
Effect of business combination adjustments	(2,1)	(16,4)	–	–	–	–	–	(18,5)
Carrying amount of NCI	60,9	27,4	18,9	22,3	12,1	(19,0)	(29,0)	93,6
Income	129,6	92,5	40,8	113,0	68,2	156,7	55,6	656,4
Total comprehensive income for the year	(33,6)	(8,4)	(5,7)	9,3	(1,9)	(68,1)	(20,8)	(129,2)
(Loss)/profit for the year allocated to NCI	(13,5)	(2,5)	(1,7)	0,9	(0,2)	(6,8)	(3,1)	(26,9)
Other comprehensive income allocated to NCI	1,4	–	–	–	–	–	–	1,4
Total as per group statement of comprehensive income	(12,1)	(2,5)	(1,7)	0,9	(0,2)	(6,8)	(3,1)	(25,5)
Dividend paid to NCI	–	(3,0)	(0,1)	(0,6)	(0,3)	–	–	(4,0)
Cash flows from operating activities	0,1	7,5	0,3	11,8	6,9	15,8	1,3	43,7
Cash flows from investing activities	(7,0)	(7,6)	(3,6)	(5,9)	(3,5)	(13,0)	(3,3)	(43,9)
Cash flows from financing activities	(0,6)	(10,0)	(1,1)	(10,0)	(6,5)	(3,5)	(4,0)	(35,7)
Net (decrease)/increase in cash and cash equivalents	(7,5)	(10,1)	(4,4)	(4,1)	(3,1)	(0,7)	(6,0)	(35,9)

PGB is incorporated and operates in Botswana. The other subsidiaries are incorporated and operate in South Africa. The principle places of business are as follows: PGB: Gaborone and Francistown, Botswana; PGSH: Mpumalanga province; PGEFS: Free State province; PGKZN: KwaZulu–Natal province; PGLIM and PGT: Limpopo province; and, PGNW: North West province.

*** Based on the effective ownership of the group including holdings by trusts that are controlled by the group and therefore consolidated.*

	2022 R'm	Group 2021 R'm	2020 R'm
23. Interest-bearing long-term borrowings			
South African – secured			
Senior A Loan (2022)	**743,6**	–	–
On 21 October 2022 Peermont raised R750,0 million under the Common Terms Agreement (2022) from a consortium of South African banks. The loan bears interest at the three month JIBAR plus margin NACQ. The margin is subject to increases and decreases based on the leverage ratio reached by the group and is 2,55% at the reporting date. The capital and interest of the loan are payable in quarterly instalments. Transaction costs of R7,0 million were capitalised against the loan balance at inception and are amortised over the term of the loan on the effective interest method. At the reporting date the effective interest rate is 10,15% NACQ. The loan has an amortising profile and the final payment is due on 30 September 2027. The capital repayments due within 12 months of the reporting date are presented as a current liability.			
Senior B Loan (2022)	**2 005,3**	–	–
On 21 October 2022 Peermont raised R2 023,1 million under the Common Terms Agreement (2022) from a consortium of South African banks. The loan bears interest at the three month JIBAR plus margin NACQ. The margin is subject to increases and decreases based on the leverage ratio reached by the group and is 3,05% at the reporting date. The interest of the loan is payable in quarterly instalments. Transaction costs of R18,9 million were capitalised against the loan balance at inception and are amortised over the term of the loan on the effective interest method. At the reporting date the effective interest rate is 10,55% NACQ. The loan matures on 30 September 2027.			
Senior C Loan (2022)	**225,3**	–	–
On 21 October 2022 Peermont raised R400,0 million under the Common Terms Agreement (2022) from a consortium of South African banks. The loan bears interest at the three month JIBAR plus margin NACQ. The margin is subject to increases and decreases based on the leverage ratio reached by the group and is 3,05% at the reporting date. The interest of the loan is payable in quarterly instalments. Transaction costs of R3,7 million were capitalised against the loan balance at inception and are amortised over the term of the loan on the effective interest method. At the reporting date the effective interest rate is 10,51% NACQ. The loan matures on 30 September 2027.			

	Group 2022 R'm	2021 R'm	2020 R'm
23. Interest-bearing long-term borrowings (continued)			
	2 974,2	335,6	614,9
Senior A Loan (2017)	**–**	335,6	614,9
On 20 December 2017 Peermont raised R950,0 million under the Common Terms Agreement (2017) from a consortium of South African banks. The loan bore interest at the three month JIBAR plus 5,00% (2021: 5,00%; 2020: 4,50%) NACQ. The margin was subject to increases and decreases based on the leverage ratio reached by the group. The capital and interest of the loan were payable in quarterly instalments. Transaction costs of R17,9 million were capitalised against the loan balance at inception and are amortised over the term of the loan on the effective interest method at an effective interest rate of 12,09% NACQ. In the current year, further transaction costs of R1,0 million were capitalised and expensed. The Senior A Loan had an amortising profile and the final payment was due on 30 December 2022 and was therefore presented as a current liability in the statement of financial position. The loan was settled on 24 October 2022 as part of the group refinance transaction. In the prior years the maturity date of the loan was 30 December 2022.			
Sub-total brought forward			
Senior B Loan (2017)	**–**	2 595,3	2 579,0
On 20 December 2017 Peermont raised R2 475,0 million under the Common Terms Agreement (2017) from a consortium of South African banks. The loan bore interest at the three month JIBAR plus 5,50% (2021: 5,50%; 2020: 5,00%) NACQ. The margin was subject to increases and decreases based on the leverage ratio reached by the group. The interest of the loan was payable in quarterly instalments. Transaction costs of R46,9 million were capitalised against the loan balance at inception and were amortised over the term of the loan on the effective interest method at an effective interest rate of 12,21% NACQ. In the current year, further transaction costs of R7,5 million were capitalised and expensed. The loan was settled on 24 October 2022 as part of the group refinance transaction. In the prior years the maturity date of the loan was 30 December 2022.			
Senior C Loan (2017)	**–**	412,8	412,8
On 20 December 2017 Peermont raised R400,0 million under the Common Terms Agreement (2017) from a consortium of South African banks. The loan bore interest at the three month JIBAR plus 5,50% (2021: 5,50%; 2020: 5,00%) NACQ. The margin was subject to increases and decreases based on the leverage ratio achieved by the group. The interest of the loan was payable in quarterly instalments. Transaction costs of R7,6 million were capitalised against the loan balance at inception and were amortised over the term of the loan on the effective interest method at an effective interest rate of 12,68% NACQ. In the current year, further transaction costs of R1,2 million were capitalised and expensed. The loan was settled on 24 October 2022 as part of the group refinance transaction. In the prior years the maturity date of the loan was 30 December 2022.			
Total interest-bearing long-term borrowings	**2 974,2**	3 343,7	3 606,7
Less: Current portion of Senior debt included in current liabilities	**(37,1)**	(3 343,7)	(283,3)
	2 937,1	–	3 323,4

		Group	
	2022	**2021**	**2020**
	R'm	**R'm**	**R'm**
23. Interest-bearing long-term borrowings (continued)			
Reconciliation from the opening balance to the closing balance of interest-bearing long-term borrowings:			
Balance at beginning of year	**3 343,7**	3 606,7	3 151,9
Borrowings raised	**3 173,1**	–	–
Borrowings repaid	**(3 561,6)**	(283,3)	(64,1)
Interest expense	**347,7**	337,8	360,5
Interest paid	**(290,9)**	(317,5)	(161,6)
Transaction costs capitalised – debt refinance	**(29,6)**	–	–
Transaction costs capitalised – debt extension	**(9,7)**	–	–
Modification expense	**1,5**	–	–
Drawdown	**–**	–	320,0
Balance at end of year	**2 974,2**	3 343,7	3 606,7

The 2022 modification expense resulted from the amendment of Senior A Loan (2017) repayment terms in March 2022 and a voluntary payment made to the Senior C Loan (2022) in December 2022.

PGH III loan facility

On 2 March 2022, a preference dividend of R590,9 million was declared and funded through a two-year loan facility which bore interest at 142,5% of the South African prime interest rate (refer to note 24). The facility was settled as part of the 2022 refinance.

	2022 R'm	2021 R'm	2020 R'm
Balance at beginning of year	**–**	–	–
Facility raised to fund preference dividends	**590,9**	–	–
Interest accrued	**47,1**	–	–
Interest paid	**(47,1)**	–	–
Facility repaid	**(590,9)**	–	–
Balance at end of year	**–**	–	–

In 2020, due to the uncertainty surrounding the impact of the Covid-19 pandemic on the group, agreements were reached with the Senior lenders to capitalise a total of R411,1 million in scheduled interest and capital repayments which were due between 31 March and 30 September as follows:

- Senior A 31 March and 30 June 2020 interest payments of R34,7 million were capitalised to the loan.
- Senior B 31 March and 30 June 2020 interest payments of R138,6 million were capitalised to the loan.
- Senior C 31 March and 30 June 2020 interest payments of R12,8 million were capitalised to the loan.
- Senior A capital repayments of R142,5 originally due between 31 March and 30 September 2020 were deferred over the remaining term of the loan.

In addition, the interest payments of R14,5 million on the Senior A loan, R58,7 million on the Senior B loan and R9,3 million on the Senior C loan which would have fallen due on 30 September 2020 were postponed to 31 December 2020 and paid accordingly together with the interest and capital repayments scheduled on that date and the scheduled quarterly capital repayments on the Senior A Loan were increased *pro rata* for the remaining term of the loan in order to settle the capitalised interest of R34,7 million and deferred capital repayments of R142,5 million.

These modifications were not classified as substantial as it only affected the timing of the cash flows. Therefore the loans were not derecognised.

23. Interest-bearing long-term borrowings (continued)

Due to the increase in the Senior debt outstanding and the negative impact of the Covid-19 pandemic on the group's EBITDA and cash flows, Peermont was in breach of its financial covenants for the Senior debt (2017) from 30 June 2020 to 31 December 2021. The Senior lenders agreed to waive the covenant breach at 31 December 2021.

In 2021, the Lenders consented to the waiver of the prepayment offers which they would otherwise be entitled to with reference to the cash sweep measurement dates occurring on 31 March and 31 December 2021.

On 2 March 2022, Peermont's Senior debt repayment terms and the available R250 million working capital facility were extended to 31 December 2023 and the covenants were reset with sufficient headroom. In addition, a cash repayment of R200,0 million was made towards the Senior debt. On 29 June 2022, consent was obtained to defer the June and September 2022 capital repayments on the Senior A Loan (2017) and waive the cash sweep requirement for the March and June 2022 measurement periods which would have been due in June and September 2022.

On 21 October 2022, the Senior debt (2017) was refinanced. The refinance resulted in the Senior debt (2017) being replaced by the Senior debt (2022) for the same amount with a term of five years and bearing interest at reduced margins compared to the previous package. As part of the refinance transaction, a dividend of R500,0 million was paid by Peermont in 2022 in order to enable PGH III to settle a portion of its loan facility.

The Senior debt (2022) is subject to financial covenants which are calculated for the group. At the reporting date, the covenant levels are as follows:

Covenant	Description	Achieved ratio	Covenant level	Headroom
Senior net leverage ratio	Ratio of Senior debt net of cash to adjusted EBITDA shall fall below the covenant level	**2,85 : 1**	4,00 : 1	29%
Debt service cover ratio	Ratio of free cash flow to debt service shall exceed the covenant level	**2,48 : 1**	1,20 : 1	52%
Senior interest cover ratio	Ratio of EBITDA to senior net finance costs shall exceed the covenant level	**2,94 : 1**	2,00 : 1	32%

The terms above are defined in the Common Terms Agreement (2022). At the reporting date, the financial covenants are met comfortably. Based on current forecasts, management expects covenants to be met for the foreseeable future.

In addition to the Senior facilities, Peermont has a R250,0 million working capital facility which expires on 31 December 2024 (2021: 30 June 2022). The facility is utilised for guarantees issued by the group (refer to note 36). There was no cash utilisation of the facility at 31 December 2022 or 31 December 2021. Interest on the facility is charged at the prime interest rate minus 0,5%.

The Senior debt (2022) is Peermont's senior secured obligation, guaranteed by the Senior debt (2022) Guarantors (including the company) and, together with the WCF, ranks senior in right of payment to all of Peermont's existing and future indebtedness.

The Senior debt is secured over all of Peermont's capital stock and certain of its assets (refer to notes 12 and 13).

The group's borrowing capacity is constrained by certain loan agreements, which place a limit on borrowings.

In common with many issues of Senior debt, the group has various restrictions placed on future borrowings, permitted payments, awarding of guarantees or liens, future issues and sales of capital stock of restricted subsidiaries, transactions with affiliates and the sale of assets. These remain in place until these loans are settled.

	Group 2022 R'm	2021 R'm	2020 R'm
24. Preference share liability			
Authorised			
2 500 (2021: 20 000; 2020: 20 000) cumulative redeemable preference shares of no par value			
Issued			
2 500 (2021: nil; 2020: nil) cumulative redeemable preference shares of no par value issued in 2022	**1 171,3**	–	–
Preference shares issued in 2022	**1 147,5**	–	–
Accumulated preference dividends accrued	**23,8**	–	–
17 500 cumulative redeemable preference shares of no par value issued in 2017 and redeemed in 2022	**–**	1 467,3	1 322,4
Preference shares issued in 2017	**875,0**	875,0	875,0
Accumulated preference dividends accrued	**723,2**	592,3	447,4
Preference dividend declared and funded through loan facility	**(590,9)**	–	–
Preference dividend paid	**(132,3)**	–	–
Preference shares redeemed in 2022	**(875,0)**	–	–
	1 171,3	1 467,3	1 322,4

On 15 December 2017, PGH III issued cumulative redeemable preference shares for R875 000 000. The proceeds were utilised to invest in PGH IV C ordinary shares. On 21 October 2022 these preference shares were redeemed and the company issued cumulative redeemable preference shares for R1 147 470 000. As part of the refinance, a dividend of R500,0 million was declared by Peermont Global through PGH IV to enable the PGH III facilities to be reduced.

Preference dividends are payable quarterly and accrue at a dividend rate of 110% (2021: 142,5%; 2020: 142,5%) of the prime interest rate per annum compounded monthly. The preference shares mature on 24 November 2027 (2021: 20 January 2023; 2020: 20 January 2023). The company may redeem the preference shares voluntarily under certain circumstances.

The preference shares issued in 2022 together with the Senior debt raised by Peermont are subject to the Common Terms Agreement dated 21 October 2022. The financial covenants of this agreement include the Total Net Leverage Ratio, as defined, which applies to PGH III as the issuer of the preference shares. At the reporting date the ratio is met comfortably at 3,97 times against the required maximum of 5,25 times.

Due to the negative impact of Covid-19 on the group's EBITDA, cash flows and debt levels, PGH III was in breach of its financial covenants for the preference shares on 30 December 2021. The preference shareholders agreed to a waiver of the required covenant levels for that measurement period.

Prior to the 2022 refinance, on 2 March 2022 the PGH III preference share terms were extended to 31 January 2024, the dividend rate was increased to 188% of the South African prime interest rate and the financial covenants were reset. Preference dividends accrued amounting to R590,9 million were declared and funded through to a two–year loan facility in March 2022 (refer to note 23).

As was the case in the prior years, the preference shares rank equally among themselves and in priority to the rights of all the other shares of PGH III with respect to the payment of dividends by the company and the distribution of the assets of the company in the event of a liquidation, dissolution or winding up of the company, whether voluntary or involuntary, or any other distribution of the assets of the company.

PGH III is required to indemnify the previous preference shareholders against any taxation charges which may become due on payments received by the holders from PGH III in respect of the preference shares. This indemnification will remain valid for a period of five years after the final redemption of the preference shares. Currently management does not anticipate the indemnity to be called upon as no such taxation charges have arisen since issue.

	Group 2022 R'm	2021 R'm	2020 R'm
25. Share-based payment liabilities			
MIP entitlements	**98,9**	87,1	81,6
Opening balance	**87,1**	81,6	139,5
Remeasurement	**11,8**	5,5	(44,6)
Payments to participants	**–**	–	(13,3)
Management shares obligation**	**22,6**	19,9	19,6
Opening balance	**19,9**	19,6	70,6
Remeasurement	**2,7**	0,3	(11,9)
Payments to participants	**–**	–	(39,1)
B-BBEE share options (B ordinary shares)**	**–**	190,3	183,9
Opening balance	**190,3**	183,9	245,8
Expiry of options	**(190,3)**	6,4	(61,9)
B-BBEE notional vendor funding shares (C ordinary shares)	**–**	15,3	–
Opening balance	**15,3**	–	70,2
Remeasurement	**(15,3)**	15,3	(70,2)
Total share-based payment liabilities	**121,5**	312,6	285,1
Opening balance	**312,6**	285,1	526,1
Remeasurement recognised in profit or loss	**(0,8)**	27,5	(188,6)
Reclassified to equity	**(190,3)**	–	–
Payments to participants	**–**	–	(52,4)
Less: Current portion included in current liabilities	**–**	(7,3)	–
	121,5	305,3	285,1

MIP entitlements

The MIP entitlements comprise matched entitlements and growth entitlements and are payable in cash upon an exit event which is defined as a change in control and includes events such as a trade sale or a listing of the Peermont group.

In October 2022 Peermont's retirement age was increased from 60 to 62. In 2021 the current portion of the liability related to a participant who was scheduled to retire in 2022, however due to the change in retirement age there is no current portion in the current year.

Subsequent to year end the MIP rules were amended (refer to note 42).

MIP matched entitlements

Participants of the MIP are each entitled to a cash-settled share-based payment calculated as specified proportion of the equity value of the group. These entitlements were fully vested by December 2021 and are payable on an exit event or on the employee's termination date, if earlier. If the employee is not classified as a “good leaver” under the terms of the MIP, then the entitlement or a portion thereof may be forfeited.

25. Share-based payment liabilities (continued)

MIP growth entitlements

On an exit event, participants of the MIP are each entitled to a cash-settled share-based payment calculated as a specified proportion of 2,5% of the equity value of the group in excess of R4,0 billion, 5,5% of the equity value of the group in excess of R5,0 billion and 8,5% of the equity value of the group in excess of R6,0 billion, vesting on an exit event or up to the employee's termination date, if earlier. If the employee is not classified as a "good leaver" under the terms of the MIP, the entitlement may be forfeited. At the reporting date, these entitlements have no value as the equity value of the group is below R4,0 billion.

*** The shares subject to these obligations are accounted for as treasury shares (refer to note 20).*

Management shares obligation

In terms of a put/call option agreement, the Peermont Holdings group has an obligation to repurchase B ordinary shares held by beneficiaries of the MIP at a fair market value upon termination of employment and/or certain exit events. This is accounted for as a cash-settled share-base payment liability.

Measurement of share-based payment liabilities relating to matched entitlements, growth entitlements and the management shares obligation

The value of this share-based payment liabilities are calculated based on the equity value of the group at the reporting date. For this purpose the equity value of the group has been estimated based on a discounted cash flow valuation. The Gordon's growth valuation assumed a steady economic recovery over the next two years, a discount rate based on a group pre-tax WACC of 15,2% (2021: 14,6%; 2020: 14,4%) (14,1% (2021: 13,4%; 2020: 13,3%) post-tax) and a perpetual growth rate of 3,5% (2021: 4,0%; 2020: 3,0%) resulting in an enterprise value with an implied exit EBITDA multiple of approximately 6,0 (2021: 7,4; 2020: 6,4) times. The equity value equated to a value per share of R15 285 (2021: R13 462; 2020: R11 857).

B–BBEE obligations

The B–BBEE shareholders hold B and C ordinary shares in Peermont Holdings. These shares were subject to an option agreement whereby the shareholders were granted a put option to sell these shares to the company at a fair market value. The option was exercisable after a period of five years from initial implementation in December 2017 under certain circumstances which include that the group had not successfully listed and a new B–BBEE structure had not been implemented within a certain timeframe. These options expired in December 2022. These were accounted for as cash-settled share-based payment liabilities. In addition, the C ordinary shares are subject to notional vendor funding (refer to note 19).

Upon expiry of the options, the liability relating to the B ordinary shares was reclassified to equity.

The share-based payment liability relating to the C ordinary shares was previously measured using a Black–Scholes model. At 31 December 2022, the option has no value.

		Group	
	2022	**2021**	**2020**
	R'm	**R'm**	**R'm**
26. Trade and other payables			
Financial instruments			
Trade payables	**68,3**	42,9	36,5
Accrued expenses	**149,5**	125,7	133,1
Other payables	**30,5**	37,5	47,8
	248,3	206,1	217,4
Non-financial instruments			
VAT payable	**31,5**	16,9	15,4
Leave pay accrual	**28,7**	23,8	33,2
Advance deposits received	**20,1**	2,4	5,7
	328,6	249,2	271,7

		Group	
	2022	**2021**	**2020**
	R'm	**R'm**	**R'm**
27. Loyalty points liability			
Opening balance	**40,1**	34,4	24,8
Loyalty points earned	**345,8**	255,8	207,6
Loyalty pointes redeemed	**(312,5)**	(240,2)	(167,1)
Loyalty points expired	**(31,0)**	(9,9)	(30,9)
Closing balance	**42,4**	40,1	34,4

The provision represents the group's obligation in terms of its loyalty programmes whereby gaming customers are awarded redeemable credits entitling them to free play or the right to purchase goods or receive benefits from the group. The rate at which credits will be redeemed and the timing of redemption is uncertain and therefore a provision is recognised for the estimated amount of the obligation.

28. Derivative instruments

Hedging derivatives

In February 2018, Peermont entered into an interest rate swap agreement to hedge approximately 70% of the interest rate exposure on the Senior debt until December 2022. At the reporting date, the interest rate exposure on the Senior debt is not hedged (2021: 65% hedged; 2020: 62% hedged). The final tranche of the existing interest rate swap agreement matured on 30 December 2022.

Subsequent to year end, Peermont entered into new interest rate swaps (refer to note 42).

	2022 R'm	2021 R'm	2020 R'm
Current liabilities	**–**	60,5	89,9
Non-current liabilities	**–**	–	78,0
Total derivative liabilities	**–**	60,5	167,9

29. Bank overdraft

	2022 R'm	2021 R'm	2020 R'm
Cash drawdown on WCF	**–**	–	138,7

The overdraft was settled during 2021. In 2020 the group utilised the facility in order to improve liquidity in light of the uncertainty caused by the Covid-19 pandemic. The 2020 overdraft amount was the total drawdown across the designated accounts belonging to Peermont and its subsidiaries. In addition, the WCF is utilised for guarantees issued by the group (refer to note 36).

Interest on the facility is charged at the prime interest rate minus 0,5%. The facility was available until 31 December 2024.

30. Capital commitments

	2022 R'm	2021 R'm	2020 R'm
Authorised			
– contracted for	**3,4**	10,6	5,8
Replacement capital expenditure	**1,4**	10,6	5,8
Expansion capital expenditure	**2,0**	–	–
– not contracted for	**214,2**	148,0	142,2
Replacement capital expenditure	**214,2**	148,0	140,8
Expansion capital expenditure	**–**	–	1,4
	217,6	158,6	148,0

The proposed capital expenditure will be financed from internally generated cash resources.

	Group 2022 R'm	2021 R'm	2020 R'm
31. Leases as lessee			
31.1 Right-of-use assets			
Leasehold property – buildings			
Opening balance	**95,4**	104,6	117,6
Depreciation	**(9,9)**	(10,2)	(9,9)
Adjustment due to reassessment of lease liability	**(5,0)**	0,9	(5,2)
Foreign currency translation adjustment	**(1,8)**	0,1	2,1
Closing balance	**78,7**	95,4	104,6
31.2 Lease liabilities			
Opening balance	**136,7**	135,1	123,8
Interest accrued	**8,5**	9,3	9,5
Reassessment of lease liability	**(5,0)**	0,9	(5,2)
Prior year lease payments due	**(0,6)**	–	7,0
Total lease payments	**(25,1)**	(8,5)	(2,6)
Interest portion of lease payments	**(12,7)**	(8,5)	(2,0)
Capital portion of lease payments	**(12,4)**	–	(0,6)
Foreign currency translation adjustment	**(2,5)**	(0,1)	2,6
Closing balance	**112,0**	136,7	135,1
Less: Current portion included in current liabilities	**(23,4)**	(27,6)	(25,3)
	88,6	109,1	109,8

Lease liabilities comprise the following:

	Expiry date	Incremental borrowing rate applied	2022 R'm	2021 R'm	2020 R'm
Lot 17989, Gaborone, Botswana	December 2031	8,0%	**69,1**	78,9	77,6
Gaborone International Convention Centre, Botswana	December 2029	8,0%	**40,8**	55,1	55,0
Remaining extent of Lot 17989 in Block 5, Gaborone, Botswana	January 2041	8,5%	**0,7**	0,9	0,8
Erf 3157 Mmabatho, North West Province	November 2089	13,0%	**1,4**	1,8	1,7
			112,0	136,7	135,1

	2022 R'm	2021 R'm	2020 R'm
Maturity analysis of lease liabilities			
Undiscounted contractual cash flows:			
Within one year	**31,1**	41,4	34,5
1 – 5 years	**64,6**	66,0	64,0
After 5 years	**108,2**	134,1	149,9
	203,9	241,5	248,4

There are no contingent rental payment terms.

	Group 2022 R'm	2021 R'm	2020 R'm
31. Leases as lessee (continued)			
31.3 Amounts recognised in profit or loss			
Depreciation of right-of-use assets	**9,9**	10,2	9,9
Interest accrued on lease liabilities	**8,5**	9,3	9,5
Rental expense – property and equipment	**7,9**	6,3	5,9
– Expense relating to short-term leases	**7,6**	6,0	5,7
– Expense relating to low-value assets, excluding short-term leases of low-value assets	**0,3**	0,3	0,2
	26,3	25,8	25,3

The group elected not to recognise lease liabilities and right-of-use assets for short-term leases and leases of low-value assets and expenses these on a straight-line basis over the relevant lease terms.

31.4 Rent concessions

In prior years the group received concessions from the lessor of the Botswana properties whereby lease payments due from March 2020 to April 2021 were postponed. PGB resumed its normal monthly lease payments from May 2021 and commenced settlement of the arrears payments from August 2021. The group applied the practical expedient offered by IFRS 16 Leases for Covid-19-related rent concessions (as amended). The group elected not to assess whether these concession are lease modifications as the rent concession occurred as a direct consequence of the Covid-19 pandemic; the change in lease payment resulted in a revised consideration for the lease that is substantially the same as the consideration for the lease immediately preceding the change; the deferral of lease payments only affects lease payments originally due on or before 30 June 2022; and there was no substantive change to other terms and conditions of the lease.

The lease liability includes an amount of P11,5 million (R15,5 million) (2021: P18,8 million (R25,9 million); 2020: P14,0 million (R19,4 million)) in rentals which are in arrears. The group expects to bring lease payments up to date in the near future.

	Group 2022 R'm	2021 R'm	2020 R'm
32. Leases as lessor			
Certain operating subsidiaries in the group lease out retail space to vendors. These leases are classified as operating leases.			
Maturity analysis of undiscounted lease payments			
Property leases			
– receivable within one year	**21,3**	3,4	12,3
– receivable in one to two years	**21,8**	1,1	3,5
– receivable in two to three years	**23,3**	–	1,0
– receivable in three to four years	**24,8**	–	–
– receivable in four to five years	**6,3**	–	–
– receivable thereafter	**–**	–	–
	97,5	4,5	16,8

The majority of lease agreements expired during 2022 and new agreements were entered into. Lease agreements are generally for a term of 5 years.

33. Related parties

33.1 Identity of related parties with whom material transactions have occurred.

The following are the operating subsidiaries of Peermont:

– PGB	– PGLIM	– PGNW
– PGEFS	– PGMKZN	– PGSH
– PGKZN	– PGMNW&L	– PGT

PGH I, PGH II, PGH III and PGH IV are intermediate holding companies of Peermont. Peermont comprises the Emperors Palace, PalaceBet and Corporate office divisions and is the holding company of PGB, PGEFS, PGKZN, PGLIM, PGMKZN, PGMNW&L, PGNW, PGSH and PGT.

In addition, the following controlled staff trusts are consolidated as part of the group:

– PKZNST	– PSHST
– PNWLT	– PTST

There are various other Peermont group community and employee benefit trusts and intermediate holding and dormant companies.

Other related parties with whom material transactions have occurred include:

– BDC	– PCT	– PGEFS non-controlling interests
– BHDC	– PET	– PGT non-controlling interests
– EPCoCT	– PGSHIH	– MIC Leisure
– PCBT	– PTCT	–

BDC is the non-controlling shareholder of PGB. BHDC is a subsidiary of BDC. EPCoCT, PCBT, PCT, PET and MIC Leisure are shareholders of Peermont Holdings. PGSHIH is a non-controlling shareholder of PGSH.

The key management of the group comprise the directors and prescribed officers. The directors' and prescribed officers' remuneration is disclosed in note 38 to the group historical financial information.

Other than with the directors and prescribed officers of the company and the parties listed above, there were no other related parties with whom material transactions have taken place.

	Group 2022 R'm	2021 R'm	2020 R'm
33. Related parties (continued)			
33.2 Material related party transactions			
Rental paid/payable to BHDC	**15,5**	14,9	14,0
The leasehold property in Botswana is leased from BHDC (refer to note 31.2).			
Service fees paid to related parties:			
MIC Leisure	**12,9**	11,3	9,6
PGEFS non-controlling interests	**1,3**	0,8	0,8
PGSHIH	**1,2**	0,9	0,5
PGT non-controlling interests	**0,1**	0,1	0,1
	15,5	13,1	11,0
Contributions paid to related parties:			
PET	**0,9**	0,8	1,7
PCT	**0,9**	0,8	1,7
	1,8	1,6	3,4
These contributions are a requirement in terms of the Emperors Palace bid commitments.			
Share-based payments:			
The group is liable for certain share-based payments in terms of the MIP. Refer to note 25 for further details. In addition, Peermont Holdings shares were purchased from exiting MIP participants in the prior year (refer to note 20).			
33.3 Amounts due by related parties			
EPCoCT	**0,6**	0,4	0,1
PCBT	**0,3**	*	0,2
PET	**0,2**	*	*
PTCT	**–**	0,3	*
PGSHIH	**–**	0,1	0,1
Other related parties	*****	*	0,1
Umodzi Holdings	**–**	–	20,2
Loss allowance in respect of amount due by Umodzi Holdings	**–**	–	(20,2)
	1,1	0,8	0,5
In 2021 the amount due from Umodzi Holdings was reclassified to loans receivable (refer to note 14).			

	Group 2022 R'm	2021 R'm	2020 R'm
33. Related parties (continued)			
33.4 Amounts due to related parties			
Non-current	**4,1**	8,0	6,7
PKZNST	**2,0**	5,8	4,9
PSHST	**1,2**	1,2	1,6
PNWLT	**0,9**	1,0	0,2
Current	**11,5**	5,0	6,8
PKZNST	**4,9**	1,2	1,8
PNWLT	**3,2**	0,9	0,9
PCT	**1,3**	1,0	0,8
PET	**1,3**	0,9	1,6
PSHST	**0,5**	0,8	1,5
PGSHIH	**0,1**	0,1	0,1
PTCT	**0,1**	–	–
Other related parties	**0,1**	0,1	0,1
	15,6	13,0	13,5
The non-current amounts above relate to the profits attributable to staff trust beneficiaries. The movement during the year was as follows:			
Balance at beginning of year	**8,0**	6,7	3,3
Profit attributable to staff trust beneficiaries	**7,8**	3,0	7,0
Repayment	**(6,1)**	(2,9)	(5,6)
Reallocation (to)/from current liabilities	**(5,6)**	1,2	2,0
Balance at end of year	**4,1**	8,0	6,7

** Less than R50 000*

33.5 Terms and conditions of amounts due by/to related parties

The current amounts due by/to related parties disclosed in notes 33.3 and 33.4 are unsecured and interest free and are repayable by the 15th of the following month. The Non-current amounts due to related parties relate to assets of the consolidated staff trusts which will be distributed to the beneficiaries over time.

	Group		
	2022 R'm	**2021 R'm**	**2020 R'm**
34. Notes to the statement of cash flows			
34.1 Cash inflows from operating activities			
Profit/(loss) before taxation	**366,9**	(172,1)	(526,9)
Adjusted for:			
– finance income	**(81,4)**	(132,0)	(34,9)
– finance expense	**617,9**	581,6	703,2
– non-recurring transaction costs	**20,0**	1,4	9,8
– depreciation of property, plant and equipment	**196,1**	217,1	290,9
– amortisation of intangible assets	**13,1**	14,9	15,1
– depreciation of right-of-use assets	**9,9**	10,2	9,9
– impairments	**–**	99,1	118,9
– decrease in loss allowances in respect of financial assets	**(5,2)**	(0,9)	–
– share-based payment remeasurement	**(0,8)**	27,5	(188,6)
– movement in loyalty points liability	**2,3**	5,7	9,6
– insurance proceeds relating to property, plant and equipment	**(79,3)**	–	–
– loss on disposal of property, plant and equipment	*	57,0	(0,5)
Cash generated by operations before working capital changes	**1 059,5**	709,5	406,5
Changes in working capital	**35,3**	(25,3)	(127,9)
(Increase)/decrease in inventories	**(12,6)**	(0,3)	9,9
(Increase)/decrease in trade and other receivables	**(35,4)**	(4,7)	22,4
Increase/(decrease) in trade and other payables	**82,2**	(19,5)	(152,6)
(Increase)/decrease in amounts due by related parties	**(0,4)**	(0,3)	0,4
Increase/(decrease) in amounts due to related parties	**1,5**	(0,5)	(8,0)
	1 094,8	684,2	278,6
34.2 Finance income received			
Interest received	**19,8**	23,2	34,1
Dividends received	**1,0**	0,8	0,6
Foreign exchange gains – realised	**0,3**	0,4	0,2
	21,1	24,4	34,9
34.3 Finance expense paid			
Interest paid – Senior debt	**(290,9)**	(317,5)	(161,6)
Interest paid – interest rate swaps	**(56,3)**	(85,4)	(59,0)
Interest paid – leases	**(12,7)**	(8,5)	(2,0)
Interest paid – PGH III facility	**(47,1)**	–	–
Preference dividends paid – preference shares issued in 2017	**(132,3)**	–	–
Other finance expense paid	**(2,1)**	(3,9)	(10,3)
Foreign exchange losses – realised	**–**	(0,3)	(0,2)
	(541,4)	(415,6)	(233,1)

	Group 2022 R'm	2021 R'm	2020 R'm
34. Notes to the statement of cash flows (continued)			
34.4 Non-recurring transaction costs paid			
Non-recurring transaction costs	**(20,0)**	(1,4)	(9,8)
Reversal of accrual previously raised	**–**	–	(1,2)
	(20,0)	(1,4)	(11,0)

** Less than R50 000*

	2022 R'm	2021 R'm	2020 R'm
34.5 Taxation paid			
Net amount (payable)/receivable at beginning of year	**(0,1)**	2,7	(35,0)
Charge to profit or loss	**(39,0)**	(17,6)	(6,0)
Net amount payable at end of year	**4,3**	0,1	(2,7)
Taxation receivable	**(2,5)**	(2,4)	(3,8)
Taxation payable	**6,8**	2,5	1,1
	(34,8)	(14,8)	(43,7)
34.6 Cash and cash equivalents			
Bank balances	**52,3**	369,1	596,8
Cash on hand	**43,3**	45,6	40,2
	95,6	414,7	637,0

Certain amounts on call are held as security for guarantees (refer to note 36).

Bank balances include amounts held by the consolidated staff trusts totalling R8,7 million (2021: R6,8 million). These amounts are not available for operational use by the group.

35. Financial instruments

Exposure to market risk, which includes currency and interest rate risk, liquidity and credit risk arises in the normal course of the group’s business. Derivative financial instruments are used to hedge exposure to fluctuations in foreign exchange rates and interest rates. Whilst these financial instruments are subject to the risk of market rates changing subsequent to acquisition, such changes would generally be offset by opposite effects on the items being hedged.

Summary of the use of derivative instruments by the group

The group entered into interest rate swaps in the management of interest rate exposures on the Senior debt. Currency derivatives are utilised from time to time to eliminate or reduce the exposure of significant foreign currency denominated assets and liabilities, and to hedge significant future transactions and cash flows. At the reporting date there are no currency derivatives.

As a matter of principle, the group does not enter into derivative contracts for trading purposes.

35.1 Foreign currency risk

Foreign currency risk is the risk that changes in foreign exchange rates will affect the group's income or the value of the group's holdings of financial instruments. The group is exposed to foreign currency risk on revenues and purchases that are denominated in a currency other than the Rand. The currencies giving rise to this risk are primarily the Pound, Euro and US$.

At the reporting date in current and prior years, the group had no significant foreign denominated assets or liabilities and it is estimated that a strengthening or weakening of the Rand against the Pound, Euro or US$ would have minimal impact on the profit or loss of the group.

35.2 Interest rate risk

Interest rate risk is the risk that changes in interest rates will affect the group's income or the value of its holdings of financial instruments.

In managing interest rate risks the group aims to reduce the impact of short-term fluctuations on the group’s earnings. However, over the longer term, permanent changes in interest rates would have an impact on earnings.

In February 2018, Peermont entered into an interest rate swap agreement to hedge approximately 70% of the interest rate exposure on the Senior debt until December 2022. At the reporting date, the interest rate exposure on the Senior debt is not hedged (2021: 65% hedged; 2020: 62% hedged). The final tranche of the existing interest rate swap agreement matured on 30 December 2022.

Subsequent to year end, Peermont entered into new interest rate swaps (refer to note 42).

35. Financial instruments (continued)

35.2 Interest rate risk (continued)

	Interest rate (NACQ)	Carrying amount R'm	Proportion of risk hedged	Fixed rate on hedged amount	Net fair value of hedges R'm
Group					
2022					
Senior A Loan (2022)	3-month JIBAR plus 2,55%	**743,6**			
Senior B Loan (2022)	3-month JIBAR plus 3,05%	**2 005,3**			
Senior C Loan (2022)	3-month JIBAR plus 3,05%	**225,3**			
		2 974,2	**0%**	**n/a**	**–**
Preference share liability	110% of prime	**1 171,3**			
		4 145,5	**0%**	**n/a**	**–**
2021					
Senior A Loan (2017)	3-month JIBAR plus 5,00%	335,6			
Senior B Loan (2017)	3-month JIBAR plus 5,50%	2 595,3			
Senior C Loan (2017)	3-month JIBAR plus 5,50%	412,8			
		3 343,7	65%	7,51% p.a. plus margin	(60,5)
Preference share liability	142% of prime	1 467,3			
		4 811,0	45%		(60,5)
2020					
Senior A Loan (2017)	3-month JIBAR plus 4,50%	614,9			
Senior B Loan (2017)	3-month JIBAR plus 5,00%	2 579,0			
Senior C Loan (2017)	3-month JIBAR plus 5,00%	412,8			
		3 606,7	62%	7,51% p.a. plus margin	(167,9)
Preference share liability	142% of prime	1 322,4			
		4 929,1	45%		(167,9)

In addition to the above, the group is exposed to interest rate risk on bank balances (note 34.6).

At 31 December 2022, it is estimated that a general increase of one percentage point in interest rates on debt with variable interest rates will negatively affect the profit before taxation by R42,4 million (2021: R7,5 million; 2020: R29,6 million), and reduce the equity by the same amount. A one percentage point decrease would have an equal and opposite effect. The increase in sensitivity is due to the interest rate swaps having matured in the current year in addition to the decrease in bank balances.

Subsequent to year end the exposure to interest rate risk has been reduced by 36% due to the new interest rate swaps (refer to note 42).

The Senior debt (2022) will be affected by the reformation of JIBAR when this occurs. The time of cessation of JIBAR is uncertain and is expected to take place sometime in the future. The SARB has recently indicated that the preferred reformed rate will be the South African Rand Overnight Index Average (Zaronia) as an alternative benchmark rate to JIBAR.

35. Financial instruments (continued)

35.3 Credit risk

Credit risk is the risk of financial loss to the group if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The carrying amounts of financial assets included in the statement of financial position represent the group's exposure to credit risk. At reporting date, the group has an estimated maximum exposure of:

		Group	
	2022	**2021**	2020
	R'm	**R'm**	R'm
Loans receivable	**4,4**		
Trade receivables	**37,5**	20,2	27,8
Sundry receivables	**36,2**	28,8	15,9
Amounts due by related parties	**1,1**	0,8	0,5
Bank balances	**52,3**	369,1	596,8
	131,5	419,6	645,0

The ageing of trade receivables at the reporting date was:

	2022		2021		2020	
	Gross	**Loss allowance**	Gross	Loss allowance	Gross	Loss allowance
	R'm	**R'm**	R'm	R'm	R'm	R'm
Group						
Current	**23,5**	**(2,4)**	12,0	(1,7)	14,0	(2,5)
Outstanding 31 – 60 days	**8,9**	**(0,6)**	6,2	(0,3)	3,9	(0,3)
Outstanding 61 – 90 days	**4,3**	**(0,5)**	2,1	(0,2)	1,4	(0,1)
Outstanding more than 90 days	**11,9**	**(7,6)**	9,2	(7,1)	20,2	(8,8)
Total	**48,6**	**(11,1)**	29,5	(9,3)	39,5	(11,7)

The loss allowance in respect of trade receivables comprises expected credit losses. If the group is satisfied that no significant recovery of the amount owing is possible, the amount considered irrecoverable is written off against the financial asset directly.

Trade receivables are generally recovered in less than 12 months. Therefore, the group measures the loss allowance at an amount equal to lifetime expected credit losses for all trade receivables.

Estimated credit losses are determined based on an analysis of the aging of trade receivables and past write-off history for a period of three years. Based on this analysis management does not expect future economic trends to have a significant impact on the recoverability of trade receivables.

In 2021, a loss allowance to the amount of expected credit loss of R8,3 million (2020: R20,2 million) was raised on the Umodzi Holdings loan receivable (refer to note 14).

No other loss allowance has been raised on loans receivable, sundry receivables, amounts due from related parties, or cash and cash equivalents as the losses expected on these balances are immaterial, as determined by an assessment of their recoverability.

35. Financial instruments (continued)

35.3 Credit risk (continued)

The movement on the loss allowances in respect of trade receivables and loans receivable during the year was as follows:

	Group		
	2022	2021	2020
	R'm	R'm	R'm
Loss allowance in respect of trade receivables			
Balance at beginning of year	**(9,3)**	(11,7)	(12,0)
(Increase)/decrease in loss allowance	**(3,1)**	0,6	(0,5)
Amounts written off	**1,4**	1,8	0,9
Foreign exchange translation adjustment	**(0,1)**	*	(0,1)
Balance at end of year	**(11,1)**	(9,3)	(11,7)

** Less than R50 000*

	2022	2021	2020
Loss allowance in respect of loans receivable			
Balance at beginning of year	**(8,3)**	(20,2)	(20,2)
Decrease in loss allowance	**8,3**	0,9	–
Amounts written off	**–**	11,0	–
Balance at end of year	**–**	(8,3)	(20,2)
Total decrease in loss allowance	**5,2**	1,5	(0,5)

35.4 Liquidity risk

Liquidity risk is the risk that the group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or financial assets.

The group's current liabilities exceed its current assets. This is consistent with historical trends and is similar to many other entities within the gaming industry. The net result is that the working capital cycle generates cash for the group and the current liabilities continue to be met by cash generated from operations.

** Less than R50 000*

The group's liquidity risk is concentrated in its funding sources. The greatest exposure to liquidity risk would be where the companies are unable to meet specific cash flows required by specific debt agreements. The most significant of these would be the cash flow requirements of the Senior debt (2022).

The group's R250 million WCF expires on 31 December 2024. Current cash flow projections estimate that the facility will not have a cash drawdown against it at the maturity date and that the group will have adequate resources to meet its liquidity requirements.

35. Financial instruments (continued)

35.4 Liquidity risk (continued)

Maturity analysis

	Carrying amount R'm	Within one year R'm	1 – 5 years R'm
Group			
2022			
Financial liabilities			
Interest-bearing long-term borrowings	**2 974,2**	**37,1**	**2 937,1**
Preference share liability	**1 171,3**	**–**	**1 171,3**
Amounts due to related parties	**15,6**	**11,5**	**4,1**
Trade and other payables	**248,3**	**248,3**	**–**
	4 409,4	**296,9**	**4 112,5**
2021			
Financial liabilities			
Interest-bearing long-term borrowings	3 343,7	3 343,7	–
Preference share liability	1 467,3	–	1 467,3
Derivative instruments	60,5	60,5	–
Amounts due to related parties	13,0	5,0	8,0
Trade and other payables	206,1	206,1	–
	5 090,6	3 615,3	1 475,3
2020			
Financial liabilities			
Interest-bearing long-term borrowings	3 606,7	283,3	3 323,4
Preference share liability	1 322,4	–	1 322,4
Derivative instruments	167,9	89,9	78,0
Amounts due to related parties	13,5	6,8	6,7
Trade and other payables	217,4	217,4	–
Bank overdraft	138,7	138,7	–
	5 466,6	736,1	4 730,5

Contracted cash flows are expected to be equal to the maturity analysis with the exception of Interest-bearing long-term borrowings. The following are the contractual maturities of these financial liabilities, including estimated interest payments at current rates.

	Carrying amount R'm	Contractual cash flows R'm	Within one year R'm	1 – 5 years R'm
Group				
2022				
Senior A Loan (2022)	**743,6**	**975,4**	**109,6**	**865,8**
Senior B Loan (2022)	**2 005,3**	**3 027,0**	**208,0**	**2 819,0**
Senior C Loan (2022)	**225,3**	**339,4**	**23,3**	**316,1**
Preference share liability	**1 171,3**	**2 046,9**	**–**	**2 046,9**
	4 145,5	**6 388,7**	**340,9**	**6 047,8**

35. Financial instruments (continued)

35.4 Liquidity risk (continued)

	Carrying amount R'm	Contractual cash flows R'm	Within one year R'm	1 – 5 years R'm
Group				
2021				
Senior A Loan (2017)	335,6	355,9	355,9	–
Senior B Loan (2017)	2 595,3	2 858,2	2 858,2	–
Senior C Loan (2017)	412,8	451,5	451,5	–
Preference share liability	1 467,3	1 643,0	–	1 643,0
	4 811,0	5 308,6	3 665,6	1 643,0
2020				
Senior A Loan (2017)	614,9	679,6	325,2	354,4
Senior B Loan (2017)	2 579,0	3 064,7	225,9	2 838,8
Senior C Loan (2017)	412,8	484,1	35,7	448,4
Preference share liability	1 322,4	1 627,0	–	1 627,0
	4 929,1	5 855,4	586,8	5 268,6

During the current year, the interest-bearing long-term borrowings were refinanced (refer to note 23).

35.5 Fair values

Fair values of financial assets and liabilities

Refer to note 35.6 for the carrying amounts and fair values of all financial instruments shown in the statement of financial position.

Estimation of fair values

The following summarises the major methods and assumptions used in estimating the fair values of financial instruments:

Interest-bearing long-term borrowings and preference share liability

Fair value is calculated based on expected future principal and interest cash flows discounted at a market rate.

Loans receivable, trade and other receivables/payables, amounts due by/to related parties and cash and cash equivalents

For balances with a remaining life of less than one year, the carrying amount is deemed to reflect the fair value because of the short-term nature. All other receivables/payables are discounted at a market rate to determine the fair value.

Derivative instruments

The interest rate swaps are valued by external advisors utilising standard market practices and assumptions. A risk-based discounted cash flow approach is used to estimate the fair value of the derivative instruments. These cash flows are discounted using discount factors that are further adjusted for the credit risk of Peermont.

Financial instruments carried at fair value

The table below analyses financial instruments carried at fair value, by valuation method. The different levels are defined as follows:

Level 1: quoted prices in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly.

Level 3: inputs for the asset or liability that are not based on observable market data.

35. Financial instruments (continued)

	Group 2022 R'm	Group 2021 R'm	Group 2020 R'm
Level 2			
Financial liabilities			
Derivative instruments	–	60,5	167,9

35.6 Basis of measurement

	Carrying amount			
	Total R'm	Financial assets/ liabilities at fair value through profit or loss R'm	Financial assets/ liabilities at amortised cost R'm	Fair value R'm
Group				
2022				
Financial assets				
Loans receivable	**4,4**	**–**	**4,4**	**4,4**
Trade and other receivables	**73,7**	**–**	**73,7**	**73,7**
Amounts due by related parties	**1,1**	**–**	**1,1**	**1,1**
Cash and cash equivalents	**95,6**	**–**	**95,6**	**95,6**
	174,8	**–**	**174,8**	**174,8**
Financial liabilities				
Interest-bearing long-term borrowings	**2 974,2**	**–**	**2 974,2**	**3 000,8**
Preference share liability	**1 171,3**	**–**	**1 171,3**	**1 171,3**
Amounts due to related parties	**15,6**	**–**	**15,6**	**15,6**
Trade and other payables	**248,3**	**–**	**248,3**	**248,3**
	4 409,4	**–**	**4 409,4**	**4 436,0**
2021				
Financial assets				
Loans receivable	0,7	–	0,7	0,7
Trade and other receivables	49,0	–	49,0	49,0
Amounts due by related parties	0,8	–	0,8	0,8
Cash and cash equivalents	414,7	–	414,7	414,7
	465,2	–	465,2	465,2
Financial liabilities				
Interest-bearing long-term borrowings	3 343,7	–	3 343,7	3 363,8
Preference share liability	1 467,3	–	1 467,3	1 475,3
Derivative instruments	60,5	60,5	–	60,5
Amounts due to related parties	13,0	–	13,0	13,0
Trade and other payables	206,1	–	206,1	206,1
	5 090,6	60,5	5 030,1	5 118,7

35. Financial instruments (continued)

35.6 Basis of measurement

	Carrying amount			
	Total R'm	Financial assets/ liabilities at fair value through profit or loss R'm	Financial assets/ liabilities at amortised cost R'm	Fair value R'm
2020				
Financial assets				
Loans receivable	4,0	–	4,0	4,0
Trade and other receivables	43,7	–	43,7	43,7
Amounts due by related parties	0,5	–	0,5	0,5
Cash and cash equivalents	637,0	–	637,0	637,0
	685,2	–	685,2	685,2
Financial liabilities				
Interest-bearing long-term borrowings	3 606,7	–	3 606,7	3 786,0
Preference share liability	1 322,4	–	1 322,4	1 336,4
Derivative instruments	167,9	167,9	–	167,9
Amounts due to related parties	13,5	–	13,5	13,5
Trade and other payables	217,4	–	217,4	217,4
Bank overdraft	138,7	–	138,7	138,7
	5 466,6	167,9	5 298,7	5 659,9

	Group		
	2022 R'm	2021 R'm	2020 R'm
36. Guarantees, contingent liabilities and contingent assets			
Guarantees			
Guarantees issued by financial institutions on behalf of group entities in favour of various gambling boards and other institutions as security for the payment of amounts due	**35,5**	33,6	78,7
Guarantees provided to Eskom by group entities in respect of electricity deposits	**2,9**	1,4	1,4
Guarantee issued by FNB on behalf of Peermont in favour of the South African Post Office	**0,5**	0,5	0,5
Guarantee issued by the First National Bank of Botswana Limited on behalf of PGB in favour of the Botswana Power Corporation	**0,3**	0,3	0,3

Staff housing loans

Certain companies within the group assist their employees to obtain housing loans through FNB. This is achieved by employees granting FNB security over their provident fund assets for housing loans granted to them. The companies have given a further guarantee to FNB for any shortfall realised by the bank on the foreclosure on any housing loans. At 31 December 2022, 31 December 2021 and 31 December 2020 the balances accrued to the members in the provident fund exceeded the loans granted by FNB and as such there is no current or expected future liability.

Other contingent liabilities

The group is party to various claims and legal actions in the ordinary course of its business. Management believes that such claims and actions, either individually or in the aggregate, will not have a material adverse effect on the business, financial condition or results of operations.

37. Basic, diluted and headline earnings per share

37.1 Basic earnings per share

Basic earnings per share is calculated by dividing the profit or loss attributable to equity holders of the company by the weighted average number of ordinary shares in issue during the year. There were no ordinary shares held as treasury shares. Weighted average number of shares in issue is calculated as the number of shares in issue at the beginning of the year, increased or decreased by shares issued during the year, weighted on a time basis for the year during which they have participated in the profit of the company.

		Group	
	2022	2021	2020
Profit/(loss) attributable to equity holders of the company (R'm)	**238,0**	(163,7)	(363,2)
Weighted average number of shares in issue	**203 341**	203 341	204 348
Basic earnings per share (Rand)	**1 170,4**	(805,1)	(1 777,4)

37.2 Diluted basic earnings per share

The diluted basic earnings per share is calculated by adjusting the weighted average number of shares outstanding to assume conversion of all dilutive potential ordinary shares.

At 31 December 2022, 31 December 2021 and 31 December 2020 the company has no dilutive potential ordinary shares. Therefore there is no dilution of earnings per share.

37.3 Headline earnings per share	**R'm**	R'm	R'm
Profit/(loss) attributable to equity holders of the company (R'm)	**238,0**	(163,7)	(363,2)
Less: Insurance proceeds relating to property, plant and equipment	**(79,3)**	–	–
Add: Impairments of goodwill	**–**	21,1	11,0
Add: Impairment of casino licences	**–**	78,0	107,9
Add: Loss on disposal of property, plant and equipment	*****	57,0	(0,5)
Total tax effects of adjustments	**22,2**	(35,5)	(24,7)
Total non-controlling interest effects of adjustments	**5,7**	(27,2)	(21,1)
Headline earnings	**186,6**	(70,3)	(290,6)
Weighted average number of shares in issue	**203 341**	203 341	204 348
Headline earnings per share (Rand)	**917,7**	(345,7)	(1 422,1)

At 31 December 2022, 31 December 2021 and 31 December 2020 the company has no dilutive potential ordinary shares. Therefore, there is no dilution of headline earnings per share.

37.4 Other information	**R**	R	R
Net asset value per share	**9 597**	7 536	8 355
Net tangible asset value per share	**(11 120)**	(13 165)	(12 896)
Dividend per share	**–**	–	–

** Less than R50 000*

38. Directors' and prescribed officers' remuneration

38.1 Non-executive directors

	2022 R'000	2021 R'000	2020 R'000
PC Baloyi	**1 020**	1 046	839
GBC Hardy	**575**	607	423
CR Jardine	**454**	485	380
AE Puttergill	**414**	428	317
DH Brown	**314**	294	–
PM de Chillaz	**–**	21	473
N Khaole	**	**	**
ZN Mankai	**	**	–
SM Ziphethe-Makola	**–**	–	**
	2 777	2 881	2 432

** *The non-executive director represents a shareholder and therefore does not receive a fee in his/her personal capacity. Fees paid to shareholders are disclosed in note 33.2.*

38.2 Executive directors – short-term employee benefits

	Basic remune-ration R'000	Retirement and medical aid contributions R'000	Other benefits R'000	Performance bonuses R'000	Total remune-ration R'000
2022					
ND Atherton	**5 060**	**500**	**124**	**3 671**	**9 355**
CP Fouché	**3 009**	**483**	**62**	**1 792**	**5 346**
	8 069	**983**	**186**	**5 463**	**14 701**
2021					
ND Atherton	4 681	481	57	1 274	6 493
CP Fouché	2 752	491	54	550	3 847
	7 433	972	111	1 824	10 340
2020					
ND Atherton	3 481	524	46	3 637	7 688
WG Robinson	1 624	191	20	2 464	4 299
CP Fouché	1 972	395	38	1 546	3 951
	7 077	1 110	104	7 647	15 938

In terms of a put/call option agreement, R11,8 million was paid to WG Robinson by Peermont in 2020 to fulfil the obligation of the Peermont Holdings group to repurchase Peermont Holdings B ordinary shares held upon termination of employment.

38. Directors' and prescribed officers' remuneration (continued)

38.3 Prescribed officers' remuneration – short-term employee benefits

	Basic remune-ration R'000	Retirement and medical aid contributions R'000	Other benefits R'000	Performance bonuses R'000	Total remune-ration R'000
2022					
CR Tavener	**2 438**	**483**	**128**	**1 494**	**4 543**
DF Molefi	**2 395**	**450**	**80**	**1 457**	**4 382**
WB Gray	**2 320**	**466**	**104**	**1 428**	**4 318**
DC Milne	**2 273**	**551**	**109**	**1 448**	**4 381**
G Rajoo#	**305**	**69**	**9**	**–**	**383**
	9 731	**2 019**	**430**	**5 827**	**18 007**
2021					
CR Tavener	2 258	442	71	518	3 289
DF Molefi	2 229	413	46	506	3 194
WB Gray	2 154	433	124	495	3 206
DC Milne	2 113	510	57	502	3 182
	8 754	1 798	298	2 021	12 871
2020					
ET Mokoena	2 026	174	23	3 100	5 323
DL Petzer	2 401	107	34	1 795	4 337
CR Tavener	1 882	323	54	1 949	4 208
DF Molefi	1 856	296	34	1 551	3 737
WB Gray	1 765	343	62	1 440	3 610
DC Milne	1 684	458	43	1 542	3 727
	11 614	1 701	250	11 377	24 942

 # Remuneration for part of the year

As a requirement of the Companies Act, the company discloses the remuneration paid to prescribed officers, who are defined as the group's executive committee.

The executive directors and prescribed officers of the company are beneficiaries of the MIP as described in note 25.

A retrenchment payment of R3,5 million was made by Peermont to ET Mokoena in 2020.

In terms of a put/call option agreement, the following amounts were paid by Peermont in 2020 to fulfil the obligation of the Peermont Holdings group to repurchase Peermont Holdings B ordinary shares held upon termination of employment: DL Petzer R11,0 million, ET Mokoena R7,6 million.

38.4 Service contracts of directors and prescribed officers

The executive directors and prescribed officers are permanent full-time employees of Peermont, engaged according to the Peermont's standard terms and conditions of employment, with notice periods of between 30 and 60 days and a retirement age of 62 (2021: 60; 2020: 60). The non-executive directors are not employed by the group.

39. Significant accounting judgements and estimates

The preparation of historical financial information in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses.

Estimates, judgements and assumptions are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from these estimates.

The group makes estimates, judgements and assumptions concerning the future. Those that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are detailed below.

Residual value and useful life

The group depreciates its assets over their estimated useful lives taking into account residual values, which are reassessed on an annual basis. The actual lives and residual values of these assets can vary depending on a variety of factors.

Technological innovation, product life cycles and maintenance programmes all impact the useful lives and residual values of assets. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values. Refer to note 12.

Deferred taxation

The group recognises the net future taxation benefit related to deferred taxation assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred taxation assets requires the group to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing taxation laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the group to realise the net deferred taxation assets recorded at the reporting date could be impacted. Additionally, future changes in taxation laws in the jurisdictions in which the group operates could limit the ability of the group to obtain taxation deductions in future periods. Refer to notes 11 and 16.

Contingent liabilities

Management applies its judgement to the fact patterns and advice it receives from its attorneys, advocates and other advisors in assessing if an obligation is probable, more likely than not, or remote. This judgement application is used to determine if the obligation is recognised as a liability or disclosed as a contingent liability. Refer to note 36.

Impairment of assets

The group tests goodwill and indefinite useful life intangible assets for impairment annually. In addition, assets are tested for impairment if there is an indicator of impairment. This involves using certain assumptions and judgements regarding future events that principally affect future cash flows of the group (refer to note 13). These assumptions are based on management experience. The methodology is consistently applied from year to year and the assumptions are reassessed annually.

Valuation of derivative instruments

The group is required to measure derivative instruments at fair value. Management generally utilises the services of external advisors in determining these values. These assessments require a considerable amount of judgement as to interest and foreign exchange rates utilised; the reliance on the sources of these rates; the judgement and integrity of external advisors performing such valuations; and, the projected dates of realisation of such instruments, etc. The final values realised at transaction dates or maturity may vary from the estimates used by management. Refer to note 28.

Calculation of loss allowance in respect of financial assets

The loss allowance is equal to the amount of lifetime expected credit losses on financial assets. This is a probability-weighted estimate of credit losses based on reasonable and supportable information. The ageing of financial assets and a three-year history of write-offs was considered in order to estimate the probability of default for each segment of trade and other receivables and other financial assets. Refer to note 35.3.

39. Significant accounting judgements and estimates (continued)

Lease liabilities

In the initial measurement of the lease liabilities, and incremental borrowing rate was required to be applied as a discount rate in order to calculate the present value of the lease payments. In order to estimate the incremental borrowing rate for each lease agreement, management made use of applicable prevailing lending rates, adjusted for company-specific risk, security and lease terms. Refer to note 31.2.

Share-based payment liabilities

Cash-settled share-based payment liabilities are measured at fair value on the reporting date. This is based on an estimate of the fair value of the relevant shares. These values were calculated utilising a discounted cash flow valuation. The valuation inputs include forecast cash flows; discount rate; expected debt and cash balances and the expected exit EBITDA multiple. Refer to note 25.

The B-BBEE share-based payment liability relating to the C ordinary shares was measured using a Black-Scholes model with valuation inputs including a risk-free interest rate and volatility rate.

40. Standards and interpretations issued but not yet effective at the date of this report

At the reporting date the following standards and interpretations, which could materially affect the financial statements in future reporting periods, were in issue but not yet effective:

IAS 1 (amended 2021) *Disclosure of Accounting Policies* – An entity will be required to disclose its material accounting policy information instead of its significant accounting policies. The amendments clarify how an entity can identify and disclose material accounting policy information. Effective annual periods commencing on or after 1 January 2023.

IAS 1 (amended 2022) *Non-current liabilities with Covenants* – Amendments to the assessment of compliance with covenants when determining whether a liability is presented as non-current or current. In addition, disclosure is required that enables users of the financial statements to understand the covenants applicable to the liabilities of the entity as well as the risk of non-compliance with these. Effective annual periods commencing on or after 1 January 2024.

IAS 1 (amended 2020) *Classification of Liabilities as Current or Non-current* – Narrow-scope amendments to clarify the circumstances under which a liability should be classified as current or non-current. Effective annual periods commencing on or after 1 January 2024.

IAS 8 (amended 2021) *Definition of Accounting Estimates* – Amendments to help entities to distinguish between accounting policies and accounting estimates. Effective annual periods commencing on or after 1 January 2023.

IAS 12 (amended 2021) *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* – Amendments that clarify how companies account for deferred tax on initial recognition for transactions such as leases and decommissioning obligations. Accordingly, the initial recognition exemption in IAS 12 *Income taxes* does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition. Effective annual periods commencing on or after 1 January 2023.

IFRS 16 (amended 2022) *Lease Liability in a Sale and Leaseback* – Amendments to specify the measurement of lease liabilities and right-of-use assets arising from sale and leaseback transactions. Effective annual periods commencing on or after 1 January 2024.

IFRS 17 *Insurance Contracts* – New standard on insurance contracts which establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts issued. In 2020 the Standard was amended and the effective date was extended from 1 January 2022 to 1 January 2023 and in 2021 it was further amended to address the presentation of comparative information upon transitioning to the new Standard. Effective annual periods commencing on or after 1 January 2023. The group has financial guarantee contracts which are accounted for in terms of IFRS 4 *Insurance Contracts*. Management was in the process of assessing the impact of IFRS 17 on these contracts.

The group evaluated the effect of all new standards, amendments and interpretations that had been issued prior to 31 December 2022, which would be effective for the group's accounting periods on or after 1 January 2023. Based on management's evaluation, with the exception of IFRS 17 *Insurance Contracts* which was in the process of being assessed, these were not expected to have a significant impact on the group's results. The standards, amendments and interpretations will be adopted in the respective financial year in which the effective date falls.

41. Going concern

The assets of the group fairly valued exceed the liabilities of the group.

The long-term Interest-bearing borrowings of Peermont mature in September 2027 and the preference shares issued by PGH III mature in November 2027. At the reporting date, the financial covenants for these facilities are met comfortably. Based on current forecasts, management expects covenants to be met for the foreseeable future.

The available R250 million working capital facility has been extended to 31 December 2024. Current cash flow projections estimate that the group will have adequate resources to meet its liquidity requirements for the foreseeable future and that, if the facility is used, the group will have sufficient funds to settle the WCF at the maturity date (refer to note 35.4).

The group made a profit for the year of R256,8 million (2021: loss of R179,1 million; 2020: loss of R390,1 million) and its total current liabilities exceeded its total current assets by R119,6 million (2021: R3 162,0 million including the Senior debt that was classified as a current liability as it matured on 20 December 2022 at the time; 2020: R57,6 million).

The prior year loss was caused to some extent by the impact of the Covid-19 pandemic on trading conditions, in addition to impairments recognised and an increased preference dividend rate prior to the 2022 refinance. The net current liability position is consistent with historical trends and is similar to many other entities within the gaming industry. The net result is that the working capital cycle generates cash for the group and the current liabilities continue to be met by cash generated from operations.

The group impaired certain intangible assets by an amount of R99,1 million in the prior year. A slower than expected economic recovery after the Covid-19 pandemic in as well as a general subdued economy in certain regions negatively impacted operations resulting in the reported impairments. Due to the extent of the subsequent recovery, no impairments were required in the current year. The enterprise values were in excess of the operating assets of each of the group's cash generating units and no impairments were required in the current year.

The group's operations are cash generative with positive future cash flow forecasts.

The group historical financial information is prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities will occur in the ordinary course of business.

42. Events subsequent to year end

On 23, 24 and 25 January 2023, Peermont entered into interest rate swaps with a notional value of R1 500,0 million with an average fixed interest rate of 7,617%. This will hedge 36% of the interest rate exposure of the Senior debt (2022) and the preference shares.

On 7 February 2023, new MIP rules were approved whereby participants of the programme will be entitled to previously unallocated cash-settled share-based payments based on the equity value of the group at termination of employment or an exit event. The entitlements will be allocated in four tranches over the next four years. The additional share-based payment liability that is expected to be raised is estimated at R59,6 million (based on the current equity value of the group) of which 25% will be raised in the 2023 financial year.

IFRS 17 *Insurance Contracts* became effective on 1 January 2023. The group has financial guarantee contracts which were previously accounted for in terms of IFRS 4 *Insurance Contracts*. On transition to IFRS 17, an entity may irrevocably elect to apply IFRS 17 or IFRS 9 *Financial Instruments* on a contract-by-contract basis to financial guarantees which were previously accounted for under IFRS 4. The group has elected to account for these contracts in terms of IFRS 9 effective 1 January 2023. This did not have a material impact on the interim results of the group and are not expected to have a material impact on the results for the 2023 financial year. All other accounting policies as set out in the 2022 audited financial statements of the group have been applied consistently in these results.

On 14 December 2023, Sun International entered into an agreement with the shareholders of Peermont Holdings to acquire all of the issued ordinary shares and any claims on loan account against the group. The exact purchase consideration payable in cash to the sellers will be determined with reference to an enterprise value of the Peermont group of R7 300 million, less net debt and certain sellers' transaction costs and subject to capital expenditure and working capital adjustments, if applicable, calculated at the closing date of the proposed transaction, estimated to amount to approximately R3 236 million as at 30 September 2023. Implementation of the agreement is subject to the fulfilment of conditions precedent standard for a transaction of this nature, including approval by the relevant Competition Authorities, the Gauteng Gambling Board and Sun International shareholders.

On 22 December 2023, the Senior A Loan agreement was amended to remove the requirement for quarterly capital repayments and to increase the margin by 50 bps. The terms of the Senior A Loan are now aligned with those of the Senior B Loan.

Further to the above, no other material events or circumstances which require adjustment to, or disclosure in, the group historical financial information have occurred subsequent to year end and up to the date of this report.

		Group	
	2022	2021	2020
	R'm	R'm	R'm
43. Non–IFRS measures			
Adjusted headline earnings per share			
The 2022, 2021 and 2020 headline earnings included non–recurring transaction costs (refer to note 8) and remeasurement of option related share-based payment liabilities (refer to note 25). To illustrate the impact of these, adjusted headline earnings has been calculated as follows:			
Headline earnings	**186,6**	(70,3)	(290,6)
Non-recurring transaction costs	**20,0**	1,4	9,8
Remeasurement of option related share-based payment liabilities	**–**	22,0	(144,0)
Adjusted headline earnings	**206,6**	(46,9)	(424,8)
Adjusted headline earnings per share (Rand)	**1 016,0**	(230,6)	(2 078,8)

44. Disposal group held for sale

In 2022 the board of directors of PGB approved a tender process to dispose of the Sedibeng Casino and attendant hotel as a going concern. The tender process is currently underway.

The disposal group held for sale consists of the Sedibeng Casino and the adjacent Francistown hotel and includes the property, plant and equipment related to these operations. The disposal group has been measured at the lower of carrying amount and fair value less cost to sell.

The fair value less cost to sell has been estimated at P32,0 million (R43,3 million) based on a discounted cashflow valuation using the following key assumptions:
- growth in revenue of between 6,0% and 9,5%, reducing to 6,0% in perpetuity;
- growth in costs of between 6,0% and 6,2%, reducing to 6,0% in perpetuity;
- resulting in an average EBITDA growth of 7,7%;
- a weighted average cost of capital of 17,1% pre-tax and 16,4% post-tax;
- replacement capital expenditure of 5,0% of annual projected revenues;
- the taxation rate was assumed to remain at 22% for the forecast period;
- rates relating to gaming levies and VAT to remain constant; and
- an average exit EBITDA multiple of approximately 5,1 times was used in the discounted cash flow as an exit perpetuity.

As the fair value less cost to sell exceeds the carrying amount of the disposal group, no impairment was required.

		Group	
	2022	2021	2020
	R'm	R'm	R'm
The disposal group comprises the following assets:			
Property, plant and equipment	**29,6**	–	–
Land	**3,1**	–	–
Freehold buildings	**22,0**	–	–
Leasehold buildings and improvements	**1,0**	–	–
Furniture, fittings and equipment	**3,5**	–	–
Intangible assets	**0,2**	–	–
Casino licence	**0,2**	–	–
Computer software	*	–	–
	29,8	–	–

The land and freehold buildings comprise Plot 32366 (Plot 16145 and 16146 consolidated) and Plot 16147, Francistown, Botswana. The disposal group held for sale is presented under current assets in the statement of financial position and is included in the Botswana segment in note 45. There are no cumulative income or expenses included in other comprehensive income relating to the disposal group.

** Less than R50 000*

	Group 2022 R'm	2021 R'm	2020 R'm
45. Segment analysis			
EBITDA reconciliation			
Operating profit	**923,4**	278,9	151,2
Add: Restructuring costs	**2,1**	4,3	52,4
Add: Share-based payment remeasurement	**(0,8)**	27,5	(188,6)
Less: Reversal of loss allowance in respect of loans receivable	**(8,3)**	(0,9)	–
Add: Impairment of goodwill	**–**	21,1	11,0
Add: Impairment of casino licences	**–**	78,0	107,9
Add: PalaceBet pre-opening expenses	**–**	0,1	3,0
Items relating to the 2021 Mmabatho Palms Hotel fire included in operating profit:	**(79,3)**	49,2	–
– Insurance proceeds relating to asset damage	**(79,3)**	(10,0)	–
– Loss on property, plant and equipment written off	**–**	56,6	–
– Other expenses incurred due to the fire	**–**	2,4	–
– Insurance excess	**–**	0,2	–
Adjusted operating profit	**837,1**	458,2	136,9
Add: Depreciation and amortisation	**219,1**	242,2	315,9
EBITDA	**1 056,2**	700,4	452,8

45. Segment analysis (continued)

	Income R'm	EBITDA R'm	Depreciation and amortisation R'm	Operating profit/(loss) R'm	Profit/(loss) for the year R'm	Replacement capital expenditure R'm	Expansion capital expenditure R'm	Segment assets R'm	Segment liabilities R'm	Casino licences R'm	Goodwill R'm
Group											
2022											
Emperors Palace***	1 948,7	825,2	(116,7)	708,6	534,1	89,7	–	6 404,5	3 477,4	2 489,0	1 081,1
PalaceBet	29,1	(21,5)	(2,1)	(23,6)	(17,5)	0,2	–	4,3	37,6	0,5	
South African regional operations	803,0	193,7	(66,7)	206,1	156,6	45,3	1,2	1 480,3	576,1	472,5	83,8
Graceland	154,3	38,3	(17,6)	20,6	17,6	7,4	–	303,8	85,2	52,1	–
Umfolozi	146,7	40,0	(8,9)	31,1	24,6	10,1	–	382,6	73,1	199,7	55,5
Rio	136,1	34,6	(12,7)	21,9	16,4	8,7	0,2	286,0	185,1	122,4	–
Khoroni	113,1	31,6	(8,5)	23,1	17,6	4,6	0,7	155,0	31,6	16,6	19,7
Thaba Moshate	103,1	19,0	(5,5)	13,5	8,1	6,8	0,2	80,8	136,4	–	–
Mmabatho Palms##	84,1	19,7	(7,4)	91,5	69,1	4,2	–	201,9	58,4	76,2	8,6
Frontier	65,6	10,5	(6,1)	4,4	3,2	3,5	0,1	70,2	6,3	5,5	–
Botswana#	228,0	40,2	(33,6)	4,6	(2,8)	12,1	–	326,0	184,1	42,4	–
Holding companies	–	–	–	12,6	(191,4)	–	–	0,6	1 193,9	–	0,6
Other	–	–	–	–	1,3	–	–	14,2	12,8	–	–
Corporate office	79,7	18,6	–	15,1	(223,5)	–	–	4 909,8	5 625,0	–	7,0
Peermont management division** ***	39,4	(8,7)	–	(12,2)	(245,0)	–	–	4 900,5	5 621,5	–	6,7
PGMNW&L	26,9	18,3	–	18,3	14,4	–	–	5,3	2,6	–	–
PGMKZN	13,4	9,0	–	9,0	7,1	–	–	4,0	0,9	–	0,3
Intercompany	(79,7)	–	–	–	–	–	–	(4 974,1)	(4 974,1)	–	–
Peermont group total	3 008,8	1 056,2	(219,1)	923,4	256,8	147,3	1,2	8 165,6	6 132,8	3 004,4	1 172,5

 # Average exchange rate (Rand/Pula) of 1,37 applied to profit or loss and cash flow items; year end rate of 1,35 applied to statement of financial position items. The Botswana segment incurred restructuring costs of P1,5 million (R2,1 million) which was excluded from EBITDA.

Mmabatho EBITDA excludes insurance proceeds of R79,3 million relating to property, plant and equipment.

*** Peermont management division EBITDA excludes MIP remeasurement debit of R11,8 million and decrease in the loss allowance relating to loans receivable of R8,3 million.*

**** Emperors Palace expenses for the prior year included management fees of R81,2 million paid to the Corporate office. As of the current year, these fees are no longer charged.*

The segments above represent the operating entities of the group as described in the directors' report. The income of the operating segments comprise net gaming win, rooms revenue, food and beverage revenue and other revenue from operations. The income of the corporate office comprises management fee revenue, development fee revenue and other revenue from the operating companies and managed operations. Segment income, EBITDA and other measures are reviewed by key management on a monthly basis.

NOTES TO THE GROUP HISTORICAL FINANCIAL INFORMATION (continued)

for the three years ended 31 December 2022

45. Segment analysis (continued)

	Income R'm	EBITDA R'm	Depreciation and amortisation R'm	Impairments R'm	Operating profit/(loss) R'm	Profit/(loss) for the year R'm	Replacement capital expenditure R'm	Expansion capital expenditure R'm	Segment assets R'm	Segment liabilities R'm	Casino licences R'm	Goodwill R'm
Group												
2021												
Emperors Palace	1 361,7	492,5	(143,3)	–	349,0	250,7	30,5	–	6 412,7	4 022,8	2 489,0	1 081,1
PalaceBet**	40,8	(9,7)	(2,4)	–	(12,2)	(8,7)	–	0,8	9,0	24,8	0,5	–
South African regional operations	635,7	146,6	(66,7)	(40,0)	(10,0)	(12,9)	33,4	–	1 461,7	639,0	472,5	83,8
Umfolozi	132,6	42,6	(10,5)	–	32,2	23,7	5,7	–	382,2	72,9	199,7	55,5
Graceland	118,9	26,2	(18,0)	–	8,4	4,7	6,1	–	309,3	88,3	52,1	–
Rio### ***	94,9	21,7	(12,4)	(40,0)	(31,0)	(31,3)	3,3	–	294,5	210,1	122,4	–
Mmabatho Palms## ###	71,8	12,3	(7,1)	–	(44,8)	(32,5)	10,4	–	163,0	88,7	76,2	8,6
Khoroni###	81,9	19,5	(6,8)	–	12,8	9,7	3,4	–	160,3	31,5	16,6	19,7
Thaba Moshate	81,0	13,6	(5,7)	–	7,9	9,4	2,3	–	77,8	141,5	–	–
Frontier Inn	54,6	10,7	(6,2)	–	4,5	3,4	2,2	–	74,6	6,0	5,5	–
Botswana# ***	128,1	(7,6)	(29,8)	(59,1)	(99,9)	(91,9)	6,1	–	344,6	197,7	42,6	–
Holding companies	–	–	–	–	(22,0)	(166,9)	–	–	0,7	1 692,8	–	0,6
Other	–	–	–	–	–	1,1	–	–	12,4	11,0	–	–
Corporate office	136,4	78,6	–	–	74,0	(150,5)	–	–	5 685,1	5 732,8	–	7,0
Peermont management division**	105,0	57,3	–	–	52,7	(166,0)	–	–	5 670,4	5 731,0	–	6,7
PGMNW&L	17,8	12,1	–	–	12,1	8,8	–	–	8,2	0,8	–	–
PGMKZN	13,6	9,2	–	–	9,2	6,7	–	–	6,5	1,0	–	0,3
Intercompany	(136,4)	–	–	–	–	–	–	–	(5 406,4)	(5 406,4)	–	–
Peermont group total	2 166,3	700,4	(242,2)	(99,1)	278,9	(179,1)	70,0	0,8	8 519,8	6 914,5	3 004,6	1 172,5

 # Average exchange rate (Rand/Pula) of 1,38 applied to profit or loss and cash flow items; year end rate of 1,38 applied to statement of financial position items. The Botswana segment incurred restructuring costs of P2,5 million (R3,4 million) which was excluded from EBITDA.

Mmabatho EBITDA excludes a net expense of R49,2 million relating to hotel fire damage and the related insurance claim.

The segment incurred restructuring costs or reversals which were excluded from EBITDA.

*** Peermont management division EBITDA excludes MIP remeasurement debit of R5,5 million and PalaceBet EBITDA excludes pre-opening expenses of R0,1 million.*

**** Impairments of goodwill and casino licences were excluded from EBITDA (refer to note 6).*

The segments above represent the operating entities of the group as described in the directors' report. The income of the operating segments comprise net gaming win, rooms revenue, food and beverage revenue and other revenue from operations. The income of the corporate office comprises management fee revenue, development fee revenue and other revenue from the operating companies and managed operations. Segment income, EBITDA and other measures are reviewed by key management on a monthly basis.

45. Segment analysis (continued)

	Income R'm	EBITDA R'm	Depreciation and amortisation R'm	Impairments R'm	Operating profit/(loss) R'm	Profit/(loss) for the year R'm	Replacement capital expenditure R'm	Expansion capital expenditure R'm	Segment assets R'm	Segment liabilities R'm	Casino licences R'm	Goodwill R'm
Group												
2020												
Emperors Palace	1 194,8	320,2	(171,2)	–	111,8	(238,9)	89,5	–	6 510,6	4 330,4	2 489,0	1 081,1
PalaceBet##	0,4	(5,9)	(1,0)	–	(9,9)	(7,1)	–	6,6	8,2	15,4	0,5	–
South African regional operations	536,0	82,4	(108,4)	(118,9)	(160,0)	(134,0)	37,7	–	1 569,8	692,5	512,5	83,8
Umfolozi	115,9	34,1	(16,2)	–	15,9	9,3	6,0	–	385,7	80,1	199,7	55,5
Graceland***	93,9	12,1	(24,3)	(45,7)	(61,1)	(40,4)	7,7	–	316,5	85,4	52,1	–
Rio***	84,1	12,7	(16,5)	(44,3)	(51,6)	(41,9)	7,8	–	341,1	225,4	162,4	–
Mmabatho Palms***	74,3	4,6	(12,3)	(3,0)	(13,3)	(12,2)	5,6	–	210,7	103,8	76,2	8,6
Khoroni	68,9	14,3	(13,8)	–	(1,3)	(1,9)	3,7	–	157,4	38,3	16,6	19,7
Thaba Moshate	57,2	3,0	(16,6)	–	(14,7)	(20,4)	3,3	–	79,4	152,5	–	–
Frontier Inn***	41,7	1,6	(8,7)	(25,9)	(33,9)	(26,5)	3,6	–	79,0	7,0	5,5	–
Botswana#	131,7	(1,1)	(34,7)	–	(35,8)	(33,5)	7,3	–	434,0	195,1	80,4	21,1
Holding companies	–	–	–	–	144,0	8,0	–	–	0,7	1 525,9	–	0,6
Other	–	–	–	–	–	1,0	–	–	12,2	11,0	–	–
Corporate office	108,6	57,2	(0,6)	–	101,1	14,4	–	–	6 143,1	6 115,7	–	7,0
Peermont management division**	86,7	42,3	(0,6)	–	86,2	3,6	–	–	6 133,3	6 113,0	–	6,7
PGMNW&L	11,4	7,8	–	–	7,8	5,7	–	–	4,4	1,7	–	–
PGMKZN	10,5	7,1	–	–	7,1	5,1	–	–	5,4	1,0	–	0,3
Intercompany	(108,6)	–	–	–	–	–	–	–	(5 612,9)	(5 612,9)	–	–
Peermont group total	1 862,9	452,8	(315,9)	(118,9)	151,2	(390,1)	134,5	6,6	9 065,7	7 273,1	3 082,4	1 193,6

Each of the segments (except PalaceBet, Botswana, PGMNW&L and PGMKZN) incurred restructuring costs which was excluded from EBITDA.

 # Average exchange rate (Rand/Pula) of 1,37 applied to profit or loss and cash flow items; year end rate of 1,38 applied to statement of financial position items.

PalaceBet EBITDA excludes pre-opening expenses of R3,0 million.

*** Peermont management division EBITDA excludes MIP remeasurement credit of R44,6 million.*

**** Impairments of goodwill and casino licences were excluded from EBITDA (refer to note 6).*

The segments above represent the operating entities of the group as described in the directors' report. The income of the operating segments comprise net gaming win, rooms revenue, food and beverage revenue and other revenue from operations. The income of the corporate office comprises management fee revenue, development fee revenue and other revenue from the operating companies and managed operations. Segment income, EBITDA and other measures are reviewed by key management on a monthly basis.

Reporting entity

Peermont Holdings is a company domiciled in the Republic of South Africa. These accounting policies apply to the group historical financial information.

Basis of preparation

Statement of compliance

The group historical financial information has been prepared in accordance with IFRS and the Financial Pronouncements as issued by the Financial Reporting Standards Council and SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and the requirements of the JSE Limited and the Companies Act.

The group historical financial information for the year ended 31 December 2022 has been extracted from the audited financial statements of the group as at and for the year ended 31 December 2022. The group historical financial information for the year ended 31 December 2021 has been extracted from the comparative financial information included in the group audited annual financial statements for the year ended 31 December 2022. The group historical financial information for the year ended 31 December 2020 has been extracted from the comparative financial information included in the group audited annual financial statements for the year ended 31 December 2021. All information has been extracted without adjustment except for the subsequent events and the adoption of new and revised accounting policies which have been updated to the last practicable date. The comparatives were extracted from the comparatives in the latest audited financial statements so as to ensure that where applicable restated figures were used in the comparatives.

The group historical financial information has been prepared by applying the accounting policies of Sun International Limited in accordance with the requirements of paragraph 8.5 of the JSE Listings Requirements, noting that:

- Sun International had reassessed the estimated write off period of intangible assets, relating to casino licenses, from definite to indefinite. The change in accounting estimate has been treated prospectively from 1 January 2023. This estimate of the casino licenses as indefinite useful life is consistent with the treatment of the casino licences in the group historical financial information; and
- the loyalty points liability has been reclassified to trade payables and accruals in the *Pro Forma* Financial Information to align the presentation of line items in Peermont Holdings' historical statement of financial position with the disclosures of Sun International.

The group historical financial information presents the financial information of the group prior to the Reorganisation detailed in paragraph 6 of the Circular to which the group historical financial information is attached, in accordance with the dispensation from paragraph 8.2(e) that requires the report of historical financial information to be prepared on the subject matter of the Category 1 transaction set out in the JSE Ruling Letter dated 6 December 2023.

The group historical financial information is the responsibility of the board of directors and was approved by them on in their capacity as such.

Basis of measurement

The group historical financial information is prepared on the historical cost basis, except for certain financial instruments that are measured at fair value.

Functional and presentation currency

The group historical financial information is presented in Rand which is the group's presentation currency. All financial information presented in Rand has been rounded to the nearest million, except where otherwise indicated.

Adoption of new and revised accounting policies

The group adopted the IFRS amendments which became effective in the current and prior financial years as they became effective. This did not result in any changes in the group's accounting policies and had no effect on the results of the group.

The group was not affected by any other new and revised accounting standards, amendments to standards or new interpretations during the year.

Use of estimates and judgements

The preparation of group historical financial information in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying amounts of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgements and estimates in applying accounting policies that have the most significant effect on the amounts recognised in the group historical financial information is included in the appropriate notes.

Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in this group historical financial information, except for new accounting amendments implemented. In 2022 the group implemented a change in accounting policy in respect of the presentation of dividends paid to non-controlling interest in the statement of cash flows. The prior year comparatives were restated accordingly. These accounting policies have been applied consistently by all group entities.

Basis of consolidation

Business combinations

Business combinations are accounted for using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the group. In determining whether a particular set of activities and assets is a business, the group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The group measures any goodwill arising at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interest in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised (generally fair value) amount of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Transaction costs, other than those associated with the issue of debt or equity securities which the group incurs in connection with a business combination, are charged to profit or loss as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

Investment in subsidiaries

Subsidiaries are entities controlled by the group. The group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the group historical financial information from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the group. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Changes in the group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Staff trusts which are controlled by the group are included in the group historical financial information from the date that control commences until the date that control ceases. The assets vesting under the control of the trustees of any controlled trusts are recognised and the resulting trust equity is recognised as a liability. Any distributions/dividends are recognised as a reduction to the liability in the period these are accrued or paid.

Loss of control

When the group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary and any related non-controlling interests and other components of equity related to the subsidiary. Any resulting gain or loss is recognised in profit or loss. Any interest retained by the group is measured at fair value at the date that control is lost.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses (other than foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated.

Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Rand (the group presentation currency) at foreign exchange rates ruling at the reporting date. The income and expenses of foreign operations are translated to Rand at rates approximating the foreign exchange rates ruling at the dates of the transactions.

Foreign exchange differences arising on translation are recognised in other comprehensive income and presented in the foreign currency translation reserve in equity. However, if the operation is a non-wholly owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control in that operation is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control of that subsidiary, the relevant proportion of the cumulative amount is reattributed to non-controlling interests.

Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency of the group companies at the foreign exchange rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the foreign exchange rate ruling at the reporting date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the foreign exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the foreign exchange rate ruling at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising on translation are recognised in profit or loss.

Financial instruments

Non-derivative financial assets

Non-derivative financial assets comprise trade and other receivables, loans receivable, amounts due from related parties and cash and cash equivalents. The group initially recognises trade receivables and debt securities on the date that these are originated. All other financial assets are recognised on the trade date, which is the date that the group becomes party to the contractual provisions of the instrument.

A trade receivable without a significant financing component is initially measured at the transaction price. Other financial assets are initially measured at fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue.

The group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial assets are transferred, or the group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset. Any interest in transferred financial assets that is created or retained in the group is recognised as a separate asset.

On initial recognition, a financial asset is classified as measured at amortised cost; debt or equity instruments at fair value through other comprehensive income; or at fair value through profit or loss.

Financial assets are not reclassified subsequent to their initial recognition unless the group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

The objective of the group's business model in relation to all financial assets is to hold assets to collect contractual cash flows.

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at fair value through profit or loss:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

In assessing whether the contractual cash flows are solely payments of principal and interest, the group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the group's claim to cash flows from specified assets (e.g. non-recourse features).

For purposes of this assessment, "principal" is defined as the fair value of the financial asset on initial recognition. "Interest" is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial assets at amortised cost comprise loans receivable, trade and other receivables, amounts due from related parties and cash and cash equivalents.

Debt investments at fair value through other comprehensive income

A debt investment is measured at fair value through other comprehensive income if it meets both of the following conditions and is not designated as at fair value through profit or loss:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Equity investments at fair value through other comprehensive income

On initial recognition of an equity investment that is not held for trading, the group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis.

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in other comprehensive income and are never reclassified to profit or loss.

Financial assets at fair value through profit or loss

All financial assets not classified as measured at amortised cost or at fair value through other comprehensive income as described above are measured at fair value through profit or loss. On initial recognition, the group may irrevocably designate a financial asset as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Non-derivative financial liabilities

Non-derivative financial liabilities comprise interest-bearing long-term borrowings, amounts due to related parties and trade and other payables.

The group initially recognises debt securities issued and subordinated liabilities on the date that these are originated. All other financial liabilities are recognised initially on trade date, which is the date that the group becomes party to the contractual provisions of the instrument.

Financial liabilities are classified as measured at amortised cost, however, a financial liability is classified as at fair value through profit or loss if it is a derivative or it is designated as such on initial recognition. Financial liabilities at fair value through profit or loss are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss.

The group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire. The group also derecognises a financial liability and recognises a new financial liability based on the fair value when its terms are substantially modified. Terms are considered to have been substantially modified when the net present value of the cash flows under the new terms, including any fees paid or received and discounted using the original effective interest rate, differs by at least 10% from the present value of the remaining cash flows under the original terms. If the above assessment indicates a difference of less than 10%, the group considers whether the modification is substantial taking additional qualitative factors into account. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

Bank overdrafts that are utilised as a form of finance are excluded from cash and cash equivalents for the purposes of the statement of cash flows. Bank overdrafts that form an integral part of the group's cash management are included as a component of cash and cash equivalents for the purposes of the statement of cash flows.

Derivative financial instruments

In accordance with its treasury policy, the group does not hold or issue derivative financial instruments for trading purposes. However, derivatives that are entered into as economic hedges but do not qualify for hedge accounting are accounted for as trading instruments.

Derivatives are recognised initially at fair value and directly attributable transaction costs are recognised in profit or loss when incurred. Subsequent to initial recognition, derivative financial instruments are stated at fair value with any gain or loss on remeasurement to fair value recognised immediately in profit or loss. Derivative financial instruments comprise interest rate swaps.

Derivatives are derecognised when the hedging instrument expires or is sold, terminated or exercised.

Offsetting

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position when, and only when, the group has a legally enforceable right to offset the recognised amounts, and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial guarantee contracts

Financial guarantee contracts are classified as insurance contracts as defined in IFRS 4 *Insurance Contracts*. A liability is recognised when it is probable that an outflow of resources embodying economic benefits will be required to settle such contracts and a reliable estimate can be made of the amount of the obligation. The amount recognised is the best estimate of the expenditure required to settle the contract at the reporting date.

Stated capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any taxation effects.

Preference share capital

Preference share capital is classified as equity if it is non-redeemable, or redeemable only at the company's option, and if the company is not obliged to make any payments other than in the event of its own liquidation. Dividends on preference share capital classified as equity are recognised as distributions within equity.

Preference share capital is classified as a financial liability if it is redeemable on a specific date or at the option of the shareholders, or if dividend payments are not discretionary. Dividends thereon are recognised as an interest expense in profit or loss as accrued.

Repurchase and reissue of share capital (treasury shares)

When share capital recognised as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, net of any taxation effects, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and presented as a deduction from total equity as treasury shares. When treasury shares are sold or reissued subsequently, the amount is recognised as an increase in equity.

Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour; any other costs directly attributable to bringing the assets to a working condition for their intended use; and capitalised borrowing costs.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Hotel, casino and other pre-opening expenses are written off in full in the year of commencement of trading.

The carrying amount of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use. Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

Subsequent expenditure

Subsequent expenditure relating to an item of property, plant and equipment is capitalised when it is probable that the future economic benefits from the use of assets will flow to the group and its cost can be measured reliably. All other subsequent expenditure is recognised as an expense in profit or loss as incurred.

Depreciation

Items of property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives of each component. Depreciation is based on cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of the asset, that component is depreciated separately. Depreciation is not provided on land or capital work in progress.

Leasehold buildings and improvements are depreciated over the shorter of the lease term and their useful lives, unless it is reasonably certain that the group will obtain ownership of the asset by the end of the lease term, in which case the asset is depreciated over its useful life.

Items of property, plant and equipment are depreciated from the date that these are installed and are ready for use, or, in respect of internally constructed assets, from the date that the asset is completed and ready for use.

Current and prior year depreciation rates for each category of property, plant and equipment are as follows:

Freehold buildings

1,6% – 3,05%

Leasehold buildings and improvements

Lease period

Furniture, fittings and equipment

10,0% – 33,3%

The depreciation methods, residual values and useful lives are reviewed at each annual reporting date and adjusted if appropriate. Such an adjustment is classified as a change in estimate and is accounted for prospectively. Prior to the adjustment to useful life of equipment in 2021 (refer to note 12), the depreciation rate for furniture, fittings and equipment was 16,7% – 33,3%.

Intangible assets

Goodwill

Goodwill that arises on the acquisition of subsidiaries is presented with intangible assets. For the measurement of goodwill at initial recognition refer to the accounting policy for business combinations.

Goodwill is measured at cost less accumulated impairment losses. Goodwill is allocated to cash-generating units and is not amortised but is tested annually for impairment.

Other intangible assets

Indefinite life intangible assets are measured at cost less any accumulated impairment losses. The carrying amount is assessed annually for impairment.

Other intangible assets that are acquired by the group are measured at cost less accumulated amortisation and accumulated impairment losses.

Casino licence application costs and bid commitment costs are included in the cost of casino licences.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other subsequent expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

Amortisation

Amortisation is based on the cost of an asset less its residual value. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, unless such lives are indefinite, from the date these are available for use.

The current and prior year estimated amortisation rates per category of intangible assets are as follows:

- Goodwill – indefinite
- Casino licences and licence application costs – indefinite/licence period
- Computer software – 20,0%–50,0%
- Franchise costs – lease period
- Management contracts – indefinite/contract period
- Trademarks – indefinite

The basis of amortisation, residual values and useful lives are reviewed at each reporting date and adjusted if appropriate.

Leases

Determining whether an arrangement contains a lease

At inception of a contract the group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

At commencement or on modification of a contract that contains a lease component, the group allocates the consideration in the contract to each lease component on the basis of relative stand-alone prices.

As a lessee

The group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. In addition, the right-of-use asset may be reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability. The group has no lease agreements which transfer ownership of the underlying asset of the group or contain a purchase option.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using an incremental borrowing rate as the rate implicit to the lease can generally not be readily determined. Incremental borrowing rates are determined by utilising applicable prevailing lending rates, adjusted for company-specific risk, security and lease terms.

Lease payments included in the measurement of the lease liability comprise fixed payments, including in-substance fixed payments and variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date. The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate; if the group changes its assessment of whether it will exercise an extension or termination option; or, if there is a revised in-substance fixed lease payment. When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset. If the carrying amount of the right-of-use asset has been reduced to zero, the corresponding adjustment is made in profit or loss.

The group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets (including assets such as office equipment) and short-term leases. The group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

In 2020, the group adopted the practical expedient offered by the amendments to IFRS 16 *Leases* relating to Covid-19-related rent concessions. In the prior year, these amendments were extended to apply to lease payments originally due on or before 30 June 2022 (previously 30 June 2021). The group elected not to assess whether a rent concession is a lease modification if the rent concession occurred as a direct consequence of the Covid-19 pandemic; the change in lease payment results in a revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; any reduction in lease payments only affects lease payments originally due on or before 30 June 2022; and there is no substantive change to other terms and conditions of the lease. As a result, the impact of qualifying rent concessions was recognised in profit or loss or treated as deferred cash flows in the lease liability, as applicable.

As a lessor

At inception or on modification of a contract that contains a lease component, the group allocates the consideration in the contract to each lease component on the basis of relative stand-alone prices.

At lease inception the group determines whether each lease is a finance lease or an operating lease. To classify each lease, the group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is classified as a finance lease; otherwise it is classified as an operating lease.

The group's leases are all classified as operating leases and as a result, rental income is recognised in profit or loss on a straight-line basis over the term of the lease.

Assets held for sale

Non-current assets are classified as held-for-sale if it is highly probable that these will be recovered primarily through sale rather than through continuing use.

Such assets are generally measured at the lower of their carrying amount and fair value less costs to sell. Impairment losses on initial classification as held-for-sale and subsequent gains and losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

Once classified as held-for-sale, intangible assets and property, plant and equipment are no longer amortised or depreciated.

Inventories

Inventories, comprising mainly food and beverage, consumable stores and operating equipment, are measured at the lower of cost and net realisable value. The cost of inventories comprises all costs in bringing the inventories to their present location and condition and is determined using the weighted average method. Obsolete, redundant and slow-moving inventories are identified and written down to an estimated net realisable value, being the estimated selling price in the ordinary course of business, less selling expenses.

Impairment

Non-derivative financial assets

The group recognises loss allowances for expected credit losses on financial assets measured at amortised cost.

Loss allowances for trade receivables without a significant financing component are measured at an amount equal to lifetime expected credit losses. The group has elected to measure loss allowances for trade receivables which have a significant financing component at an amount equal to lifetime expected credit losses. Loss allowances for other financial assets measured at amortised cost are measured at an amount equal to 12-month expected credit losses, unless there has been a significant increase in credit risk since initial recognition in which case the loss allowance is measured at an amount equal to lifetime expected credit losses.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the group's historical experience and includes forward-looking information. The group assumes that the credit risk on trade and other receivables has increased significantly if it is more than 30 days past due. The group considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the group in full, or the financial asset is more than 90 days past due.

At each reporting date, the group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the group on terms that the group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument. 12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12 months after the reporting date. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the group is exposed to credit risk.

Expected credit losses are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the group expects to receive). Expected credit losses are discounted at the effective interest rate of the financial asset.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off when the group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the group's procedures for recovery of amounts due.

Non-financial assets

The carrying amounts of the group's non-financial assets, other than inventories and deferred taxation assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or assets that are not yet available for use, the recoverable amount is estimated each year at the same time or at the reporting date if there is any indication of impairment. An impairment loss is recognised if the carrying amount of an asset or cash-generating unit exceeds its estimated recoverable amount.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to a present value using a pre-taxation discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating unit. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units. Subject to an operating segment ceiling test, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of cash-generating units that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating units, and then to reduce the carrying amounts of the other assets in the cash-generating units on a *pro rata* basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

B-BBEE transactions

Where the group receives B-BBEE credentials and other benefits from B-BBEE partners and equity instruments were issued as consideration, the transaction is recognised as a share-based payment transaction, even when the group cannot specifically identify the services rendered. The difference between the fair value of the equity instruments and the fair value of cash and other assets received is recognised in profit or loss.

If the share-based payment transaction is classified as equity-settled, the fair value of the equity instruments granted is recognised in retained earnings on the grant date and is not subsequently remeasured. If the share-based payment transaction is classified as cash-settled, a liability is recognised at the fair value on the grant date with the corresponding obligation of the company to repurchase its own shares initially recognised as treasury shares. The liability is remeasured at each reporting date and at settlement date based on the estimated fair value of the share-based payment awards and the movement is recognised in profit or loss.

Subsequent remeasurement of such a liability related to non–market vesting conditions are recognised against the investment in subsidiary by the company and in profit or loss by the group. Subsequent remeasurement related to market vesting conditions are recognised in profit or loss by the group.

Provisions

A provision is recognised in the statement of financial position if, as a result of a past event, the group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic resources will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-taxation rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

The group has customer loyalty programmes whereby gaming customers are awarded redeemable credits entitling customers to free play or the right to purchase goods or receive benefits from the group. The group's obligation in terms of these programmes is estimated and a provision is raised as the loyalty points are earned. The provision is reduced when points are redeemed or when they expire. Movements in the provision are recognised in profit or loss.

Net gaming win

Net gaming win comprises the net tables and slot machines win derived by casino operations and the net betting win derived from sports betting operations. In terms of accounting standards, betting transactions concluded under gaming operations meet the definition of derivatives and therefore income from gaming operations represents the net position arising from financial instruments. The net gaming win is measured as the net cash received from betting transactions from gaming operations. Net gaming win arising from free play credits earned by gaming customers is recognised when the credits are redeemed or when they expire. Due to the short-term nature of the group's gaming operations, all income is recognised in profit or loss immediately, at fair value. Bets placed by customers and winnings paid to customers are separately identifiable, however the VAT is levied on the net win in agreement with the relevant tax authorities. Gaming levies payable to gaming authorities and revenue shares payable to sports betting service providers are calculated on a similar basis. Therefore, VAT, gaming levies and revenue shares are included in net gaming win and treated as expenses as these are collected as principals and not agents and are borne by the group and not its customers. VAT on all other revenue transactions is excluded from income.

Revenue from contracts with customers

Contracts with customers arise during the normal course of business. The performance obligations of contracts with customers include hotel and conference activities, food and beverage sales, entertainment events, the provision of management services and other goods and services. The transaction price is determined and allocated to the performance obligations based on the consideration specified in a contract with a customer. The transaction price is recorded as revenue when the performance obligations are satisfied.

A contract liability is the group's obligation to transfer goods or services to a customer for which the group has received consideration (or an amount of consideration is due) from the customer. Contract liabilities comprise advance deposits received. If a customer pays consideration (or an amount of consideration is due) before goods or services are delivered, an advance deposit liability is recognised. Advance deposits received are typically short-term in nature. When the goods or services are delivered, the amount is recognised as revenue.

When goods or services are provided to a customer by a third party, the group determines whether the nature of its performance obligation is to provide the specified goods or services itself (the group acts as principal) or to arrange for those goods or services to be provided by the other party (the group acts as agent). If the group is acting as a principal, the transaction price is the consideration received or receivable from the customer attributable to the goods or services. If the group is acting as an agent, the transaction price is the net consideration received or receivable for arranging for the goods or services to be supplied to the customer.

Prescription income

Liabilities raised for amounts due which are not settled within a period of at least three years despite reasonable effort are written off to profit or loss as prescription income if no legal claim exists against the group with regard to such an amount. If such an amount is subsequently claimed and settled it is expensed to profit or loss in the period that it is claimed.

Operating costs

Operating costs comprise expenses that arise in the course of the ordinary activities of the group and are expensed as incurred.

Employee benefits

Short-term employee benefits

Short-term employee benefits are measured on an undiscounted cost basis and are expensed in profit or loss during the period in which the employee renders the related service. An accrual for employee entitlement to wages, salaries, bonuses and annual leave represent the amount which the group has a present legal or constructive obligation to pay as a result of employees' services provided, and the obligation can be estimated reliably.

Share-based payment transactions

Cash-settled share-based payments awards granted to employees are measured at the fair value on grant date. These awards are generally recognised as an expense, with a corresponding increase in liabilities, over the vesting period. The liability is remeasured at each reporting date and at settlement date based on the estimated fair value of the share-based payment awards. Any changes in the liability are recognised in profit or loss. Where the company has any obligations to repurchase its own shares, these are initially recognised in equity as treasury shares.

The grant-date fair value of equity-settled share-based payment awards granted to employees is generally recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant–date fair value of the share-based payment is measured to reflect such conditions.

Long-term employee benefits

Liabilities for employee benefits which are not expected to be settled within 12 months are discounted using the market yields at the reporting date on high quality bonds with terms which most closely match the terms of maturity of the related liabilities.

Retirement benefits

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution provident and pension plans are recognised as an expense in profit or loss as incurred. The group does not incur any liability for post-employment medical aid benefits or other post-employment retirement benefits.

Finance income and finance expense

Finance income comprises interest income on funds invested, dividend income, foreign exchange gains and changes in fair value of financial instruments at fair value through profit or loss. Interest income is recognised in profit or loss as it accrues, using the effective interest method.

Dividend income is recognised as finance income on the date the group's right to receive payment is established.

Finance expense comprises interest expenses and transaction costs on borrowings calculated using the effective interest method, dividends on redeemable preference shares classified as liabilities, foreign exchange losses and changes in fair value of financial instruments at fair value through profit or loss. The interest expense component of lease payments is recognised in profit or loss using the effective interest method. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the gross carrying amount of a financial asset or the amortised cost of a financial liability.

Taxation

Income taxation comprises current and deferred taxation. Current taxation and deferred taxation is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current taxation is the expected taxation payable on the taxable income for the year, using taxation rates enacted or substantively enacted at the reporting date, and any adjustment to taxation payable in respect of previous years.

Deferred taxation is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred taxation is not recognised for:

- temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries or jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising from the initial recognition of goodwill.

Deferred taxation is measured at the taxation rates that are expected to be applied to the temporary differences when these reverse, using the taxation rates enacted or substantively enacted at the reporting date. As a result, the deferred taxation on land is measured at the capital gains taxation rate and the deferred taxation on all other assets is measured at the normal income taxation rate.

Deferred taxation assets and liabilities are offset if there is a legally enforceable right to offset current taxation liabilities and assets, and these relate to income taxation levied by the same taxation authority on the same taxable entity, or on different taxable entities, but the entities intend to settle current taxation liabilities and assets on a net basis.

In determining the amount of current and deferred taxation the group takes into account the impact of uncertain taxation positions and whether additional taxes and interest may be due. Accruals for taxation liabilities for all open taxation years are based on assessment of many factors, including interpretations of taxation law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the group to change its judgement regarding the adequacy of existing taxation liabilities. Such changes to taxation liabilities will impact taxation expense in the period such a determination is made.

A deferred taxation asset is recognised for unused taxation losses, taxation credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available in the foreseeable future against which the asset can be utilised. Deferred taxation assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related taxation benefit will be realised. Unrecognised deferred taxation assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which these can be utilised.

Dividends withholding tax

Dividends withholding tax is a dividends tax on shareholders receiving dividends. In South Africa, dividends tax is withheld on behalf of the shareholder at a rate of 20% of dividends declared, unless the shareholder is exempted from dividends tax. In Botswana, withholding tax is applied to all dividends paid by Botswana residents at a rate of 10,0% (2021: 10,0%). Amounts withheld are not recognised as part of the tax charge, but rather as part of the dividend paid and recognised directly in equity.

Segment reporting

An operating segment is a component of the group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the group's other components. All operating segments' operating results are reviewed regularly by the group's management to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

ANNEXURE 4: INDEPENDENT AUDITOR'S REPORT ON THE GROUP HISTORICAL FINANCIAL INFORMATION

The definitions and interpretations commencing on page 9 of this Circular ***do not*** *apply to this Annexure 4, unless the context clearly indicates otherwise.*

To the directors of Peermont Holdings Proprietary Limited and Sun International Limited

Introduction

The definitions and interpretations section to this Circular, to which this letter is attached, apply *mutatis mutandis* to this report on the Group Historical Financial Information set out in Annexure 3 of this circular (the "**Report**").

Opinion

At your request, and for the purposes of the Circular, we have audited the group historical financial information of the Peermont Group, comprising of the group statements of financial position at 31 December 2022, 31 December 2021 and 31 December 2020, the group statements of profit or loss, comprehensive income, changes in equity and cash flows for the years ended 31 December 2022, 31 December 2021 and 31 December 2020 (collectively "**years ended 31 December 2020 to 2022**"), and the accounting policies (set out from page 112 of Annexure 3) and notes thereto (collectively the "**Group Historical Financial Information**"), as presented in Annexure 3 to the Circular.

In our opinion, the Group Historical Financial Information as at and for the years ended 31 December 2020 to 2022, as set out in Annexure 3 to this circular, presents fairly, in all material respects the financial position of Peermont Group as at 31 December 2020 to 2022 and its financial performance and cash flows for the years then ended in accordance with International Financial Reporting Standards ("**IFRS**"), the requirements of the Companies Act of South Africa and the JSE Listing Requirements.

Basis for Opinion

We conducted our audits in accordance with International Standards on Auditing ("**ISAs**"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Group Historical Financial Information section of our report. We are independent of the Peermont Group in accordance with the Independent Regulatory Board for Auditor's Code of Professional Conduct for Registered Auditors ("**IRBA Code**") and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants' (including International Independence Standards). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Emphasis of Matter

We draw attention to the statement of compliance paragraph in the basis of preparation, which states that the Group Historical Financial Information presents the financial information of the Peermont Group prior to the Reorganisation detailed in paragraph 6 of this Circular, in accordance with the dispensation from the JSE as set out in the JSE Ruling Letter dated 6 December 2023 in terms of paragraph 8.2(e) of the JSE Listings Requirements that requires the report of historical financial information to be prepared on the subject matter of the Category 1 transaction. Our opinion is not modified in respect of this matter.

Responsibilities of the Directors for the Group Historical Financial Information

The directors of Peermont Group are responsible for the preparation and fair presentation of the Group Historical Financial Information as at and for the years ended 31 December 2020 to 2022 in accordance with IFRS, the requirements of the Companies Act of South Africa and the JSE Listing Requirements, and for such internal control as the directors of Peermont Group determine is necessary to enable the preparation of the Group Historical Financial Information as at and for the years ended 31 December 2020 to 2022 that is free from material misstatement, whether due to fraud or error. The directors of Sun International are responsible for the compilation, contents and preparation of the Circular including the Group Historical Financial Information for the years ended 31 December 2020 to 2022 contained therein, in accordance with IFRS, the requirements of the Companies Act of South Africa and the JSE Listings Requirements.

In preparing the Group Historical Financial Information, the directors of Peermont Group are responsible for assessing the ability of Peermont Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of Peermont Group either intend to liquidate Peermont Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Group Historical Financial Information

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

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

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

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

KPMG Inc.
Registered Auditor

Per G Aldrighetti
Chartered Accountant (SA)
Registered Auditor
Director
30 January 2024

85 Empire Road
Parktown
2193

ANNEXURE 5: GROUP INTERIM HISTORICAL FINANCIAL INFORMATION

The definitions and interpretations commencing on page 9 of this Circular ***do not*** *apply to this Annexure 5, unless the context clearly indicates otherwise.*

Directors' commentary

Introduction

Peermont Hotels, Casinos and Resorts is an award-winning gaming, hospitality and entertainment company which operates 12 properties located across South Africa and Botswana, including the online sportsbook PalaceBet. Peermont is renowned for its excellence in design, development, management, ownership and operation of multi-faceted hospitality and gaming facilities, offered in unique safe and secure, themed settings.

Peermont Holdings is the ultimate shareholder of the Peermont group. The Peermont group holds eight casino licenses in South Africa and two in neighbouring Botswana and operates ten casino resorts, one stand-alone hotel in Gaborone, Botswana, and an online sports betting operation. Collectively, our 11 physical properties offer 3 301 slot machines, 149 gaming tables and 1 636 hotel rooms.

Organisational information

The Peermont group consists predominantly of:

- Peermont including Emperors Palace, PalaceBet and the Corporate office;
- Regional operations in South African and Botswana which are housed in subsidiary companies of Peermont.

The Peermont Holdings group consists of:

- Peermont Holdings;
- The Peermont group;
- Intermediate holding companies (PGH I, PGH II, PGH III and PGH IV).

The business address of Peermont is Executive office, Emperors Palace, 64 Jones Road, Kempton Park, 1619, and its primary telephone number is +27 (11) 928 1698. Peermont maintains an internet website at www.peermont.com.

Presentation of group interim historical financial information

We have prepared the group interim historical financial information contained in this report in terms of IAS 34 *Interim Financial Reporting*, the JSE Listings Requirements and the requirements of the Companies Act.

The group interim historical financial information for the six months ended 30 June 2023 has been extracted from the reviewed condensed financial statements of the group. Comparative financial information for the six months ended 30 June 2022 has not been presented in accordance with paragraph 8.7 of the JSE Listings Requirements which provides that if reviewed interim financial information has been prepared using accounting policies that are identical to those contained in the historical financial information of the company included in the document, no comparative results need be shown.

The group interim historical financial information is presented in Rand, the legal currency of the Republic of South Africa. In this report, unless otherwise indicated, all amounts are expressed in Rand millions.

The group interim historical financial information has been prepared by applying the accounting policies of Sun International in accordance with the requirements of paragraph 8.5 of the JSE Listings Requirements, noting that:

- Sun International had reassessed the estimated write off period of intangible assets, relating to casino licenses, from definite to indefinite. The change in accounting estimate has been treated prospectively from 1 January 2023. This estimate of the casino licenses as indefinite useful life is consistent with the treatment of the casino licences in the group interim historical financial information; and
- the loyalty points liability has been reclassified to trade payables and accruals in the *Pro Forma* Financial Information to align the presentation of line items in Peermont Holdings' historical statement of financial position with the disclosures of Sun International.

In addition, the group interim historical financial information presents the financial information of the group prior to the Reorganisation detailed in paragraph 6 of the Circular to which the Group HFI is attached, in accordance with the dispensation from paragraph 8.2(e) that requires the report of historical financial information to be prepared on the subject matter of the Category 1 transaction set out in the JSE Ruling Letter dated 6 December 2023.

Accounting policies and adoption of new IFRSs

IFRS 17 *Insurance Contracts* became effective on 1 January 2023. The group has financial guarantee contracts which were previously accounted for in terms of IFRS 4 *Insurance Contracts*. The group has elected to account for these contracts in terms of IFRS 9 *Financial Instruments* effective 1 January 2023. This did not have a material impact on the group interim historical financial information. All other accounting policies as set out in the 2022 audited financial statements of the group have been applied consistently in these results.

Staff trusts

The boards of trustees of PNWLT, PKZNST, PSHST and PTST formed for the benefit of staff in the group, are controlled by Peermont. Therefore, IFRS requires that these trusts be consolidated into the results of the Peermont group. On consolidation, the group accounting policy recognises the assets vesting under the control of the trustees of the trusts and the resulting trust equity is recognised as a liability. Any distributions are recognised as a reduction to the liability in the period that these are accrued or paid. The existing trust resources of PNWLT, PKZNST, PSHST and PTST will be distributed to beneficiaries over a period of time.

New and ongoing developments

Sale of Sedibeng

The tender process to dispose of the Sedibeng casino and attendant hotel has been concluded and the winning bidder was notified by PGB. The successful bidder is now engaged in fulfilling the conditions of acceptance which include confirmation of funding and negotiation of the terms of sale.

Mmabatho Palms relocation

After the unfavourable outcome issued by the NWGB in December 2022, PGNW filed an application to review the decision in line with the Regulations on Review Proceedings, 2015. The application is founded on PGNW's view that the outcome was procedurally and substantively flawed. The review process is in progress.

Smoking legislation

The Tobacco Products and Electronic Delivery Systems Control Bill which has been submitted to Parliament proposes a complete ban on smoking indoors which will have a negative impact on the casino industry. The Casino Association of South Africa, among other participants, successfully lobbied for a public engagement process and continues to engage the relevant authorities on the subject.

Commentary on the results for the year to date

The success of the Peermont group is essentially dependent on economic growth in the economy. While the economy is slowly recovering from the Covid-19 pandemic, poverty and unemployment are as problematic as ever. Load shedding is placing significant pressure on operations and profitability in all industries and our industry is not immune to its costs and complications. Our regional operations in particular are seriously affected by these economic circumstances.

Despite the significant challenges to our customers' disposable income as well as the cost base, the group has delivered positive results for the period under review. Income for the period was R1 583,0 million and EBITDA was R459,0 million. The EBITDA margin for the period improved to 34,7%.

The group usually reports higher revenue and EBITDA in the second half of the year compared to the first half. This is due to the positive effect of the festive season on the fourth quarter as well as generally more conferences and events taking place during that time of the calendar year.

Definitions

CASA	Casino Association of South Africa
CGU	Cash-generating unit
Corporate office	Peermont management and investment divisions and group management companies performing the group corporate office function
Common Terms Agreement	The agreement dated 21st October 2022 under which the Senior debt was raised
Covid-19	Coronavirus disease 2019, illness caused by a novel coronavirus defined as severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2)
EBITDA	Earnings or loss before interest and other finance income/expense, taxation, depreciation, amortisation, impairment, share-based payment remeasurements, pre-opening expenses and other non-cash items. Non-recurring settlements, restructuring costs, transaction costs and insurance claims/write-offs relating to damaged assets are excluded from EBITDA.
Emperors Palace	A division of Peermont, trading as Emperors Palace Hotel Casino Convention Resort
IFRS	International Financial Reporting Standards
Management Incentive Programme or MIP	The Peermont Global Management Incentive Plan implemented for the benefit of certain members of management of the Peermont group as described in and governed by the 2017 and 2022 Management Incentive Plan agreements.
Mmabatho Palms	A division of PGNW, trading as Mmabatho Palms Hotel Casino Convention Resort
P or Pula	Botswana Pula, legal tender of the Republic of Botswana
PalaceBet	The online sports betting division of Peermont
Peermont Holdings or the company	Peermont Holdings Proprietary Limited, a limited liability company incorporated under the laws of the Republic of South Africa (Registration number 2006/024982/07)
Peermont Holdings group or the group	Peermont Holdings and its subsidiaries
Peermont	Peermont Global Proprietary Limited, a limited liability company incorporated under the laws of the Republic of South Africa (Registration number 2006/006340/07)
Peermont group	Peermont and its subsidiaries
PGB	Peermont Global (Botswana) Limited, a public limited liability company incorporated under the laws of the Republic of Botswana (Registration number 95/414), including all operations based in Botswana, namely the Grand Palm Hotel Casino Convention Resort, the Mondior Hotel, the Peermont Metcourt Inn and the Gaborone International Convention Centre (all in Gaborone) and Peermont Metcourt Lodge Hotel and Sedibeng Casino in Francistown
PGEFS or Frontier Inn	Peermont Global (Eastern Free State) Proprietary Limited, trading as Frontier Inn and Casino, a limited liability company incorporated under the laws of the Republic of South Africa (Registration number 1999/011534/07)
PGH II	Peermont Global Holdings II Limited, a limited liability company incorporated under the laws of the Republic of South Africa (Registration number 2006/006232/06)
PGH III	Peermont Global Holdings III Proprietary Limited (RF), a limited liability company incorporated under the laws of the Republic of South Africa (Registration number 2013/013178/07)
PGH III preference shares	Variable rate redeemable preference shares, originally issued by PGH III in 2022

PGH IV	Peermont Global Holdings IV Proprietary Limited, a limited liability company incorporated under the laws of the Republic of South Africa (Registration number 2013/013176/07)
PGKZN or Umfolozi	Peermont Global (KZN) Proprietary Limited, trading as Umfolozi Hotel Casino Convention Resort, a limited liability company incorporated under the laws of the Republic of South Africa (Registration number 2006/029290/07)
PGLIM or Khoroni	Peermont Global (Limpopo) Proprietary Limited, trading as Khoroni Hotel Casino Convention Resort, a limited liability company incorporated under the laws of the Republic of South Africa (Registration number 2006/034446/07)
PGMKZN	Peermont Global Management (KZN) Proprietary Limited, a limited liability company incorporated under the laws of the Republic of South Africa (Registration number 2006/000558/07)
PGMNW&L	Peermont Global Management (NW&L) Proprietary Limited, a limited liability company incorporated under the laws of the Republic of South Africa (Registration number 2006/029265/07)
PGNW	Peermont Global (North West) Proprietary Limited, a limited liability company incorporated under the Laws of the Republic of South Africa (Registration number 2006/028470/07), which includes the divisions of Mmabatho Palms and Rio
PGSH or Graceland	Peermont Global (Southern Highveld) Proprietary Limited, trading as Graceland Hotel Casino and Country Club, a limited liability company incorporated under the laws of the Republic of South Africa (Registration number 1995/004452/07)
PGT or Thaba Moshate	Peermont Global (Tubatse) Proprietary Limited, trading as Thaba Moshate Hotel Casino and Convention Resort, a limited liability company incorporated under the laws of the Republic of South Africa (Registration number 2006/019823/07)
PKZNST	Peermont (KZN) Staff Trust (Registration number IT1026/2008)
PNWLT	Peermont NW&L Employee Incentive Trust (Registration number IT4329/01)
PSHST	Peermont Southern Highveld Staff Trust (Registration number IT1979/20)
PTST	Peermont Tubatse Staff Trust (Registration number IT20753/2014)
R or Rand	South African Rand, legal tender of the Republic of South Africa
Rio	A division of PGNW, trading as Rio Hotel Casino Convention Resort
Senior A Loan	Senior facility A, a tranche of the Senior debt
Senior B Loan	Senior facility B, a tranche of the Senior debt
Senior C Loan	Senior facility C, a tranche of the Senior debt
Senior debt	The combined Senior A Loan, Senior B Loan and Senior C Loan totalling R3 173,1 million, due 2027, raised by Peermont in 2022 under the Common Terms Agreement
Senior debt Guarantors	Consisted of PGH IV, Peermont, PGNW, PGKZN, PGMNW&L and PGMKZN. Subsequent to the October 2022 refinance the Senior debt Guarantors consist of Peermont, PGMNW&L and PGMKZN.
VAT	Value added taxation
WCF	Working Capital Facility of R250 000 000

GROUP STATEMENT OF PROFIT OR LOSS

for the six months ended 30 June 2023

	Note	2023 (reviewed) R'm
Net gaming win		**1 271,9**
Rooms revenue		**118,7**
Food and beverage revenue		**167,6**
Other revenue and income		**24,8**
Income	1	**1 583,0**
Sundry income	2	**6,6**
Employee costs		**(317,6)**
Share-based payment remeasurement	11	**(43,9)**
VAT and gaming levies on net gaming win		**(263,3)**
Promotions and marketing		**(80,1)**
Depreciation and amortisation		**(114,5)**
Impairments	15	**(69,6)**
Decrease in loss allowances in respect of financial assets		**1,0**
Rental expense		**(4,4)**
Property costs		**(90,0)**
Consumables and services		**(169,3)**
Other operational costs		**(117,1)**
Operating profit		**320,8**
Finance income	4	**48,4**
Finance expense	5	**(236,2)**
Profit before taxation		**133,0**
Taxation	6	**(65,0)**
Profit for the period		**68,0**
Attributable to:		
Equity holders of Peermont Holdings		**72,5**
Non-controlling interests		**(4,5)**
		68,0

GROUP STATEMENT OF COMPREHENSIVE INCOME

for the six months ended 30 June 2023

	Note	2023 (reviewed) R'm
Profit for the period		**68,0**
Other comprehensive income		
Items that are or may be reclassified to profit or loss		
Exchange differences on translating foreign operations		**5,6**
Total comprehensive income for the period		**73,6**
Attributable to:		
Equity holders of Peermont Holdings		**75,9**
Non-controlling interests		**(2,3)**
		73,6
Basic earnings per share and diluted basic earnings per share (Rand)	16.1	**357**

GROUP STATEMENT OF FINANCIAL POSITION

at 30 June 2023

	Note	**2023 (reviewed) R'm**
Assets		
Total non-current assets		**7 790,2**
Property, plant and equipment	7	**3 519,8**
Intangible assets	8	**4 139,5**
Right-of-use assets		**84,5**
Derivative instruments	12.3	**25,3**
Loans receivable		**2,9**
Investment		**1,3**
Deferred taxation assets		**16,9**
Total current assets		**378,1**
Disposal group held for sale		**31,3**
Inventories		**95,9**
Trade and other receivables		**115,9**
Amounts due by related parties		**1,3**
Current portion of derivative instruments	12.3	**14,3**
Current portion of loans receivable		**1,1**
Taxation receivable		**4,2**
Cash and cash equivalents		**114,1**
Total assets		**8 168,3**
Equity and liabilities		
Equity		
Capital and reserves		**2 023,3**
Non-controlling interests		**75,3**
Total equity		**2 098,6**
Total non-current liabilities		**5 551,0**
Interest-bearing long-term borrowings	9	**2 767,9**
Preference share liability	10	**1 147,5**
Share-based payment liabilities	11	**165,4**
Lease liabilities		**98,6**
Amounts due to related parties		**4,1**
Deferred taxation liabilities		**1 367,5**
Total current liabilities		**518,7**
Trade and other payables		**312,8**
Loyalty points liability		**35,8**
Current portion of interest-bearing long-term borrowings	9	**108,8**
Current portion of lease liabilities		**20,6**
Amounts due to related parties		**13,1**
Taxation payable		**6,0**
Bank overdraft		**21,6**
Total liabilities		**6 069,7**
Total equity and liabilities		**8 168,3**

GROUP STATEMENT OF CHANGES IN EQUITY

for the six months ended 30 June 2023

	Stated capital R'm	Treasury shares R'm	Translation reserve R'm	Accumulated loss R'm	Capital and reserves R'm	Non-controlling interests R'm	Total equity R'm
Balance at 1 January 2023	3 784,0	(68,3)	11,3	(1 775,6)	1 951,4	81,4	2 032,8
Total comprehensive income for the period	–	–	**3,4**	**72,5**	**75,9**	**(2,3)**	**73,6**
Profit for the period	–	–	–	**72,5**	**72,5**	**(4,5)**	**68,0**
Other comprehensive income	–	–	**3,4**	–	**3,4**	**2,2**	**5,6**
Transactions with owners accounted directly in equity							
Profit attributable to staff trust beneficiaries	–	–	–	**(4,0)**	**(4,0)**	–	**(4,0)**
Dividends paid to non-controlling interests	–	–	–	–	–	**(3,8)**	**(3,8)**
Balance at 30 June 2023 (reviewed)	**3 784,0**	**(68,3)**	**14,7**	**(1 707,1)**	**2 023,3**	**75,3**	**2 098,6**

GROUP STATEMENT OF CASH FLOWS

for the six months ended 30 June 2023

	Note	2023 (reviewed) R'm
Cash inflows from operating activities	13	**511,9**
Finance income received		**8,8**
Finance expense paid		**(257,8)**
Taxation paid		**(69,3)**
Net cash inflows from operating activities		**193,6**
Cash outflows from investing activities		**(86,7)**
Replacement of property, plant and equipment to maintain operations		**(80,5)**
Replacement of intangible assets to maintain operations		**(2,2)**
Acquisition of property, plant and equipment to expand operations		**(4,5)**
Loans receivable repaid		**0,4**
Proceeds on disposal of property, plant and equipment		**0,1**
Cash outflows from financing activities		**(110,8)**
Capital repayments on Senior debt		**(100,0)**
Capital portion of lease payments		**(5,8)**
Dividends paid to non-controlling interests		**(3,8)**
Repayment of non-current amounts due to related parties		**(1,2)**
Net decrease in cash and cash equivalents		**(3,9)**
Cash and cash equivalents at beginning of period		**95,6**
Effect of exchange rate fluctuations on cash held		**0,8**
Cash and cash equivalents at end of period		**92,5**

		2023 (reviewed) R'm
1.	**Income**	
	Net gaming win	**1 271,9**
	Rental income	**19,1**
	Revenue from contracts with customers	**292,0**
	Rooms revenue	**118,7**
	Food and beverage revenue	**167,6**
	Other revenue from contracts with customers	**5,7**
		1 583,0

Income by nature and geographical segment:

	Net gaming win R'm	Rental income R'm	Revenue from contracts with customers: Rooms R'm	Revenue from contracts with customers: Food and beverage R'm	Revenue from contracts with customers: Other R'm	Total income R'm
2023 (reviewed)						
Emperors Palace	**891,6**	**17,6**	**70,2**	**79,7**	**2,1**	**1 061,2**
South African regional operations	**299,4**	**0,9**	**31,0**	**56,5**	**2,7**	**390,5**
Botswana operations#	**62,0**	**0,6**	**17,5**	**31,4**	**0,9**	**112,4**
PalaceBet	**18,9**	**–**	**–**	**–**	**–**	**18,9**
	1 271,9	**19,1**	**118,7**	**167,6**	**5,7**	**1 583,0**

The group usually reports higher revenue in the second half of the year compared to the first half. This is due to the positive effect of the festive season on the fourth quarter as well as generally more conferences and events taking place during that time of the calendar year. Revenue for the twelve months to June 2023 amounted to R3 232,7 million.

		2023 (reviewed) R'm
2.	**Sundry income**	
	Prescription income	**5,9**
	Refunds received	**0,7**
	Profit on disposal of property, plant and equipment*	**–**
		6,6

* *Less than R50 000*

\# *Translated to Rand at an average effective exchange rate of R1,39:P1.*

		2023 (reviewed) R'm
3.	**EBITDA reconciliation**	
	Operating profit	**320,8**
	Adjusted for:	
	– Impairments	**69,6**
	– Share-based payment remeasurement	**43,9**
	– Employee restructuring costs	**0,2**
	Adjusted operating profit	**434,5**
	Add: Depreciation and amortisation	**114,5**
	EBITDA	**549,0**

EBITDA for the twelve months to June 2023 was R1 165,5 million.

4.	**Finance income**	
	Fair value gain on interest rate swaps	**39,6**
	Interest received – interest rate swaps	**0,6**
	Interest earned on cash and cash equivalents	**7,4**
	Dividends received	**0,8**
		48,4
5.	**Finance expense**	
	Interest paid/payable – Senior debt	**159,4**
	Preference dividend accrued on PGH III preference shares	**70,0**
	Interest accrued on lease liabilities	**4,2**
	Other finance expense paid#	**2,6**
		236,2

Comprises commitment fees, guarantee fees and interest on cash and cash equivalents

6. Taxation

On 23rd February 2022, the South African Minister of Finance announced a change in the corporate taxation rate from 28% to 27% for the years of assessment ending on or after 31 March 2023. The new rate is therefore being applied from the 2023 financial year. In addition, measures were promulgated, limiting the assessed losses that are set off against taxable income to the higher of R1,0 million or 80% of the taxable income.

Previously, the full deferred taxation asset was not raised for the estimated taxation loss of PGT due to the uncertainty as to the timing of realisation of the asset. PGT recognised a deferred taxation asset of R7,6 million in the current period based on expected taxable income for the foreseeable future which are expected to be utilised against the taxation loss.

If the PGT taxation credit, the non-deductible preference share dividend accrued and the non-deductible goodwill impairments are adjusted for, the group's adjusted effective taxation rate for the period amounts to 27,2%.

7. Property, plant and equipment

	Cost R'm	Accumulated depreciation and impairment R'm	Carrying amount R'm
30 June 2023 (reviewed)			
Land	**184,7**	**–**	**184,7**
Freehold buildings	**4 427,8**	**(1 633,6)**	**2 794,2**
Leasehold buildings and improvements	**199,9**	**(84,3)**	**115,6**
Furniture, fittings and equipment	**2 382,4**	**(1 987,3)**	**395,1**
Capital work in progress	**30,2**	**–**	**30,2**
	7 225,0	**(3 705,2)**	**3 519,8**

During the period the group acquired plant and equipment to the amount of R85,0 million. This included R4,5 million spent on water purification plants at three of the operating units, R49,2 million spent on slots replacement throughout the group and R31,3 spent on other replacement or refurbishment of plant and equipment during the ordinary course of business. In the prior year, capital expenditure was delayed as the group was still being impacted by Covid-19-related restrictions during the first half of 2022.

There were no material disposals of property, plant and equipment during the current or prior period.

8. Intangible assets

	Cost R'm	Accumulated amortisation and impairment R'm	Carrying amount R'm
30 June 2023 (reviewed)			
Goodwill	**1 829,6**	**(721,1)**	**1 108,5**
Casino licences	**3 196,4**	**(197,6)**	**2 998,8**
Trademarks	**20,0**	**–**	**20,0**
Computer software	**172,8**	**(160,6)**	**12,2**
	5 218,8	**(1 079,3)**	**4 139,5**

During the period the group acquired computer software to the amount of R2,2 million. There were no disposals of intangible assets.

Certain goodwill and casino licence assets were impaired in the current period (refer to note 15).

		2023 (reviewed) R'm
9.	**Interest-bearing long-term borrowings**	
	South African - secured	
	Senior A Loan	**744,3**
	Senior B Loan	**2 006,4**
	Senior C Loan	**126,0**
	Total interest-bearing long-term liabilities	**2 876,7**
	Less: Current portion of Senior debt included in current liabilities	**(108,8)**
		2 767,9
	Reconciliation from the opening balance to the closing balance of interest-bearing long-term borrowings:	
	Balance at beginning of period	**2 974,2**
	Borrowings repaid	**(100,0)**
	Interest expense	**159,4**
	Interest paid	**(157,6)**
	Modification expense	**0,7**
	Balance at end of period	**2 876,7**
10.	**Preference share liability**	
	PGH III preference shares issued	
	2 500 cumulative redeemable preference shares of no par value issued in 2022	**1 147,5**
11.	**Share-based payment liabilities**	
	MIP matched entitlements and growth entitlements	**140,7**
	Opening balance	**98,9**
	Entitlements allocated	**29,0**
	Remeasurement	**12,8**
	Management shares obligation	**24,7**
	Opening balance	**22,6**
	Remeasurement	**2,1**
		165,4
	Less: Current portion included in current liabilities	**–**
		165,4

In February 2023 the following material amendments to the MIP rules were approved:

- Matched entitlements: Previously unallocated matched entitlements will be allocated to participants over the next four years.
- Growth entitlements: The previously unallocated growth entitlements will be allocated to participants by adjusting the equity value thresholds and percentages.

These amendments, together with the increase in the estimated group equity value, resulted in an increase of R43,9 million in the share-based payment liability.

12. Financial instruments

12.1 *Fair values of financial instruments*

	Carrying amount R'm	Fair value R'm
30 June 2023 (reviewed)		
Financial assets at fair value through profit or loss		
Derivative instruments	**39,6**	**39,6**
Financial liabilities at amortised cost		
Interest-bearing long-term borrowings	**2 876,7**	**2 900,0**
Preference share liability	**1 147,5**	**1 147,5**
	4 024,2	**4 047,5**

The fair values of interest-bearing long-term borrowings and preference share liability disclosed above were calculated based on expected future principal and interest cash flows discounted at a market rate whereas the carrying amount is measured at amortised cost, including capitalised costs.

The carrying amounts of other financial assets and liabilities at amortised cost in the statement of financial position are a reasonable approximation of the fair values and these instruments were therefore not included in the table above.

12.2 *Financial instruments carried at fair value*

All financial instruments are measured at amortised cost, except derivative instruments which are measured at fair value. The derivative instruments consist of interest rate swaps entered into to partially hedge the interest rate exposure on the Senior debt. The interest rate swaps are valued by external advisers utilising standard market practices and assumptions. A risk-based discounted cash flow approach is used to estimate the fair value of the derivative instruments. These cash flows are discounted using discount factors that are further adjusted for the credit risk of Peermont. The derivative instruments are grouped under Level 2 of the fair value hierarchy.

12.3 *Derivative instruments*

On 23, 24 and 25 January 2023, Peermont entered into interest rate swaps with a notional value of R1 500,0 million with an average fixed interest rate of 7,617%. The purpose of the swaps is to hedge a portion of the interest rate exposure on the Senior debt. At the reporting date, 52% of the interest rate exposure on the Senior debt is hedged. The group does not apply hedge accounting to these instruments. The derivative instruments are measured at fair value. Gains and losses on remeasurement are recognised in profit or loss.

	2023 (reviewed) R'm
13. Cash inflows from operating activities	
Profit before taxation	**133,0**
Adjusted for:	
– finance income	**(48,4)**
– finance expense	**236,2**
– depreciation and amortisation	**114,5**
– impairments	**69,6**
– share-based payment remeasurement	**43,9**
– movement in loyalty points liability	**(6,6)**
– decrease in loss allowances in respect of financial assets	**(1,0)**
Cash generated by operations before working capital changes	**541,2**
Changes in working capital	**(29,3)**
Increase in inventories	**(2,5)**
Increase in trade and other receivables	**(7,1)**
Decrease in trade and other payables	**(16,6)**
Increase in amounts due by related parties	**(0,3)**
Decrease in amounts due to related parties	**(2,8)**
	511,9

14. Segment analysis

	Income 2023 (reviewed) R'm	EBITDA 2023 (reviewed) R'm
Emperors Palace	**1 061,2**	**461,5**
South African regional operations	**390,5**	**71,4**
Umfolozi	**74,2**	**18,5**
Rio	**71,2**	**15,6**
Graceland	**70,7**	**12,3**
Thaba Moshate	**53,8**	**8,0**
Khoroni	**53,2**	**11,6**
Mmabatho Palms	**37,1**	**1,5**
Frontier Inn	**30,3**	**3,9**
Botswana#	**112,4**	**20,4**
Corporate office	**35,5**	**4,7**
Intercompany	**(35,5)**	**–**
Subtotal	**1 564,1**	**558,0**
PalaceBet	**18,9**	**(9,0)**
Peermont Holdings group total	**1 583,0**	**549,0**

Segment EBITDA represents results after intra-group management fees. Refer to note 3 for the reconciliation of EBITDA to operating profit.

 # Translated to Rand at an average effective exchange rate of R1,39:P1.

14. Segment analysis (continued)

	Segment assets 2023 (reviewed) R'm	Segment liabilities 2023 (reviewed) R'm
Emperors Palace	**6 406,4**	**3 184,6**
South African regional operations	**1 401,9**	**565,0**
Umfolozi	**335,1**	**76,5**
Rio	**285,6**	**180,8**
Graceland	**299,8**	**85,8**
Thaba Moshate	**90,2**	**139,3**
Khoroni	**152,8**	**36,9**
Mmabatho Palms	**171,3**	**39,0**
Frontier Inn	**67,1**	**6,7**
Botswana#	**348,5**	**201,0**
Corporate office	**4 534,3**	**5 431,4**
Intercompany	**(4 545,1)**	**(4 545,1)**
Holding companies	**0,6**	**1 172,2**
Other	**16,9**	**15,6**
Subtotal	**8 163,5**	**6 024,7**
PalaceBet	**4,8**	**45,0**
Peermont Holdings group total	**8 168,3**	**6 069,7**

 # Translated to Rand at the closing effective exchange rate of R1,42:P1.

15. Impairments

Indicators of impairment were identified at the following CGUs due to unfavourable economic conditions prevailing in the local catchment areas of these properties leading to significant budget underperformance.

CGU	Segment
– PGKZN	Umfolozi
– PGNW – Mmabatho	Mmabatho Palms
– PGEFS	Frontier Inn

The intangible assets in these CGUs were therefore tested for impairment using a discounted cash flow methodology based on value in use. The goodwill in PGKZN and Mmabatho and the casino licence in PGEFS were impaired in full as follows:

	2023 (reviewed) R'm
Impairment of goodwill	**64,1**
– PGKZN	**55,5**
– PGNW – Mmabatho	**8,6**
Impairment of casino licence – PGEFS	**5,5**
	69,6

The following key assumptions, based on management experience and available industry forecasts, were utilised in determining the future cash flows of the relevant CGUs for a period of five years:

- growth in revenue of 6,6%;
- growth in costs of between 4,9% and 6,6% with an average of 6,2% increasing to 6,4% in perpetuity;
- resulting in a weighted average EBITDA growth of 8,0%;
- a pre-tax weighted average cost of capital of 15,4% (14,2% post-tax);
- replacement capital expenditure of 8,0% in the first year and 4,9% thereafter of annual projected revenues;
- the taxation rate was assumed to remain at 27,0% in South Africa for the forecast period;
- rates relating to gaming levies and VAT to remain constant; and
- an average exit EBITDA multiple of 5,5 times was used in the discounted cash flow as an exit perpetuity.

No indicators of impairment were identified in the six months ended 30 June 2022 and therefore no impairment testing was required in that period. The previous annual impairment test was performed in the second half of 2022.

Sensitivity analysis

The group assessed the impact of a 1 percentage point change in the revenue growth and weighted average cost of capital key assumptions in cash-generating units which were not impaired.

Following the impairment losses recognised, the recoverable amount of each of the impaired cash-generating units was equal to the carrying amount of the net operational assets of the cash-generating unit. Therefore, any adverse movement in a key assumption would have led to further impairment.

Based on the group's sensitivity analysis, a reasonably possible change in the above key assumptions would not lead to a material impairment loss in any of the group's cash generating units in the current period.

		2023 (reviewed)
16.	**Basic, diluted and headline earnings per share**	
16.1	**Basic earnings per share**	
	Profit attributable to equity holders of the company (R'm)	**72,5**
	Weighted average number of shares in issue	**203 341**
	Basic earnings per share (Rand)	**357**
16.2	**Diluted basic earnings per share**	
	At 30 June 2023 the company has no dilutive potential ordinary shares. Therefore there is no dilution of earnings per share.	
16.3	**Headline earnings per share**	
	Profit attributable to equity holders of the company (R'm)	**72,5**
	Add: Impairments of goodwill	**64,1**
	Add: Impairment of casino licences	**5,5**
	Total tax effects of adjustments	**(1,5)**
	Total non-controlling interest effects of adjustments	**8,1**
	Headline earnings	**148,7**
	Weighted average number of shares in issue	**203 341**
	Headline earnings per share (Rand)	**731**
	At 30 June 2023 the company has no dilutive potential ordinary shares. Therefore there is no dilution of headline earnings per share.	
16.4	**Other information**	**R**
	Net asset value per share	**10 321**
	Net tangible asset value per share	**(10 037)**
	Dividend per share	**–**

17. Going concern

The group made a profit for the period of R68,0 million and as at that date its total current liabilities exceeded its total current assets by R140,6 million. The net current liability position is consistent with historical trends and is similar to many other entities within the gaming industry. The net result is that the working capital cycle generates cash for the group and the current liabilities continue to be met by cash generated from operations.

The group's operations are cash generative with positive future cash flow forecasts.

The assets of the group fairly valued exceed the liabilities of the group.

The long-term interest-bearing borrowings of Peermont mature in September 2027 and the preference shares issued by PGH III mature in November 2027. At the reporting date, the financial covenants for these facilities are met comfortably. Based on current forecasts, management expects covenants to be met for the foreseeable future.

The group's R250 million working capital facility is available until 31 December 2024. In addition, PGB has an unsecured facility of P12,5 million which has been extended until 31 May 2024 subsequent to the reporting date. Current cash flow projections estimate that the group will have adequate resources to meet its liquidity requirements for the foreseeable future and that, if the facility is used, the group will have sufficient funds to settle the WCF at the maturity date.

The group interim historical financial information is prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities will occur in the ordinary course of business.

18. Changes in financial position and performance

There have been no material changes in the financial position or performance of the group since the end of the last reporting period, other than those disclosed in this group interim historical financial information.

19. Related parties

There has been no material change, by nature or amount, in transactions with related parties since the 2022 financial year-end.

20. Dividends

No dividends were declared for the six months ended 30 June 2023.

21. Events subsequent to reporting date

On 14 December 2023, Sun International entered into an agreement with the shareholders of Peermont Holdings to acquire all of the issued ordinary shares and any claims on loan account against the group. The exact purchase consideration payable in cash to the sellers will be determined with reference to an enterprise value of the Peermont group of R7 300 million, less net debt and certain sellers’ transaction costs and subject to capital expenditure and working capital adjustments, if applicable, calculated at the closing date of the proposed transaction, estimated to amount to approximately R3 236 million as at 30 September 2023. Implementation of the agreement is subject to the fulfilment of conditions precedent standard for a transaction of this nature, including approval by the relevant Competition Authorities, the Gauteng Gambling Board and Sun International shareholders.

On 22 December 2023, the Senior A Loan agreement was amended to remove the requirement for quarterly capital repayments and to increase the margin by 50 bps. The terms of the Senior A Loan are now aligned with those of the Senior B Loan.

No other material events or circumstances which require adjustment to, or disclosure in, these financial statements have occurred subsequent to year end and up to the date of this report.

22. Basis of preparation

The group interim historical financial information for the six months ended 30 June 2023 is prepared in accordance with the International Financial Reporting Standards, IAS 34 *Interim Financial Reporting*, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by Financial Reporting Standards Council and the JSE Listings Requirements and requirements of the Companies Act of South Africa. The accounting policies applied in the preparation of this group interim historical financial information are in terms of International Financial Reporting Standards as issued by the IASB and are consistent with those applied in the group historical financial information included in this Circular as Annexure 3. The group interim historical financial information has been prepared by applying the accounting policies of the acquirer, Sun International.

23. Accounting policies and adoption of new IFRSs

IFRS 17 *Insurance Contracts* became effective on 1 January 2023. The group has financial guarantee contracts which were previously accounted for in terms of IFRS 4 *Insurance Contracts*. On transition to IFRS 17, an entity may irrevocably elect to apply IFRS 17 or IFRS 9 *Financial Instruments* on a contract-by-contract basis to financial guarantees which were previously accounted for under IFRS 4. The group has elected to account for these contracts in terms of IFRS 9 effective 1 January 2023. This did not have a material impact on the interim results of the group and are not expected to have a material impact on the results for the 2023 financial year. All other accounting policies as set out in the group historical financial information set out in Annexure 3 to the Circular and have been applied consistently in this group interim historical financial information.

24. Accounting standards, interpretations and amendments to existing standards that are not yet effective

There has been no significant change to management's estimates in respect of new accounting standards, amendments and interpretations to the existing standards that have been published which are not yet effective and which have not yet been adopted by the group.

ANNEXURE 6: INDEPENDENT AUDITOR'S REVIEW REPORT ON THE GROUP INTERIM HISTORICAL FINANCIAL INFORMATION

*The definitions and interpretations commencing on page 9 of this Circular **do not** apply to this Annexure 6, unless the context clearly indicates otherwise.*

To the directors of Peermont Holdings Proprietary Limited and Sun International Limited

Introduction

The definitions in Annexure 3 and 5 of the Circular to which this letter is attached apply *mutatis mutandis* to this report on the group interim historical financial information set out in Annexure 5 of this Circular (the "**Report**").

At your request, and for the purposes of the Circular, we have reviewed the group interim historical financial information of the Peermont Group, comprising of the group statement of financial position at 30 June 2023, the group statements of profit or loss, comprehensive income, changes in equity and cash flows for the six months ended 30 June 2023 and the notes thereto (collectively the "**Group Interim Historical Financial Information**"), as presented in **Annexure 5** to the Circular. The Group Interim Historical Financial Information has been prepared in accordance with IAS 34: Interim Financial Reporting ("**IAS 34**"), the requirements of the Companies Act of South Africa and the JSE Listings Requirements.

Directors' Responsibility for the Group Interim Historical Financial Information

The directors of Peermont Holdings are responsible for the preparation and fair presentation of the Group Interim Historical Financial Information in accordance with IAS 34, the requirements of the Companies Act of South Africa and the JSE Listings Requirements. The directors of Sun International are responsible for the compilation, contents and preparation of the Circular including the Group Interim Historical Financial Information for the six months ended 30 June 2023 contained therein, in accordance with IAS 34, the requirements of the Companies Act of South Africa and the JSE Listings Requirements.

Auditor's Responsibilities for the Group Interim Historical Financial Information

Our responsibility is to express a review conclusion on the Group Interim Historical Financial Information based on our review conducted in accordance with the International Standard on Review Engagements ISRE 2410: *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* ("**ISRE 2410**").

A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion on the Group Interim Historical Financial Information

IAS 34, requires a company to present comparative information in respect of the preceding period for all amounts reported in the current period's interim financial statements. Paragraph 8.7 of the JSE Listings Requirements states that notwithstanding the requirements of IAS 34 if reviewed interim financial information is being prepared for the purposes of paragraph 8.7, no comparative information needs to be disclosed, if that reviewed interim financial information has been prepared using accounting policies that are identical to those contained in the historical financial information of the group included in the document. Peermont Group has, therefore, not presented comparative information for the period ended 30 June 2022 as required by IAS 34.

Qualified Conclusion on the Group Interim Historical Financial Information

Based on our review, except for the omission of the comparative information described in the Basis for Qualified Conclusion paragraph, nothing has come to our attention that causes us to believe that the Group Interim Historical Financial Information for the six months ended 30 June 2023, as set out in Annexure 5 to the Circular is not prepared, in all material respects, in accordance with the requirements of IAS 34, the requirements of the Companies Act of South Africa and the JSE Listings Requirements.

Emphasis of matter

Without further modifying our conclusion, we draw attention to the presentation of group interim historical financial information paragraph set out in Annexure 5.

The Group Interim Historical Financial Information presents the financial information of the Peermont Group prior to the Reorganisation detailed in paragraph 6 of this Circular, in accordance with the dispensation from the JSE as set out in the JSE Ruling Letter dated 6 December 2023 in terms of paragraph 8.2(e) of the JSE Listings Requirements that requires the report of historical financial information to be prepared on the subject matter of the Category 1 transaction.

KPMG Inc.
Registered Auditor

Per CS Erasmus
Chartered Accountant (SA)
Registered Auditor
Director
30 January 2024

85 Empire Road
Parktown
2193

ANNEXURE 7: MATERIAL LOANS

Sun International Group

Name of Lender	Loan Facility amount R'000	Balance as at Last Practicable Date R'000	Interest Term	Repayment/ Renewal terms	Covenant required	Covenants achieved	Security provided	Purpose of loan
Nedbank Limited	1 000 000	900 000	Quarterly	Amortising quarterly, final payment due in 2027	South African debt to adjusted EBITDA less than 3.25x	1.8x	None	Funding business units
Standard Bank of South Africa Limited	194 000	175 000	Quarterly			1.8x	None	Funding business units
ABSA Bank Limited	203 000	183 000	Quarterly			1.8x	None	Funding business units
FirstRand Bank Limited	146 000	131 000	Quarterly			1.8x	None	Funding business units
Investec Bank Limited	117 000	105 000	Quarterly			1.8x	None	Funding business units
Sanlam Life Insurance Limited	340 000	306 000	Quarterly			1.8x	None	Funding business units
Nedbank Limited	1 000 000	1 000 000	Quarterly	Capital follows term of the loan - 2027	South African debt to adjusted EBITDA less than 3.25x	1.8x	None	Funding business units
Standard Bank of South Africa Limited	194 000	194 000	Quarterly			1.8x	None	Funding business units
ABSA Bank Limited	203 000	203 000	Quarterly			1.8x	None	Funding business units
FirstRand Bank Limited	146 000	146 000	Quarterly			1.8x	None	Funding business units
Investec Bank Limited	117 000	117 000	Quarterly			1.8x	None	Funding business units
Sanlam Life Insurance Limited	340 000	340 000	Quarterly			1.8x	None	Funding business units

Name of Lender	Loan Facility amount R'000	Balance as at Last Practicable Date R'000	Interest Term	Repayment/ Renewal terms	Covenant required	Covenants achieved	Security provided	Purpose of loan
Nedbank Limited	500 000	500 000	Quarterly	Capital follows term of the loan - 2025	South African debt to adjusted EBITDA less than 3.25x	1.8x	None	Funding business units
Standard Bank of South Africa Limited	97 000	97 000	Quarterly			1.8x	None	Funding business units
ABSA Bank Limited	101 000	101 000	Quarterly			1.8x	None	Funding business units
FirstRand Bank Limited	73 000	73 000	Quarterly			1.8x	None	Funding business units
Investec Bank Limited	59 000	59 000	Quarterly			1.8x	None	Funding business units
Sanlam Life Insurance Limited	170 000	170 000	Quarterly			1.8x	None	Funding business units
Nedbank Limited	500 000	250 000	Quarterly	Capital follows term of the loan - 2024	South African debt to adjusted EBITDA less than 3.25x	1.8x	None	Funding business units
Standard Bank of South Africa Limited	52 000	26 000	Quarterly			1.8x	None	Funding business units
ABSA Bank Limited	350 000	175 000	Quarterly			1.8x	None	Funding business units
FirstRand Bank Limited	40 000	20 000	Quarterly			1.8x	None	Funding business units
Investec Bank Limited	58 000	29 000	Quarterly			1.8x	None	Funding business units
Nedbank Limited	90 738	90 738	Monthly	Capital repayment of the loan - 2028			Mortgage bond	

The Peermont Group

Name of Lender	Loan/Facility amount R'000	Balance as at Last Practicable Date R'000	Interest term range	Repayment/ Renewal terms	Covenants	Security provided	Purpose of loan
FirstRand Bank Limited (acting through its Rand Merchant Bank Division)	750,000	750,460	Three-month JIBAR + 2.80% NACQ	Interest repayments are made quarterly. The loan maturity date is 30 September 2027.	Senior debt net of cash to adjusted EBITDA less than 4.00x. Total debt net of cash to adjusted EBITDA less than 5.25x. Free cash flow to debt service greater than 1.20x. EBITDA to senior net finance costs greater than 2.00x.	Peermont Global Proprietary Limited has issued two continuing covering mortgage bonds over the immovable properties in favour of Main Street 1070 (the security-related special purpose vehicle established by the Lenders) as follows: • for the maximum sum of R8 billion and the further additional sum of R1.6 billion on 11 April 2014; • for the maximum sum of R8 billion and the further additional sum of R1,6 billion on 20 May 2014. Peermont Global Proprietary Limited has issued a general notarial bond over specified moveable assets in favour of Main Street 1070 for the maximum sum of R8 billion and the further additional sum of R1.6 billion on 9 May 2014. Peermont Global Proprietary Limited has ceded, as security for the performance of the secured obligations, its secured assets to Main Street 1070.	Refinancing of pre-existing senior debt as at the 2017 financial year-end.
Investec Bank Limited (acting through its Corporate and Institutional Division)	2,023,100	2,024,353	Three-month JIBAR + 2.80% NACQ.	Interest repayments are made quarterly. The loan maturity date is 30 September 2027.			
The Standard Bank of South Africa Limited Ninety One SA Proprietary Limited, acting as agent for and on behalf of Ninety One Assurance Limited	400,000	208,383	Three-month JIBAR + 2.80% NACQ	Interest repayments are made quarterly. The loan maturity date is 30 September 2027.			
FirstRand Bank Limited (acting through its Rand Merchant Bank Division)	249,500	Guarantees issued by the Peermont Group of 36,900. No cash utilisation.	Prime lending rate – 0.5%	The facility remains available for utilisation until 31 December 2024 and is, until such time, repayable on demand by the Lender.			The facility is utilised for senior debt service, capital expenditure, and guarantees issued by the Peermont Group to various gambling boards and other institutions.

SUN INTERNATIONAL LIMITED
(Incorporated in the Republic of South Africa)
(Registration number 1967/007528/06)
JSE share code: SUI ISIN: ZAE000097580
LEI: 378900835F180983C60
("**Sun International**" or the "**Company**")

NOTICE OF GENERAL MEETING

The definitions and interpretations commencing on page 9 of this Circular apply to this Notice of General Meeting, unless the context clearly indicates otherwise.

NOTICE IS HEREBY GIVEN that a General Meeting of Sun International Shareholders will be held at 09:00 on Monday, 4 March 2024 at the Maslow Hotel, Cnr Rivonia Road and Grayston Drive, Sandton, Gauteng, South Africa (subject to any cancellation, postponement or adjournment thereof) and, if applicable, through electronic participation via a Microsoft Teams call (but excluding voting by electronic means), for the purpose of considering and, if deemed fit, passing with or without modification, the Resolutions set out below.

Sun International Shareholders are referred to the Circular, which sets out the information and explanatory material that they may require in order to determine whether to participate in the General Meeting and vote on the Resolutions set out below.

1. **ORDINARY RESOLUTION NUMBER 1: APPROVAL OF THE PROPOSED TRANSACTION**

   "**RESOLVED AS AN ORDINARY RESOLUTION THAT** in accordance with the provisions of section 9.20 of the Listings Requirements, the Proposed Transaction, being the acquisition by SISA of 100% of the issued ordinary shares of, and any shareholder claims on loan account against, Peermont Holdings as contemplated in the Sale Agreement, is hereby approved by Shareholders."

   For Ordinary Resolution Number 1 to be passed, votes in favour of the Resolution must represent more than 50% of the voting rights exercised by Shareholders at the General Meeting in person or by proxy and who were entitled to exercise voting rights in respect of Ordinary Resolution Number 1.

   Reason and effect

   The reason for Ordinary Resolution Number 1 is that the Proposed Transaction is categorised as a Category 1 Transaction for Sun International in terms of the paragraphs 9.5, 9.6 and 9.20 of the Listings Requirements. Consequently, Shareholders are required to approve the Proposed Transaction by way of an ordinary resolution in terms of paragraph 9.20 of the Listings Requirements. The effect of Ordinary Resolution Number 1, if passed, will be to grant the necessary Shareholder approval for the Proposed Transaction in terms of the Listings Requirements.

2. **ORDINARY RESOLUTION NUMBER 2 – DIRECTORS AND/OR COMPANY SECRETARY AUTHORITY**

   "**RESOLVED AS AN ORDINARY RESOLUTION THAT** any Director and/or the company secretary of Sun International be and is hereby authorised and empowered to do all such things, sign all such documents and take all such actions as may be necessary for or incidental to give effect to Ordinary Resolution Number 1 set out in this Notice of General Meeting and anything already done in this respect be and is hereby ratified to the fullest extent permissible in law."

   For Ordinary Resolution Number 2 to be passed, votes in favour of the Resolution must represent more than 50% of the voting rights exercised by Shareholders at the General Meeting in person or by proxy and who were entitled to exercise voting rights in respect of Ordinary Resolution Number 2.

   Reason and effect

   The reason for and effect of Ordinary Resolution Number 2 is to authorise any Director or the company secretary of Sun International to do all such things and sign all such documents as are deemed necessary or desirable to implement Ordinary Resolution Number 1 set out in the Notice of General Meeting, which requires the approval of the Shareholders.

ATTENDANCE, VOTING AND PROXIES

The date on which Shareholders must have been recorded as such in the Register for purposes of being entitled to receive this Notice of General Meeting is Friday, 26 January 2024.

The date on which Shareholders must be recorded in the Register for purposes of being entitled to attend and/or participate and vote at the General Meeting is Friday, 23 February 2024, with the last day to trade being Tuesday, 20 February 2024.

In terms of, among others, the Companies Act and the Listings Requirements, no voting rights attaching to the treasury shares held by Sun International or Shares held by a share plan, trust or scheme (save for those Shares held in favour of employees to whom voting rights have already accrued) and unlisted securities may be exercised.

In terms of section 63(1) of the Companies Act, meeting participants will be required to provide proof of identification to the reasonable satisfaction of the chairman of the General Meeting and must accordingly present or bring a copy of their identity document or smart card, passport or driver's license to the General Meeting. If in doubt as to whether any document will be regarded as satisfactory proof of identification, meeting participants should contact The Meeting Specialist for guidance.

Quorum

The quorum requirement for the General Meeting to begin or for a matter to be considered at the General Meeting is at least three Shareholders present in person or represented by proxy. In addition:

- the General Meeting may not begin until sufficient persons are present in person or represented by proxy to exercise, in aggregate, at least 25% of the voting rights that are entitled to be exercised in respect of at least one matter to be decided at the General Meeting; and
- a matter to be decided at the General Meeting may not begin to be considered unless sufficient persons are present in person or represented by proxy to exercise, in aggregate, at least 25% of all of the voting rights that are entitled to be exercised in respect of that matter at the time the matter is called on the agenda.

In accordance with the MOI, both Resolutions put to the vote at this General Meeting will be decided by way of a poll in accordance with the Companies Act.

Certificated Shareholders and Dematerialised Shareholders with Own-Name Registration

- A Form of Proxy *(green)*, which sets out the relevant instructions for its completion, is enclosed for your use, should you wish to be represented at the General Meeting.
- Certificated Shareholders and Dematerialised Shareholders with Own-Name Registration are entitled to attend, speak and vote at the General Meeting and may appoint one or more proxies to attend, speak and vote in their stead. A proxy need not be a Shareholder.
- Completion of a Form of Proxy *(green)* will not preclude such Shareholder from attending and/or participating and voting (in preference to that Shareholder's proxy) at the General Meeting.
- Certificated Shareholders and Dematerialised Shareholders with Own-Name Registration who are unable to attend the General Meeting and wish to be represented thereat, must complete the Form of Proxy *(green)* enclosed herewith in accordance with the instructions therein and lodge it with, or mail it to, The Meeting Specialist at the addresses set out hereunder.
- Forms of Proxy *(green)* should be forwarded to reach TMS by not later than 09:00 on Friday, 1 March 2024. Should your form of proxy not be returned to TMS by the aforesaid date and time, the Form of Proxy *(green)* may be handed to the chairman of the General Meeting before the meeting is due to commence.

Dematerialised Shareholders without Own-Name Registration

- Dematerialised Shareholders, other than Dematerialised Shareholders with Own-Name Registration, must furnish their CSDP or Broker with their instructions for voting at the General Meeting should they wish to vote. If your CSDP or Broker, as the case may be, does not obtain instructions from you, it will be obliged to act in terms of your mandate furnished to it, or if the mandate is silent in this regard, to complete the Form of Proxy *(green)* enclosed.
- Should you wish to attend the General Meeting in person or send a proxy, you must request your CSDP or Broker to provide you with the necessary letter of representation in terms of the custody agreement entered into between you and the CSDP or Broker.
- Sun International does not accept responsibility and will not be held liable for any failure on the part of the CSDP or Broker of a Dematerialised Sun International Shareholder to notify such shareholder of the General Meeting or any business to be conducted thereat.

It is requested that for administrative purposes only, Forms of Proxy *(green)* should be forwarded to reach TMS at the address set out hereunder or by e-mail by not later than 09:00 on Friday, 1 March 2024. Should your Form of Proxy *(green)* not be returned to TMS by the aforesaid date and time, the Form of Proxy *(green)* may be handed to the chairman of the General Meeting before the meeting is due to commence.

Electronic Participation

Shareholders (or their proxies) who are entitled to attend, speak and participate in the General Meeting may do so by way of electronic communication and more specifically by way of a Microsoft Teams call, provided that the Shareholders or their CSDP or Broker (as the case may be) must give written notice to the Company per the Secretariat, c/o Mr AG Johnston, either:

- by way of e-mail at andrew.johnston@suninternational.com; or
- at the address given below (by way of physical delivery or post) and such notice must be received by the Company by not later than 48 hours prior to the date of the General Meeting.

If no notice is received by the Company at least 48 hours prior to the date of the General Meeting, then the Company shall not make provision for shareholders or their proxies to participate in the General Meeting by way of electronic communication via a Microsoft Teams call.

However, if the Company timeously receives the above notice, then the Company will provide and set up a Microsoft Teams call facility and invite the Shareholders or their proxies to participate in the General Meeting.

Shareholders participating via electronic communication will still need to appoint a proxy to vote on their behalf at the General Meeting.

Sun International Shareholders and their proxies will not be entitled to vote electronically at the General Meeting.

Furthermore, Shareholders will be liable for their own network charges in relation to electronic participation in the General Meeting. Any such charges will not be for the account of the JSE, Sun International and/or TMS.

None of the JSE, the Company or TMS can be held liable or 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 may prevent any Shareholder from participating in the General Meeting.

By order of the Board

Anthony Leeming
Chief Executive

5 February 2024

Registered office of Sun International
6 Sandown Valley Crescent
Sandton
Gauteng
South Africa
2196
(PO Box 784487, Sandton, 2146)

The Meeting Specialist
JSE Building
One Exchange Square Gwen Lane
Sandown
2196
(PO Box 62043, Marshalltown, 2107)
proxy@tmsmeetings.co.za

SUN INTERNATIONAL LIMITED
(Incorporated in the Republic of South Africa)
(Registration number 1967/007528/06)
JSE share code: SUI ISIN: ZAE000097580
LEI: 378900835F180983C60
("**Sun International**" or the "**Company**")

FORM OF PROXY

Where appropriate and applicable, the terms defined in the Circular to which this Form of Proxy is attached, shall bear the same meaning in this Form of Proxy.

For use by Certificated Shareholders and/or Dematerialised Shareholders with Own-Name Registration registered as such at the close of business on the Voting Record Date, at the General Meeting to be held at 09:00 on Monday, 4 March 2024, at the Sun International Head Office, 6 Sandown Valley Crescent, Sandton, Gauteng, South Africa and, if applicable, through electronic participation (but excluding voting by electronic means) by way of a Microsoft Teams call.

The Form of Proxy *(green)* may also be handed to the chairman of the General Meeting or adjourned General Meeting before the General Meeting is due to commence or recommence.

Holders of Dematerialised Shares without Own-Name Registration must inform their CSDP or Broker timeously of their intention to attend and vote at the General Meeting or be represented by proxy thereat in order for the CSDP or Broker to issue them with the necessary letter of representation to do so or provide the CSDP or Broker timeously with their voting instruction should they not wish to attend the General Meeting in order for the CSDP or Broker to vote in accordance with their instructions at the General Meeting.

I/We (Please print)

of (address)

Telephone number Cellphone number E-mail address hereby appoint

1. or failing him/her,

2. or failing him/her,

the chairman of the General Meeting as my/our proxy to act for me/us and on my/our behalf at the General Meeting of the Company which will be held at 09:00 on Monday, 4 March 2024, and at any adjournment thereof for the purpose of considering and, if deemed fit, passing, with or without modification, the Resolutions to be proposed thereat subject to any adjournment thereof, and to vote for and/or against the Resolutions and/or abstain from voting in respect of the Shares registered in my/our name/s, in accordance with the following instructions:

Please indicate with an 'X' in the appropriate spaces provided below how you wish your vote to be cast. If no indication is given, the proxy will be entitled to vote or abstain as he/she deems fit.

		Number of Shares		
		For	Against	Abstain
1.	**ORDINARY RESOLUTION NUMBER 1** Approval of the Proposed Transaction			
2.	**ORDINARY RESOLUTION NUMBER 2** Directors and/or company secretary authority			

Please read the notes on the reverse side hereof.

Notes to form of proxy and summary of applicable rights established by section 58 of the Companies Act, 2008 ("Companies Act")

1. Certificated Shareholders and Dematerialised Shareholders with Own-Name Registration are entitled to appoint any individual (including an individual who is not a Shareholder) as a proxy to participate in, speak and vote at the General Meeting on behalf of the Shareholder. Such Shareholder may 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 chairman of the General Meeting', provided that any such deletion must be signed in full by the Shareholder. The person whose name stands first on the form of proxy and who is present at the General Meeting will be entitled to act as proxy to the exclusion of those whose names follow. Should a proxy not be specified, this will be exercised by the chairman of the General Meeting. A proxy need not be a Shareholder of the Company.
2. All Resolutions put to the vote shall be decided by way of a poll. A Shareholder is entitled on a poll, to 1 (one) vote per Share held. A Shareholder's instructions to the proxy must be indicated by inserting the relevant number of votes exercisable by the Shareholder in the appropriate box(es). An 'X' in the appropriate box indicates the maximum number of votes exercisable by that Shareholder. Failure to comply with the above will result in the proxy not being authorised to vote or to abstain from voting at the General Meeting in respect of the Shareholder's votes, except in the case where the chairman of the General Meeting is the proxy. A Shareholder or his/her proxy is not obliged to use all the votes exercisable by the Shareholder, or to cast all those votes exercised in the same way, but the total of the votes cast and in respect whereof abstention is recorded may not exceed the total of the votes exercisable by the Shareholder.
3. A proxy appointment must be in writing, dated and signed by the relevant Shareholder.
4. Any alteration or correction made to this form of proxy must be signed in full and not initialled by the signatory.
5. Documentary evidence establishing the authority of a person signing the form of proxy in a representative capacity must be attached to this form, unless previously recorded by the Company or waived by the chairman of the General Meeting.
6. A minor must be assisted by his/her parent/guardian and the relevant documentary evidence establishing his/her legal capacity must be attached to this form of proxy unless previously recorded by the Company or waived by the chairman of the General Meeting.
7. When there are joint holders of Shares, any one holder may sign the form of proxy.
8. The chairman of the General Meeting may reject or accept any form of proxy which is completed and/or received other than in compliance with these notes.
9. A proxy may not delegate his/her authority to act on behalf of the Shareholder, to another person other than the chairman of the General Meeting.
10. The appointment of a proxy or proxies:
    a. is suspended at any time to the extent that the Shareholder chooses to act directly and in person in the exercise of any rights as a Shareholder;
    b. is revocable in which case the Shareholder may revoke the proxy appointment by:
        i) cancelling it in writing or making a later inconsistent appointment of a proxy; and
        ii) delivering a copy of the revocation instrument to the proxy and to the Company.
11. Should the instrument appointing a proxy or proxies have been delivered to the Company, as long as the appointment remains in effect, any notice that is required by the Companies Act or the MOI to be delivered by such Company to the Shareholder, must be delivered by such company to:
    a. the Shareholder; or
    b. the proxy or proxies, if the Shareholder has directed the Company to do so in writing and has paid any reasonable fee charged by the company for doing so.
12. The proxy appointment remains valid only until the end of the General Meeting at which it was intended to be used, unless revoked as contemplated in section 58(5) of the Companies Act.
13. It is requested for administrative purposes only that this Form of Proxy *(green)* should be completed and returned to The Meeting Specialist (Proprietary) Limited ("**TMS**"), JSE Building, One Exchange Square, Gwen Lane, Sandown, 2196 (PO Box 62043, Marshalltown, 2107) or via email at: proxy@tmsmeetings.co.za so as to reach them by no later than 09:00 on Friday, 1 March 2024. Should this form of proxy not be returned to TMS by the aforesaid date and time, it may be handed to the chairman of the General Meeting before that meeting is due to commence.

Additional forms of proxy are available from TMS on request.