INTEGRATED ANNUAL REPORT

HCI

Hosken Consolidated Investments Limited

2024

CONTENTS

SCOPE OF INTEGRATED ANNUAL REPORT

Hosken Consolidated Investments Limited (HCI, the group or the company) is proud to present its Integrated Annual Report for the period 1 April 2023 to 31 March 2024. This report aims to provide a balanced and concise understanding of HCI's underlying investments, how we manage the group from a corporate governance perspective, its social and environmental impact and our financial performance for the year under review. The group strives to be an exemplary corporate citizen and commits itself to the highest standards of corporate governance.

The group operates principally in South Africa and generates most of its revenue from South Africa. The geographical footprint of the group is provided on pages 6 and 7 of this report. The integrated annual report and annual financial statements have been prepared according to IFRSR Accounting Standards, the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council (IFRS®), the requirements of the Companies Act, 71 of 2008, as amended (the Companies Act), and the Listings Requirements of the JSE.

Other administrative information also forms part of the report and can be found on the inside back cover.

The annual financial statements and notice of the annual general meeting have been distributed as separate reports.

ABOUT THE INTEGRATED ANNUAL REPORT

BASIS OF CONTENT

The integrated annual report conveys information regarding the group's financial and non-financial performance. It is reflective of the group's commitment to create shareholder value while considering the triple contexts in which companies operate: social, environmental and economic. The content of the integrated report addresses material issues for all our subsidiaries, but does not extend to cover all issues relating to subsidiaries and associates. The scope limitation does not impact on the completeness of the report as separate integrated annual reports for the listed entities are published and can be found on www.deneb.co.za; www.tsogosun.com; www.frontiertransport.co.za; www.southernsun.com; www.emediaholdings.co.za; and www.platinumgroupmetals.net.

In accordance with the stated objectives of integrated reporting, this report focuses on those issues that have a material impact on the group to create and sustain value. This report should be read in conjunction with the following supporting reports available on our website www.hci.co.za;

- governance register
- King IV™ application index; and
- annual financial statements

The integrated annual report to stakeholders includes information that the board and management deem to be useful and relevant to stakeholders, and is guided by:

- the company's memorandum of incorporation (MOI);
- the Companies Act, 71 of 2008, as amended;
- the JSE Listings Requirements; and
- the King Report on Corporate Governance for South Africa 2016 (King IV™).

EXTERNAL ASSURANCE ON CONTENT

This integrated annual report is the result of combined input from HCI and its business entities on their activities and achievements for the year. The group is continuously improving its combined assurance model. Assurance for elements of this report has been provided through a combination of external and internal sources.

APPROVAL OF THE INTEGRATED ANNUAL REPORT

The integrity of the report is the responsibility of the board of directors. The directors confirm that the report is a fair representation of the integrated performance of the group. The board approved the report for release on 26 July 2024. We believe that this integrated annual report offers stakeholders the necessary information to make considered evaluations about HCI's business activities and performance, and business viability.

ADDITIONAL INFORMATION

A printed copy of the annual financial statements is available on request from the company secretary at cshapiro@hci.co.za or the Company Secretary, P.O. Box 5251, Cape Town 8000.

Our annual financial statements for FY2024 are available online at www.hci.co.za

FORWARD-LOOKING STATEMENTS

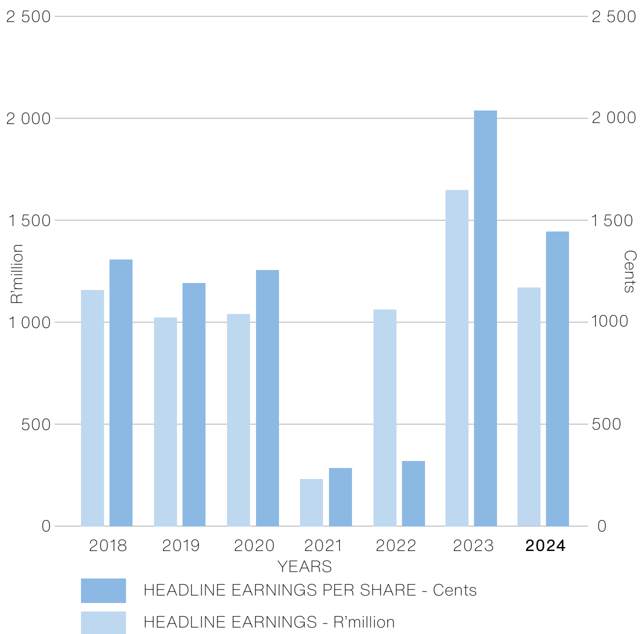
This integrated annual report contains certain forward-looking statements which relate to the financial position and results of the operations of the group. These statements by their nature involve risk and uncertainty as they relate to events and depend on circumstances that may occur in the future. These forward-looking statements have not been reviewed or reported on by the group's external auditor.

FINANCIAL HIGHLIGHTS

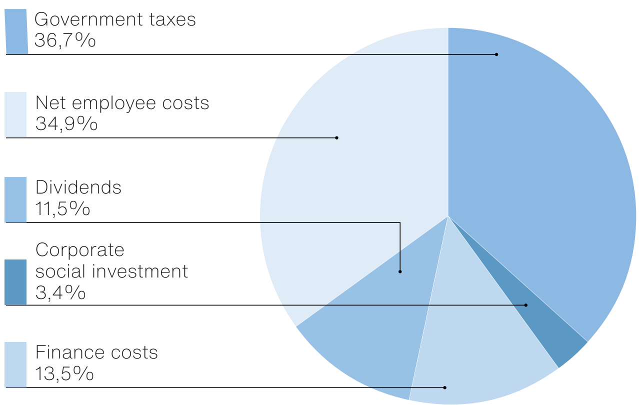
TEN YEAR REVIEW

		2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Shares in issue (net of treasury) - at year-end	- million	104 040	104 108	95 336	85 882	84 875	80 870	80 870	80 870	80 870	**80 870**
Share price - high	- cents	18 068	16 460	15 000	16 299	15 650	10 000	7 250	12 767	20 600	**24 342**
- low	- cents	12 999	9500	10 450	11 691	10 206	1 999	1 600	4 731	11 167	**16 502**
- at year-end	- cents	14 500	11 202	14 185	14 400	11 179	2 200	6 352	11 800	20 089	**17 200**
Dividend per share	- cents	165	190	215	240	265	55	0	0	50	**100**
Net asset carrying value per share	- cents	14 390	15 887	17 897	17 785	19 043	15 269	14 917	17 708	22 466	**23 504**
Headline earnings	- million	1 000	1 044	1 306	1 164	1 029	1 047	233	1 069	1 658	**1 176**
Headline earnings per share	- cents	946	1 003	1 385	1 316	1 200	1 263	288	1 321	2 051	**1 454**
Revenue (Including net gaming win)	- million	17 257	21 542	23 116	23 802	25 125	21 159	14 087	19 060	22 899	**23 733**
EBITDA	- million	4 108	5 749	6 535	6 286	6 589	5 590	3 094	5 010	5 639	**6 047**
Profit/(Loss) after tax	- million	4 456	2 122	3 274	1 976	1 664	(7 325)	(982)	3 202	5 079	**746**
Value added statement	- billion			11,1	11,6	12,7	13,2	6	8,3	9,6	**8,5**
B-BBEE certification	- level	2	3	2	2	2	2	3	2	2	**2**

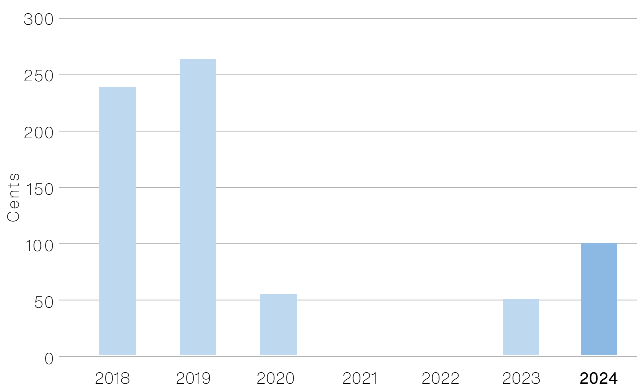
HEADLINE EARNINGS



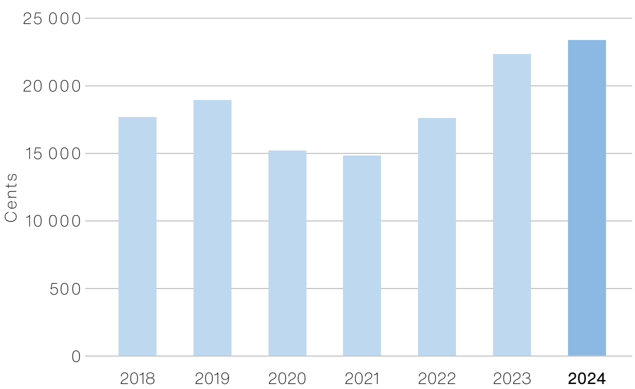
VALUE ADDED STATEMENT
2024 : R8,5bn (2023 : R9,6bn)



DIVIDEND PER SHARE



NET ASSET CARRYING VALUE PER SHARE



OPERATING STRUCTURE

AS AT 31 MARCH 2024

LISTED COMPANIES

TSOGO SUN CASINOS . HOTELS

50.0%

FRONTIER Transport Holdings

81.9%

eMedia Holdings

80.3%

DENEB INVESTMENTS LIMITED

84.8%

Southern Sun

41.5%

PLATINUM GROUP METALS

26.3%

UNLISTED COMPANIES

HCI RESOURCES
100%

Impact Oil & Gas
49.9%

HCI Properties
(Division)
100%

alphawave
42.4%

GRIPP ADVISORY
75.0%

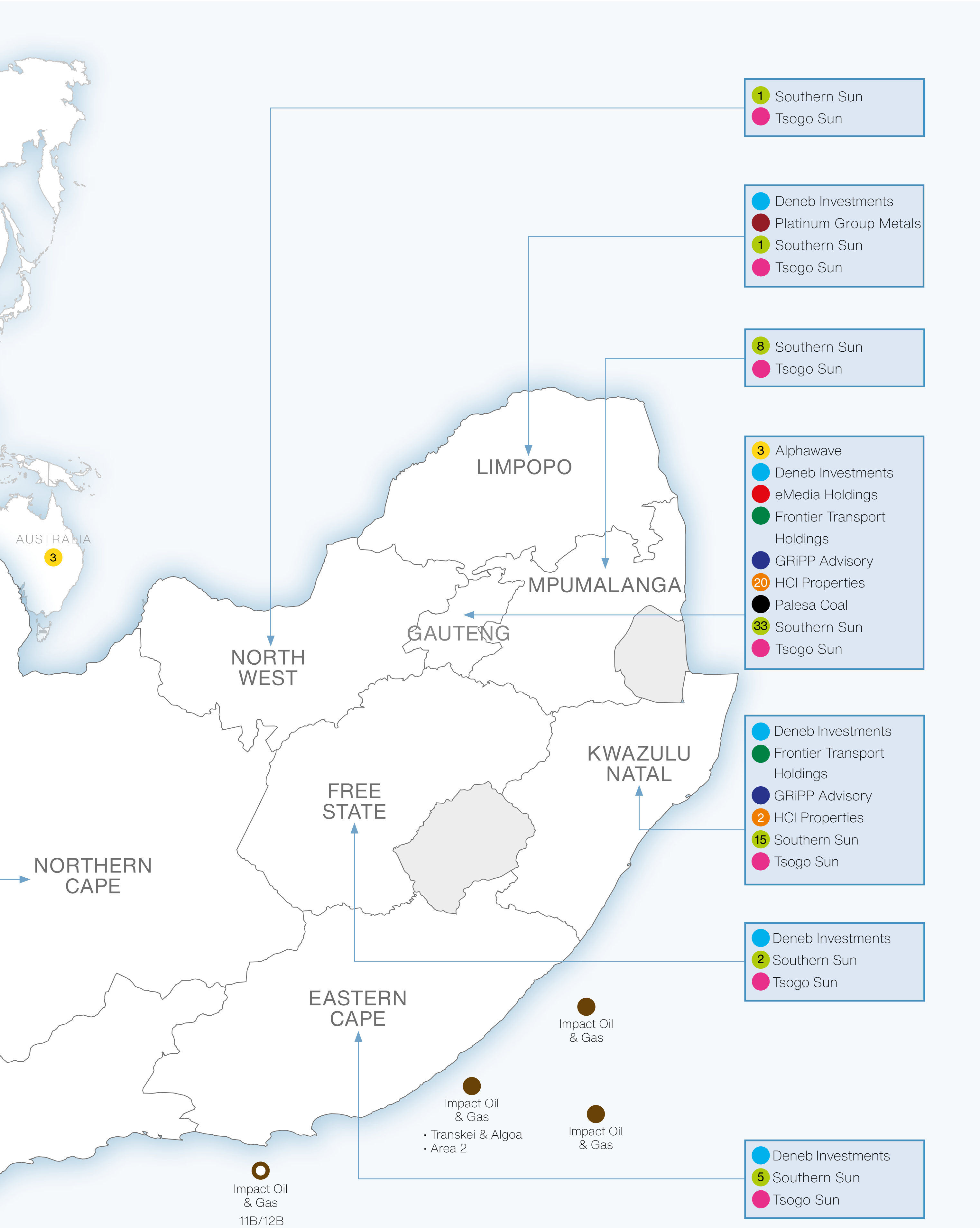
LA CONCORDE
89.9%

TRUST

HCI foundation

GEOGRAPHICAL FOOTPRINT

AS AT 26 JULY 2024


1 Southern Sun
Tsogo Sun
Deneb Investments
Platinum Group Metals
1 Southern Sun
Tsogo Sun
8 Southern Sun
Tsogo Sun
LIMPOPO
3 Alphawave
Deneb Investments
eMedia Holdings
Frontier Transport Holdings
GRiPP Advisory
20 HCI Properties
Palesa Coal
33 Southern Sun
Tsogo Sun
AUSTRALIA
3
MPUMALANGA
GAUTENG
NORTH WEST
KWAZULU NATAL
Deneb Investments
Frontier Transport Holdings
GRiPP Advisory
2 HCI Properties
15 Southern Sun
Tsogo Sun
FREE STATE
NORTHERN CAPE
Deneb Investments
2 Southern Sun
Tsogo Sun
EASTERN CAPE
Impact Oil & Gas
Impact Oil & Gas
· Transkei & Algoa
· Area 2
Impact Oil & Gas
Impact Oil & Gas
11B/12B
Deneb Investments
5 Southern Sun
Tsogo Sun

LETTER TO SHAREHOLDERS

JA Copelyn
Chief Executive Officer

The Central Events in HCI's Year

Namibian Oil and Gas

The Covid pandemic dominated the performance of HCI for two years from March 2020 to March 2022. While its adverse effect was overwhelmingly inescapable, HCI not only survived this period with relatively little long-term damage, but was exceptionally lucky to have it culminate with our oil exploration company, Impact Oil & Gas (IOG), participating in the most remarkable discovery that industry has seen for several years.

IOG owns 20% of the exploration rights in block 2912 and 18,8% in the neighbouring block 2913B some 300kms off the coast of Namibia. Its operator, TotalEnergies (Total), drilled a discovery well that has set industry tongues wagging ever since and has transformed the Orange River basin from a frontier exploration area to being one of the most sought-after exploration areas in the world. While determining the full extent of the quantum of recoverable oil and gas discovered in those blocks remains an ongoing project, that is expected to take a couple of years to prove out, it is clearly an enormously prospective area with several billion barrels of oil and trillions of cubic feet of gas likely to flow from it over time.

As valuable as this discovery was, HCI soon found itself with the dilemmas of a dog chasing the wheel of a moving car. While this asset was already, by far, the most valuable in HCI's entire portfolio and had every prospect of growing in value for many years, we anticipated that close to $10 billion would be required to be invested into the blocks before first oil could be achieved. For us to hold on to our interest in these blocks HCI would be obliged to contribute $1 billion of these funds and more if its co-shareholders in IOG were unable to meet their proportionate obligations. There was simply no way in which we could see our way clear to doing so.

Recognising the limitations of our balance sheet did not take much intuition when the amount needed was bigger than the entire market cap of our holding company. Particularly in an industry dominated by supermajors who routinely scoop up development opportunities from minnows who have somehow managed to unlock opportunities way beyond their means there was absolutely no point in pretending otherwise.

Unsurprisingly, we advised in our report last year that IOG was trying to dispose of its stake in these blocks. We reported the opportunity as being one that would free our balance sheet from debt, allow us to unbundle assets or to take advantage of the large discount in our share price by buying back shares, as we chose.

As it turned out however IOG succeeded, essentially through the efforts of our partner Africa Oil Corporation (AOC), in persuading Total to grant it an uncapped carry loan covering all IOG's remaining JV costs, including development, appraisal and exploration from 1st January 2024 to the date on which IOG receives its first payment of oil proceeds, on a 9,5% interest in both blocks (roughly half its interest in both blocks).

The carry is repayable in kind to Total thereafter from a portion of IOG's after-tax cash flow from the JV, net of all JV costs including capital expenditures on further development in the blocks.

During the period of the repayment of the carry IOG will pool its entitlement barrels with Total for more regular offtakes and more stable cash flow and, as a result, will also benefit from Total's marketing and sales capabilities.

This carry was agreed in exchange for IOG farming out the balance of its interest in the blocks to Total at cost. In consequence, Total will refund IOG approximately $99 million in cash at close to reimburse it for past costs on the farmed out interest.

While HCI management believes this is by far the most lucrative transaction IOG could possibly have agreed, it seems HCI shareholders were more enthusiastic about the possibility of an outright sale and in consequence, our share price has retreated significantly since the announcement of the transaction. No doubt time will tell as to whether a vision of remaining in the asset in the longer term was a better choice than a short-term exit but, ultimately, our management team believe strongly that HCI will do far better long-term by remaining in the asset rather than jumping ship at an early stage.

A challenge to HCI's Growth Model

Irrespective of differences between political structures, history and culture, every country in the world seeks to grow its economy. In pretty much all countries the commitment of private investors to building businesses that can provide work and produce products and services within the country is central to the growth prospects of the country concerned. When people responsible for directing investment capital choose to refrain from investing in their own country, one has reached a tipping point from which there can be no good outcome until that confidence is restored.

Local investment holding companies like HCI are a good litmus test for that commitment. Over the years we have built many businesses across the country, created jobs for tens of thousands of people and have invested billions of rands in the South African economy.

Over the last couple of years, however, more and more people have expressed significant disillusionment with the future of South Africa. In 2023, the country was virtually at a standstill regarding growth. Government statistics suggest our economy grew by as little as 0,1% for the year! No doubt the increased failure of municipalities, Eskom, Water Boards, Transnet services in freight and passenger rail as well as management of our harbours made such negativity more prominent than ever.

Unquestionably HCI could have produced much better results if we were not inhibited by loadshedding, port delays and the like. Our subsidiaries consumed an additional 8.9 million litres of diesel (FY2023: 7,25 million litres) to cope with loadshedding apart from all the additional maintenance costs and investment in providing solar energy to limit our dependence on the grid.

Nevertheless, overstating the effect of these undeniable irritations in our businesses takes us nowhere constructive. Save for a decision to impair what we regarded as an unrealistic value attributed to the gas find in Mossel Bay by AEC, which is largely unrelated to these criticisms about the country, HCI would have produced headline earnings of a little over R1,7 billion for FY2024. This would have been the highest earnings we have ever reported, and we have remained committed to investing in South Africa.

The country has been through a shockingly dysfunctional period, and we have to work hard to get back on track. We do have to recognize though that our future is in our own hands. If we hang back waiting for all the ills to evaporate before we take a timid step forward, we make our futures all the dimmer. There is no upside in holding back from investing in our country and HCI intends to identify growth opportunities and pursue them as we have always done.

This is more difficult where partners on whom we rely, lose their appetite for challenges that these setbacks have caused. The Durban municipality, for example, has recently put out tenders for two of the most iconic hotels on the Durban beachfront, the Maharani and the Elangeni. The fact that not a single hotel group saw fit to even visit the hotels to consider putting in a bid has forced us to recognize that we are largely alone in our efforts to retain the area as the vibrant holiday destination it has been for many decades.

The announcement by international partners that they intend abandoning a five trillion cubic feet gas discovery in Mossel Bay is tragic for a country as needy of transitioning away from coal-fired base electricity as our country is. These opportunities remain important and potentially lucrative projects. HCI will stay the course of promoting them but, unquestionably, it is far more difficult to achieve without partners eager to co-invest with us.

Contributors to HCI Earnings

Tsogo Gaming

Despite its difficulties last year, the underlying capacity of casinos to generate cash through bad times remained strong as reflected in its contribution of R880 million to our headline earnings (FY2023: R796 million net of the cost of buying back its hotel contracts from Southern Sun Hotels). The company has done numerous things that will strengthen its performance going forward. These include a major refurbishment of the Emerald casino and its accommodation as well as the installation of extensive solar energy projects on casino roofs which will cut energy costs going forward irrespective of whether load shedding is minimized or not, and the expansion of its on-line business.

Growth in the gaming business appears to be centred in the on-line sector for the moment. Undeniably we had a slow start in this area. We are, however, growing fast and the doubling of on-line revenue over the year is a good achievement. If the company is able to do this again in the current year it will start to emerge as having an offering of substance. For the moment, however, all cash generated in this space is applied to its on-line marketing budget, resulting in its contribution to group Ebitda being negligible.

Tsogo hotels performance gave a good result, particularly given that this was the first year they were independently managed. On the other hand, Bingo performed poorly and a focus on its recovery is a must in the coming year.

The company managed to reduce its level of debt by about R340 million. We support the continued reduction of the level of debt carried by the company in the coming year.

As might be anticipated in a highly regulated industry like gaming there are a great many regulatory difficulties to contend with. These include efforts to change licencing conditions in more onerous ways; threats to tax-free play and to increase other gaming taxes, as well as an exceptionally time-consuming process to move our Caledon casino licence to Somerset West. This has been made considerably more difficult by a competitor using every trick in the book to obstruct the move and maintain itself as the only casino permitted in the whole of Cape Town despite the period of its exclusivity having expired a great many years ago. Nevertheless, these are the ongoing joys of operating in the legal gambling industry and we plod on regardless of the difficulties created.

Frontier Transport

Our transport subsidiary had its best year ever this last year with its contribution to our headline earnings rising to R321 million (FY2023: R232 million). This was caused by several factors including an increase in passenger revenue, good control over costs, and an increase in vehicle sales of R100 million.

The struggles of Golden Arrow Bus Services (GABS) to deal fairly with the Across the Board (ATB) claims of the Bargaining Council agreement remain unresolved and subject to litigation. The Department of Labour continues to find endless pernickety issues with the wording of the constitution of our proposed new employer association thereby obstructing our re-entry into the Bargaining Council. We are yet to resolve the terms of that re-entry with the Council once the Department has finally been satisfied.

Nevertheless, none of the delays involved in resolving this impasse adversely affects the company currently. It applies for exemption from the ATB clause in each agreement. This is routinely refused by the parties who agreed to the clause in the first place. GABS then pays what it believes is fair and appeals the refused exemption. These appeals have accumulated without determination until today. We have also successfully challenged the fairness of extending such a clause to non-parties such as ourselves, but this too remains subject to an unheard appeal.

The heart of this debacle remains the refusal of all concerned to deal with the fact that it is not legitimate for competitors to connive to persistently impose larger increases on our subsidiary than they themselves pay.

The opportunism of the unions in joining hands with these competitors is a shameful pretense that their members are agreeable to working for lower wages and with smaller increases at competitor establishments than they are prepared to accept at our subsidiary. Worse, the unions simply refuse to deal with the fact that this will place GABS in an uncompetitive position in retaining its routes when these are eventually put out to tender (which they will be at some point). While competitors may gain unfairly from this, union members working for GABS will simply lose employment.

Equally challenging have been our efforts to commence the conversion of our fleet to electric buses. The homologation process to get approval from authorities for the bus we sought to buy took over a year to complete. In all that time we had to drive the bus around carrying bags of sand as a test and were unable to place any orders for such buses. In any event, we have now completed this phase and ordered the first 120 buses. We ought to be able to keep them charged by generating our own solar power. Delivery will commence from the end of this calendar year.

The next challenge for our bus company is the cession of our interim contract by the Province to the City. This has been a long-anticipated development but has several complexities.

The first of these is that the current contract is substantially underfunded. It is not permissible to cede such contracts to the municipality and the National Department of Transport is first going to have to step up to the plate and honour the contract with GABS that it has underfunded for many years.

The second is that before the City can take over the administration of this contract it will have to provide safeguards to protect the contract from being unfairly cannibalized. Realistically, this is going to have to involve the City committing to a fair allocation of phase 2 of the MyCiti contracts between GABS and taxi operators. We definitely cannot have it allocating only 40% of the passengers we carry as it insisted on doing in phase1A. Fortunately that debacle was eventually settled by a binding agreement which will have to guide all parties to the cession this time around. Since the period of Mayor de Lille's time in office, relationships between GABS and the City have improved significantly and our hope is that we will be able to find a solution which is fair to all parties and improves the availability of public transport to the people of Cape Town.

Southern Sun Hotels

The improvement of the performance of our hotel company continued through FY2024 particularly in the Western Cape which generated 40% of its profits despite having only 20% of its rooms. The company contributed R309,6 million to our headline earnings (FY2023: R286,6 million) and generated almost R1 billion of free cash. If the business continues at this level of performance this year the company will have close to a zero net cash position including its remaining debt.

The company bought back 135 million issued shares through the market. HCI also bought an additional 4 million shares from its Foundation to enable it to fund its cash needs.

As described above, we decided to bid for the leases on the Elangeni and Maharani hotels on the Durban beach front. The company has, in addition, identified a number of exciting projects to add to its portfolio and maintain its leading role in the hotel industry in South Africa.

HCI Resources

It is the most awful thing to recognize the spectacular returns we made in our coal operations last year were essentially caused by the outbreak of the war in Ukraine and the suffering of its people. Nevertheless, the consequential disruption of the supply of Russian gas primarily to Germany caused a huge spike in world coal prices during FY2023 as that country reverted to coal fired power. Our operations generally are not focused on the export market as the quality of our coal cannot be lifted to export grade without an uneconomical reduction of yield. Nevertheless, the fact that we had completed the installation of an air plant at our own cost just at the moment prices soared so dramatically allowed us to take advantage thereof for a while. The effect on our coal operations was to increase our returns high enough to pay off the entire capital cost of installing the air plant from the surplus profit of that year. Despite the subsequent fall in the price of coal to levels that again excluded us from the export market, our coal operations had a very productive year. It was our first year to produce more than four million tons of coal and ended with headline earnings of R226,8 million (FY2023: R308,6 million). These earnings were achieved after expensing the costs of a new box which was cut to commence our use of the Rooipoort reserve which we have now started to mine in earnest.

The mine continues to be run very efficiently despite many pressures from surrounding communities whose desperation always involves the few businesses that continue to function in the area. Even when the cause of dissatisfaction is the failure of the Bronkhorstspruit municipality to maintain its water purification works, and its consequential inability to supply running water to local townships for weeks on end, it becomes our responsibility to fix the problem if we want our coal trucks to be able to pass protestors and head to the Kusile power station. There is, however, a joy in fixing such problems and over time it is a role we have come to accept we must play if we want to operate in that area.

Our current eight-year contract with Eskom comes to an end this year and the future of the mine is largely dependent on its timeous renewal on reasonable terms. Whilst we know we have been an exemplary supplier with a high BEE score and have every expectation we will succeed in such renewal, it remains a fact that Eskom is a most complicated company to contract with and there is every reason to be nervous it could fail to close on a new contract without lengthy delays that will cause severe damage to the mine, its employees, contractors and transporters in the period between one contract ending and another commencing. We await their consideration in due course.

eMedia Holdings

eMedia's results are somewhat lower than last year, but its contribution at R212 million (FY2023: R239 million) leaves little to complain about. Both DSTV and SABC made losses in the billions of rand during the same period and our broadcaster was the only one of the three to end the year in the black. Our results were a mixture of the adverse consequences of the Hollywood writers' strike coupled with a great broadcasting performance.

The writers' strike effectively stopped all movie making in South Africa for 9 months. As a result, our subsidiary, Film Media Services, plunged from a stable profit of

R30 million a year to almost nothing. Happily, it is clawing its way back to its feet now that the strike has been resolved. On the broadcasting side, we continued to hold the largest share of TV audience amongst broadcasters which allowed us to produce a 3% gain in advertising revenue despite TV ad-spend retreating 1% nationally. Maintaining a strong hold on advertising revenue through a year challenged by the worst loadshedding ever experienced in the country is a real achievement.

Our VFX-studios are now under construction, and we anticipate that on completion they will significantly enhance the contribution studios make to our profit as well as greatly improve the quality of our soaps and other content shown on our channels.

Our difficulties with DSTV which caused us to litigate persist. Our challenge to DSTV trying to remove four highly successful channels of ours from its bouquet is due to go to trial in the Competition Tribunal later this year and DSTV remains interdicted from removing them pending a determination as to whether or not its attempt to remove the channels constitutes an abuse of market domination as we alleged. Likewise, DSTV's efforts to prevent national sporting events required by law to be available on free TV from being shown on the Open View platform was interdicted by us pending further abuse claims. This too will come before the tribunal in due course. eMedia remains committed to ensuring millions of TV households that rely on Free TV are not prevented from viewing such sporting events.

Deneb

The company produced an R87,9 million contribution to headline earnings (FY2023: R113,7 million). If one considers the fact that last year's figure included an effective one-off contribution of R44 million from insurance reclaims relating to the Covid lock-down of its operations and flood damage through the Kwazulu-Natal flood during previous years, this really represents a healthy increase in annual earnings from operations.

Deneb's business is made up of three general clusters of businesses: manufacturing, branded products and properties. These clusters have their origin in the business of Seardel that we took over a decade ago as it teetered on bankruptcy but have been transformed steadily into a sustainable form.

Properties have, in the main, been converted to external rentals. Today less than 20% of the rentable space they offer is used for our own manufacturing. They are the heart of the company's balance sheet strength and all Deneb's corporate debt is levered off the value of these properties. Last year saw the property division perform well. In addition, it has disposed of two non-core properties.

We have moved our manufacturing operations away from businesses supplying unbranded product to the major retailers and from products where there is little advantage gained from being a local producer. In general, this has allowed the group to move into products and services that can retain better margins. We have focused on recycling waste which is, unquestionably, a growing business opportunity apart from addressing a major area of social concern. We now recycle millions of plastic bottles a year into bags; shred mountains of textiles each year into reusable flock; clean water; convert mining waste and biomass into fuel, and other such work. Our textile operations have been slimmed into niche branded products that can be sold directly to hospitality, construction and other industries rather than being reliant solely on major retailers. Other manufacturing operations focus on providing components for the motor industry and providing building materials for households. Despite the fact that these businesses all have fairly tight margins they unquestionably have the capacity to make sustainable returns. Last year they performed reasonably well despite difficulties of disruptions to supply chains and loadshedding.

The third component of our business is the sale and merchandising of branded goods. Here we produced a fairly subdued result last year. Revenues remained flat as a consequence of pressures on consumers and retailers being overstocked. Butterfly Products performed well financially as it invariably does but its positive effect on Oops has been slower than we had hoped. However, Oops is at least starting to get repeat orders for the first time. Seartec continued to increase the number of its copy machines in the field. This is the first year the business is Ebitda positive and we trust next year it will be cash positive for the first time.

Properties

The performance of the Property division continues to tick upwards at a very encouraging pace. Its contribution to our headline earnings was R75,3 million (F2023: R61,2 million). Over the year we sold the remaining development properties at Steenberg estate and completed phase three of the Whale Coast Mall which is now fully let. We rolled out roof top solar installations at Gallagher, Whale Coast Mall and The Point and restructured our debt across the portfolio. Lenders were persuaded to reduce shareholder guarantees from HCI by R136 million which is a good measure of the progress of the division towards being self-sufficient.

In addition to our inner-city management company which runs our letting operation in the city centre of Johannesburg, the division has established a property management subsidiary called PropActive jointly with Retail Africa and its CEO. PropActive manages our own offices and shopping malls and also accepts external mandates. To date it has accepted six such mandates.

A key decision in the portfolio has been dealing with the single shopping mall which has underperformed, namely Lynridge Mall. Despite its problems, we think the location of the centre is a good one and we intend redeveloping it next year and expanding its tenant mix. While it will take some time to get a sensible return on this additional investment, the fact that the centre becomes more dominant in its area is the key to its long-term sustainability.

Growth Prospects

Impact Oil & Gas

- The primary asset of value in this investment is our stake in Namibia which has been discussed above.
- The balance of IOG's portfolio is made up of a 36,2% interest in Africa Energy Corporation (AEC) which has an indirect shareholding in the gas discovery at Mossel Bay, and in three deep water blocks in South African oceans, all of which are at an early stage of development, involve significant risk to pursue and will take several years before their possible success. Nevertheless, there is no industry which has greater potential to grow our economy or transform the capacity of the state to meet its social obligations, than this industry.
- The key to replacing coal fired power stations at the heart of our electricity grid unavoidably needs alternative sources of base electricity rather than total dependence on wind and solar. No matter the speed at which we introduce renewable energy or hydrogen powered alternatives this cannot replace base load power stations economically in the coming decades. Its replacement, at least in part, with closed cycle gas turbines with less than half the CO_2 emissions of coal fired plants is, in our view, an important component of the solution. This is even more obviously so if one hopes to rapidly increase the demand for electricity through the replacement of ICE vehicles with electric vehicles. Using local gas to provide power for such stations is unavoidably central to generating sensibly priced electricity. Imported LNG is far more expensive than local gas piped direct to its final user.
- As desirable as it may be to encourage the electrification of transport as rapidly as possible, we will still primarily depend on fossil fuel to power the majority of our vehicles for those decades, and failure to exploit our own reserves is a commitment to importing millions of barrels of crude oil a week for that period or worse, to importing refined petrol and diesel if we do not replace our oil refineries.
- IOG's interest in AEC has not developed in the manner we anticipated in last year's report. Far from our operator pursuing the production right application, it has hesitated to do so and has finally confirmed its withdrawal from the block together with other disgruntled international partners.

  This is, of course, a disaster for the smooth progress of the block's development. Nevertheless, we intend to remain despite everyone else withdrawing. We still hope to secure the production right with a five-year gas marketing agreement as was previously contemplated.

  If this is achieved, AEC will exercise its option over the balance of the Main Street shareholding. We will then have a period in which to find suitable partners committed to developing the gas rights. It is certainly a far more difficult path to development than we previously anticipated and will almost certainly take a lot longer to do so. The withdrawal of the other partners does create some potential benefits for the remaining party. It allows it to escape onerous discovery bonus obligations which we previously had and creates the opportunity for AEC to ultimately acquire a100% interest in the block, rather than an interest in only 10%. In turn this would allow us to start a searc for suitable partners committed to developing the block.

  Even at best, however, we must report that the future of the block is in great jeopardy as a result of our partners abandoning it and it is unclear whether we will be able to secure any sustainable value from it, but we do intend to try hard to do so.
- The additional exploration assets around the South African coast remain obstructed by litigation despite their obvious prospectivity. We were successful on appeal in having the Transkei exploration right re-established subject to the obligation to consult local communities more widely. Environmental groups have now launched an approach to the Constitutional Court to try to overturn this judgement

and, while we do not believe they will succeed at court, the effect of their efforts will undoubtedly cause a further year's delay in exploration.

Platinum Group Metals Ltd

- We continue to hold our 26% stake in this company. Its potential development as a huge low cost PGM mine with a multi decade life in Limpopo remains exciting even though our hopes have been somewhat dampened by the reduction in the commodity price of its basket of minerals. The central obstacle to its progress has been the lack of a solution as to how its concentrate is to be smelted. Hopefully, either Government will permit it to move its concentrate to Saudi Arabia for processing or, alternatively, large South African miners will stop prevaricating on committing to processing it in South Africa.

  We expect PTM's new feasibility study to be published soon and that it will still show the mine as a lucrative developmental opportunity.
- PTM continues its partnership with Anglo Platinum to refine its battery technology project, Lion Batteries. Over the last year Lion Batteries has commissioned several trials to validate its proprietary platinum and palladium-based electrode composition and to commence a focus on prototypes for commercialization. The opportunity to move beyond research into production is still relatively far off but is progressing to the partnership's satisfaction. Unquestionably, improved battery technology is central to the development of electric vehicles and the efficient storage of wind and solar energy. The use of PGMs in such improved technology would have a significant effect on demand for these metals going forward.

Inrange Golf

Inrange Golf has passed some important milestones this year. The positive assumptions of its expected roll in last year's report have already started to become visible as the scaling of the forecasted model has become a reality. It has grown to have 41 sites open. Head office expenses remained in line with CPI increases. The average cost of sites rolled out remained flat as projected, while revenue lifted significantly with each new site. The company ended the financial year with revenue of R73 million, a gross profit of R47 million and, for the first time, closed with a positive Ebitda of R1,93 million.

We are currently finalizing bank debt to fund its further growth rather than it having to rely on shareholder funding as in the past. This is another key hurdle towards it standing on its own feet.

Inrange hopes to roll out a further 15 to 20 sites a year until FY2028. If it can achieve anything along those lines, it will emerge as an enterprise with significant value.

National Lottery

We have submitted our bid for the National Lottery along with seven other hopefuls. We anticipate an award will be made by the end of the calendar year. Our bid is structured with our HCI Foundation being the operator, and all profits made by it from the lottery being applied to charitable projects of the Foundation, the details of which are to be reported to the National Lottery Board together with a transparent accounting thereof. HCI itself will manage the Lotto operation for the Foundation for a management fee.

H2Au

HCI has taken a 50% stake in a United Kingdom-based startup intent on exploring for natural hydrogen, otherwise known as gold hydrogen. Its initial acreage on which exploration rights are being sought is in three countries, namely Morocco, USA and South Africa.

Until recently it has been generally assumed the world did not contain commercially exploitable natural hydrogen gas on its own. The debate about how it might be acquired has been limited to questions of whether it could be economically extracted from water (green hydrogen) rather than the current source which is methane (blue hydrogen). Depending on where gold hydrogen is found it will still have all the same difficulties of transportation, but it will be significantly cheaper if found in its natural state rather than created through electrolysis or other process.

It is an exciting early stage but highly speculative opportunity which we believe will be drilled commencing in our 2026 financial year.

Smaller Businesses

GRiPP

GRiPP has not grown significantly over the last year though it has contracted its services to a few third-party clients outside our group and is virtually at break-even. It has however played a terrific role as a highly skilled and independent internal audit function for the group. In addition, it offers specialised advisory services such as cyber security assessments and penetration testing services, process engineering services which includes process automation and application development, data automation and reporting etc. Even if we think of it simply as a service department to the group it is well worth having. Nevertheless, we have by no means given up on the prospects of it growing its external mandates and continue to hope it will expand this over time.

Paarl Bottling

This is a small independent bottler in which we were left with a 30% stake on the disposal of our interest in KWV. The company is well run, is profitable and pays a small dividend annually. In truth it is too small to make much impact in HCI but it is easy to hold and hard to sell. Over the last year we have agreed to increase our stake in the company to 45%, which increases our influence in the company and potentially makes the stake more attractive to producers wanting to access independent bottling facilities.

HCI Foundation

The HCI Foundation has been concentrating its work in a number of defined areas for several years.

- The first area is education: This work involves the Foundation assisting early childhood development (ECD) schools and primary schools in poor communities, high schools focusing on maths and science, as well as tertiary education programmes not funded by NSFAS, primarily Honours degrees.
- The second area of focus of the HCI Foundation are social projects involving subsidiaries such as our community transport programme providing free bus transport to appropriate NGOs; assisting in the integration of a neighbouring school with the Mandela capture site; promoting of NGO programmes involving community upliftment on our TV channels.
- The Foundation provides funding for over 100 NGOs providing key social programmes directed at uplifting poor communities.
- The fourth area has been a focus on rural communities.

  Last year the HCI Foundation expanded its contribution to rural communities significantly. It had identified several neighbouring villages in the Hluhluwe area of KwaZulu-Natal to introduce projects providing running potable water. These projects were done in partnership with Innovation Africa which is an Israeli-based NGO currently operating in six Sub-Saharan African countries including South Africa.

  This collaboration has allowed us to identify sustainable aquafers using surveys of underground water as a base for the programmes. The projects involve drilling boreholes that provide potable water sufficient for the drinking, cooking and washing needs of entire villages and the building towers to securely house water pumps and monitoring equipment. Solar panels are affixed to the top of these towers and water storage tanks raised to heights sufficient to allow water to flow throughout the villages via pipelines with taps at regular intervals. Innovation Africa has provided training for 10 local people to have the skills to maintain the system in each village, the majority of whom are women. It also remotely monitors the flow of water daily to check that the system remains fully functional, and it maintains contact with the local teams to effect repairs if this is not the case.

  The cost of these programmes was beyond the budget of the HCI Foundation for last year but the nature of the improvements to life in the villages affected was so dramatic that it was impossible to slow down the roll-out to a pace it could manage on its own. Fortunately, all the subsidiary businesses within our group were sufficiently inspired by the work being done to contribute an additional R8,3 million to the HCI Foundation's water project, allowing the Foundation to complete it within a year. These projects in Hluhluwe now provide almost a quarter of a million litres of drinkable running water a day to about 30000 people in eight villages there.

We hope to steadily expand our work in these villages to improve ECD schools functioning within them by introducing new equipment, teaching aids and training. In addition, we hope to substantially extend food security programmes whereby villagers are trained to grow their own vegetables.

To the extent the HCI Foundation's lottery bid is successful we do hope it will be able to substantially pick up the pace of this work, the need for which is so apparent.

John Copelyn
Chief Executive Officer

DENEB
INVESTMENTS LIMITED

DENEB INVESTMENTS LIMITED (Deneb)

www.deneb.co.za

The Deneb results for the comparative period were significantly influenced by the finalisation of a Covid-19 business interruption insurance claim and an asset claim arising from KwaZulu-Natal floods. The net after-tax benefit of these claims was R52 million. As the insurance claims are non-recurring in nature and mostly relate to loss of profits which occurred in prior periods, Deneb believes that it is appropriate to exclude the claims for comparison purposes. This will give shareholders a better sense of the underlying performance of the Deneb group in the current period.

On that basis, revenue is up 7% largely due to good turnover growth in the Automotive Parts Manufacturing businesses (up 26%) due to new contracts coming on-line on the back of capital investments. Revenue growth was hard to come by in the rest of the Deneb group and volumes were slightly down with whatever revenue growth that did occur, largely due to price increases. The industrial manufacturing businesses recorded revenue growth of 4% and revenue within the Branded Product Distribution segment was flat.

Despite the lower volumes, margins were largely maintained, and Deneb's gross margin was down by 30 basis points. The slight decline in margins is mostly due to turnover mix. Manufacturing businesses typically have lower gross margins than the branded product businesses so as the manufacturing segment accounts for a greater portion of turnover, overall margins decline. This effect was dampened because gross margins at an individual business unit level improved in the main.

Costs were well controlled, increasing by under 1%, well below inflation. If variable selling costs are excluded, as these naturally rise with turnover, fixed costs declined by 1% year on year.

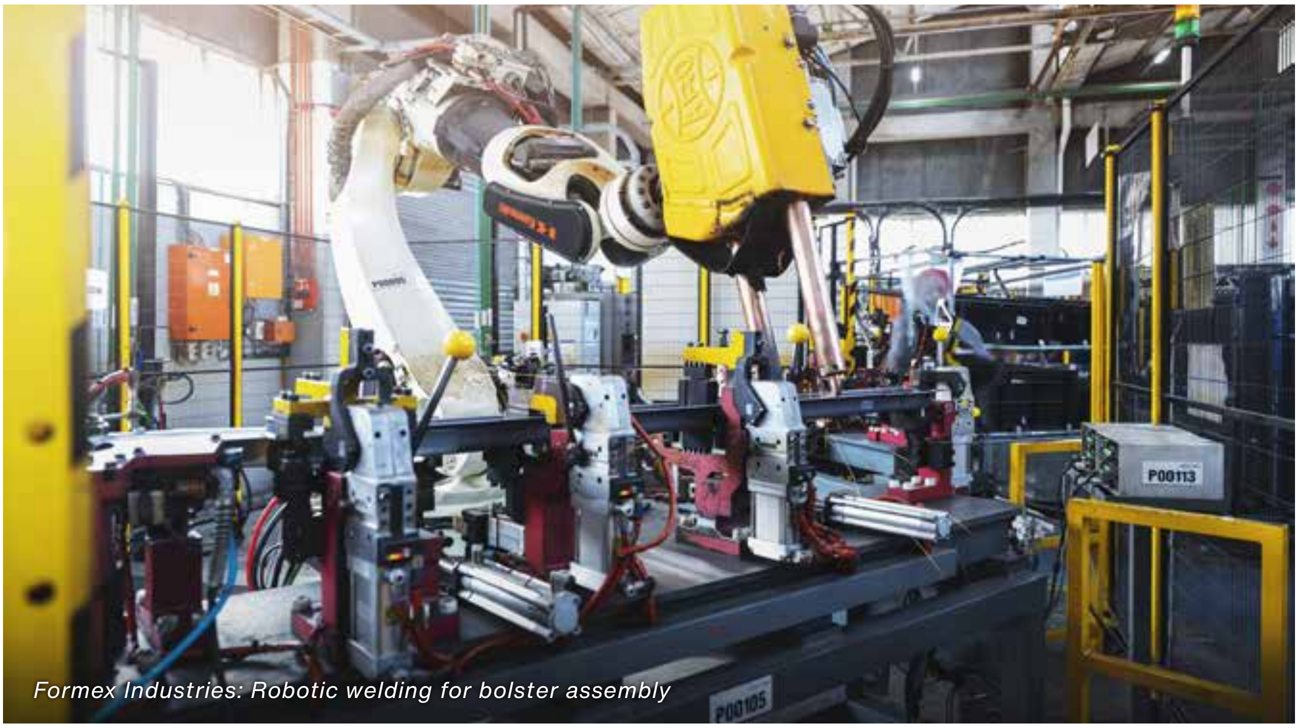
The result of the above is that operating profit, excluding the insurance claims, grew by 21% to R252 million.

For most of the year Deneb had higher debt levels due to investments in expansion capex, mostly in the prior year and higher average working capital levels as a consequence of shipping delays and weaker exchange rates. The higher debt and higher average interest rates resulted in the net finance expenses being up 45% to R109 million. Increased rates account for just over half of the increase and increased debt the balance. What is pleasing is that Deneb has been quite strongly cash generative in the final quarter and for the full year generated R195 million from operations, up 47% from the R132 million generated in the comparative period. At year-end, total interest-bearing debt is down R108 million compared to the prior year-end.

Deneb Investments Limited is separately listed on the JSE Securities Exchange. More information on the group can be found at www.deneb.co.za

Romatex: Stenter finishing oven

Vega Properties: New Germany Industrial Park



Formex Industries: Robotic welding for bolster assembly

Butterfly | PRIMA INTERACTIVE | Prima | htic | SIRIUS SALES (PTY) LTD | SEARTEC
VEGA PROPERTIES | formex | Premier | Custom bulk bags
ROMATEX PTY LIMITED | brits | GoldReef | blue reef | Explorius

eMedia Holdings

eMEDIA HOLDINGS LIMITED (eMedia)

www.emediaholdings.co.za

eMedia presents a satisfactory financial performance for the 2024 financial year given its mitigation against continued loadshedding, which had a negative impact on overall viewership and saw a further decline in television advertising spend of approximately 1%.

The actors and writers' strike in Hollywood at the beginning of the financial year also had a severe negative impact on one of the subsidiaries in the eMedia group, Media Film Service, which made R31,5 million less in profit after tax when compared to the prior year. The eMedia group also continued its legal battles against Multichoice during the current financial year spending R8,8 million more in the current year when compared to the prior year.

Notwithstanding all the negative impacts to business operations in the macro-economic environment in South Africa, the eMedia group was able to return favourable results compared to the previous year and further continues with the declaration of dividends to its shareholders with a dividend of 16 cents per share at the close of the financial year.

Operational overview

The eMedia group's revenue for the fiscal of R3.1 billion is only 2,1% less than the previous year which can be mainly attributed to the decreased revenue earned by Media Film Service as mentioned above. This was further underscored by television advertising revenue ending on R2.165 billion an increase of 3% despite the television advertising cake declining by 1%. This is the highest television advertising revenue earned by the eMedia group in its history.

The eMedia group once again outperformed the market in terms of advertising revenue in the television market. This benefit in advertising revenues can be attributed to the eMedia group maintaining prime-time audience market share at 33,5% in March 2024 from 34,5% in March 2023, a slight decrease year on year.

Further analysis of the eMedia group's market share reveals an increase in both shoulder and prime time. The share ended at 33,0% and 33,5% respectively, making the eMedia group the biggest broadcaster in audience share in prime time and second to DStv in shoulder time in South Africa.

The prime-time market share for e.tv has shown a slight decrease of 0,7% to 20,7% audience share. Of interest, however, is that e.tv is now the biggest channel during both prime time and shoulder time surpassing SABC1. The continued loadshedding saw a change in viewer patterns and this saw an impact on some of the shows. Scandal (19:30 to 20:00) and House of Zwide (19:00 to 19:30) continues to have a demanding market share in their respective timeslots with Scandal, however, coming into some competition with SABC1 moving Skeem Saam from its 18:30 slot to the 19:30 slot.

During the year, e.tv launched new dramas, Smoke and Mirrors at 21:00 to 21:30 and Isitha at 21:30 to 22:00. Both these dramas command the number one position in their timeslots. The 18:30 drama, Nikiwe was withdrawn from the schedule as it was not commanding a satisfactory market share and was replaced by a new drama, Isipetho, which has more than doubled the market share.

e.tv now spends approximately R600 million annually on local drama series and again shows the dedication of the eMedia group to grow the local television industry.

e.tv continues to face the impact of the uncertainty of the imminent analogue switch-off facing the country but the eMedia group is confident that the audience share will be carefully managed. At present the eMedia group is once again engaging with the Department of Communication in relation to the switch-off date regarding e.tv analogue transponders. The eMedia group is firm in the belief that too many ordinary South Africans will remain without TV in a hard switch-off environment.

The rest of the eMedia channels, available on multiple platforms, accounted for 26,9% of the advertising revenue amounting to R610,6 million which is up from R501.3 million in the previous year. Profitability in this unit has been maintained with content costs for the fiscal year being pegged at R325,6 million.

The distribution of the four eMedia entertainment channels on Multichoice, which contributed to the eMedia group's audience and revenue share, is still under investigation by the Competition Commission after non- renewal of the channel carriage agreement. At the time of this report, the channels remain on the Multichoice bouquet, and the court case is set down for August 2024. As mentioned, this has attributed to the year-on-year increase in legal costs.

The set-top box activations for Openview for the year amounted to 377 916 taking the amount of activated set-top boxes to 3 428 523 activated at the end of the period.

Technological advancements being the focus of the business will bring in the next upgraded phase of the Openview set-top box, a smarter set-top box which will have memory facilities and Wi-Fi capability.

eNCA continues to perform satisfactorily in its targeting of the discerning news viewer. In an attempt to engage the viewer, the channel has changed its positioning from 'No Fear, No Favour', to 'Question, Think, Act'. It also continues to be the leading advertising revenue generator in the news market.

Conclusion

The eMedia group is forging ahead with numerous technology advances and strategic planning to continue to be the audience-share market leader. The investment in Openview provides the eMedia group with the strategic flexibility and is the plan to address the challenges of the transition that digital migration brings with it. The eMedia group also intends to launch a number of digital developments to enhance its revenue generation capabilities and take advantage of our highly in-demand content.

The eMedia group remains focused on its core business of broadcasting, content creation, platform advancements and a granular focus on technology that improves the broadcasting process.

eMedia Holdings is separately listed on the JSE Securities Exchange. More information on the group can be found at www.emediaholdings.co.za

FRONTIER
Transport Holdings

FRONTIER TRANSPORT HOLDINGS LIMITED (Frontier)

www.frontiertransport.co.za

Frontier Transport Holdings produced a solid performance on the back of strong operating results achieved by its commuter bus subsidiaries that was adequately complemented by earnings garnered from its investments in recently acquired ancillary entities.

Whilst commuter bus services remain the core of the Frontier operating model, the group's strategic diversification into allied sectors to hedge against the vagaries of fiscal allocation to the public transport sector, has been vindicated by the mounting returns from the non-commuter bus entities.

Golden Arrow Bus Services (GABS)

Operations of commuter bus services are impacted by a range of inputs that are fundamentally exposed to external factors, which are by and large out of direct operational control. Typically exchange rate fluctuations acutely influence the costs associated with fuel purchases and the procurement of spares and supplies, which constitute circa 40% of GABS' operating costs.

By instituting measures to mitigate the impact of these external factors, GABS generated R70 million savings in fuel costs through inter alia new, advanced controlled acceleration software and continuing with their fleet replacement, which combined, realised R21 million from improved fuel efficiencies. An additional R21 million was saved by trimming unproductive kilometres and also benefiting from a lower fuel price (R28 million) during the reporting period. Concurrent to this, rigorous attention was given to the judicious procurement of foreign currency denominated spares and supplies to circumvent OEM price gouging practices that are pervasive in the motor vehicle spares market.

GABS continues its legal challenges to applying across the board increases in certain job categories in which the company already pays higher than the prescribed bargaining council rates and the setting aside of the Minister of Labour's flawed extension of the main collective agreement to non-parties.

Congested labour court rolls have regrettably stalled the outcomes of these applications, which have obstructed engaging in meaningful relations with organised labour. It is expected that the outcomes of these legal challenges will be finalised during the current financial year and the conclusion thereof should allow for a framework to conduct constructive labour relations at shopfloor level.

Vindicated by extensive testing, the decision by the GABS board to proceed with the purchase of 120 electric buses from BYD for the next financial year, heralds a seminal juncture in the history of the company and the commuter bus industry at large.

The switch from internal combustion engines to electrically powered buses have empirically been forecasted to yield significant reductions in overall operating costs, and the groundwork associated with the strategic installation of charging stations in depots, proper route scheduling and the appropriate skilling of the labour force, both technically and operationally, have commenced in earnest in anticipation of the scaled rollout.

A pivotal element in the transition to electric buses is the access to reliable sources of energy. GABS' ongoing installation of internal solar generation capability has yielded significant returns with the achievement of a 75% reduction of electricity received from the national grid over a period of 8 years. In tandem with wheeled supply options being considered, the internal solar footprint project is ongoing with additional estate being earmarked for solar installations.

Increasingly Artificial Intelligence and Internet of Things applications have been progressively embedded in the operations value chain and maintenance regime, which places the company at the cusp of integrating digital

GA	Sibanye	TBRT Table Bay Rapid Transit	Frontier Tyres	El Jo Se Travel & Tours
100%	100%	100%	100%	92.7%

technology into the mainstream of its internal processes. These include the capability of online ticket purchasing, enhanced interior and exterior bus surveillance, diagnostic technical inspections, passenger access to WiFi and real-time monitoring of bus movements.

The deployment of appropriate technologies and the concurrent sourcing and skilling of a new generation workforce lies at the centre of the company's strategic vision as it navigates the evolving contours of a rapidly changing mobility landscape.

Table Bay Rapid Transit (TBRT)

As the operating contract of Phase 1A in the City of Cape Town's Bus Rapid Transit system reaches its penultimate year, TBRT achieved the most compliant vehicle operating company accolade, which should stand it in good stead when the next phase is adjudicated. Despite an ageing fleet, the 72 peak bus operation nominally exceeded the prior year's net profit after tax.

Sibanye Bus Services

With a growing and loyal passenger base, Sibanye posted an impressive 19% increase in net profit after tax (NPAT) over the reporting period. The blue liveried buses of Sibanye have become entrenched as the mode of choice of residents commuting between the western rural hinterland and the city.

Eljosa Travel and Tours

Buttressed by replacement vehicles, a resurgent tourist sector, a loyal schools' clientele and accreditation on the city's central suppler database, the luxury coach subsidiary posted a creditable increase in NPAT over the reporting period.

Alpine Truck and Bus

During the review period, Alpine has weaned itself from its initial primary reliance on the sale of GABS buses through expanding its Parts Retail sales, and obtaining the franchise of a premium truck brand which has found favourable acceptance in the local market. The company has secured an anchor client for the truck purchases and the long-term prognosis for the significant scaling of truck sales is promising. The company posted a commendable 6-fold increase on the budgetary NPAT target over the review period.

Shuttle Up	Alpine Truck & Bus	N2 Express
100%	51%	33.3%

Frontier Tyres

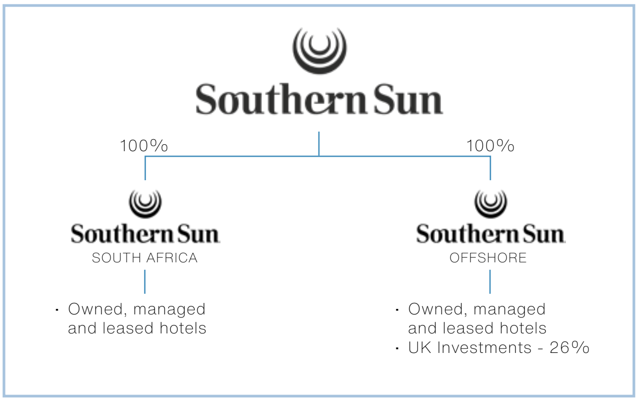
Frontier Tyres turned a reported loss during the previous year to a nominal positive NPAT over the reporting period. This can be ascribed to the installation of additional plant, which boosted the company's retreading capacity whilst general sales were augmented by the appointment of additional field sales personnel. The company is well geared to fully optimise the additional capacity to take advantage of reduced opposition in the competitive local market.

Shuttle Up

The performance of the 12-vehicle shuttle service was disrupted by the departure of the COO and the write-off of debt during the review period. Management of the company will fall under ElJosa Travel and Tours and with the onboarding of dedicated sales staff and enhanced online booking capability, it is poised to optimise on increasing visitor and business traffic commuting via Cape Town International airport.

Frontier Transport Holdings Limited is separately listed on the JSE Securities Exchange. More information on the group can be found at www.frontiertransport.co.za

Southern Sun




Beverly Hills

SOUTHERN SUN (Southern Sun or Hotels)

www.southernsun.com

Highlights

- Revenue up 19% to R6,0 billion
- Ebitdar up 32% to R1,9 billion
- Adjusted HEPS up 88% to 56,4 cents
- Net debt reduced to R1,0 billion
- Share buy-backs of R617 million
- Dividend per share of 12,5 cents per share

Southern Sun's significant exposure to the Western Cape and Cape Town specifically, which enjoyed a strong tourism, business travel and event-related year contributed to revenue growth of 19%. Internal discipline on maintaining the cost efficiencies achieved from the complete restructuring of the Hotels in response to the Covid pandemic, has translated to record profitability with Southern Sun achieving Ebitdar growth of 32% to R1,9 billion and Adjusted HEPS of 56,4 cents, up 88% from the prior year. In addition to buying back just under 10% of the shares in issue, Southern Sun declared its first dividend of 12,5 cents per share.

Luxury hotel guests have proven more resilient to prevailing economic pressures such as inflation and rising interest rates, being influenced more by location and personal preference rather than price.

Aided by more normalised demand from local and international travellers and strong demand for conferencing and events, Hotels occupancy at 58,6% for the year ended 31 March 2024, has increased by 7,1 percentage points (pp) compared to 51,5% in the prior year but is


The Cullinan

Beverly Hills

still 0,7pp below the 59,3% achieved for 31 March 2020, being pre-Covid-19.

This shortfall in occupancy largely relates to hotels in individual nodes, in South Africa and offshore, which have not yet fully recovered but are showing signs of improvement and present a focus area for management.

South Africa continues to benefit from strong international demand, and this could be even stronger with the removal of visa restrictions to some markets and further activation of inbound air capacity to the country. The middle-income international traveller has not recovered to pre-Covid-19 levels and represents an opportunity with the high levels of operational gearing in the business resulting in a substantial flow through to Ebitdar, even at reasonable revenue growth.

Southern Sun will continue to pursue its strategy of getting more out of its irreplaceable hotel portfolio by allocating capital to key properties so that they remain best-in-class and our customers' preferred accommodation provider. Refurbishment programmes are currently underway at the Sandton Towers, the Southern Sun Sandton, the Southern Sun Rosebank and Southern Sun Cullinan. In addition, refurbishment plans are progressing for a number of other hotels with various mock-up rooms in progress.

Southern Sun is separately listed on the JSE Limited. More information on the hotel group can be found at www.southernsun.com

Southern Sun Abu Dhabi

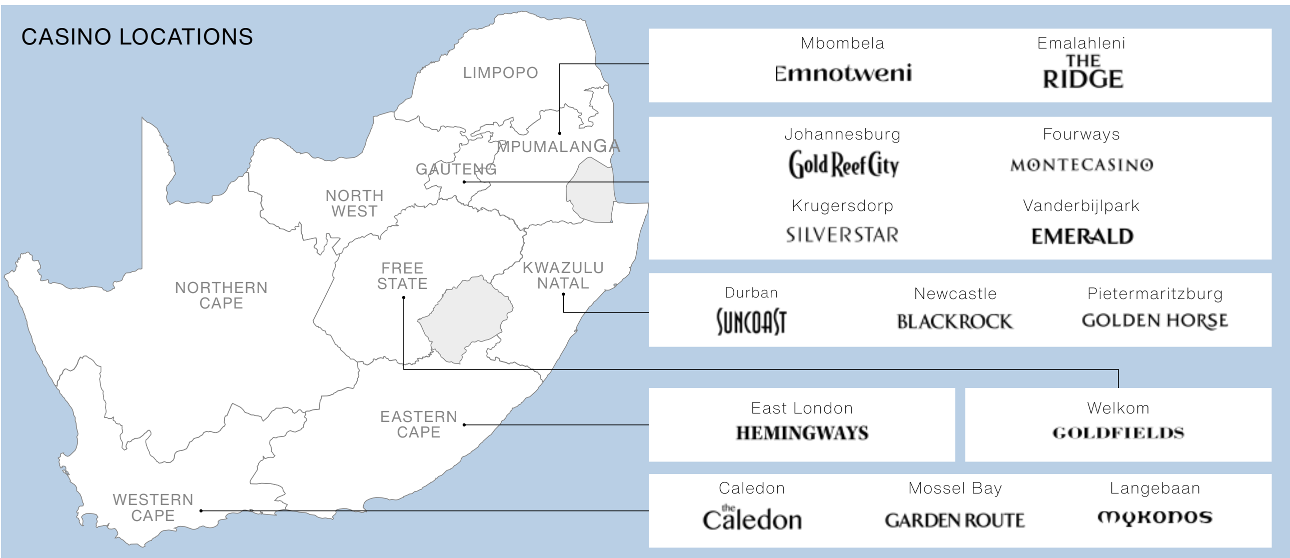
Southern Sun Sandton

TSOGO SUN CASINOS . HOTELS

TSOGO SUN LIMITED (Tsogo Sun)

www.tsogosun.com

	FY2024	FY2023	% Change on prior year
Income - R'million	**11 503**	11 318	2
Operating costs - R'million	**(7 602)**	(7 352)	(3)
EBITDA margin - R'million	**3 901**	3 966	(2)
EBITDA margin - %	**33,9**	35,0	(1,1)
Net finance cost - R'million	**(732)**	(655)	(12)
Headline earnings - R'million	**1 761**	1 592	11
Adjusted headline earnings (AHE) - R'million	**1 721**	1 824	(6)
Adjusted EBITDA to AHE conversion rate - %	**44,1**	46,0	(1,9)
Dividend per share - interim (cents)	**30**	30	0
Dividend per share - final (cents)	**40**	57	(30)
Capex cash flow - R'million	**(771)**	(569)	(36)
NIBD and guarantees - R'million	**(7 672)**	(8 047)	5



Debt and covenants

The net interest-bearing debt and guarantees at 31 March 2024 reduced to R7,67 billion from R8,05 billion at 31 March 2023.

The medium-term debt leverage target remains lower than a 1,8 times multiple, thereby decreasing risk and funding costs.

The lower debt level was achieved notwithstanding cash outflows of R1.45 billion relating to investments in Solar and generators, Emerald Resort and Casino upgrades, share buy-backs, dividends and various other transactions.

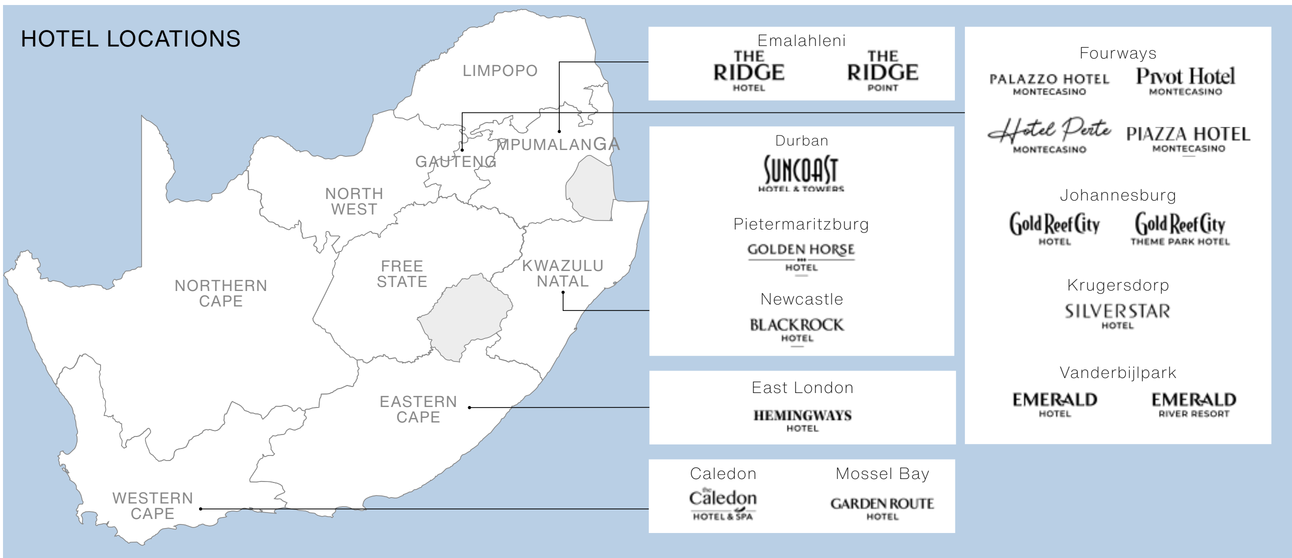
Financial

Total income of R11,50 billion was generated for the year ended 31 March 2024 and adjusted EBITDA amounted to R3,90 billion. The cost of diesel and the adverse effect on income due to loadshedding continued to negatively impact the Tsogo Sun's results.

An adjusted EBITDA margin of 34% was achieved for the year (35% for the prior year). If the cost of diesel and impact of the costs for the expansion and improvement of the business for the future are excluded, the margin would have exceeded 35%.

Net finance costs (excluding IFRS 16 lease interest and hedge reclassifications to profit or loss) for the year amounted to R732 million, a significant increase from the R655 million for the prior year, mainly as a result of the higher Johannesburg Interbank Average Rate (JIBAR). The reduction of net interest-bearing debt achieved by year end and thereafter, should assist in reducing finance costs. Interest rate swaps with a notional amount of R3,50 billion expired on 31 May 2024, which will result in higher finance costs while the JIBAR remains higher than the swap rate.

Headline earnings achieved for the year amounted to R1,76 billion compared to the R1,59 billion reported for the prior year. Excluding the hedge reclassifications to profit or loss in the year under review and the prior year, and the cost of the termination of the hotel management contracts in the prior year, the adjusted headline earnings would be R1,72 billion and R1,82 billion for the current and prior years respectively.



Casinos

The casino division operates 14 casinos, hotels, a Theme Park, restaurants and other entertainment facilities. Significant focus is placed on the nature, quality of the facilities and experiences offered at each precinct.

As expected, the continued impact of loadshedding, high fuel and food prices and increased interest rates, resulted in income remaining under pressure during the year.

Gauteng delivered relatively solid results notwithstanding the tough trading conditions. KwaZulu-Natal and the Western Cape achieved fairly stable revenue, but with some cost pressures resulting in marginally lower adjusted EBITDA.

The other casinos experienced a challenging year resulting in a R50 million reduction of adjusted EBITDA. This is a result of lower income and two years of exponential cost increases due to higher inflation. The business models of certain of these properties are being re-evaluated to improve efficiency as the market conditions are different than prior to the pandemic.

Substantial investments planned for the relocation of The Caledon license will contribute considerably to the tourism attraction of both the Helderberg and Overberg regions.

Hotels

The in-house management of the hotels is running smoothly with record results for Tsogo Sun's portfolio of hotels for the financial year. The saving of historical management fees and central cost charges has yielded the most significant positive impact.

Other income and entertainment

Food and beverage revenue and tenanting income delivered double digit growth for the year.

The Gold Reef City Theme Park continues to deliver exceptional results with strong revenue and profit growth. Upgrades to the food and beverage and other facilities in the park were completed during the year.

Bingo

Galaxy Bingo's trading continued to be negatively impacted by loadshedding. Customer behaviour changes as a result hereof, do not seem to reverse when there are short periods of relief in loadshedding such as in the period after year end. As reported in the previous year, margins in this division have remained strained due to the resultant lower income earned, salary and property rental cost increases, high costs of diesel and generator maintenance.

Limited Payout Machines (LPMs)

With the negative impact of loadshedding and the general adverse trading conditions, LPM's results declined marginally when compared to the prior year, with income declining by 1% and adjusted EBITDA by 4%. Even though slightly lower, the division did well to protect margins during the year.

Digital, online and technology

Developments within the digital, online and technology space are continuing. The improved Tsogo Sun App and Tsogo Rewards programme, with extensive interactive functionalities for improved customer experience, remain a priority for the business.

Improvements to and expansion of the online betting business, including a more vast product offering and reinvestment for growth while remaining largely self-funded, will be key focus areas for the 2025 financial year.

Capital expenditure, acquisitions and transactions:

Capex expenditure cash outflow for the year amounted to R771 million (including capital creditors from the prior year).

This capital investment includes the investment in green energy projects, including solar plant installations of approximately R100 million, generator cash outflow of almost R30 million, and improvement capex for Emerald of R76 million. Sufficient additional generator capacity was completed during the year. Similar investments in solar solutions and the Emerald upgrade project will continue throughout the next financial year.

Maintenance capex has settled at around the R600 million mark, and was impacted by inflationary increases and foreign exchange fluctuations in certain areas.

Net acquisition and investment costs amounted to approximately R248 million in cash outflows, predominantly relating to an acquisition of a bingo licence, an increase in an undivided share in investment property, Bet.co.za and City Lodge Hotels.

Regulatory

A higher tax burden for land-based casinos remains a risk.

The introduction of various forms of "terminals" is likely to be the next possible roll out of more betting and gambling in the near future. In addition, some regulators are continuing to issue more gambling licences in markets which are already saturated.

Tsogo Sun Limited is separately listed on the JSE Securities Exchange. More information on Tsogo Sun Limited can be found at www.tsogosun.com

HCI RESOURCES (HCI Resources)

www.hciresources.co.za

The business performed well during a rather challenging year. HCI Resources had previously diversified its market by supplying RB3 product into the export market, but due to a significant decline in benchmark coal prices, HCI Resources were fortunate to find a replacement market domestically, for the bulk of the additional sales volumes. The year also saw an improvement of off-take from Eskom which was welcomed.

Overview of Operations

Run-of-Mine (ROM) production volumes increased by 7% to 4 032 334 tons (FY2023: 3 763 775 tons) which is mainly as a result of the processing plants performances in terms of throughput and achievement of good yields. This also contributed to an increase in sales tons of 3 162 479 tons (FY2023: 3 156 371 tons).

A capital investment was made in a new boxcut, which was created on the Rooipoort portion of the reserve to ensure continuation of production at the required levels for the remainder of the life-of-mine at Palesa. This investment also gives flexibility in terms of production scheduling and ROM qualities.

Financial performance

Revenue increased by 5% to R2.23 billion (FY23: R2,11 billion) whereas EBITDA decreased from R480 million to R426 million mainly due to the softening of export coal prices. Nevertheless, the business generated a solid operating free cash flow in excess of R400 million for the second consecutive year demonstrating the strength of the business. Prudent application of capital and strict management of the balance sheet remains a key focus to the vision of HCI Resources of growing and diversifying the business.

Health and Safety

HCI Resources continues to be very proud of its Health, Safety, and Environmental performance and achievements which is realised through continuous focus and effort to maintain a safe working environment with zero harm. To date, we have worked 799 days without a Lost Time Injury and 2 181 days without a fatality.

The current Health and Safety strategy is being revised to ensure HCI Resources keeps up with best practices in the industry and achieves the set industry milestones.

Coal reserves (expressed in tons) as at 31 March 2024			
	Palesa Colliery		TOTAL
	Palesa Colliery (Loopspruit)	Palesa Extension (Rooipoort)	
Proven	13 700 391	19 848 899	
Probable		11 863 777	
Total	13 700 391	31 712 676	45 413 067

Social investment

Commitment to a comprehensive role as an investor in enterprise development (ED) was a top priority for the management during the financial year under review. HCI Resources partnered with Raizcorp to provide business development support in the form of an ED programme that benefited 21 small businesses in the Thembisile Hani and Tshwane Region 7 districts. At the end of the ED programme, these beneficiaries will have developed their own business model which cover key areas such as strategy, finance, sales and marketing that can ultimately result in a positive and real difference being made within South African communities for many years to come.

HCI Resources is currently building houses for child-headed families and under-privilege households in the Tshwane Region 7 and Thembisile Hani municipalities. These projects are expected to be completed within this financial year.

PLATINUM GROUP METALS LIMITED (PTM)

www.platinumgroupmetals.net

Platinum Group Metals Ltd. (PTM:TSX; PLG:NYSE American) is advancing the large scale Waterberg Project in South Africa (Waterberg Project). A definitive feasibility study published for the Waterberg Project in September 2019 (DFS) estimated 19,5 million reserve ounces of the platinum group elements (PGE) platinum, palladium, rhodium, and gold, along with 376 million pounds of copper and 728 million pounds of nickel. The deposit is shallow, thick and is planned as a low-cost, bulk mechanised underground mine with twin decline access. An update to the DFS (DFS Update) is currently underway and is planned for completion mid-2024. The DFS Update will include a review of cut-off grades, mining methods, infrastructure plans, scheduling, concentrate offtake, dry stack tailings, costing and other potential revisions to the Waterberg Project's financial model.

The DFS estimated peak funding requirements to construct the Waterberg Mine at US$617 million (approximately ZAR 9,3 billion per the DFS), which may be satisfied by a combination of gold stream and equity financing plus a senior secured debt facility. PTM is in advanced discussions to arrange construction financing. The DFS Update will include a current peak funding estimate. Since 2019, platinum group metal prices are lower and capital and operating costs are higher.

To 29 February, 2024, an aggregate total of US$87.2 million (approximately. ZAR 1,2 billion at average exchange rates) has been invested for exploration and engineering on the Waterberg Project. For the 12 months ended 29 February, 2024, PTM incurred a net loss of US$5,2 million (2023: – US$5,1 million) and issued 2,27 million shares pursuant to offerings, placements, and option exercises at an average price of US$1.19 per share. PTM is currently debt free.

On 18 October, 2022, Waterberg JV Resources (Pty) Ltd. (WJVR) approved a US$21 million (ZAR 380 million at the time) in principle pre-construction work program (the "Work Program) for the Waterberg Project. To 31 March, 2024, approximately US$8.1 million of the budgeted amount was spent. In addition to infill drilling and work to complete the DFS Update, the Work Program comprises early project infrastructure including initial road access, water supply, essential site facilities, a first phase accommodation lodge, a site construction power supply and advancement of the Waterberg Social and Labour Plan.

The South African Department of Mineral Resources and Energy (DMRE) granted a mining right for the Waterberg Project on 28 January, 2021. Although the recognized leadership of host communities have documented their support, in 2021 and 2022 several local individuals filed appeals to the grant of the Waterberg mining right, which the DMRE reviewed and dismissed. WJVR and the DMRE are working through remaining complaints in an appropriate manner.

WJVR continues to collaborate with local communities to maximize project value for all stakeholders. WJVR recently assisted host communities with funding for

Waterberg Development Camp and Core Yard water supply upgrades and general maintenance of community areas and buildings. Skills and needs assessment surveys were completed in 2023, which will help to inform planned education and training programs. In 2024, 49 learners from host communities completed a portable skills training program and 14 tertiary education bursaries were granted in 2023 and 2024. The cost of specialist consultants, advisors and legal counsel appointed by host communities to assist them in relation to the Waterberg Project is being paid by WJVR.

Discussions to establish Waterberg concentrate offtake arrangements with existing South African smelters have been ongoing since 2019 without success. During 2021 and 2022, PTM completed a prefeasibility study and a beneficiation study for a dedicated Waterberg matte furnace in South Africa as an alternative to a traditional concentrate offtake arrangement. During 2023, PTM assessed the economic feasibility of constructing a PGE smelter and base metal refinery (BMR) to process Waterberg concentrate in Saudi Arabia. On 20 December, 2023, PTM announced a Cooperation Agreement with Ajlan and Bros Mining and Metals Co. (Ajlan) to study a stand-alone PGE smelter and BMR in Saudi Arabia in three phases; a global PGE concentrate market study, a definitive feasibility study for the construction and operation of a PGE smelter and BMR in Saudi Arabia (Smelter DFS), and an option to form an incorporated 50:50 joint venture following the completion of the Smelter DFS. The Smelter DFS will assume the export of Waterberg PGE concentrate to Saudi Arabia, which would require the approval of the South African government. PTM believes that Saudi Arabia offers an attractive investment climate including highly competitive energy costs, a lower taxation rate, and significant government financing incentives. An initial trade-off study has been completed to determine the viability of exporting PGE concentrate from South Africa to Saudi Arabia. Shipping costs are expected to be generally offset by lower energy and other operating costs. The proposed smelter facility may also benefit from existing infrastructure in one of many industrial cities in Saudi Arabia.

PTM and Anglo American Platinum Limited are advancing a research and development initiative through Lion Battery Technologies Inc. (Lion) and Florida International University (FIU). Lion was incorporated in 2019 to accelerate the development of next-generation lithium battery technology using platinum and palladium. FIU has received five patents from the U.S. Patent and Trademark Office on behalf of Lion and more patents are under application. In June 2023, Lion engaged The Battery Innovation Center (BIC) in Newberry, Indiana, to conduct independent small scale and large scale trials to validate Lion's proprietary platinum and palladium based electrode composition, slurry, and films in both lithium-sulfur and lithium-ion coin and pouch cells. BIC will also conduct limited additional research and development focused on improving performance and scale-up with the goal of creating prototypes for commercialization consideration.

Platinum Group is listed as PLG on the NYSE.A (New York Stock Exchange) and PTM on the TSX (Toronto Stock Exchange).

Waterberg Drilling

PTM geologist Aleck Mkhabela examines Waterberg Core

Impact Oil & Gas

IMPACT OIL & GAS LIMITED (Impact)

www.impactoilandgas.com

Impact Oil and Gas Limited (Impact) is a UK-based hydrocarbon exploration company. Impact's strategy has been to build a portfolio of high quality, deep-water prospects, offshore Africa; partner with super-major oil and gas companies with the technical and financial capability to operate through drilling and development of deep water projects; and ultimately, to have commercial success through participation in a portfolio of high-impact exploration wells.

Impact has built a highly material portfolio, which is partnered with TotalEnergies, QatarEnergy and Shell.

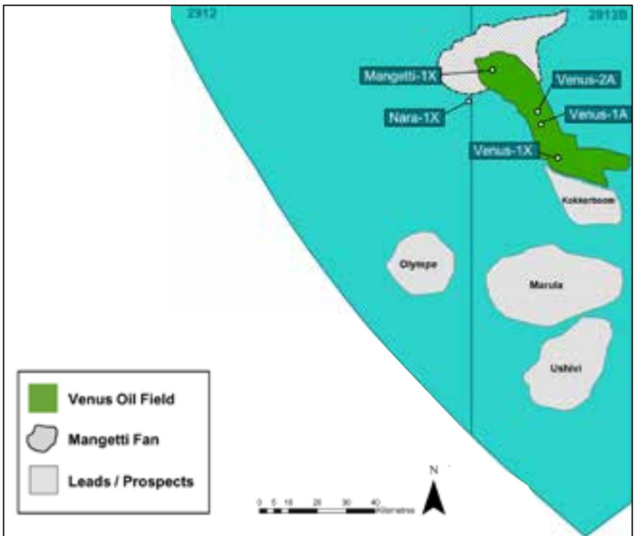
In February 2022, Impact announced a major light oil and associated gas discovery offshore Namibia, and in January 2024 Impact announced a partial divestment of its interest in Namibia, in a transaction that will fund Impact's share of costs until first revenue from the licence area.

Namibia

Venus: a world class oil and gas discovery

In the last year, Namibian operations on Blocks 2913B and 2912 have continued at pace, focusing on both appraisal and exploration targets.

The Venus field has now been successfully penetrated by four wells, all of which were tested. The results have been positive and provide valuable information on the potential productivity of the Venus field, required for development planning.



Exploration leads and prospects in Namibia portfolio

In addition to appraisal of the Venus field, the Mangetti-1X exploration well was spud in October 2023, targeting the Mangetti prospect and the northerly extension of the Venus reservoir at this location. The Venus level reservoir was tested, yielding encouraging results for this far northern area of the field.

Impact Team on the DeepSea Mira

In parallel, exploration drilling began on the adjacent Block 2912, with the drilling of the Nara-1X well, which spud in June 2023. Although the well was deemed unsuccessful, the results are currently being integrated into the geological model in order to work up further drilling locations within Block 2912.

Whilst there is still a lot to learn about this frontier petroleum system, the upside potential and opportunities to materially increase the discovered resources remains exciting. An extensive 3D seismic campaign was completed in April 2024, covering the southern and northernmost parts of Blocks 2913B and 2912. This data is currently being processed and will help further evaluate the Marula, Ushivi and Olympe leads, complete the seismic coverage over the Mangetti fan, and identify any further prospectivity within the blocks.

Elsewhere in the Orange Basin, outside of Impact's acreage, there have been numerous oil and gas discoveries, including within the Shell operated acreage immediately east of Venus, where the Jonker and Enigma discoveries contribute to Impact's understanding of the leads in the south of Impact's licence areas; and acreage operated by GALP, who recently announced the significant Mopane-1X discovery. These successes highlight the extraordinary potential of this exciting new petroleum province.

Tungsten Explorer, 6th Generation Ultra-Deepwater Drillship

Major transaction with TotalEnergies:

The 2023 and planned 2024 investment programmes required significant capital from Impact and was stretching Impact's ability to continue to fund operations in Namibia, even with incredible support from shareholders. In January 2024, Impact announced the signing of a transaction to divest (farmout) a 9,39% participating interest in Block 2912 and a 10,5% participating interest in Block 2913B to TotalEnergies EP Namibia B.V. (a wholly-owned subsidiary of TotalEnergies S.E.), such that Impact will hold a 9,5% interest in each of these blocks on completion of this transaction. The agreement provides Impact with a carry loan (repayable from production) for all of its share of joint-venture development, appraisal and exploration costs on both blocks, from 1 January 2024, until Impact begins producing oil and generating revenues from either block. In addition, Impact will be refunded approximately US$99 million on completion of the transaction, being a pro-rata share of past costs incurred on the blocks.

Whilst the primary strategy for delivering value to shareholders has always been to seek an exit following a major discovery, these Namibian blocks offer a unique opportunity to participate in a major oil development, whist continuing to explore large, near field prospects that could significantly grow the discovered resource base across an area comprising approximately 16 000 km². The transaction with TotalEnergies provides the foundation to build a business that has real potential to deliver significant cash flows, through the prospective development of the Venus field, and participate in high-impact exploration without having to raise substantial funds in the coming years. This offers a robust, medium to long-term value proposition whilst mitigating the considerable funding risk that would otherwise be faced by Impact.

Completion of the transaction with TotalEnergies is subject to customary conditions, including the consent of the Minister of Mines and Energy of Namibia and is expected to occur in 3Q24.

South Africa

In a major development for the industry, on 25 April 2024 the Upstream Petroleum Resources Development Bill (the "Upstream Bill) was approved by the National Council of Provinces, following its approval by the National Assembly on 26 October 2023. The Upstream Bill remains subject to Presidential assent, but its enactment is a vital step towards providing a clear and stable fiscal and legal framework, which is critical to facilitating investment in the sector.

This is a timely development, as the Orange Basin discoveries in Namibia have continued to provide encouragement to explorers on the South African side of the Orange Basin (i.e. offshore western South Africa). Impact has seen a number of deals announced, and significant progress by operators who have successfully acquired 3D seismic data and secured environmental approval for anticipated drilling programmes.

Orange Basin:

In the Orange Basin, offshore South Africa, Impact holds a 22,22% working interest in the Orange Basin

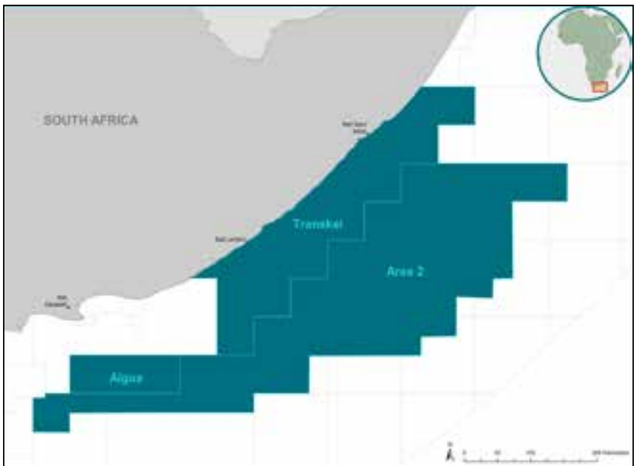
Deepsea Mira, 6th generation semi-submersible drilling and service Unit

Deep licence (OBD) partnered with TotalEnergies (operator) and QatarEnergy covering approximately 14 000 km². Although this licence area remains in the early exploration stage, with only 2D seismic data across the licence, it has significant potential given that it lies within the southern sector of the Orange Basin. Discoveries such as Venus, Graff and Mopane have confirmed the prolific nature of the northern (i.e. Namibian) sector of the Orange Basin generating optimism for the southern sector within South Africa which has not yet been tested by a deep-water exploration well, despite sharing all the same geological play elements. However, the Namibian success has rekindled exploration activity within South Africa with the acquisition of large 3D seismic campaigns and planned exploration wells to the north and south of OBD in blocks operated by both Shell and TotalEnergies. These wells will provide significant insight and value to the understanding of the southern Orange Basin's hydrocarbon potential, and therefore the potential of Impact's Orange Basin Deep licence area.

Impact's Orange Basin portfolio and outline of Orange Basin

The Natal Trough:

In the Transkei margin of the Natal Trough, Impact holds a very large position covering approximately 124 000 km², through two licences: the Transkei and Algoa licence, partnered with and operated by Shell, through its subsidiary, BG International Ltd; and Area 2, operated by Impact and partnered with Silver Wave Energy. In 2024, Shell acquired an additional 5% interest in the Transkei and Algoa licence from Impact, taking Impact to a 45% participating interest share.



Impact's Natal Trough portfolio

The Natal Trough remains an extremely attractive exploration area. Impact's belief in the Cretaceous play that runs through the Southern Africa margin, from Namibia's Orange Basin, all the way around to Natal Trough on the Eastern Cape, remains key to Impact's strategy. The same geological play elements can be found throughout the deep-water around Southern

Africa and these form the SANAM (South African and Namibian) super basin. The Cretaceous play pursued in South Africa is the same play that has been successfully targeted by the Venus-1X, Graff 1X, La Rona 1X, Jonker 1X, Mopane 1X and Enigma 1X wells in offshore Namibia and has already been proven offshore South Africa, by the Brulpadda and Luiperd wells drilled in 2019 and 2020, respectively.

Since Impact attempts to acquire a 6 000 km² 3D seismic survey on the Transkei and Algoa Block was interdicted in December 2021, Impact has been involved in related legal proceedings. A later procedural review application resulted in a High Court judgement, issued in September 2022, declaring the Minister's decision to award the Exploration Right (ER) over the Transkei and Algoa Block be set aside. The Supreme Court of Appeal (SCA) heard Impact's appeal in May 2024 with judgment delivered in June 2024. Whilst the appeal was dismissed, the SCA suspended the High Court judgment setting aside the ER until determination of the third renewal application in respect of the ER, and the joint venture has been given the opportunity to undertake a further public consultation process to address the matters raised in respect of the earlier consultation process.

This decision is, however, being appealed by the counterparties Impact intends to challenge this appeal.

Mossel Bay Gas Condensate Discoveries (held indirectly through AEC):

Impact continues to hold a 36% interest in Africa Energy Corp (AEC), which in turn holds an interest in two major gas-condensate discoveries, the Brulpadda and Luiperd fields, lying off the southern coast of South Africa, in Block 11B/12B.

The Block 11B/12B joint venture has applied for a Production Right and is advancing the proposed Luiperd gas condensate development. The Production Right is an important step towards developing these gas discoveries, the output of which would be destined for the domestic market in South Africa. The development of the discoveries in Block 11B/12B, a strategic domestic resource, could provide crucial relief to South Africa's energy crisis enhancing energy security by providing access to a long-term, reliable, baseload energy source. The development of these resources has the potential to be transformative for South Africa's energy security as well as its economic growth, by supporting investment in key industries, driving growth, creating jobs and improving access to opportunities.

Agence de Gestion et de Coopération entre le Sénégal et la Guinée-Bissau (AGC)

In light of the ongoing uncertainty on the ratification of the Treaty renewal in respect of the Agence de Gestion et de Coopération entre le Sénégal et la Guinée-Bissau (AGC), a common maritime zone between

Example of deep water FPSO'

Guinée-Bissau and Senegal, signed in October 2020, Impact has taken the decision to withdraw from the AGC Profond licence.

Industry outlook

Historically, the introduction of new forms of energy have been driven by technological advancements and economic benefit, with government policy supporting the advancement of new energies. The current energy transition is being driven by government policy in developed nations, without the necessary technological advancements to deliver a "just energy transition". This focus on Government policy is captured by the coining of the three pillars underpinning the energy transition movement - sustainability, security of supply / reliability and affordability, which are vital to achieving a "just energy transition" to a net zero world. This movement, driven by western Government policy and activism, drove many international oil and gas companies to refocus investment away from oil and gas, but left open the question of whether this change in strategy is commercially and economically sustainable.

International oil and gas companies are now rethinking their strategy, driven by shareholder demand for profitability and shareholder value. The energy transition discussion is beginning to reflect important nuances, such as speed of transition, competing challenges of developing economies and profitability alongside sustainability, security and reliability.

The Organization of the Petroleum Exporting Countries (OPEC) maintains a bullish outlook for oil-demand growth, forecasting oil demand to grow by 2,2 million barrels a day in 2024 and by 1,8 million barrels a day in 2025, and recently set out a plan to gradually unwind some of its voluntary production cuts.

HCI Properties

HCI PROPERTIES DIVISION (HCIP)

www.hciproperties.co.za

Developments

Phase 2 of Whale Coast Mall in Hermanus was completed in November 2024, with the opening day being a grand affair attended by the community and local officials.

Our development pipeline includes a 2 905m² office building for Omnia at Monte Circle. This will be the 2nd development for Omnia within Monte Circle, with their first building of 5 500m² being completed in 2022. Construction of Omnia Phase 2 is expected to commence mid-2024.

The remaining bulk available at Monte Circle will be developed as and when viable opportunities arise.

Operations and sustainability

Breaking a record is something that one should be proud of. In 2023 South Africa became the proud record holder for the most Rugby World Cup trophies, something that the entire country is proud of.

Another record was broken during the year under review, which we are not so proud of unfortunately, 2023 saw a record number of load shedding days for South Africa.

Our backup generators ran for a record number of hours, and with maintenance linked to running hours, our service costs increased accordingly.

Unfortunately we had a number of breakages on our generators due to extended running hours, which added to the already high routine maintenance costs.

During the year we completed a solar PV installation at The Point and work is in progress to complete the installation of solar at Whale Coast Mall and Gallagher Convention Centre. This will assist these properties to offset the high cost of municipal electricity and general running cost.

Property Management

HCIP, as a majority shareholder, successfully launched a property management company, named Prop-Active, which has taken over the mandates on our retail assets.

The idea for the insourcing of the management function was born from the success that we have achieved in the management of HCIP's Inner City Housing portfolio through the Live The City management company.

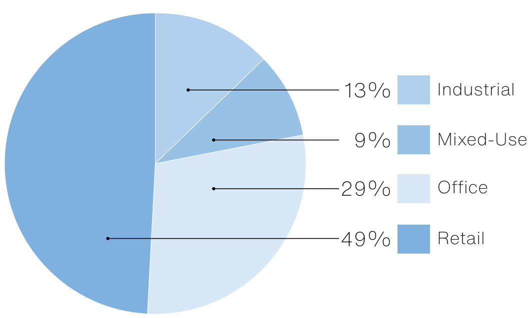
Prop-Active has also signed management agreements with 6 external properties since commencing operations in September 2023.

As we grow the list of external properties under management, we remain cognisant of the work, effort and resources that will be required to maintain service levels that are expected of property owners and other stakeholders, quality before quantity.

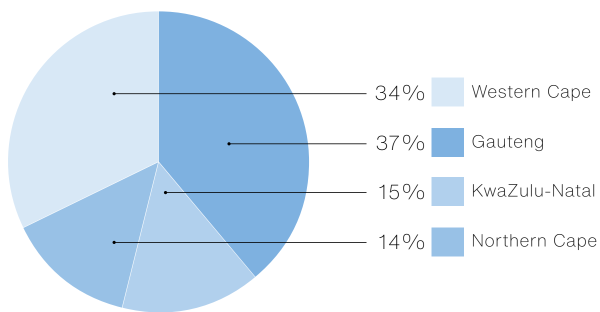
Valuations

Director valuations were performed during the current financial year, as the entire portfolio was revalued by an independent registered valuer in the prior year. The revaluation resulted in an increase of R43 million in the portfolios gross value. This increase, together with the continued servicing of the portfolio debt, has resulted in a lowering of the gearing from the FY2023 loan to value (LTV) of 53% to the current LTV of 51%.

HCI Properties : GLA (by Property Type)



HCI Properties : GLA (by Region)




The Palms - Woodstock


The Point, Sea Point

Retail

High interest rates, inflation and general increase in the cost of living continue to weigh down on consumer spending, something that we see in the turnover reported by retail tenants.

The retail portfolio remains robust, and continues to perform well in the difficult macro environment.

Factors that enable HCIP to continue reporting a strong performance by the retail portfolio include dominant location of retail centres, quality and well maintained facilities, large representation of national brands within the tenant mix, financial investment in asset enhancement and hands-on management of assets.

Both Whale Coast Mall and Kalahari Mall, being regional centres in Hermanus and Upington respectively, went through a renewal cycle with the majority of leases having come up for renewal. The time and effort put in by the respective management teams during this process were substantial, with lease negotiations taking up the bulk of their time for an extended period. The results were very positive.

Offices

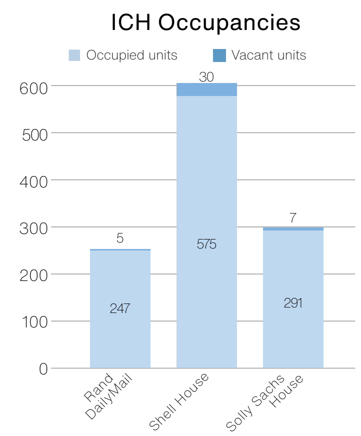
The office market remains a challenging one, with stock levels still relatively high and tenants having many options come renewal time. The vacancies are still not within an acceptable range for us. The high churn experienced in the prior year has continued, as we still see several office tenants giving up space or downsizing and new leases being secured to take up the vacancies. Rental rates remain under pressure with older leases bringing about rental reversions on renewal and a conservative approach being required when budgeting for future renewals.

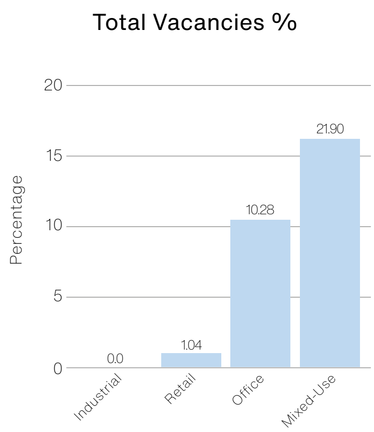
Industrial

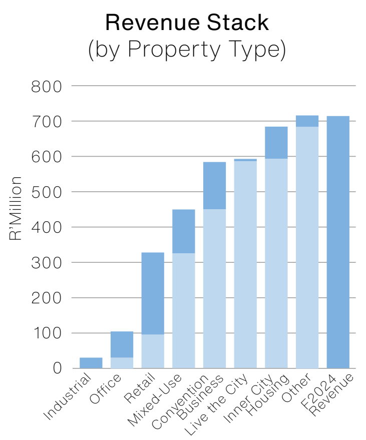
At the Sydney Road property, we have invested cash repairing the roof. In the upcoming year we expect to complete the necessary work to repair the remainder of the roof.

Mixed-Use

The retail offering at Point Mall in Sea Point remains fully let with a waiting list of prominent retailers. The commercial space has seen a reversal of fortune with it expected to be fully let early in the 2025 financial year, with new tenants currently completing their office fitouts and completing their beneficial occupation. The Palms in Woodstock has shown positive performance, with some new lets but at the same time it has experience some tenants moving out, as such the vacancies has remained flat.







Inner City Housing

Live The City's proactive approach to tenant welfare, coupled with strategic property management and community integration, has positioned them as a leader in providing quality urban living solutions. Through robust tenant relations, innovative incentives, and community-focused initiatives, Live The City continues to set benchmarks in inner-city housing management and urban revitalization.

Live The City's journey, emphasizes resilience, community engagement, and operational excellence amidst unforeseen challenges, setting a precedent for urban property management in contemporary times.

Property Features and Amenities

Live The City's properties, Rand Daily Mail, Shell House and Solly Sachs House, are designed to cater to modern urban living:

- Quality Accommodation: Offering studio, bachelor, 1-bed, and 2-bed units with rentals ranging from R3 600 to R6 200 per month. Each unit boasts high-quality amenities including underground parking, play areas, homework rooms, exercise facilities, WiFi, and in-house laundry facilities.
- Prime Locations: Strategically positioned near key transport hubs like The Gautrain, Reya Vaya, and the MTN taxi rank, enhancing accessibility for tenants.
- Commercial Integration: Solly Sachs House and Shell House not only house residential units but also offer office spaces and retail stores, contributing to a vibrant urban community.

Operational Success

Despite the challenges posed by the cost-of-living crisis, degrading infrastructure and excessive loadshedding, Live The City saw good results for FY2024:

- Occupancy and Collections: Achieving occupancy rates of 96% and rental collections at 94%, Live The City demonstrated strong management and healthy tenant relations.
- Tenant Acquisition and Diverse Community: With an

Rand Daily Mail Inner City housing

Solly Sachs Inner City Housing - Johannesburg

Whale Coast Mall - Hermanus

average of 30-40 new residential tenant placements per month, Live The City's reputation in the CBD for offering high-quality, affordable accommodation attracted diverse tenants including families, students, nurses, and small business owners.

Gallagher Convention Centre

During the 2024 financial year (FY2024), Gallagher Convention Centre and Gallagher Convention Centre Catering experienced exceptional revenue growth, exceeding budget expectations, and surpassing pre-COVID levels. The sales mix at the Convention Centre has nearly returned to historic norms, driven by the resurgence of Conference and Confex business. Although large Gala banquets are still lagging, indicating that large corporations are still in recovery, however, there are signs of improvement based on the RFQs received in the current financial year.

Management and operational efficiencies implemented during the recovery period of FY2023 have now been permanently adopted, leading to a significant increase in the net yield of the business. This new, streamlined approach to management has become the standard, setting a high bar for Gallagher's operations going forward. The implementation of these systems, without compromising product quality, has established a new benchmark for excellence.

The reinvestment project at the Gallagher property continued with major projects completed in FY2024. These projects include a complete upgrade of some large venue restrooms, the installation of electronic signage throughout the property, and the total replacement and upgrade of the inter-venue audio system, amongst others. Gallagher is modernizing the venue to meet the growing needs of its clients. These projects has already had an impact on client confidence, with Gallagher being awarded Venue Of The Year by AAXO (African Association of Exhibition Organisers) during a Gala ceremony in February of this year.

Future projections indicate further growth in FY2025, with the new net yield margin expected to be maintained. Additional capital expenditure projects are planned, ensuring that Gallagher continues to be a leader in its field.

Kalahari Mall - Upington

Shell House Apartheid Museum

Gallagher Convention Centre winning the ROAR Award from the Association of African Exhibition Organisers

ALPHAWAVE GOLF PROPRIETARY LIMITED
(Alphawave)
www.inrangegolf.com

Overview

The FY2024 financial year has been successful for Inrange Golf across various strategic objectives. Inrange Golf has seen a substantial increase in the number of operating bays, improved profitability at existing sites, and expanded its geographical footprint, setting the stage for further growth in FY2025.

Key Focus Areas

In addition to general revenue growth, the key priorities for the year were enhancing the Inrange brand and executing flagship projects across Europe, Canada, Australia and entering the Korean market. These objectives were successfully met, with major entertainment-focused sites now operational and Inrange selected as operating partner for a number of prominent brands such as Launchpad Golf (Canada, US and Australia), the Back 9 (USA), Swing City (Australia), Strikin (India) and Chi Chi's The Golf Venue (Netherlands).

Milestones

This year, Inrange Golf achieved a significant acceleration in site operational activities. This momentum enabled the business to be net EBITDA positive for the year, a critical milestone. Bank funding for capital expansion has been agreed for the following three years.

Strategic focus for the year ahead

In the coming year, Inrange Golf will maintain its focus on growth in tier 1 locations (North America, South Korea, Indonesia, Australia) while also enhancing its presence in the UK, India, Scandinavia, France and the Netherlands. The company is benefiting from an increasing trend of customers upgrading from competitor technology to Inrange, thereby expanding the addressable market. The successful Inrange Enterprise offering differentiation, which includes additional concept design and third party integration for large entertainment facility customers, will be an ongoing focus with many long term partnerships with multi-site clients poised for expansion within the next year or two.

Financial performance

From a financial perspective, Inrange Golf achieved a 75% increase in revenue and R18m year-on-year increase in EBITDA. Inrange Golf ended the year by maintaining EBITDA profitability for the 2024 financial year. This strong financial performance, which closely follows its long-term forecast, underscores the company's growth trajectory and operational efficiency.

Inrange Golf's successful year has built a solid foundation for continued expansion and profitability. With a clear strategic focus and a growing market presence, Inrange Golf is well-positioned to seize future opportunities and sustain its growth momentum in the coming year.

GRiPP ADVISORY PROPRIETARY LIMITED (GRiPP)
www.grippadvisory.co.za

GRiPP completed its sixth year of operations and its presence in the market is continually growing.

As an advisory and consulting company, GRiPP focuses on providing services that focus on Governance, Risk Management, Internal Audit, Information Technology Audit, Investigations, and Regulatory Compliance to the group and the external market. During F24, the company expanded its service offering of cyber risk and ethical penetration testing as well as the design and development of operational policy and processes for clients. The self-made South African company maintains its presence in Johannesburg, Cape Town, and Durban.

The FY2024 saw an overall 21% year-on-year growth in its turnover. Much of this growth was through the 33% growth in fees from external clients. The company's profitability also improved through the containment of non-beneficial overheads and cost structures, and improved management of efficiencies on projects. In line with the fee growth, GRiPP has increased its investment into its professional staff complement and ended the year with a professional staff headcount of 54 across its geographic footprint.

During FY2024, GRiPP remained committed to the transformation and social imperatives of the communities within which it operated and continued its partnership with the HCI Foundation on key initiatives. The company also maintained its two-year learnership programme which directly contributes to the creation of new youth employment opportunities in the advisory and consulting sector.

LA CONCORDE HOLDINGS LIMITED (La Concorde)

La Concorde has three operational assets, being Laborie Heritage Wine Estate (Laborie), a retail property precinct and an interest in Paarl Valley Bottling Company (PVB).

Laborie is being redeveloped into a hospitality and recreational destination, offering restaurants, wine tasting, wedding and conferencing facilities and accommodation. The expansion of the accommodation offering has commenced and the investment in the existing accommodation has been completed. The upcoming year will see the completion of the accommodation expansion.

The retail property precinct offers local residents with access to Builders Express, Food Lovers Market, Seattle Coffee, Diamond Liquors, Sportsman's Warehouse and Outdoor Warehouse. La Concorde commenced with the erection of the Cycle Lab and Pro Shop buildings, to further increase the offering in the retail precinct. PVB had a good year, it bottled 2,5 million cases and achieved an EBITDA of R22,7 million, for its financial year ended 30 January 2024.

BOARD OF DIRECTORS

John Copelyn | Rob Nicolella | Kevin Govender | Yunis Shaik

EXECUTIVE DIRECTORS

JOHN COPELYN (73)

B.A. (Hons) B.Proc
Chief Executive Officer
Date appointed: January 1997

Major external positions, directorships or associations
Non-executive Chairperson of Deneb Investments Limited, eMedia Holdings Limited, Montauk Renewables Inc., Southern Sun Limited and Tsogo Sun Limited.
Key skills and experience
Prior to Johnny's appointment as chief executive officer of HCI, Johnny qualified as an attorney, served as a member of parliament and as the general secretary of the Southern African Clothing and Textile Workers' Union.

ROB NICOLELLA (55)

CA (SA)
Financial Director
Date appointed: May 2019

Major external positions, directorships or associations
Non-executive director of Frontier Transport Holdings Limited and Southern Sun Limited.
Key skills and experience
Rob headed the Structured Finance Division (Western Cape) and thereafter, Private Bank Western Cape during his 18-year tenure at Investec Bank. Rob joined the HCI group in 2011 to develop the HCI Properties portfolio. He has attended a leadership and development programme at Harvard University.

KEVIN GOVENDER (53)

B.Com (Hons), B.Compt (Hons)
Executive Director
Date appointed: June 2020

Major external positions, directorships or associations
Non-executive director of Deneb Investments Limited, eMedia Holdings Limited, Frontier Transport Holdings Limited and Montauk Renewables Inc. Kevin is a trustee and chairperson of the finance committee of the HCI Foundation.
Key skills and experience
Kevin joined the HCI group in 1997 and has held various roles within the group. Kevin was the financial director from 2001 to 2019 and acting chief executive officer of eMedia Holdings Limited from 2014 to 2017.

YUNIS SHAIK (67)

B.Proc
Executive Director
Date appointed: August 2005

Major external positions, directorships or associations
Chairperson of Frontier Transport Holdings Limited; non-executive director of Deneb Investments Limited, eMedia Holdings Limited and Tsogo Sun Limited.
Key skills and experience
Prior to his appointment at HCI, Yunis was an attorney of the High Court and served as an acting judge in the Labour Court. He is a former deputy general secretary of the Southern African Clothing and Textile Workers' Union and served as a senior commissioner to the CCMA in KwaZulu-Natal.

Laurelle McDonald

NON-EXECUTIVE DIRECTORS

LAURELLE McDONALD (42)

CA (SA)
Non-Executive Director
Date appointed: March 2020

Major external positions, directorships or associations
Financial director of Southern Sun Limited.
Key skills and experience
Laurelle completed her articles at Grant Thornton in 2006. Laurelle has been employed within the Tsogo Sun group from 2007 as corporate finance and treasury manager. Upon its unbundling from Tsogo, she has served as the chief financial director of Southern Sun Limited.


Mohamed Ahmed


Freddie Magugu


Elias Mphande


Rachel Watson


Jabu Ngcobo


Nqobani Mkhwanazi

INDEPENDENT NON-EXECUTIVE DIRECTORS

MOHAMED AHMED (59)

B.Compt
Chairperson Member: Audit and risk committee
Date appointed: September 2020

Major external positions, directorships or associations
Non-executive director and chairperson of the audit and risk committee of Deneb Investments Limited, Montauk Renewables Inc. and Southern Sun Limited.

Key skills and experience
Mohamed was the financial director of HCI from 1997 – 2001. He has previously held directorships in Seardel Investment Corporation Limited, MTN Limited and Real Africa Holdings Limited.

FREDDIE MAGUGU (65)

BA (Theology)
Chairperson: Remuneration committee
Date appointed: April 1998

Major external positions, directorships or associations
Non-executive director of Frontier Transport Holdings Limited.

Key skills and experience
Freddie has been serving the community in East London, Mitchell's Plain and Khayelitsha as a pastor since 2006. Prior to this appointment he reached the position of national organising secretary for the Southern African Clothing and Textile Workers' Union.

ELIAS MPHANDE (65)

Elec. Eng. (dip)
Chairperson
Date appointed: September 2010

Major external positions, directorships or associations
Non-executive director of Tsogo Sun Limited; eMedia Holdings Limited, HCI Resources Proprietary Limited and the South African Apartheid Museum at Freedom Park NPC.

Key skills and experience
Elias was employed at the Southern African Clothing and Textile Workers' Union as regional secretary; marketing director of Viamax Fleet Solutions, a subsidiary of Transnet; chief executive officer of Vukani Gaming Corporation and currently a consultant for various companies in the gambling industry. Elias was appointed as the independent chairperson of HCI in 2014.

RACHEL WATSON (65)

Member: Audit and risk committee;
Remuneration committee;
Social and ethics committee
Date appointed: March 2014

Major external positions, directorships or associations
Non-executive director of eMedia Holdings Limited, Frontier Transport Holdings Limited, Tsogo Sun Limited and a trustee of the HCI Foundation.

Key skills and experience
Rachel was employed at the Southern African Clothing and Textile Workers' Union as the national media officer and in a managerial position at a regional broadcaster.

JABU NGCOBO (73)

Chairperson: Social and ethics committee
Member: Audit and risk committee
Remuneration committee
Date appointed: October 2004

Major external positions, directorships or associations
Non-executive director of Southern Sun Limited, HCI Resources Proprietary Limited and the South African Apartheid Museum at Freedom Park NPC.

Key skills and experience
Jabu held the position of general secretary of the Southern African Clothing and Textile Workers' Union and served as regional secretary for Africa of the International Textile Garment and Leather Workers Federation.

NQOBANI MKHWANAZI (40)

PG Dip (Development Finance)
Date appointed: September 2019

Major external positions, directorships or associations
Non-executive director of Frontier Transport Holdings and trustee of the HCI Foundation.

Key skills and experience
Bani was employed at Investec Bank in the property finance division. She joined the HCI group in 2013 as part of the inaugural team of HCI Properties. She is currently a portfolio manager at Khumo Capital

Chairperson: Mr MH Ahmed
Members: Mr JG Ngcobo and Ms RD Watson

INTRODUCTION

The audit and risk committee has pleasure in submitting this report in respect of the past financial year of the group, as required by section 94 of the Companies Act 71 of 2008, as amended. The responsibilities and functions carried out by the committee during the year under review are set out in this report.

The committee is a statutory committee constituted in terms of section 94(7) of the Act to provide oversight of the financial reporting process, the audit process, the company's system of internal controls and compliance with laws and regulations. The committee serves as the audit and risk committee for Hosken Consolidated Investments Limited (HCI or the company), HCI Resources Proprietary Limited (formerly HCI Coal Proprietary Limited), HCI Managerial Services Proprietary Limited, HCI's property division, La Concorde Holdings Limited and GRiPP Advisory Proprietary Limited.

The committee's mandate is set out in its terms of reference and includes the following responsibilities:

- monitoring the accuracy and integrity of the group's financial and other reporting;
- monitoring the effectiveness of risk management processes and internal controls;
- reviewing and approving the internal audit plan and scope of work, including the expertise of the internal auditors;
- reviewing the independence of the external auditor;
- recommending the appointment of the external auditor to shareholders on an annual basis;
- reviewing the scope, results and cost-effectiveness of independent accounting and valuation services; and
- reviewing the expertise and experience of the financial director.

COMPOSITION

In terms of the Act shareholders are required to approve audit and risk committee members at the annual general meeting of the company. Three independent non-executive directors of the company were approved by shareholders at the 2023 AGM to serve until the next AGM scheduled for 29 August 2024.

Mr MH Ahmed, Mr JG Ngcobo and Ms RD Watson have been nominated to the committee, subject to shareholder approval at the AGM. The election of members of the committee will take place by way of separate resolutions to be considered by shareholders. The content of these ordinary resolutions is set out in the notice of the AGM.

At least two independent non-executive directors are required to form a quorum.

The committee members possess all the required qualifications, skills and experience to ensure that the committee is suitably skilled to perform the role required by the terms of reference of the committee. The chairperson of the board is not a member of the committee. The committee met three times during the year under review.

The attendances of the committee members are presented below:

Committee member	Number of meetings	Attendance of members
MH Ahmed	3	3
JG Ngcobo	3	3
RD Watson	3	3

The financial director, the group's risk officer and the group financial manager attend the meetings as permanent invitees, along with the external and internal auditors. Other directors and members of management attend, as required.

ROLE, PURPOSE AND FUNCTION

Combined assurance

With the assistance of internal audit, external audit, the financial director and the chief risk officer, the committee provides assurance to the board that the risk management process, internal controls and financial reporting processes are integrated into the daily business activities of the business entities in line with the risk appetite of the company.

External auditors

The external auditor for the period under review was Forvis Mazars and Ms Yolandie Ferreira was the designated auditor.

The committee has:

- confirmed the independence of the external auditor as per section 92 of the Act, reviewed the performance of the external auditor and confirmed that the external auditor, the partner and the firm, have complied with the suitability requirements of the JSE Listings Requirements;
- approved the fees to be paid to the external auditor and their terms of engagement;
- determined the nature and extent of any non-audit

services that the external auditor may provide to the company and its wholly-owned subsidiaries;

- pre-approved any proposed agreement with the external auditor for the provision of non-audit services to the company and its wholly-owned subsidiaries;
- considered the key audit matters as identified by the external auditor;
- provided for regular confidential meetings between the committee members and the external and internal auditors; and
- considered all entities included in the consolidated financial statements in respect of financial reporting procedures.

Risk management

The board acknowledges that it is accountable for the process of risk management and the system of internal control of the group. As HCI is an investment holding company, under the auspices of the chief risk officer, the risk management process considers the risks and opportunities within the company as well as those inherent in its portfolio of investments.

The committee is an integral component of the risk management process and, specifically, the committee ensures, by enquiry of management, external and internal auditors, that all material corporate risks have been identified, assessed, monitored and effectively managed.

The committee further enables the principle that risk management is also about analysing opportunities and not only guarding against downside possibilities. Internal control structures have been implemented to ensure that significant business and financial risk is identified and appropriately managed:

- it is management's responsibility to design, implement and monitor the risk management policies;
- risk assessments are performed on a continual basis;
- frameworks and methodologies are implemented to increase probability of anticipating unpredictable risks;
- risk responses by management are considered and implemented;
- risks are monitored continuously; and
- the board should receive assurance regarding effectiveness of risk management.

The committee is accountable to the board for implementing and monitoring the processes of risk management and integrating this into day-to-day activities. The committee, however, does not assume the functions of management, which remain the responsibility of the executive directors, officers and other members of senior management.

A disciplined and timeous reporting structure enables the committee to be fully apprised of group company activities, risks and opportunities. This is achieved by requiring that subsidiary companies report their key risks and responses to the committee on a biannual basis, with additional exception reporting as required.

The focus of the committee is on those risks which may negatively impact the long-term sustainability of the business or have a material impact on short-term performance.

This continual emphasis on risk management assists the board to foster a culture in the HCI group that emphasises and demonstrates the benefits of a risk-based approach to internal controls and management of the group.

Effective risk management is seen as fundamental to the sustainability of the group's interests.

Material risks

A high-level description of all immediately identifiable material risks which are specific to the group and the industries in which it operates are listed below:

- Risk of deterioration in economic environment in South Africa, including:
  - policy uncertainty as a result of the new coalition government that has been formed following the May 2024 general elections;
  - continuation of electricity supply constraints and load-shedding affecting business confidence and resulting in additional costs of business for subsidiary companies;
  - negative effects of South Africa remaining on the grey list of countries by The Financial Action Task Force (FATF) due to its structural deficiencies in combating money laundering, terrorism financing and illicit financial flows; and
  - geopolitical tensions with the United States of America and European Union given South Africa's ties with Russia via BRICS.
- Policy uncertainty/regulatory changes:
  - compliance with changing Broad-Based Black Economic Empowerment (B-BBEE) and Employment Equity regulations;
  - compliance with beneficial ownership disclosure regulations in relation to Anti-Money Laundering and Combating Terrorism Financing legislation;
  - finalisation of digital terrestrial television migration;

  - changes in tobacco legislation impacting the casino industry; and
  - oil and gas exploration rights in South Africa.
- Societal and business risks relevant to the group:
  - political and social unrest in South Africa;
  - robberies and assaults on buses;
  - unrest affecting mining operations and bus transport;
  - unreliable and costly utilities due to load-shedding and water shortages;
  - commodity price risk for coal, oil and palladium; and
  - cyber and information-related risk.

Internal audit

HCI has a majority shareholding in GRiPP Advisory Proprietary Limited (GRiPP), a company in the business of providing internal audit services. Internal audit function is outsourced to GRiPP who is responsible for providing internal audit services to the group on an arm's length basis. Internal audit procedures are performed in line with approved audit plans that are tailored for each entity using a combined assurance approach. The internal audit function reports to the chairperson of the committee, thereby ensuring its independence, and where appropriate for listed entities, reports to each of the listed entities' audit and risk committees separately.

The committee is satisfied that the internal audit function operated effectively during the year under review, and their work was predominantly adequate and fit for purpose.

Information technology (IT) governance

The IT environment of subsidiary companies is reported on to the committee on a regular basis. The HCI executive committee assumes responsibility for IT governance at head office level and reports on the level of preparedness are submitted to the committee for review. IT has limited scope at a group level and the company has therefore substantially outsourced its IT functions to a credible service provider via a service level agreement.

To ensure continuous improvements of cybersecurity at HCI and limit the possibility of cyber threats, internal audit carries out six-monthly vulnerability tests on the company's IT infrastructure.

Compliance

This committee has oversight responsibility in respect of compliance by HCI of laws and regulations.

The social and ethics committee has oversight of the group's health and safety compliance.

Fraud and whistleblowing:

The committee has oversight of the company's whistleblowing programme. During the period under review no instances of fraud requiring action at a group level were raised or identified. The committee is satisfied that the company has made adequate and appropriate provision for whistleblowing.

Corporate governance

HCI is committed to the highest standards of business integrity, ethics and professionalism. The King IV Report on Corporate Governance™ (King IV™) for South Africa 2016, copyright and trademarks are owned by the Institute of Directors in Southern Africa non-profit company and all of its rights are reserved, became effective for years starting on or after 1 April 2017. King IV™, which is applied on an apply-and-explain basis, advocates an outcomes-based approach and defines corporate governance as the exercise of ethical and effective leadership towards the achievement of the following governance outcomes:

- ethical culture;
- good performance;
- effective control; and
- legitimacy.

HCI has reviewed the practices underpinning the principles promoted in King IV™. Many of these principles are entrenched in the group's internal controls, policies and procedures governing corporate conduct. The committee is satisfied that HCI, in all material aspects, complies with the major recommendations of the King IV™ code to ensure that sound corporate governance and structures are applied within the group.

For the detailed King IV™ application register please visit the company website: www.hci.co.za.

Financial director and finance function

The company employs a full-time financial director who is also an executive director of the company. Mr JR Nicolella holds a CA(SA) qualification and has extensive executive experience. During the period under review, the committee considered the expertise and experience of the financial director and is satisfied that, in terms of section 3.84(g) of the JSE Listings Requirements, Mr JR Nicolella has the appropriate skills, expertise and experience to meet the responsibilities of the position. The committee has also, in terms of King IV™, assessed the expertise of the finance function and the committee is satisfied that the finance team has the required and adequate skills to perform their duties.

Financial statements and going concern

The committee has:

- reviewed the separate and consolidated financial statements of the company for the year ended 31 March 2024 and is satisfied that they comply with IFRS® Accounting Standards and the requirements of the Act, that the accounting policies used are appropriate and that all procedures operated effectively in terms of the JSE Listings Requirements;

- reviewed the legal matters that could have a significant impact on the group's financial statements;
- reviewed a documented assessment by management of the going concern premise of the company and has concluded that the HCI group is a going concern and that the consolidated annual financial statements have been prepared in accordance with the going concern concept. The board has accepted the recommendation of the committee that the company is operating as a going concern and has reported that status in the 2024 annual financial statements;
- considered the JSE's most recent report on the proactive monitoring of financial statements, and where necessary, those of previous periods. The committee has taken appropriate action to respond to the findings as highlighted in the JSE's report with regards to the annual financial statements for the year ended 31 March 2024;
- reviewed the establishment of appropriate financial reporting procedures;
- reviewed the areas of focus in the financial statements. The committee is of the view that where significant judgements are involved in the preparation of the financial statements that could have a material impact on those financial statements, the financial director, management and the committee have exercised appropriate care and skill in making those judgements;
- reviewed the key audit matters identified by the external auditor and is satisfied that they have been adequately addressed;

  The following group key audit matters have been detailed in the audit opinion:

  - casino licences impairment assessment;
  - fair value of investment properties;
  - goodwill impairment assessment;
  - investment in associate – Southern Sun Limited – impairment assessment; and
  - investment in associate – Impact Oil & Gas Limited – impairment assessment.

  The following company key audit matter has been detailed in the audit opinion:

  - investment in subsidiary companies – impairment assessment.

- confidence that the internal control system and governance structures that have been put in place, have operated effectively during the year.

Sustainability reporting

The committee considered the company's sustainability information and has assessed its consistency with operational and other information known to committee members. The committee is satisfied that the sustainability information is reliable and consistent with the financial results.

Other matters

- the committee receives and deals with complaints and concerns from within and outside the company relating to all matters within its terms of reference. No complaints were received during the current or prior year;
- the committee has the right to obtain independent external professional advice to assist with the execution of its duties, at the company's expense;
- the committee has decision-making authority regarding its statutory duties and is accountable in this regard to both the board and the shareholders. On all responsibilities delegated to it by the board, other than its statutory duties, the committee makes recommendations for approval by the board; and
- the chairperson of the committee attends AGMs and is available to answer any questions in relation to matters pertaining to the responsibilities of the committee.

Recommendation of the annual financial statements

The committee has reviewed the annual financial statements of Hosken Consolidated Investments Limited and the group for the year ended 31 March 2024 and, based on the information provided to the committee, the committee recommends the adoption of the annual financial statements by the board.

MH Ahmed
Chairperson: Audit and Risk Committee
26 July 2024

KING IV™ REPORT BY PRINCIPLE

FOR THE YEAR ENDING 31 MARCH 2024

INTRODUCTION

HCI is committed to the highest standards of business integrity, ethics and professionalism. The King Report on Corporate Governance™ for South Africa 2016 (King IV™), which is on an apply-and-explain basis, was released on 1 November 2016. King IV™ advocates an outcomes-based approach and defines corporate governance as the exercise of ethical and effective leadership towards the achievement of the following governance outcomes:

- ethical culture;
- good performance;
- effective control; and
- legitimacy

HCI has reviewed the practices underpinning the principles promoted in King IV™. Many of these principles are entrenched in the group's internal controls, policies and procedures governing corporate conduct. The board is satisfied that HCI, in all material aspects, complies with the major recommendations of the King IV™ code to ensure that sound corporate governance and structures are applied within the group.

The following documents have been placed on the company website www.hci.co.za:

- detailed King IV™ application register; and
- King IV™ application index

PRINCIPLE 1:

The governing body should lead ethically and effectively:

The board of directors (board) of Hosken Consolidated Investments (HCI and / or the company), is aware that its primary objective is the creation of value for its shareholders. The board further acknowledges that it cannot be successful unless it operates in the triple context of the economy, society and the environment.

The board's challenge is therefore to create value in a sustainable manner which will meet the requirements of its shareholders and stakeholders (employees and its value chain).

The board is composed of a majority of members from previously disadvantaged communities and with backgrounds in the unionised structures of labour; the creation of value within the company is therefore driven by the board's vision of good social responsibility.

The board exercises effective leadership using ethical standards and practices – the King code register, by practice, is uploaded to the HCI website for review. As per the King Code, the governance outcomes are defined as the positive effects of good corporate governance and include ethical culture, good performance, effective control and legitimacy.

The values of the board are reflected in the behaviour of its directors and the code of ethics adopted by the board for the company, which emphasises principles rather than a set of rules that require constant monitoring. The values and the code of ethics are a cornerstone for the long-term strategy of the company and confirms the way the company conducts its business, its ethics and compliance and embodies the standards that the board has set for itself and for the group.

PRINCIPLE 2:

The governing body should govern the ethics of the organisation in a way that supports the establishment of an ethical culture:

The board has ensured that a code of conduct and ethics-related policies, through which ethical standards are clearly articulated, have been established and implemented. These codes and policies are updated by the board as required.

The company is committed to conducting its business in compliance with all applicable Laws, Acts and Regulations and has processes in place to ensure that all employees adhere to the requirements as set out by the company.

Management has been delegated the responsibility to execute the code of ethics and has implemented a whistle-blowing policy and hotline.

PRINCIPLE 3:

The governing body should ensure that the organisation is and is seen to be a responsible corporate citizen.

The board, with the support of the audit and risk committee and the social and ethics committee, monitors the activities of the company to ensure that the company operates as a responsible corporate citizen.

The company has a well-established foundation - the

HCI Foundation - which is involved in numerous social programs. The major national projects undertaken by the HCI Foundation are within the sectors of education, public health and safety, and community development.

The significant subsidiaries participate in:

- the carbon disclosure project to monitor the impact the businesses have on the environment and attempt to reduce this impact on an annual basis;
- monitor their water usage and water discharge and implement changes where required; and
- the group's Broad-Based Black Economic Empowerment (B-BBEE) strategy.

A full report of the social and ethics committee is included in the integrated report on pages 66 to 75.

PRINCIPLE 4:

The governing body should appreciate that the organisation's core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value creation process:

The board informs and approves strategy. The board is fully aware of its responsibilities to all stakeholders and takes these into account when making long-term strategic decisions.

HCI has, over several years, convened an annual strategy session, which includes the board and executive management of all significant subsidiary companies. The short, medium and long-term strategy of HCI and its subsidiary companies are addressed, to ensure sustainability going forward.

The board ensures that the strategy is aligned with the purpose of the company, the value drivers of its business and the legitimate interests and expectations of its stakeholders.

As an investment holding company, the board is actively involved in discussing, reviewing and ultimately approving the acquisition of new businesses or the disposal of investments.

The board provides a different approach to management and asks questions to satisfy themselves that the plan is well thought out and compatible with the company's vision and values. The board reviews the resources available to execute its strategy which includes financial resources, processes, systems, infrastructure, intellectual property, positioning, related assets and employees that support its value chain.

The board is cognisant that all strategies implemented will have both positive and negative consequences on social and environmental conditions depending on the various advocacy groups which reflect the underlying value differences of the groups. However, the company continues to monitor and assess the risk, including the reputational risk, when determining strategy.

PRINCIPLE 5:

The governing body should ensure that reports issued by the organisation enable stakeholders to make informed assessments of the organisation's performance, and its short, medium- and long-term prospects:

The board ensures that the company has controls in place to enable it to verify and safeguard the integrity, i.e. accuracy and reliability, of its reporting and that full disclosures are made in line with requirements. The board ensures that the reporting framework complies with the Companies Act of 2008, as amended, and the JSE listing requirements.

To safeguard the integrity of the integrated report, it is compiled in-house and reviewed by management, the chief executive officer, financial director, external auditors and the committees of the board prior to the final approval of the board.

The governance report has been completed by the company secretary using a digital platform solution provided by Global Platform for Intellectual Property. The quality and degree of implementation is reviewed by the chief executive officer and financial director as well as the audit and risk committee. The board approves the governance report on the recommendation of the audit and risk committee.

The financial statements are compiled under the auspices of the financial director, audited by the external auditors and reviewed by the audit and risk committee. The board, as recommended by the audit and risk committee, will place it before the shareholders for approval at the annual general meeting of the company.

PRINCIPLE 6:

The governing body should serve as the focal point and custodian of corporate governance in the organisation:

In accordance with Section 66(1) of the Act, the business of the company is under the direction of the board of directors, which has the authority to exercise all powers and perform any of the functions of the company, except to the extent that the Act or the memorandum of incorporation of the company provides; it is therefore the focal point and custodian of corporate governance. Good corporate governance incorporates best business practices which is aligned with the overall strategic direction of the company.

The board is fully involved with approving policy and planning. The board manages the strategy of the company; determines if an acquisition or disposal is in line with the corporate vision; evaluates, reviews the business plans, the associated risks and the manner in which to mitigate these risks.

The board's role and responsibilities is set out in the board charter. The charter contains the terms of reference and the roles of the committees.

PRINCIPLE 7:

The governing body should comprise the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively:

The board has assumed responsibility, in line with the board charter, for the composition of the board by ensuring diversity, gender parity, skills, knowledge, resources and intelligence to effectively discharge its governance role and responsibilities and carry out all its duties, and, in doing so, ensures that the number of directors and diversity of those elected to the board is appropriate to drive the strategy of the company.

At financial year-end 31 March 2024, the board was comprised of eleven members which include four executive directors and seven non-executive directors. Six of the non-executive directors are classified as independent. The independence of a director is determined by his/her commercial relationship with the company, transactions with the company and share ownership in the company as well as the specific provisions of the Corporate Governance standards in line with the King IV™ report. None of the relationships were deemed to be material and, therefore, is consistent with the determination of independence.

There is a clear policy evidencing a balance of power and authority at the board of director's level, to ensure that no one director has unfettered powers of decision making. The role of the independent chairperson and the chief executive officer is separated.

The board has approved and implemented a policy on the promotion of gender diversity at board level. The aim of the policy is to ensure that the board has at least 25% of women directors. The board, at year-end 31 March 2024, maintained its target reached in FY2019.

The board has approved and implemented a policy on the promotion of race diversity at board level. The aim of the policy is to ensure that the board has a majority of directors which are "black persons" as defined in the Broad-Based Black Economic Empowerment Act of 2003, as amended. The board, at year-end 31 March 2024, comprised of 82% black persons.

The board has not deemed it necessary to appoint a nominations committee. All nominations for the board are carried out by the board as a whole. Newly appointed directors are inducted into the business and given guidance by the executive management and company secretary on the rules and regulations governing the company.

One-third of the board are elected by shareholders on a rotational basis. Furthermore, directors appointed to the board during the year, retire as directors of the company and stand for election by shareholders in accordance with the memorandum of incorporation and the Act. A brief CV of each director standing for election or re-election at the annual general meeting is included on page 9 of the notice of meeting.

PRINCIPLE 8:

The governing body should ensure that its arrangements for delegation within its own structures promote independent judgement, and assist with balance of power and the effective discharge of its duties:

HCI has established three committees:
- audit and risk committee;
- remuneration committee; and
- social and ethics committee

The board committees have been established to assist the board in discharging its duties. All the committees are appropriately constituted and members are appointed by the board. The board has not deemed it necessary to establish a nominations committee.

The committees enhance the standards of governance and increase the effectiveness of the board.

The establishment of committees does not constitute a discharge of the board's responsibilities. The board is accountable for any of the decisions taken by any of the board committees and by any member of the board authorised on its behalf. The board considers all necessary documentation presented by the committee or by the individual board members when any matter is under consideration. The members of the audit and risk committee are nominated by the board and approved by shareholders at the annual general meeting.

All committees have either a charter or a term of reference. The terms of reference of all the board committees deal with the composition, objectives, purpose and activities, delegated authorities - including the extent of power to make decisions, tenure, and reporting mechanism to the board of each committee.

The board of the company ensures effective collaboration through cross-membership when needed, timely coordination of meetings, and avoiding duplication or fragmented functioning to the greatest extent possible. Board and Committee meetings of HCI and the subsidiary companies are coordinated to maximize efficiency, reduce travel and accommodation costs, and minimize the company's carbon footprint.

Each board committee is led by a different independent non-executive director of the board. The board of the company consists of six independent non-executive directors which allows for a balanced distribution of power in respect of membership across committees, so that no individual has the ability to dominate decision-making, and no undue reliance is placed on any individual.

The committees are constituted in accordance with the Companies Act of 2008, as amended and in line with the King Code:

- the audit and risk committee is comprised of three independent non-executive directors chaired by Mr M Ahmed;
- the remuneration committee is comprised of three independent non-executive directors chaired by Mr Magugu; and
- the social and ethics committee is comprised of two-independent directors and one executive director as well as representatives from management and the HCI Foundation. This committee is chaired by Mr Ngcobo.

Members of the executive and senior management are invited to attend committee meetings either by standing invitation or on an ad-hoc basis to provide pertinent information and insights in their areas of responsibility. Members of management are requested to recuse themselves from the remuneration committee during the deliberations.

Every member of the board is entitled to attend any committee meeting as an observer. However, unless that member is also a member of the committee, the member is not entitled to participate without the consent of the chair; does not have a vote; and is not entitled to fees for such attendance.

PRINCIPLE 9:

The governing body should ensure that the evaluation of its own performance and that of its committees, its chair and its individual members, support continued improvement in its performance and effectiveness:

The board of directors assume responsibility for the evaluation of its own performance and that of its committees, its chair and its individual members.

The board has agreed that the assessments are best conducted by dialogue between all the board members in a transparent and open manner at the board meetings. Board assessments are therefore carried out in an informal manner, best suited for the board of HCI.

The chairman's ability to add value, and his performance against what is expected of his role and function is assessed every two years by the board, as a whole.

The board determines its own role, functions, duties and performance criteria as well as that for directors on the board and the board and board committees to serve as a benchmark for performance appraisal. The remuneration committee reviews and assesses the results of the company and benchmarks them against set targets and the action plan as approved previously by the board.

The audit committee assessments are managed in a more formal manner and the members of the committee complete written assessments of the committee, the financial director and the finance team as well as on the external auditors and internal auditors and submits these to the company secretary for review.

The assessments conducted during FY2024 did not raise any material matters that require remedial action. It was noted that all directors are expected to keep up to date with relevant legislation; the company secretary forwards any relevant matters through to the directors.

The board of the company is satisfied that the manner of its informal evaluation process leads to improvements in its performance and effectiveness.

PRINCIPLE 10:

The governing body should ensure that the appointment of, and delegation to, management contribute to role clarity and the effective exercise of authority and responsibilities:

The board has set the direction and parameters for the powers which are to be reserved for itself, and those that are to be delegated to management via the chief executive officer. In delegating these powers, the board does not abdicate its responsibilities.

The executive committee assists the chief executive officer in managing the company. The chief executive officer is accountable to the board and reports to the board. The chief executive officer is invited to attend all audit meetings and remuneration meetings but is not a member of these committees. As the board has not constituted a separate nominations committee, and all nominations are approved collectively by the full board, the chief executive officer, is party to the appointments.

The company has appointed a company secretary in accordance with the Act and has considered the appropriateness and effectiveness of the appointment. The company secretary has an arm's length relationship with the board.

The chief executive officer is a member of the board of HCI's significant subsidiary companies. The board reviews the membership of the chief executive officer to other governing bodies outside the organisation that may result in potential conflicts of interests and time constraints but balances these appointments against the opportunity for professional development.

The chief executive officer is evaluated by the board of directors in terms of value drivers which include market share indices and performance against budget. An assessment of the chief executive officer is part of the evaluation of the performance of the board.

The chief executive officer and financial director oversee that key management functions are headed by individuals with the necessary competence and authority as delegated by the board. They have been authorised to ensure that key management functions are adequately resourced to ensure operational effectiveness.

The board of directors of the underlying investments contribute to decisions regarding senior executive appointments and succession planning in their specific operations.

PRINCIPLE 11:

The governing body should govern risk in a way that supports the organisation in setting and achieving strategic objectives:

The board's responsibility for risk governance is expressed in the board charter, risk policy and plan. The board assumes responsibility for the governance of risk, as it pertains to strategy, by setting the direction of how the risk is approached and addressed in the company.

HCI continuously considers the risks and opportunities related to its current portfolio, as well as future investments. This process, which is integral in the manner in which the company makes decisions and executes these decisions, is led by the executive committee. Oversight of risk governance is allocated to the audit and risk committee and supported by the board as a whole.

As HCI is an investment holding company, its subsidiary companies report on subsidiary key risks and responses in terms of their risk management frameworks to the audit and risk committee. This is done on a bi-annual basis (with additional exception reporting as may be required); The key group risks are reviewed by the audit and risk committee; the board evaluates and agrees to the nature and extent of the risks that it is willing to take to reach its strategic objectives. No specific risk tolerance levels have been set at the group level with each investment opportunity being considered on its own merit. The setting of risk tolerance levels is considered at the subsidiary board level, as appropriate.

Subsidiary investment companies are responsible to implement an appropriate risk management policy and process thereby implementing an effective risk management system. The audit and risk committee considers the risk policy, plan and implementation thereof. At a group level the responsibility for execution of the risk policy and plan rests with the executive committee.

Management provides assurance to the board that the risk management plan is integrated in the daily activities of the company. In identifying major risks, management actively identifies both the negative impact of the risk on the business, and the positive business opportunities. The company and its subsidiaries concentrate both on minimising the potential negative impact of the risk and exploiting the upside of these risks, resulting in a positive business opportunity or increased sustainability.

The board promotes transparency, accountability and consistency throughout its risk management process by identifying and segregating the roles of management and utilising all the resources available.

HCI is a diversified investment holding company and its core structure is to ensure that the organisation under volatile conditions will continue to provide an adequate return to shareholders as all investments are independent of each other and operate in different sectors of the economy. The investments are primarily based in South Africa.

Risk management is an evolving function and further emphasis on improvement of performance to risk is ongoing.

PRINCIPLE 12:

The governing body should govern technology and information in a way that supports the organisation setting and achieving its strategic objectives:

The boards of the subsidiary investment companies assume responsibility for the direction and approach to information and technology (IT) by setting the direction for how IT should be approached and addressed in the subsidiary. Policies that articulate and give effect to the direction of the IT environment have been implemented at all the companies and approved by the boards of these companies. The IT environment is reported to the HCI audit and risk committee, on a regular basis.

The HCI executive committee assumes responsibility for the governance of IT at the head office level and the level of preparedness is included for review by the audit and risk committee. IT has a limited scope at the group level and therefore HCI has substantially outsourced its IT function to credible service providers through comprehensive service level agreements. The service level agreements of the service providers, which deals with, inter alia, key deliverables such as system and user support, system availability, cyber-risk management, virus protection, telephony and other general controls, is reviewed periodically and its compliance monitored.

To ensure adequate protection of the internal and external network, a security management programme is in place that includes regular reviews and adherence to good practice, alongside continuous monitoring of compliance. Regular vulnerability assessments and routine technical reviews are conducted to safeguard infrastructure and systems against emerging threats. The board receives frequent updates on IT security and governance, providing necessary oversight to continually enhance HCI's cybersecurity stance. Security, disaster recovery, and data management remain essential focuses for HCI.

Management is responsible for the implementation of all the structures, processes and mechanisms for the IT governance framework. The board, through ongoing oversight of the IT environment ensures that the IT strategy is integrated with the company's strategic and business processes and aligned with the performance and sustainability objectives of the company. The proactive monitoring of IT ensures quick identification and responses to IT risks ensuring sufficient resilience for business operations.

The policies implemented ensure the ethical and responsible use of technology and information. IT risks form an integral part of the company's risk management activities. When considering compliance of the applicable laws, standards and codes, compliance with technology and information codes and standards are also considered. Management advises the board on the implementation of the changes to the IT environment and its resilience to adapt to the needs of the company.

PRINCIPLE 13:

The governing body should govern compliance with applicable laws and adopted, non-binding rules, codes and standards in a way that supports the organisation being ethical and a good corporate citizen:

Compliance with laws, rules, regulations and relevant codes is integral to the company's risk management process. The audit and risk committee is responsible to ensure that an appropriate compliance framework is in place and that non-compliance is reported and to review significant risk matters. The social and ethics committee has also been mandated to monitor the effectiveness of compliance management in the group.

The majority of the subsidiaries within the group work within highly regulated environments and legal compliance is paramount to all licence conditions. The board, and the board of the subsidiary investment companies ensure that the legal compliance policy, as approved by the board, is implemented by management.

The board has delegated the responsibility for the implementation and execution of compliance management to the relevant boards and management of the subsidiary companies. The board and the executive management of HCI are represented on all the boards of significant subsidiary companies. The subsidiary companies have confirmed that there is sufficient management capacity and controls in place to ensure that all relevant laws and practices are complied with. Feedback on the group's legal and regulatory risks is provided to the audit and risk committee on a regular basis by the chief risk officer.

The board understands, and is aware, that the promotion of a culture of compliance within the group will reduce the risk of violating the rules and regulations that govern the company. The process of compliance can, furthermore, remedy any breach that may have occurred.

The board of HCI have a working understanding of the effect of the appropriate legislation, rules, codes and standards on the company and the business. Directors of subsidiary companies are expected to have a deeper grasp of the company on which they sit.

The board oversees that the compliance policy and system provide for examination of the context of law, and how other applicable laws interact with it. This holistic view of compliance ensures that the group keeps pace with the changing regulatory environment to reduce and mitigate the risk, ensure transparency and keep on top of critical related compliance issues.

HCI is in compliance with the Memorandum of Incorporation of the company, all the Listing Requirements of the JSE and complies with the Companies Act 2008, as amended.

PRINCIPLE 14:

The governing body should ensure that the organisation remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objectives and positive outcomes in the short, medium and long term:

HCI's remuneration committee is delegated by the board to review the compensation of all executive directors, senior management as well as non-executive directors at a group level.

The HCI remuneration policy is set out in the remuneration and implementation report of the annual reports. In accordance with paragraph 3.84(j) of the Listings Requirements of the JSE, the remuneration policies and the implementation report are tabled each year for a separate non-binding advisory vote by shareholders of HCI at the annual general meeting.

As all the non-binding advisory resolutions in respect of the company's remuneration policy and remuneration implementation report were approved by more than 75% of votes cast at the annual general meeting on the 1 September 2023 it was not necessary to call a meeting with dissenting shareholders.

In line with the memorandum of incorporation HCI (and its subsidiaries) directors may be paid for the services to the company as a director. The remuneration committee of HCI has decided that non-executive directors should be paid a fixed annual fee and not be remunerated by means of a base fee and attendance fee in respect of their board and committee obligations. Furthermore, the fees payable to non-executive directors for obligations at a committee level may not be more 50% of the fixed annual fee regardless of the number of board committees to which they have been appointed.

The fees for services rendered by the non-executive directors, as recommended by the board, are approved by a special resolution by shareholders at the annual general meeting of the company each year.

The executive remuneration is aligned with the company's approach of rewarding senior executives fairly and competitively and in line with value created within the group. The board of HCI ensures that the company remunerates fairly, responsibly and transparently to promote the achievement of strategic objectives and positive outcomes in the short, medium and long term. Executive directors enter into employment contracts with the company and are provided for by the payment of a salary and other benefits. A malus and clawback policy has been approved and implemented by the board, and there are no termination benefits.

The remuneration policy only addresses HCI, rather than the organisation-wide remuneration. The board and management of HCI do not dictate the remuneration policies of the subsidiary companies, which operate in various industries. Remuneration of the management of subsidiary companies include provisions to reward the specialised skills required to operate within a business segment.

PRINCIPLE 15:

The governing body should ensure that assurance services and functions enable an effective control environment, and that these support the integrity of information for internal decision-making and of the organisation's external reports:

The board, through its sub-committees, operates within the confines of the JSE regulations, Companies Act and King IV™.

Internal controls are established not only over financial matters, but also operational, compliance and sustainability issues. The board acknowledges its accountability to its stakeholders to present information that is relevant, accurate and reliable. In this regard it should be noted that HCI follows a combined assurance model, incorporating management, internal audit, risk management and external audit.

The audit and risk committee is responsible for the assurance provided by the external auditors, internal audit, risk officer and other assurance providers. The social and ethics committee is responsible for the assurance provided by Empowerdex in respect of the B-BBEE certification and by IBIS Consulting in respect of the Carbon Disclosure project.

All board members are expected to familiarise themselves and critically review all reports and information from all sources of assurance to determine the extent to which an effective control environment has been achieved. The board and its committees rely on management's knowledge and expertise of the various areas requiring assurance to scrutinise and validate the results of all external reports. A statement of assurance is included annually in the integrated report.

The HCI board has appointed GRiPP Advisory Proprietary Limited as its internal audit service provider, providing internal audit and advisory services to the HCI group of companies. The purpose, authority and responsibility of the internal audit function are defined in an internal audit charter, which is reviewed and approved annually by the audit and risk committee. The internal audit charter defines, among others, the purpose, authority and responsibility of internal audit in respect of the combined assurance model and prescribes that internal audit must comply with and conduct its work as per the International Professional Practices Framework of the Institute of Internal Auditors.

The audit plan, approved by the audit and risk committee is updated regularly to ensure it is responsive to change, is based on an assessment of risk areas identified by internal audit and management, as well as focus areas highlighted by the audit and risk committee and executive management. It includes activities that support the achievement of an effective internal control environment, which in turn supports the integrity of information that is reported.

PRINCIPLE 16:

In the execution of its governance role and responsibilities, the governing body should adopt a stakeholder-inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interests of the organisation over time:

The board of directors is the ultimate custodian of the company's corporate reputation and stakeholder relationships.

A board policy in respect of the stakeholder relationship has not been formally documented but it is noted that HCI manages stakeholder relationships within the guidelines as set by the Act and the JSE regulations. The board has adopted communication guidelines that support a responsible communication programme in line with the listing obligations of the JSE. The management of stakeholder relationships has been delegated to both the finance team and the company secretary, but the board remains accountable.

The oversight of stakeholder relationships is performed by the board, rather than by the social and ethics committee. Stakeholders which could materially affect the operations of the company are identified, assessed and dealt with as part of the risk management process by the audit and risk committee. The key focus areas of stakeholder relationships are transparency, accountability and integrity.

To date no stakeholder complaints have been received by HCI that has necessitated any dispute resolution.

The majority of the significant subsidiary investment companies are public listed companies which have implemented and adopted their own governance policies, processes and procedures.

Chairperson: Mr MF Magugu

Members: Mr JG Ngcobo and Ms RD Watson

The Remuneration Committee (committee) is pleased to present its report for the year ended 31 March 2024, as recommended by the King IV Corporate Governance Code (King IVTM"). The committee is constituted by the board, has an independent role, and is accountable both to the board and to shareholders.

The board has delegated responsibility for the oversight of Hosken Consolidated Investments' (HCI) remuneration practices to the remuneration committee. In line with principle 14 of King IVTM, the committee ensures that HCI remunerates fairly, responsibly and transparently, so as to promote the achievement of strategic objectives and positive outcomes in the short, medium and long term. The committee seeks advice and guidance from external experts, as deemed appropriate.

The HCI remuneration report, as recommended in principle 14 of King IVTM includes the following:

- role, purpose and function of the remuneration committee;
- main provisions of the remuneration policy; and
- the remuneration implementation report

The committee has adopted, where appropriate, certain elements of the King IVTM principles in relation to Remuneration.

COMPOSITION

The committee comprises the following independent non-executive directors, who have the requisite skills and experience to fulfil the committee's duties:

- Mr FM Magugu (chairperson)
- Mr JG Ngcobo and
- Ms RD Watson

The chairperson of the board is not a member of the remuneration committee. In line with the recommendations of King IVTM, the chief executive officer attends the meetings of the committee at the request of the committee but recuses himself from the meeting before any decisions are made.

The committee meets as often as required but not less than twice a year as per the memorandum of incorporation of the company.

Committee meeting attendances for FY2024 are as follows:

Committee member	No of meetings	Attendance of members
MF Magugu	2	2
JG Ngcobo	2	2
RD Watson	2	2

ROLE, PURPOSE AND FUNCTION

This committee is primarily responsible for overseeing the remuneration and incentives of the executive directors and executive management.

The key duties of the committee include:

- ensuring that HCI upholds its entrenched remuneration philosophy that is consistent with the company's long-term requirements and decision making and promotes the achievement of its strategic objectives;
- determining on an annual basis:
  - the remuneration of non-executive directors;
  - the total remuneration package of executive directors including annual increases, short-term performance bonuses and long-term incentives;
  - ensuring the combination of fixed and variable pay is appropriate when benchmarking remuneration levels;
  - reviewing all proposals for executive share-based incentives and other short-term and long-term incentive schemes;
  - compiling a report for inclusion in HCI's integrated annual report and reviewing any disclosures in the report or elsewhere on remuneration policies or directors' remuneration; and
  - review of the terms of reference of the remuneration committee;
- making recommendations to the board on directors' fees and the remuneration and service conditions of executive management;
- providing a channel of communication between the board and management on remuneration matters. The committee has empowered management to ensure that this principle is upheld and to address any remuneration disparities.

PROVISIONS OF THE REMUNERATION POLICY

Executive directors

HCI's remuneration policy is aligned with its commitment to the principle of fair and responsible remuneration for all employees, based on their capabilities, skills and responsibilities. The committee takes cognisance of local best remuneration practices in order to ensure that such total remuneration is fair and reasonable to both the employee and the company. The committee utilises the services of independent remuneration consultants, as and when required, to assist in providing guidance on the remuneration for executive management. This philosophy's intended consequence is to attract, retain and develop employees with scarce and critical skills who contribute to sustained business growth and who are aligned to the strategic and operational requirements of the business.

The remuneration structure of executive directors is linked to the group's medium to long-term business objectives and is therefore aligned to shareholder interests. The performance of the chief executive officer is evaluated by the board of directors. As management works together as a team, the performance of the chief executive officer reflects the performance of management as a whole. The annual pay increases of the executive directors are aligned to the annual increase parameters as determined by the remuneration committee.

The total remuneration packages of executive directors comprise:

- a guaranteed remuneration package;
- a short-term discretionary cash-based incentive bonus; and
- participation in the The HCI Employee Share Scheme.

Guaranteed salary:

A market related guaranteed remuneration is paid to executive management and staff irrespective of the group's performance in order to attract and retain talented high-performing people.

Key employees and staff are entitled to leave benefits as per the Basic Conditions of Employment Act. Executive management and long-serving employees have been awarded with extra leave days. No further benefits are offered to key employees or staff. Salaries paid are cost to company.

Short-term incentive cash bonus:

Executive directors participate in the annual short-term cash-based incentive scheme. The sustainability of HCI's business is critical in determining remuneration and the board is satisfied that the performance criteria do not encourage excessive risk-taking by the executives. A strong overlap of members sitting on the audit and risk committee and the social and ethics committee with that of the remuneration committee ensures that all stakeholder interests and the status of the company as a good corporate citizen is upheld and that the risk of the company is well-managed when the performance of executive management is under consideration.

The maximum bonuses that can be earned by executive management are as follows:

Position	% of annual salary
Chief executive officer	75
Financial director	65
Other senior management	40-65

The annual discretionary short-term incentive scheme awarded to key employees is not based on predetermined performance targets but rather on comprehensive financial and non-financial performance.

HCI is an investment holding company and therefore cannot set specific targets that are usually set in operating companies. The group results are largely dependent on the performance of the operating entities as a result of the strategic and capital allocation decisions taken by the holding company. The value generated by management may not only be visible at year-end; it is a consequence of deal-making and successful litigation over time.

The following performance measures and value drivers were considered in reaching a final bonus for executive management for recommendation to the board:

- preservation of long-term growth of the share;
- identification of new growth opportunities for the company;
- strategic direction for subsidiaries;
- allocation of capital to new and existing investments;
- management and reduction of debt to the satisfaction of lenders without the requirement of the disposal of assets below the fair market value, or rights issues, in any of the business entities;
- legal matters and other negotiations that are drivers of value creation;
- sustainability of increased value delivered to share-holders over time;
- safeguarding and managing HCI's reputational risk; and
- the impact on all stakeholders.

To mitigate the risk of reckless pay-outs, an annual award is considered, as opposed to large once-off awards. A Malus and Clawback policy was approved into the remuneration framework in FY2020 for executive management.

Long-term incentive scheme:

The group operates a share option scheme, The HCI Employee Share Scheme (the Scheme), in terms of which shares in the group are offered on a share option basis to participants, provided they remain in the group's employ until the options vest. Any gain realised on the exercise of these options is settled on a net equity basis, whereby the participant receives that number of shares that equates in value to the gain made on exercise date.

Options must be exercised within six months of the vesting date, where after the options lapse. Options vest over periods of three to five years. These vesting periods may be varied by the board of directors. Share options are allocated to participants at a ten percent discount to the 20-day volume weighted average market price as at the date of grant. The number of share options granted is determined by use of a multiple of the participant's basic salary, divided by the discounted market price.

The multiples relating to each level of management are as follows:

Position	Multiple of basic salary
Chief executive officer	6
Financial director	5
Senior management	4-5
Other management	2-3

Such awards are made from time to time and are disclosed in detail. Refer to pages 60 to 62 of the remuneration report.

On 31 March 2024, HCI held sufficient treasury shares to settle its obligations to deliver shares to the participants in the HCI share scheme.

In the event of resignation or dismissal for just cause all unexercised share options will be forfeited .

Subject to the discretion of the board, in the event of death, disability, retrenchment or retirement (or early retirement) unvested share options may become exercisable prior to the option expiry date.

In the event of a change of control of the company, unvested share options may become exercisable immediately or the subject share changed to another entity, subject to the discretion of the board.

Minimum shareholding in the company:

International remuneration practices may require that executive management should hold a minimum percentage of the total guaranteed package or base salary in company shares and these shareholding requirements should be included in the remuneration policy. This practice is intended to enhance alignment of interests with other shareholders to show long-term commitment and sustainable company performance by sharing all the risks.

Executives at HCI hold a substantial stake in the company; they have held shares in the company for a prolonged period of time, and in the circumstances the committee is satisfied that it is not necessary to impose corporate requirements on senior executives to create a feeling of well-being amongst other shareholders who are likewise free to trade their shares at will. Should we find the shareholding owned by management decreases in any material way the committee will review this issue.

Other payments:

HCI does not contract for retention and sign-on payments or termination payments and restraint of trade payments.

Non-executive directors

Non-executive directors receive fees for their services as directors and for serving on board committees. These fees reward the directors fairly for the time, service and expertise that they provide to HCI.

Non-executive directors earn a basic fee which is in line with companies of a similar size. These fees escalate annually in line with inflation.

Directors earn up to a maximum of 50% of their board fees by serving on the committees responsible to the board of directors. Non-executive directors do not receive short-term incentives and do not participate in any long-term incentive schemes.

Directors' emoluments and other relevant remuneration information are disclosed on pages 55 and 56 of the remuneration report.

KEY DECISIONS TAKEN

HCI has a diversified portfolio of investments across many industries including media, transport, industrial and manufacturing, properties, mining and leisure industries.

Guaranteed salary:

The average salary increase recommended by the remuneration committee for FY2024 is 6,5% (2023: 5,7%).

Short-term incentive cash bonus:

The highlights and key decisions taken for FY2024 were as follows:

- successful conclusion of the future funding of the Venus oilfields in Namibia to ensure financial sustainability until first oil;
- sale of a number of properties across the group and the sale of Karoshoek Solar One in Upington;
- review of the legal matters which are fundamental to the future of the businesses including the market abuse of DSTV; wage exemptions negotiations at GABS; Eskom coal supply;
- the continued pursuit of Innovative solutions within the businesses in dealing with interruptions due to load-shedding;
- submission of the bid for the National Lottery;
- incorporation of new property management company; and
- the successes reached by the HCI Foundation in the furtherance of their goals and initiatives specifically in the rural communities.

Long-term incentive scheme:

No share options were granted to management during the year and no outstanding share options previously granted to management were exercised during the same period

No outstanding share options granted to management were exercised during the year.

Non-executive fees:

In line with the 6,5% increase granted to management, the committee approved a similar Consumer Price Index increase to the non-executive directors.

The proposed fee structure payable to non-executive directors from the 1 September 2024 to the following annual general meeting is presented in the table below. Also see Special Resolution Number 2 on page 5 in the notice of AGM.

Position	Actual fee 2024	Proposed fee 2025
	Excluding VAT R'000	
Non-executive director	387,0	413,0
Member of audit and risk committee	193,5	206,5
Member of remuneration committee	101,9	108,7
Member of social and ethics committee	47,9	51,5

VOTING RESULTS AND SHAREHOLDER ENGAGEMENT

The remuneration policy report and the remuneration implementation report, which provide insight into the group's remuneration practices are tabled for non-binding advisory votes of shareholders at the annual general meeting. The remuneration policy report has been split into three non-binding advisory votes : long-term incentive remuneration policy; short-term incentive remuneration policy and guaranteed payment remuneration policy. In the event that any of the three remuneration policy reports or the remuneration implementation report, been voted against by 25% or more of the voting rights exercised by shareholders at the annual general meeting, the company will formally engage with such dissenting shareholders to understand the reasons for the dissenting votes, and in respect of objections which are legitimate and reasonable to consider amending the remuneration policies or governance processes.

The non-binding advisory votes on the three remuneration policy reports and the non-binding advisory vote on the remuneration implementation report was approved by 86,38%; 93,96%; 98,97% and 95,66% respectively of the voting rights exercised at the annual general meeting held on the 1 September 2023. As all the non-binding advisory votes exercised by shareholders at the annual general meeting were approved by more than 75% of the shareholders no meeting was held with dissenting shareholders.

CONCLUSION

The committee is satisfied that it has carried out its responsibilities for the year in compliance with its mandate.

REMUNERATION IMPLEMENTATION REPORT

HCI EMPLOYEE SHARE OPTION SCHEME:

The group operates a share option scheme, The HCI Employee Share Scheme (the Scheme), in terms of which shares in the group are offered on a share option basis to participants, provided they remain in the group's employ until the options vest. Any gain realised on the exercise of these options is settled on a net equity basis, whereby the participant receives that number of shares that equates in value to the gain made on exercise date.

Options must be exercised within six months of the vesting date, whereafter the options lapse. Options vest over periods of three to five years. These vesting periods may be varied by the board of directors.

Share options granted to eligible participants that have not yet become unconditional:

	2024		2023	
	Number of share options	Weighted average exercise price R	Number of share options	Weighted average exercise price R
Balance at the beginning of the year	**3 013 894**	**71,25**	3 347 526	65,28
Options granted	**-**	**-**	365 497	158,39
Options vested and expired	**(28 075)**	**100,35**	(699 129)	88,22
Balance at the end of the year	**2 985 819**	**70,98**	3 013 894	71,25

The fair value of options granted is measured using the Black-Scholes model. Share options granted in the prior year were fair valued using a volatility indicator of 56% and an annual discount rate of 7%. No share options were granted during the current year. The cost relating to options is recognised by allocating the fair value over the vesting period on a straight-line basis. The group recognised an expense of R31 million (2023: R29 million) relating to the Scheme in its profit or loss for the year.

The volume weighted average share price during the current year was R198.71 (2023: R169.30).

There were no vested but unexercised options at the reporting date. The options issued in terms of the Scheme and outstanding at 31 March 2024 become unconditional between the following dates:

	Exercise price R	Number of share options 2024	2023
28 August 2023 and 28 February 2024	117,78	**-**	11 804
29 August 2023 and 29 February 2024	87,71	**-**	16 271
29 August 2024 and 28 February 2025	87,71	**16 270**	16 270
13 December 2024 and 13 June 2025	69,44	**401 064**	401 064
18 December 2024 and 18 June 2025	49,30	**700 445**	700 445
1 December 2025 and 1 June 2026	158,39	**8 107**	8 107
13 December 2025 and 13 June 2026	69,44	**401 059**	401 059
18 December 2025 and 18 June 2026	49,30	**700 435**	700 435
1 December 2026 and 1 June 2027	158,39	**349 284**	349 284
13 December 2026 and 13 June 2027	69,44	**401 049**	401 049
1 December 2027 and 1 June 2028	158,39	**8 106**	8 106
		2 985 819	3 013 894

A maximum number of 2 131 647 (2023: 2 152 190) shares may be issued in respect of 2 985 819 (2023: 3 013 894) options issued in terms of the Scheme.

The maximum number of shares that may be utilised for the purposes of the Scheme is 10 500 000 shares. In addition to the options in issue at the reporting date and shares already delivered to participants, a further 7 754 306 (2023: 7 733 763) shares may be utilised by the Scheme. No options were issued in terms of the Scheme during the year (2023: 365 497) and no shares were delivered to participants during the current or prior year.

	2024		2023	
	Number of share options	Weighted average exercise price R	Number of share options	Weighted average exercise price R
OPTIONS GRANTED TO EXECUTIVE DIRECTORS				
JA Copelyn				
Balance at the beginning of the year	750 998	68,89	860 194	64,60
Options granted	-	-	81 255	158,39
Options expired	-	-	(190 451)	87,71
Balance at the end of the year	750 998	68,89	750 998	68,89
Unconditional between the following dates:				
13 December 2024 and 13 June 2025	96 793	69,44	96 793	69,44
18 December 2024 and 18 June 2025	189 682	49,30	189 682	49,30
13 December 2025 and 13 June 2026	96 793	69,44	96 793	69,44
18 December 2025 and 18 June 2026	189 682	49,30	189 682	49,30
1 December 2026 and 1 June 2027	81 255	158,39	81 255	158,39
13 December 2026 and 13 June 2027	96 793	69,44	96 793	69,44
JR Nicolella				
Balance at the beginning of the year	390 334	68,89	464 560	65,47
Options granted	-	-	42 233	158,39
Options expired	-	-	(116 459)	87,71
Balance at the end of the year	390 334	68,89	390 334	68,89
Unconditional between the following dates:				
13 December 2024 and 13 June 2025	50 309	69,44	50 309	69,44
18 December 2024 and 18 June 2025	98 588	49,30	98 588	49,30
13 December 2025 and 13 June 2026	50 308	69,44	50 308	69,44
18 December 2025 and 18 June 2026	98 588	49,30	98 588	49,30
1 December 2026 and 1 June 2027	42 233	158,39	42 233	158,39
13 December 2026 and 13 June 2027	50 308	69,44	50 308	69,44
TG Govender				
Balance at the beginning of the year	325 794	68,89	406 410	66,49
Options granted	-	-	35 250	158,39
Options expired	-	-	(115 866)	87,71
Balance at the end of the year	325 794	68,89	325 794	68,89
Unconditional between the following dates:				
13 December 2024 and 13 June 2025	41 990	69,44	41 990	69,44
18 December 2024 and 18 June 2025	82 287	49,30	82 287	49,30
13 December 2025 and 13 June 2026	41 990	69,44	41 990	69,44
18 December 2025 and 18 June 2026	82 287	49,30	82 287	49,30
1 December 2026 and 1 June 2027	35 250	158,39	35 250	158,39
13 December 2026 and 13 June 2027	41 990	69,44	41 990	69,44

	2024		2023	
	Number of share options	Weighted average exercise price R	Number of share options	Weighted average exercise price R
Y Shaik				
Balance at the beginning of the year	323 351	68,89	366 902	64.38
Options granted	-	-	34 985	158.39
Options expired	-	-	(78 536)	87.71
Balance at the end of the year	323 351	68,89	323 351	68.89
Unconditional between the following dates:				
13 December 2024 and 13 June 2025	41 676	69,44	41 676	69,44
18 December 2024 and 18 June 2025	81 670	49,30	81 670	49,30
13 December 2025 and 13 June 2026	41 675	69,44	41 675	69,44
18 December 2025 and 18 June 2026	81 670	49,30	81 670	49,30
1 December 2026 and 1 June 2027	34 985	158,39	34 985	158,39
13 December 2026 and 13 June 2027	41 675	69,44	41 675	69,44

Directors' shareholdings

	Direct beneficial		Indirect beneficial		Associates	
	Number	% holding	Number	% holding	Number	% holding
2024						
Executive directors						
JA Copelyn	-	-	6 490 077	7,6	8 496 901	9,9
JR Nicolella	152 097	0,2	-	-	20 410	-
TG Govender	-	-	17 250	-	915 534	1,1
Y Shaik	66 755	0,1	-	-	-	-
Non-executive directors						
L McDonald	1 100	-	-	-	-	-
JG Ngcobo	1 750	-	-	-	-	-
	221 702	0,3	6 507 327	7,6	9 432 845	11,0
2023						
Executive directors						
JA Copelyn	-	-	6 490 077	7,6	7 906 901	9,2
JR Nicolella	152 097	0.2	-	-	20 410	-
TG Govender	-	-	17 250	-	915 534	1,1
Y Shaik	66 755	0.1	-	-	-	-
Non-executive directors						
L McDonald	1 100	-	-	-	-	-
JG Ngcobo	1 750	-	-	-	-	-
	221 702	0.3	6 507 327	7,6	8 842 845	10,3

- *An associate of JA Copelyn purchased 125 000 shares on 13 June 2024 at R160,00 per share.*

		Board fees R'000	Salary R'000	Other benefits R'000	Share-based payment expense R'000	Bonus R'000	Total R'000
DIRECTORS' EMOLUMENTS							
Year ended 31 March 2024							
Executive directors							
JA Copelyn		-	9 218	-	7 537	6 913	23 668
JR Nicolella		-	5 624	125	3 918	3 737	13 404
TG Govender		-	2 399	-	3 270	1 560	7 229
Y Shaik		-	4 763	-	3 245	3 096	11 104
Non-executive directors							
MH Ahmed	(1)	857	-	-	-	-	857
MF Magugu	(2)	575	-	-	-	-	575
L McDonald		377	-	-	-	-	377
SNN Mkhwanazi		377	-	-	-	-	377
VE Mphande	(3)	1 485	-	-	-	-	1 485
JG Ngcobo	(4)	693	-	-	-	-	693
R Watson	(5)	1 565	-	-	-	-	1 565
		5 929	22 004	125	17 970	15 306	61 334

(1) Includes R188 292 audit and risk committee fees and R292 000 board fees paid by subsidiary companies

(2) Includes R99 150 social and ethics committee fees and R99 000 board fees paid by subsidiary companies

(3) Includes R1 108 000 board fees paid by subsidiary companies

(4) Includes R70 842 audit and risk committee fees, R70 842 remuneration committee fees, R46 608 social and ethics committee fees and R128 000 board fees paid by subsidiary companies

(5) Includes R70 842 audit and risk committee fees, R70 842 remuneration committee fees, R46 608 social and ethics committee fees and R1 000 000 board fees paid by subsidiary companies

		Board fees R'000	Salary R'000	Other benefits R'000	IFRS® 2 expense R'000	Bonus R'000	Total R'000
DIRECTORS' EMOLUMENTS							
Year ended 31 March 2023							
Executive directors							
JA Copelyn		-	8 623	-	7 045	6 467	22 135
JR Nicolella		-	5 276	102	3 733	3 496	12 607
TG Govender		-	2 244	-	3 193	1 459	6 896
Y Shaik		-	4 455	-	3 019	2 896	10 370
Non-executive directors							
MH Ahmed	(1)	808	-	-	-	-	808
MF Magugu	(2)	447	-	-	-	-	447
L McDonald		354	-	-	-	-	354
SNN Mkhwanazi		354	-	-	-	-	354
VE Mphande	(3)	1 415	-	-	-	-	1 415
JG Ngcobo	(4)	651	-	-	-	-	651
R Watson	(5)	1 494	-	-	-	-	1 494
		5 523	20 598	102	16 990	14 318	57 531

(1) Includes R177 042 audit and risk committee fees and R277 000 board fees paid by subsidiary companies

(2) Includes R93 092 remuneration committee fees

(3) Includes R1 061 000 board fees paid by subsidiary companies

(4) Includes R66 621 audit and risk committee fees, R66 621 remuneration committee fees, R43 800 social and ethics committee fees and R120 000 board fees paid by subsidiary companies

(5) Includes R66 621 audit and risk committee fees, R66 621 remuneration committee fees, R43 800 social and ethics committee fees and R963 000 board fees paid by subsidiary companies

MF Magugu
Chairperson: Remuneration Committee
26 July 2024

REPORT OF THE SOCIAL AND ETHICS COMMITTEE

Chairperson: Mr JG Ngcobo
Members: Mr JA Copelyn and Ms RD Watson

INTRODUCTION

The HCI Social and Ethics Committee has pleasure in submitting this report in respect of the past financial year.

The Committee is a statutory committee constituted in terms of the Companies Act to assist the board in monitoring the company's performance as a good and responsible corporate citizen. This report by the committee is prepared in accordance with the requirements of section 72(4) to section 72(10) of the Companies Act (No. 71 of 2008), as amended (Companies Act), and regulation 43 to the Act and describes how the committee has discharged its duties in respect of the financial year ended 31 March 2024.

COMPOSITION

The members of the committee, as appointed by the board, comprise two independent non-executive directors, Mr JG Ngcobo (chairperson) and Ms RD Watson, and the Chief Executive Officer, Mr JA Copelyn. To ensure that the committee fulfils its responsibilities, the composition of the committee has been expanded by inviting several personnel from within the company to join the committee, who are the drivers of the underlying functions of the committee. In line with the Companies Act, the invitees do not have voting powers. The board is of the opinion that the composition of the committee is satisfactory to discharge the committee's roles and responsibilities.

In terms of the committee's mandate, the committee holds a minimum of two meetings per year. Additional meetings are held on request of any member.

The table below records the attendance of the members at meetings:

Committee member	No of meetings	Attendance of members
JA Copelyn	2	2
JG Ngcobo	2	2
RD Watson	2	2

ROLES AND FUNCTION

There were no amendments to the committee's mandate during the year. The committee continues to review and report to the board on the sustainable development of the group and particularly:

- Black economic empowerment;
- environmental impact especially climate change and water security;
- social development programmes through the HCI Foundation;
- health and safety; and
- compliance with legal and regulatory requirements

The social and ethics report of the company and of the group is set out on pages 66 to 75.

CONCLUSION

The HCI social and ethics committee is satisfied that it has fulfilled its responsibilities in accordance with its terms of reference for the reporting period. The committee has fulfilled its mandate as prescribed by the Companies Act and confirms there are no instances of material non-compliance.

Mr JG Ncgobo
Chairperson - Social and Ethics Committee
26 July 2024

BROAD-BASED BLACK ECONOMIC EMPOWERMENT (B-BBEE)

HCI is one of the most empowered companies on the JSE. The company has its roots in the trade union movement and is committed to Black Economic Empowerment. The Southern African Clothing and Textile Workers' Union (SACTWU) continues to be a major shareholder of HCI, benefitting more than 100 000 clothing and textile workers and enabling the Union to run substantial social programmes for its members. We view ourselves as pioneers of Black Economic Empowerment and believe that broad-based groupings like ourselves represent the essence of the B-BBEE project. HCI comprises of 76% black ownership (2023: 78%), 45% Black women ownership (2023: 50%) and 40% ownership from Black Beneficiaries of Broad-Based Ownership Schemes (2023: 39%). We retained Level 2 contributor status with 125% procurement recognition, with an overall score of 99,2 points (2023: 98,8 points) out of a total of 111 points available. Our B-BBEE certificate is published on our website: www.hci.co.za.

Element	Maximum	2024	2023	2022	2021	2020
Ownership	25,00	**25,00**	25,00	25,00	25,00	25,00
Management control	19,00	**14,89**	14,71	14,73	13,98	13,81
Skills development	20,00	**16,51**	13,91	11,77	8,97	14, 84
Enterprise and Supplier Development	40,00	**37,84**	40,19	41,46	37,44	37,77
Socio-economic development	5,00	**5,00**	5,00	5,00	5,00	5,00
Overall score	111,00	**99,24**	98,81	97,96	90,39	96,42
B-BBEE certification		**2**	2	2	2	2

Diversity policy

In accordance with HCI's gender and race diversity policy, which aims to ensure that the board comprises of at least 25% female directors and will at all times have a majority of directors who are "black people" as defined in the B-BBEE Act 2003 as amended, 73% of the HCI board is comprised of Black people and 27% of the HCI board are female.

Enterprise and supplier development

Our enterprise and supplier development programme, The HCI Supplier Club comprises over 100 South African SMMEs with >51% Black ownership who are suppliers or have the potential to become suppliers to HCI or our subsidiaries. Among the benefits available to members, the Club produces "The Legacy Series", which are short documentary films broadcast across eMedia channels showcasing Club member businesses. The HCI Foundation food security project farming co-operatives are members of the Club and supply a number of Southern Sun's hotels. They are also featured in a special season of the Legacy Series films.

Compliance

The group operates in a highly regulated environment. Where necessary, compliance officers have been appointed at each of the group's key operating subsidiaries and associated companies to ensure adherence to the various laws and regulations.

The committee is responsible for reviewing any major breach of relevant legal and regulatory requirements.

The committee is satisfied that there has been no material non-compliance with laws and regulations.

The committee is also satisfied that it has complied with all its legal, regulatory and other responsibilities during the year under review.

Employment practices

The company seeks to offer employment to newcomers in compliance with laws and codes regulating employment. As an investment holding company, HCI has a relatively small staff complement, with fewer than 50 employees. The majority are long-serving employees, with minimal rate of staff turnover. The company aims to remunerate its employees fairly and competitively, according to their capabilities, skills, responsibilities and performance levels.

HCI believes that all employees are entitled to equal opportunities to advance their careers and accordingly, it does not allow discrimination against employees based on gender, race, religion or any other factor in relation to such opportunities.

ENVIRONMENT

As a responsible corporate citizen, HCI is focused on minimising our environmental impact through limiting our Greenhouse Gas (GHG) emissions, our water usage and discharges and effectively managing waste. We have made progress in this regard by prioritising the implementation of energy and water efficiency and renewable energy projects, formalising our waste management and reporting and implementing projects to divert waste from landfill.

In addition, we have identified and managed climate- and water-related risks and opportunities. On an annual basis, our companies are requested to report on environmental risks and opportunities. This is a formal process. In the formal risk assessment that takes place, companies are asked to determine the likelihood, timeline, and magnitude of impact for each risk and opportunity. The magnitude encompasses size and scope of impact and speaks to the financial impact that the risk or opportunity is likely to have on the business. This is done at company-level as the size and scope of each risk and opportunity are particular to each company. When these risks and opportunities are aggregated at group-level, the magnitude is aggregated and reassessed by HCI. When reassessed, each risk and opportunity is considered in context. The financial impact that the risk or opportunity is likely to have on HCI is evaluated. All risks and opportunities are prioritised in relation to each other on this basis. This includes climate- and water-related risks and opportunities, among others.

We aim to ensure that our reporting is accurate and transparent and calculate our carbon and water footprints on an annual basis. We continue to report to the Carbon Disclosure Project (CDP) on climate change and water security and seek to improve the accuracy and comprehensiveness of our calculations. The recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) continue to be integrated into our response to the CDP. Our submissions are available on the CDP website (www.cdp.net/en). In the most recent response, we received “B-” ratings for both climate change and water security, placing HCI in the CDP Management Band in line with the regional Africa average for climate change and above average for water security.

Recently the IFRS® Foundation released IFRS® S2 which applies to annual reporting periods beginning on or after 1 January 2024. We continue to make progress in terms of our alignment with this standard.

This year, we have established an Environmental Forum, with representatives from each of our companies that meets quarterly. In these quarterly meetings, our companies are given the opportunity to share best practice examples of how they are managing carbon, water and waste. We also bring in subject matter experts to present on pertinent sustainability-related topics.

The Social and Ethics Committee oversees climate- and water-related issues and the HCI Board has ultimate responsibility for climate- and water-related matters.

The group’s carbon and water results increased by 2% and 7% respectively since the prior year, mainly due to the impact of load shedding resulting in increased diesel usage throughout the group, increased business activity at Tsogo Sun, Southern Sun and Deneb as trading returned to pre-Covid levels, and increased Run-of-Mine (ROM) diesel and pit box cut area water withdrawals by HCI Resources.

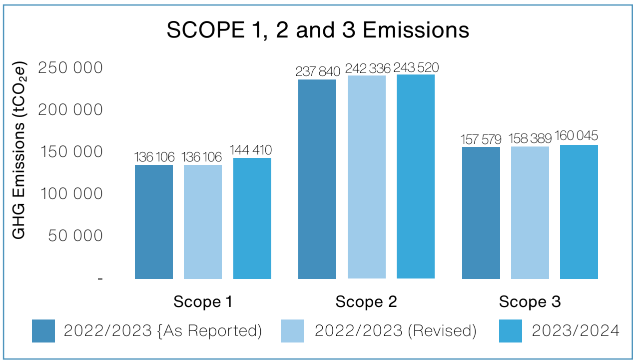
Waste data is reported for the first time this year. The group waste stream amounted to 10 228 tonnes, which comprised 94% non-hazardous waste and 6% hazardous waste. Opportunities to divert waste from landfill are being explored as the companies gather more waste treatment data and information.

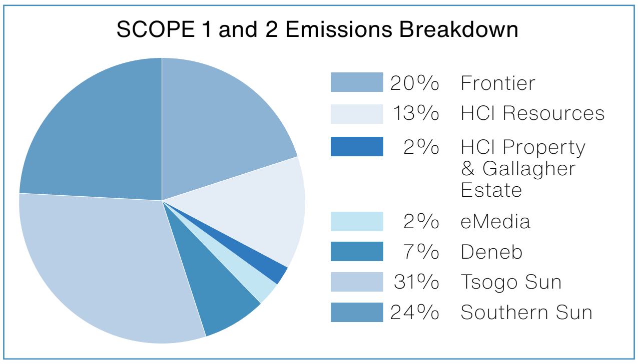
HCI’s carbon, water and waste footprints for 2024 are reported as follows:

Carbon Footprint

HCI calculates its carbon footprint in line with best practice. It uses the Greenhouse Gas (GHG) Protocol’s Corporate Accounting and Reporting Standard and emission factors from the Intergovernmental Panel on Climate Change (IPCC) 2006 Guidelines. For operations in South Africa, it also uses some local conversion factors from the South African Department of Forestry, Fisheries and Environment (DFFE). Those entities that are required to report to DFFE on their emissions do so on an annual basis to ensure compliance with the National GHG Emission Reporting Regulations.

Total carbon emissions increased by 2%, while Scope 1 and 2 emissions increased by 2.5% since the prior year due to increased diesel usage for generators to counter supply interruptions caused by load shedding which impacted all companies, and increased electricity consumption due to business activity returning to pre-Covid levels.



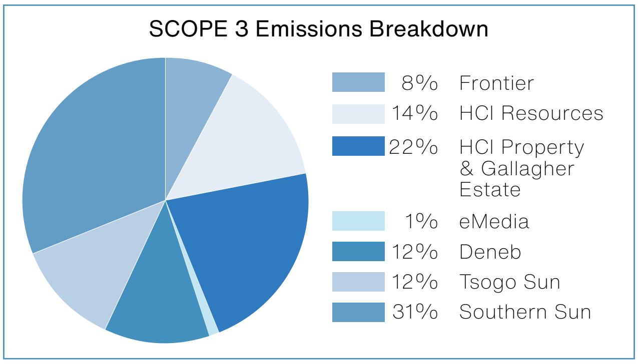


Scope 1 and 2 emissions

The major contributors to the 6% increase in Scope 1 emissions were Frontier Transport (53%), Tsogo Sun (8%) Southern Sun (6%), Deneb (3%) due to increased activity and HCI Resources (27%) due to the establishment of the new Rooipoort extension area. Scope 2 emissions increased marginally by 0.5%. The major contributors to the Scope 2 emissions were Tsogo Sun Gaming (45%), Southern Sun (35%) and Deneb (8%), as electricity used in the casinos, hotels and factories increased as trading returned to pre-Covid levels.

Scope 3 emissions

HCI's Scope 3 emissions increased by 1% due to Tsogo Sun and Southern Sun's electricity consumption by tenants, and management contracts for third party owners at Southern Sun.



Renewable energy and efficiencies

Necessity has seen renewable energy initiatives successfully introduced and maintained across the group over the last few years, with more planned as our subsidiaries work to mitigate the risk associated with, among others, load shedding and increase energy security, reduce costs, and reduce emissions.

GABS e-bus pilot project

Romatex bags


Romatex non-woven 100% polyester stitchbonded fabric

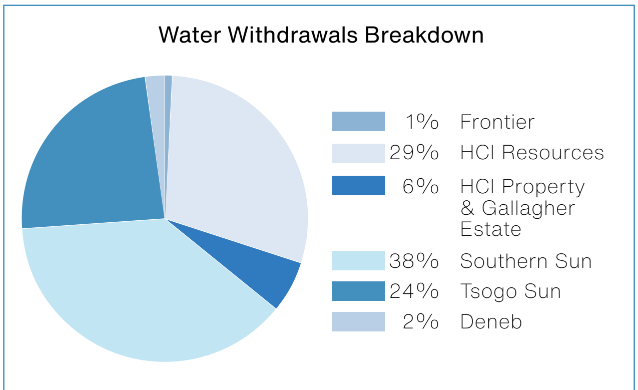
Solar panels at Montecasino

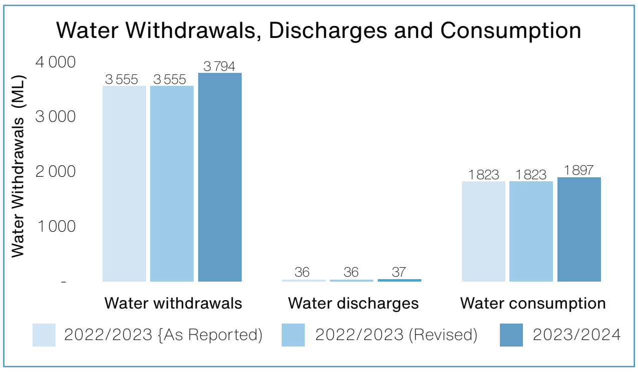
Solar panels at Silverstar Casino

Tsogo Sun reported a 4% decrease in Scope 2 emissions in the financial year because of solar infrastructure installations supplementing power supply at Montecasino, Silverstar and Garden Route casinos (which deliver 4,3 MW). The six GABS rooftop solar plant depots produced 2,4 GWh of energy this year, recording savings of 2 500 tCO_2e and produced 9,74 GWh since installation in FY2019 recording savings of 10 300 tCO_2e. Following its electric bus pilot project, GABS intends to introduce 60 e-buses powered by solar electricity per year from 2025. Other energy efficiency projects include the installation of chiller plants and the replacement of electric geysers with heat pumps, energy efficient lighting, and optimisation of heating, ventilation and cooling.

Water Footprint

HCI's total water withdrawals increased by 7% since last year and amounted to 3 794 megalitres. Companies withdrawing the most water were Southern Sun, Tsogo Sun and HCI Resources. Total water discharges increased by 2% and amounted to 37 megalitres and water consumption increased by 4%. Water efficiency is prioritised, and initiatives include borehole installations, replacement of cooling towers, installation of water usage and pressure controls, awareness creation activities and rainwater harvesting.





Alternative supply and treatment

Various alternative water supply options supplement the use of municipal water at our companies. Boreholes have been installed at 20+ Southern Sun hotels and Formex has invested in rooftop rainwater harvesting plants to reuse and recycle water. Blue Reef Water Solutions which supplies treatments for boilers, cooling towers, effluent, and potable water has developed a new "agriculture friendly" chemical for swimming pools. By optimising chemical usage and eco-friendly practices, Blue Reef is minimising pollution while supplying products. Additionally, its innovative GROW concept separates and recycles water at source reducing wastewater.

Waste footprint

HCI's total waste stream amounted to 10 228 tonnes of waste comprising 94% non-hazardous waste and 6% hazardous waste. The group's current diversion rate is almost 40% of total waste generated. These are initial indications and work is underway by the HCI companies to increase accuracy and comprehensiveness of waste reporting. Opportunities to divert waste from landfill are being explored. For example, 50% of Southern Sun's waste stream is comprised of organic waste, of which 67% is diverted from landfill via various waste treatment methods, such as Bokashi, which uses microorganisms to decompose wet waste and composts the remains resulting in Zero waste to landfill.

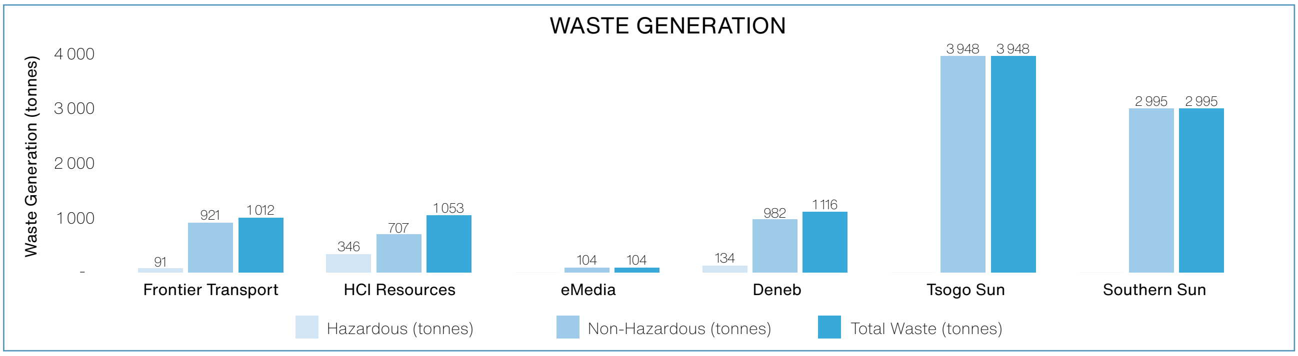
Bokashi involves layering food scraps in a sealed container with a bokashi inoculant that contains microorganisms. The microorganisms act to decompose the food scraps, turning them into a 'compost' that can be buried in the garden to enrich the soil. Unlike traditional composting, Bokashi allows for the disposal of meat and dairy products. In the coming year, Southern plans to install the Bokashi method into more hotels to further increase its diversion rate and decrease the group's percentage of waste to landfill.

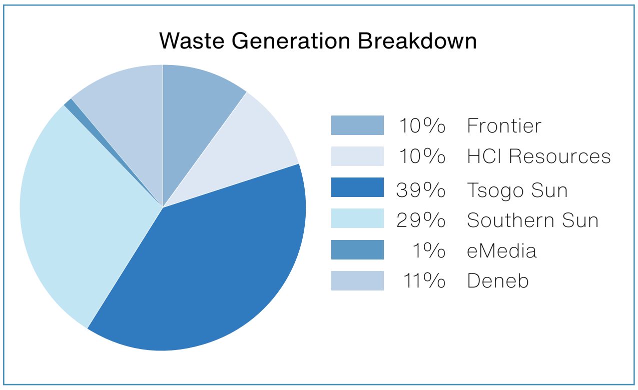
A number of HCI companies have also started to participate in the circular economy. For example, Brits Non-woven, a Deneb entity, sources a significant portion of its input raw materials from a recycled base. Brits has an approved textile waste processing facility that recycles and converts between 100 to 150 tons of discarded textile products and second-hand clothing into shoddy flock for conversion into new recycled products. This prevents large volumes of these products ending up in landfill. In addition, 100% of its non-woven finished products can be fully repurposed into new non-woven end products again.

Romatex is another Deneb company that uses recyclables as raw materials. It manufactures a non-woven 100% polyester stitchbonded fabric, made from rPET fibre with multiple end uses. Annually Romatex consumes circa 60 million plastic bottles worth of rPET fibre, making a significant impact in the reduction of plastic waste to landfill.


Brits Non-woven: textile waste processing

While these reflect only a handful of initiatives across the group, they reflect the innovative approach that we are taking in order to effectively manage our waste footprint.






The Bokashi method at Southern Sun's hotels

Not only are we focused on reducing our own environmental impact, but our companies also support suppliers and customers to reduce their environmental impacts. Engagement with suppliers and environmental criteria evaluation form part of our procurement practices. Customers are encouraged to reduce energy and water use and our companies work with them to do so. For example, Blue Reef, a Deneb company, is a water-advisory and product company. Its offering has two ends to it, the first being chemical and the second being engineering. Blue Reef sells a range of chemical water treatment and other products that are specifically formulated to reduce and manage effluent in the water discharges of its customers. Blue Reef also designs, builds, supplies, installs and maintains the required equipment for the water treatment solutions they sell, ensuring the most appropriate use.

HCI foundation

In the financial year 2024, through our key focus areas of Environment, Education and Youth Development, HCI Foundation maintained its commitment to supporting our NGO partners as they work to assist local communities achieve increasingly sustainable livelihoods which are the building blocks of thriving communities.

During the course of the year, our two Environment flagship programmes - Access to Clean Water (ACW) and Sustainable Food Security Initiative (SFSI) - each passed their three year milestones. The last few years of joint planning, implementation and monitoring of these latest programmes have helped us to understand the critical elements contributing to their success and have enabled us to make informed decisions about investing in their future development. This work is highlighted in the current report.

At the same time, through our Education and Youth Development focus areas, we have continued to offer young people opportunities which inspire, equip and encourage them to become active and fulfilled citizens who can contribute to the long-term well-being and stability of their families and communities. The majority of the beneficiaries of the projects and programmes we support are young people and children.

R35 million
programme investment

Reached
178 077
people across South Africa

352
collaborations with our partners

In
1 617
communities nationally

691
programme-based employment opportunities created

105
tertiary level bursaries provided across 11 universities

In partnership with
165
NPOs

68
project implementation partners

97
Bus programme NPO members

ACCESS TO CLEAN WATER

Many rural South African communities struggle to access sufficient, safe and clean water, resulting in severe health consequences for the members of these communities and hampered development of their children. Climate change and unpredictable rainfall patterns, deteriorating infrastructure, as well as minimal employment opportunities (leading to children being left in the care of the elderly), further exacerbate the difficulties faced by these communities. One of HCI Foundation's strategic objectives is to work together with NPO implementation partners to enable access to clean water in rural areas. These partnership projects are fundamental to our vision and to achieving our objectives.

Innovation Africa, Hluhluwe, Umkhanyakude District Municipality, KwaZulu-Natal

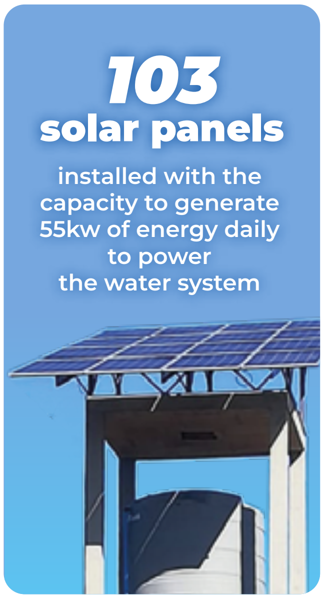
Since 2021, HCI Foundation's partnership with Innovation Africa has focused on improving access to clean water in Hluhluwe. A research study commissioned from the University of KwaZulu-Natal on the immediate positive impact of clean water provision in Cwakeme, the first village to receive a solar-powered borehole and technology to assist in tracking the quantity and quality of the water, provided a strong motivation for the establishment of more water projects in Hluhluwe and beyond.

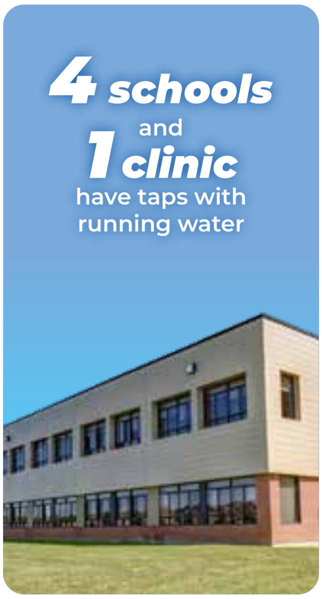
These were some of the findings from the Cwakeme research on the benefits of clean and accessible water:

- Improvement in health all round;
- Liberation of girls and women from the danger and drudgery of water collection;
- Free time to give to livelihood opportunities (such as farming, baking and gardening) and to schoolwork;
- Increased school attendance by all age groups; and
- Proud sense of ownership and accountability for the water project and increased team cooperation for its maintenance and sustainability.

Between 2022 and 2024, HCI Foundation and HCI subsidiaries have invested R11 323 201 in 8 water projects and one agricultural programme in Hluhluwe, benefiting over 30 000 people. Moreover, a total of 80 young community members (the majority of whom are women) have been employed and trained during project construction and 8 committees, responsible for the maintenance of the system, have been established in the various villages.

Hluhluwe Project Impact Review





Nomthandazo Gasela, a 12-year-old student in grade 7 who lives in Qhoqhoqho village, shares her experience of the benefits the project has brought:

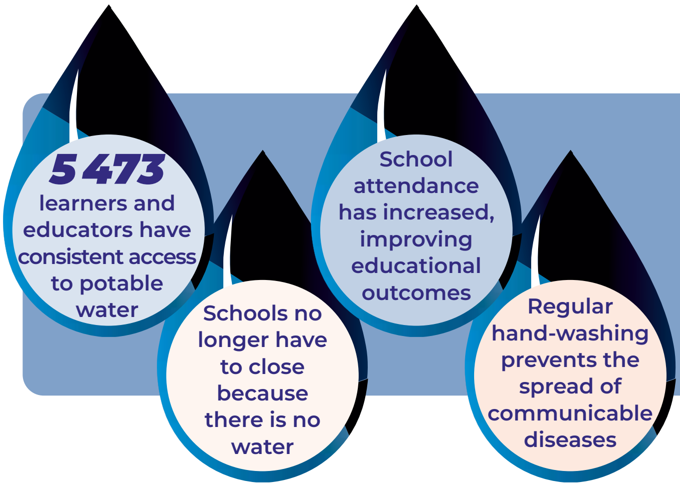
"In the past, fetching water used to be a challenge, with my sisters and I trekking to an open source. This activity would take several hours and meant that we had less time to spend with our friends or doing schoolwork. Now, with a tap near my home, I call friends to quickly gather water, leaving more time for other activities. I am so grateful for this gift, thank you for making our lives easier!"

Bongekile Soncoa, a 38-year-old mother of 4 children who lives in Ezitobhini village, says:

"Growing up, accessing water was challenging, and we had to ration it for drinking and bathing. As a member of the water committee, I ensure the project's well-being to avoid a return to the difficult times of fetching water from distant sources. My commitment stems from personal experiences, as I recall the fatigue of collecting water. I am determined, along with the committee, to maintain and safeguard the project. Thank you for transforming our lives!"

Roundabout Water Solutions, North West, Northern Cape and Limpopo Provinces – Playpumps

Since 2011, HCI Foundation has been collaborating with Roundabout Water Solutions to bring much needed water to rural schools. To date, 22 rural schools with existing but defunct boreholes have had their boreholes rehabilitated, their water tested and treated, and roundabout play plumps installed. This is an ingenious solution to providing access to a reliable water source at schools with the added benefit of enabling children to play on a fun piece of playground equipment (often the only outdoor equipment at a school) and save on electricity. Our most recent contribution to the project has been towards maintenance of the boreholes and the roundabout pumps.



Mr Kgwatalala, Principal of Ramaalo Primary School in the Capricorn District of Limpopo has the following to say about the impact of the programme in his school community.

"Safe and clean water is needed for our children to practice and master basic hygiene such as washing hands before and after meals and after using the loo. Roundabout pumps not only provide reliable access to clean water but they have also allowed us to grow vegetables like spinach, tomatoes and onions, which we now use to supplement our learners' nutritional programme. Also, the school has grown a Moringa plantation and the community members use the leaves for healing various ailments. We truly serve our community. Being a no fee, quintile 2 school, more often than not our budget allocation is not enough for all school needs including electricity. Our electricity bill has gone down drastically thanks to the Roundabout pumps, which don't use electricity to pump water."

Endangered Wildlife Trust (EWT), KwaZulu-Natal – Spring rehabilitation and protection

EWT conservation initiatives in Mqatsheni and KwaMkhize villages in the Drakensberg focus on spring protection and rehabilitation, land management and food security. HCI Foundation partners with EWT to implement a programme to protect cranes and their wetland and grassland habitats. The improvements to local bio-diversity also benefit the village communities, where rehabilitation of 4 springs and installation of 4 collection points has given 1 684 people daily access to clean water. Collection points are strategically placed to be easily accessible. One further collection point which will service 43 more households is under construction. Water is also used beyond personal and household needs to enable small scale agriculture which improves food security.

SUSTAINABLE FOOD SECURITY INITIATIVE (SFSI), KwaZulu-Natal, Eastern Cape and Mpumalanga

HCI Foundation launched its Sustainable Food Security Initiative in 2021 in the wake of our food parcel campaign with eMedia during Covid-19 when food insecurity, particularly in rural areas, was becoming desperate. Following a workshop in November 2020, five partner organisations with farming experience joined us to develop a small-scale rural agricultural initiative which would empower communities to become increasingly food secure and self-reliant.

This was a new initiative for HCI Foundation and the interactive nature of the relationship amongst all our partners has led to valuable learning over the last three years. We are now in partnership with 8 organisations in 3 provinces, and together, based on what we have learned, we will map the direction of the programme into the future.

Whilst the graphic below shows fluctuations in programme size in a number of significant areas over the three years, the percentage of produce sold for income generation remains steady at close to 60%.

This represents real, positive change for programme participants, their households and communities as they move from improved food security for consumption, to food production and income generation. Links between HCI Foundation and some HCI subsidiaries have increased programme stability and confidence: several Southern Sun hotels have had consistent weekly orders of fresh produce. eMedia has also been incredibly generous by giving free airtime to the value of R23,8 million to promote our partner organisations.

SFSI 3-Year Review

Financial year	2022	2023	2024
Community farms	58	59	62
Farmers	994	1 132	836
Households	994	1 008	745
Hectares	45	51	65
Produce value (million)	R4,6	R5,5	R3,1
Produce sold (million)	R2,7	R3,2	R1,8
Produce sold for income generation (%)	58	57	58

The decrease in numbers in 2024 is due to extreme weather fluctuations affecting land and produce and the unfortunate exit of one organisation which was unable to adhere to programme goals.

Buhle Farmers' Academy

Buhle Farmers' Academy is based in Mpumalanga near Delmas and is one of the original partners in the Foundation's Food Security Initiative. Farmers from all over the country attend courses at the academy's campus to learn more about the business of agricultural and livestock farming.

The Success Story of the Sizimisela Cooperative

Mrs. Norah Mamba is the leader of Sizimisela Cooperative which operates 10km outside Secunda Town in Mpumalanga. It started as an informal association in 2013, farming vegetables on a hectare of land without any infrastructure. Since being selected by Buhle Farmers' Academy to be part of the HCI Foundation Food Security Initiative, Sizimisela has become a registered cooperative with 6 active members, and its farm has expanded to 9 hectares of land, producing vegetables and breeding broiler chickens.

Buhle Farmers' Academy has played a critical role in the success of Sizimisela. Buhle provides training and mentoring to the cooperative and has been instrumental in securing infrastructure support for them. It has also helped the cooperative to overcome many business challenges; these include record-keeping, transport, extreme weather conditions, managing internal conflict and accessing formal markets. Sizimisela members have worked hard to develop a shared vision and common goals and, crucially, to understand the concept of reinvesting profit before sharing, which has enabled them to pay for their production inputs, hire a tractor, and pay wages to their seasonal workers.

Mrs Mamba says, "Buhle Farmers' Academy made us realise the concept of farm business management - they made us aware that immediately you put the seed on the ground, that's when the maturity starts, and that produce must pay for the next production cost and also pay you." Cooperative members have now been able to sell some of their farming products to retailers, restaurants, spaza shops, and local communities, whilst also holding on to a significant portion to feed their families. What makes them feel particularly proud is that they are able to donate some of their produce to their local communities on a regular basis.

The success of Sizimisela is now being recognized by the Department of Agriculture and educational institutions. It has recently secured its Good Agricultural Practice (GAP) certificate and is thereby part of an internationally recognised farm quality assurance scheme that demonstrates sustainability and the application of good agricultural practices. In 2023 Mangosuthu University of Technology placed a student with Sizimisela for in-service training, and this year a second student from the University of Mpumalanga has been placed with them.

Mrs Mamba concludes, "We were happy to see young minds coming and joining us on the farm. We are now old, and sharing the knowledge of farming with young ones shows that food security will continue and last forever; we are grateful for this opportunity, and we are also learning from the young ones: they know technology and we know traditional farming."

HCI Foundation Food Security Initiative – a Platform for Sharing, Learning and Accelerating Change

In the second phase of the SFSI, HCI Foundation will continue to engage with partner organisations to consolidate the programme's growth and development. Through the experience of working together in communities and sharing information amongst different projects, the learning and development has been exciting and exponential. Our shared platform will assist with meeting targets for the next phase of the programme, where the goals include: improving infrastructure to reduce labour-intensive farming practices; irrigation systems for all the farms; climate-smart farming; increased access to formal and informal markets; expansion into product processing and other provinces, and attracting additional funding for farmers as well as increasing revenue and profit from product sales.

The financial year 2024 has been a year of consolidation and partnership. Whilst there is still work to be done to build on the achievements and progress of our two new flagship programmes as they move into their second phase, we are confident that the groundwork to date will provide a secure basis for their future growth.

HCI Foundation is committed to contributing to a thriving and sustainable South Africa. Our programmes highlight the importance of youth – their energy, their vision and their desire to make a difference to their lives and to those of their communities. We support this vision in various ways – through our education programmes, starting at early childhood as a building block for the future, and through our environmental programmes which focus on training, teaching and sustainability. We encourage communities to take responsibility for their projects, to work cooperatively and to ensure their continuity into the future.

1. **Nature of business**

Hosken Consolidated Investments Limited (HCI) is an investment holding company, incorporated in South Africa and listed on the JSE Limited.

2. **Operations and business**

The business operations of HCI include investing in opportunities as identified by the board of directors and the adding of value to these investments over time. As such, HCI has itself consciously established and pursued an investment policy in terms of which it has endeavoured to maintain significant equity and capital participation in entrepreneurially-run companies with significant growth potential. The investments are constantly reviewed and new ones sought to complement them.

Refer to pages 16 to 41 of the integrated annual report for an overview of operations for the year under review.

3. **Restatement of comparative results**

Details of the restatement of comparative results are set out in note 48 of the annual financial statements.

4. **Changes in the group's shareholding in subsidiaries**

Details of changes in the group's shareholding in subsidiaries are set out in note 8 of the annual financial statements.

5. **Disposal group assets and liabilities held for sale**

Details of disposal group assets and liabilities held for sale are set out in note 15 of the annual financial statements.

6. **Share capital**

Details of the authorised and issued share capital are set out in note 16 of the annual financial statements.

7. **Directorate**

Details of the directors of the company appear in the Corporate administration section of this report.

No changes were made to the directorate for the year under review.

8. **Composition of the board**

The board has assumed responsibility, in line with the board charter, for the composition of the board by ensuring diversity, gender parity, skills, knowledge and resources to effectively discharge its governance role and responsibilities and carry out all its duties.

At 31 March 2024 the board comprised of eleven members which included four executive directors, one non-executive director and six independent non-executive directors. There is a clear balance of power and authority at the board of directors' level.

The board is chaired by Mr VE Mphande, an independent non-executive director, who is not a former CEO of the company. There is a clear division of responsibilities between the chairperson and chief executive officer. The board does not deem it necessary to appoint a lead independent director.

Board member	Number of board meetings	Attendance of members
MH Ahmed	6	6
JA Copelyn	6	6
TG Govender	6	6
MF Magugu	6	6
L McDonald	6	6
SNN Mkhwanazi	6	6
VE Mphande (chair)	6	6
JG Ngcobo	6	6
JR Nicolella	6	6
Y Shaik	6	6
RD Watson	6	6

9. **Dividends**

Ordinary dividend number 62, in the amount of R1,00 (one rand) per share, was declared on 23 May 2024 and will be paid to shareholders on 29 July 2024.

10. **Gender diversity**

The board of directors has adopted a policy on gender diversity at board level and agreed on voluntary targets. The board has reached its gender target of 25% women.

11. Race diversity

The board of directors has adopted a policy on race diversity at board level. The voluntary target was set at a majority of members being people classified as "black". 82% of the members of the board are classified as "black".

12. Company secretary

HCI Managerial Services Proprietary Limited held the office of the company secretary for the 12 months ended 31 March 2024. The secretarial department is under the supervision of Cheryl Philip (FCIS) who is empowered, and authorised, to provide corporate governance services to the board and management. The board has evaluated the performance and independence of the company secretary during the period under review and it is satisfied that the company secretary is competent and has the appropriate qualifications and experience required by the group to administer the secretarial obligations of the company. The secretary has an arm's length relationship with the board of directors.

The name, business and postal address of the company secretary are set out in the Corporate administration section of this report.

13. Financial director

Mr JR Nicolella is the full-time executive financial director of the company.

14. Auditor

Subject to shareholder approval, Forvis Mazars will continue in office as the company's external auditor for the 2025 financial year in accordance with section 90 of the South African Companies Act, with Yolandie Ferreira as the designated auditor.

15. Auditor's report

The consolidated and separate financial statements have been audited by Forvis Mazars and their unqualified audit report on the consolidated and separate financial statements is included on pages 81 to 89 of this report.

16. Significant shareholders

The company's shareholders that own more than 5% of the issued shares are the Southern African Clothing and Textile Workers Union, Chearsley Investments Proprietary Limited, Squirewood Investments 64 Proprietary Limited, Zarclear (RF) Proprietary Limited and Rivetprops 47 Proprietary Limited who own 23.3%, 7.6%, 5.3%, 5.6% and 5.0% respectively. No shareholder has a controlling interest in the company.

17. Special resolutions

The following special resolutions were passed by the company's shareholders at the annual general meeting (AGM) of shareholders held on 1 September 2023:

- granting the directors the authority, subject to the provisions of the Act and the JSE Listings Requirements, to allot and issue ordinary shares of the company (or to issue options or securities convertible into ordinary shares) for cash to such person or persons, on such terms and conditions as they may deem fit. The aggregate number of ordinary shares to be allotted and issued for cash is limited as set out in the resolution;
- approval of the fees payable to non-executive directors for their services as directors or as members of the board sub-committees in respect of the financial period 1 September 2023 until the next AGM of the company; and
- granting the company and the subsidiaries of the company a general authority contemplated in terms of paragraph 5.72 of the JSE Listings Requirements, for the acquisition by the company, or a subsidiary of the company, of ordinary shares issued by the company.

18. Special resolutions of subsidiaries

The statutory information relating to special resolutions passed by subsidiaries is available from the registered office of the company

19. Shareholding of directors

The shareholding of directors of the company and their participation in the share incentive scheme of the company as at 31 March 2024 are set out in the remuneration report in this report on page 62, in the Notice of Meeting on page 16 and in notes 41 and 40 of the annual financial statements, respectively.

20. Directors' emoluments

Directors' emoluments incurred by the company and its subsidiaries for the year ended 31 March 2024 are set out in this report on pages 63 and 64 and in note 42 of the annual financial statements.

21. Subsidiaries

Details of the company's subsidiaries are set out in annexure A to the annual financial statements.

22. Borrowing powers

There are no limits placed on borrowing in terms of the memorandum of incorporation. Certain companies in the group have entered into various loan agreements with providers of loan finance. These loan agreements include various covenants and undertakings by companies in the group which may restrict the group's borrowing powers. Details of these covenants and undertakings are set out in note 19 of the annual financial statements.

23. Litigation statement

The directors are not aware of any legal or arbitration proceedings (including proceedings which are pending or threatened) that may have a material impact on the financial position of the group for the 12 months after 31 March 2024.

24. Material changes

There has been no material change in the financial or trading position of the HCI group since the publication of its summarised annual financial statements on 23 May 2024.

25. Events subsequent to reporting date

Events that occurred subsequent to the reporting date are set out in note 47 of the annual financial statements.

26. Going concern

The directors have assessed the cash flow forecasts and borrowing profiles of all entities within the group and are of the view that the group has sufficient liquidity to meet its obligations for the foreseeable future. Details of the going concern assessment are set out in accounting policy 2(i) of the annual financial statements.

VE Mphande
Chairperson
26 July 2024

JA Copelyn
Chief Executive Officer

SHAREHOLDERS' SNAPSHOT

Type of shareholder

Share Range	Number of shareholders	% of current shareholders	Number of shares	% of Issued capital
Banks and custodians	88	2,4	7 370 083	8,6
Close corporations	6	0,2	2 860	0,0
Individual	2 777	75,0	24 163 022	28,2
Other corporation	225	6,1	11 410 842	13,3
Pension. Provident. Retirement and other funds	255	6,9	13 475 769	15,7
Private company	94	2,5	26 911 829	31,5
Public company	24	0,6	562 786	0,7
Trust	233	6,3	1 723 457	2,0
	3 702	100,0	85 620 648	100,0

Range of holdings

1	–	1000 shares	2 828	76,4	509 648	0,6
1 001	–	10 000 shares	584	15,8	1 941 782	2,3
10 001	–	50 000 shares	175	4,7	4 282 786	5,0
50 001	–	100 000 shares	41	1,1	3 161 095	3,7
100 001	–	500 000 shares	53	1,4	12 007 620	14,0
500 001	–	1 000 000 shares	8	0,2	6 012 358	7,0
1 000 001	–	shares and over	13	0,4	57 705 359	67,4
			3 702	100,0	85 620 648	100,0

Stock exchange performance	31 March 2024
Total number of shares traded ('000)	17 440
Total value of shares traded (R'000)	3 465 610
Market price (cents per share)	
- High	24 342
- Low	16 502
- Closing	17 200
Market capitalisation (R'000)	13 909 664

SHAREHOLDERS' SNAPSHOT
(Continued)

Shareholdings greater than 5%

	2024	2023
Southern African Clothing and Textile Workers Union	23,3	24,7
Chearsley Investments Proprietary Limited	7,6	7,6
Squirewood Investments 64 Proprietary Limited*	5,3	5,3
Zarclear (RF) Proprietary Limited	5,6	2,2
Rivetprops 47 Proprietary Limited	5,0	4,3
	46,8	44,1

** Treasury shares*

Shareholder spread

	% held		Number of shareholders	
	2024	2023	2024	2023
Public	52,2	51,5	3 684	3 936
Non public	47,8	48,5	18	18
Directors	7,9	7,9	6	6
Associates of directors	11,0	10,3	7	7
Significant shareholder	23,3	24,7	1	1
Share trust	0,2	0,2	1	1
Foundation	-	-	1	1
Treasury shares	5,4	5,4	2	2
	100,0	100,0	3 702	3 954

SUMMARISED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

SUMMARISED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Audited 31 March 2024 R'000	Audited 31 March 2023 R'000
ASSETS		
Non-current assets	44 824 354	45 666 976
Property, plant and equipment	16 376 146	16 324 722
Right-of-use assets	372 657	299 782
Investment properties	5 204 210	5 052 816
Goodwill	3 824 589	3 824 589
Investments in associates and joint arrangements	7 932 140	6 465 307
Other financial assets	1 662 181	1 487 781
Intangible assets	9 161 499	11 886 839
Deferred taxation	235 286	261 307
Other	55 646	63 833
Current assets	6 243 672	6 025 551
Inventories	870 980	1 020 986
Programme rights	1 364 880	945 387
Other financial assets	104 237	-
Trade and other receivables	2 157 874	1 883 759
Taxation	33 396	83 541
Bank balances and deposits	1 712 305	2 091 878
Disposal group assets held for sale	152 642	170 396
Total assets	51 220 668	51 862 923
EQUITY AND LIABILITIES		
Equity	28 193 640	28 164 962
Equity attributable to equity holders of the parent	19 007 454	18 168 070
Non-controlling interest	9 186 186	9 996 892
Non-current liabilities	17 389 343	19 785 601
Deferred taxation	4 708 176	5 375 895
Borrowings	11 925 641	13 681 541
Lease liabilities	429 464	381 383
Provisions	82 397	80 135
Other*	243 665	266 647
Current liabilities	5 635 920	3 910 595
Trade and other payables	2 667 238	2 494 662
Current portion of borrowings	2 428 551	804 071
Taxation	32 985	47 929
Provisions	229 300	210 406
Bank overdrafts	107 143	148 033
Other	170 703	205 494
Disposal group liabilities held for sale	1 765	1 765
Total equity and liabilities	51 220 668	51 862 923
Net asset carrying value per share (cents)	23 504	22 466

** Other non-current liabilities include post-retirement benefit liabilities, long-term incentive plans and deferred revenue and income*

SUMMARISED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

SUMMARISED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	% change	Audited 31 March 2024 R'000	Audited 31 March 2023 R'000
Revenue		13 306 005	12 575 559
Net gaming win		9 672 551	9 626 677
Property rental income		754 670	696 699
Income	3,6	23 733 226	22 898 935
Expenses		(17 686 268)	(17 259 883)
EBITDA	7,2	6 046 958	5 639 052
Depreciation and amortisation		(1 218 507)	(1 161 767)
Investment income		258 649	299 532
Finance costs		(1 425 153)	(1 194 861)
Equity-accounted (losses)/earnings of associates and joint ventures		(171 751)	198 348
Investment surplus		490 228	152 384
Fair value adjustments on investment properties		38 044	80 295
Impairment reversals		-	3 163 984
Asset impairments		(2 811 522)	(398 310)
Fair value adjustments on financial instruments		(59 807)	(70 843)
Impairment of goodwill and investments		(13 181)	-
Profit before taxation	(83,1)	1 133 958	6 707 814
Taxation		(388 270)	(1 620 042)
Profit for the year from continuing operations		745 688	5 087 772
Discontinued operations		-	(9 064)
Profit for the year		745 688	5 078 708
Attributable to:			
Equity holders of the parent		651 898	3 207 067
Non-controlling interest		93 790	1 871 641
		745 688	5 078 708

SUMMARISED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

	Audited 31 March 2024 R'000	Audited 31 March 2023 R'000
Profit for the year	**745 688**	5 078 708
Other comprehensive income net of tax:		
Items that will subsequently be reclassified to profit or loss		
Foreign currency translation differences	**294 616**	596 944
Cash flow hedge reserve	**(56 113)**	28 656
Share of other comprehensive (losses)/income of equity-accounted investments	**26 700**	(12 996)
Reclassification of cash flow hedge reserves on disposal of equity-accounted investments	**4 116**	-
Items that will not subsequently be reclassified to profit or loss		
Revaluation of owner-occupied land and buildings on transfer to investment properties	**3 330**	-
Actuarial gains on post-employment benefit liabilities	**3 758**	9 681
Fair value adjustments on equity instruments designated at fair value through other comprehensive income	**(241 210)**	121 335
Share of other comprehensive income of equity-accounted investments	**-**	432
Total comprehensive income	**780 885**	5 822 760
Attributable to:		
- Equity holders of the parent	**830 684**	3 874 154
- Non-controlling interest	**(49 799)**	1 948 606
	780 885	5 822 760

SUMMARISED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Audited 31 March 2024 R'000	Audited 31 March 2023 R'000
Balance at the beginning of the year	**28 164 962**	22 827 423
Current operations		
Total comprehensive income	**780 885**	5 822 760
Equity-settled share-based payments	**31 231**	28 612
Share of direct equity movements of equity-accounted investments	**(3 257)**	27 637
Disposal of subsidiaries	**-**	461
Effects of changes in holding	**(116 078)**	(37 131)
Extinguishment of borrowings from non-controlling interests*	**37 752**	-
Dividends	**(701 855)**	(504 800)
Balance at the end of the year	**28 193 640**	28 164 962

* *A change to the terms of borrowings from non-controlling interests resulted in an extinguishment of the original loan and an adjustment of R38 million being recognised as an equity contribution*

RECONCILIATION OF HEADLINE EARNINGS

	% change	Audited 31 March 2024 Gross R'000	Audited 31 March 2024 Net R'000	Audited 31 March 2023 Gross R'000	Audited 31 March 2023 Net R'000
Earnings attributable to equity holders of the parent	(79,7)		651 898		3 207 067
Losses on disposal of property		-	-	33 410	6 880
(Gains)/losses on disposal of plant and equipment		(9 194)	(5 140)	398	(123)
Impairment of property, plant and equipment		95 799	43 219	142 905	50 616
Losses on disposal of subsidiaries		-	-	3 557	1 780
Gains on disposal of interests in equity-accounted investments		(286 616)	(276 251)	(25 398)	(25 398)
Gains on changes in holdings of equity-accounted investments		(203 563)	(187 288)	(32 567)	(31 353)
Hedging reserves recycled on disposal of equity-accounted investments		4 116	4 116	-	-
Impairments/(impairment reversals) on interests in equity-accounted investments		13 181	13 181	(754 954)	(694 222)
Impairment of intangible assets		2 715 723	990 644	249 950	91 130
Reversal of asset impairments		-	-	(2 409 030)	(874 548)
Gains on disposal of investment properties		(4 165)	(2 773)	(14 080)	(11 001)
Fair value adjustments on investment properties		(38 044)	(18 369)	(80 295)	(54 091)
Insurance claims for capital assets		(13 844)	(7 073)	(22 934)	(13 567)
Impairment of right-of-use assets		-	-	5 455	1 268
Remeasurements included in equity-accounted earnings of associates and joint arrangements		(33 280)	(30 619)	(10 447)	3 940
- Losses on disposal of plant and equipment		777	715	-	-
- Impairment of intangible assets		-	-	71 530	71 377
- Impairment of interests in equity-accounted investments		-	-	82 148	82 148
- Fair value adjustments on investment properties		(32 584)	(29 979)	(1 380)	(1 269)
- Gains on disposal of subsidiaries		(1 473)	(1 355)	(166 867)	(153 438)
- Other		-	-	4 122	5 122
Headline earnings	(29,1)		1 175 545		1 658 378

RECONCILIATION OF HEADLINE EARNINGS (Continued)

	% change	Audited 31 March 2024 Gross R'000	Audited 31 March 2024 Net R'000	Audited 31 March 2023 Gross R'000	Audited 31 March 2023 Net R'000
Basic earnings per share (cents)					
Earnings/(losses)	(79,7)		806,11		3 965,71
Continuing operations			806,11		3 973,97
Discontinued operations			-		(8,26)
Headline earnings/(losses) per share (cents)	(29,1)		1 453,62		2 050,67
Continuing operations			1 453,62		2 056,31
Discontinued operations			-		(5,64)
Weighted average number of shares in issue ('000)			80 870		80 870
Actual number of shares in issue at the end of the year (net of treasury shares) ('000)			80 870		80 870
Diluted earnings per share (cents)					
Earnings/(losses)	(79,7)		789,31		3 896,66
Continuing operations			789,31		3 904,78
Discontinued operations			-		(8,12)
Headline earnings/(losses) per share (cents)	(29,4)		1 423,33		2 014,97
Continuing operations			1 423,33		2 020,51
Discontinued operations			-		(5,54)
Weighted average number of shares in issue ('000)			82 591		82 303

SUMMARISED CONSOLIDATED STATEMENT OF CASH FLOWS

	Audited 31 March 2024 R'000	Audited 31 March 2023 R'000
Cash flows from operating activities	2 802 717	2 999 835
Cash generated by operations	6 158 269	5 940 767
Net finance costs	(1 314 625)	(1 059 895)
Changes in working capital	(365 444)	(490 525)
Taxation paid	(975 755)	(891 690)
Dividends paid	(699 728)	(498 822)
Cash flows from investing activities	(2 680 692)	(1 843 081)
Business combinations and disposals	-	(276 307)
Net investments acquired	(1 566 412)	(618 339)
Dividends received	68 156	102 243
Loans and receivables repaid	23 309	87 881
Proceeds from insurance claims for capital assets	13 844	18 542
Government grants received	13 478	12 110
Intangible assets		
- Additions	(108 674)	(190 989)
- Disposals	-	368
Investment properties		
- Additions	(83 091)	(118 802)
- Disposals	65 042	35 231
Property, plant and equipment		
- Additions	(1 151 230)	(1 076 334)
- Disposals	44 886	181 315
Cash flows from financing activities	(461 801)	(1 250 453)
Other liabilities raised	5 635	-
Transactions with non-controlling shareholders	(114 953)	(34 699)
Principal paid on lease liabilities	(75 977)	(68 344)
Net funding repaid	(276 506)	(1 147 410)
Decrease in cash and cash equivalents	(339 776)	(93 699)
Cash and cash equivalents		
At the beginning of the year	1 944 134	2 036 768
Foreign exchange differences	1 093	1 065
At the end of the year	1 605 451	1 944 134
Bank balances and deposits	1 712 305	2 091 878
Bank overdrafts	(107 143)	(148 033)
Cash in disposal groups held for sale	289	289
Cash and cash equivalents	1 605 451	1 944 134

SEGMENTAL ANALYSIS

	Revenue 31 March		Net gaming win 31 March	
	2024 R'000	2023 R'000	**2024 R'000**	2022 R'000
Media and broadcasting	**3 059 299**	3 125 051	**-**	-
Gaming	**1 655 750**	1 518 592	**9 672 551**	9 626 677
Transport	**2 603 872**	2 391 748	**-**	-
Properties	**307 467**	233 926	**-**	-
Coal mining	**2 236 850**	2 115 290	**-**	-
Branded products and manufacturing	**3 373 021**	3 148 963	**-**	-
Other	**69 746**	41 989	**-**	-
Total	**13 306 005**	12 575 559	**9 672 551**	9 626 677

	Property rental income 31 March		EBITDA 31 March	
	2024 R'000	2023 R'000	**2024 R'000**	2023 R'000
Media and broadcasting	**17 681**	17 124	**651 926**	689 306
Gaming	**175 775**	155 849	**3 860 681**	3 487 218
Transport	**-**	-	**593 547**	472 376
Properties	**389 012**	369 344	**317 642**	286 652
Coal mining	**-**	-	**428 427**	481 038
Branded products and manufacturing	**154 686**	140 824	**347 645**	365 201
Other	**17 516**	13 558	**(152 910)**	(142 739)
Total	**754 670**	696 699	**6 046 958**	5 639 052

	Profit/(loss) before tax 31 March		Headline earnings/(loss) 31 March	
	2024 R'000	2023 R'000	**2024 R'000**	2023 R'000
Media and broadcasting	**501 521**	569 357	**212 088**	238 931
Gaming	**(336 168)**	4 168 409	**880 364**	795 635
Hotels	**369 787**	1 225 326	**309 603**	286 626
Transport	**515 059**	387 995	**321 004**	231 813
Properties	**168 301**	197 015	**75 347**	61 217
Coal mining	**319 695**	433 490	**226 840**	308 590
Branded products and manufacturing	**132 698**	204 942	**87 922**	113 707
Oil and gas prospecting	**(528 175)**	(226 852)	**(528 175)**	(75 071)
Palladium prospecting	**(25 118)**	(21 638)	**(25 118)**	(21 638)
Other	**16 358**	(230 230)	**(384 330)**	(281 432)
Total	**1 133 958**	6 707 814	**1 175 545**	1 658 378

SEGMENTAL ANALYSIS (Continued)

The group's revenue streams per segment are as follows:

	2024		2023	
	Sale of goods R'000	Provision of services R'000	Sale of goods R'000	Provision of services R'000
Revenue recognised at a point in time				
Media and broadcasting				
Revenue from the sale of Openview boxes	145 594	-	180 147	-
Gaming				
Food and beverage revenue	-	647 977	-	589 233
Transport				
Revenue from the sale of vehicles, spares, tyres and retreads	152 768	-	43 235	-
Single-journey bus ticket revenue	-	360 419	-	353 827
Revenue from charter hire services	-	113 639	-	99 035
Revenue from automotive repair services	-	19 370	-	11 896
Other revenue	-	2 825	-	15 392
Properties				
Convention and exhibition revenue	-	134 259	-	93 327
Development revenue	16 965	-	-	-
Coal mining				
Revenue from the sale of coal	2 236 850	-	2 115 290	-
Branded products and manufacturing				
Revenue from the sale of:				
- Toys, electronic games and sports goods	943 720	-	948 490	-
- Woven, knitted and non-woven products	936 209	-	875 512	-
- Pressed, roll-formed steel products	929 080	-	723 266	-
- Stationery, publishing and office supplies	385 646	-	378 900	-
- Speciality chemicals	133 614	-	142 869	-
Other				
Food and beverage revenue	-	33 692	-	19 934
Donations	-	8 484	-	-

SEGMENTAL ANALYSIS (Continued)

The group's revenue streams per segment are as follows (continued):

	2024		2023	
	Sale of goods R'000	Provision of services R'000	Sale of goods R'000	Provision of services R'000
Revenue recognised over time				
Media and broadcasting				
Advertising revenue	-	2 346 975	-	2 278 025
Licence fees	-	369 250	-	350 000
Facility income from broadcasting and production services	-	173 854	-	261 965
Content sales	-	23 626	-	54 914
Gaming				
Hotel room revenue	-	523 222	-	501 473
Entrance fees	-	224 875	-	183 538
Tenant recoveries	-	73 718	-	69 104
Cinema revenue	-	46 184	-	47 769
Venue hire revenue	-	27 724	-	22 804
Parking fees	-	22 081	-	12 083
Other revenue*	-	89 969	-	92 588
Transport				
Revenue from operational contracts with the Department of Transport and the City of Cape Town for the provision of bus services	-	1 345 801	-	1 288 191
Multi-journey bus ticket revenue	-	609 050	-	578 305
Other revenue	-	-	-	1 867
Properties				
Tenant recoveries	-	152 553	-	135 397
Other revenue	-	3 690	-	5 202
Branded products and manufacturing				
Revenue from the sale of pressed, roll-formed steel products	44 752	-	79 926	-
Other				
Internal audit fees	-	20 137	-	15 204
Tenant recoveries	-	6 300	-	5 870
Other revenue	-	1 133	-	981
	5 925 198	7 380 807	5 487 635	7 087 924

* *Other gaming revenue recognised over time most significantly includes tournament fees, other hotel revenue and other sundry revenue*

BASIS OF PREPARATION AND ACCOUNTING POLICIES

The results for the year ended 31 March 2024 have been prepared in accordance with the framework concepts, the recognition and measurement requirements of IFRS® Accounting Standards (IFRS®), the disclosure requirements of IAS 34: Interim Financial Reporting, the SA Financial Reporting Requirements, the requirements of the South African Companies Act, 2008, and the Listings Requirements of the JSE Limited.

As required by the JSE Limited Listings Requirements, the company reports headline earnings in accordance with Circular 1/2023: Headline Earnings as issued by the South African Institute of Chartered Accountants.

These financial statements were prepared under the supervision of the financial director, Mr JR Nicolella CA(SA). This summarised annual financial statements are extracted from audited information, but is not itself audited. Forvis Mazars, the group's independent auditor, has audited the underlying annual financial statements (AFS) for the year ended 31 March 2024 and has expressed an unqualified audit opinion thereon, which is available on the website at www.hci.co.za. The auditor's report does not necessarily report on all of the information contained in this summarised report, shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditor's engagement they should obtain a copy of the auditor's report together with the accompanying financial information. The directors take full responsibility for the preparation of the summarised annual financial statements and related notes and that the financial information has been accurately extracted from the underlying audited AFS.

The accounting policies applied by the group in the preparation of these summarised consolidated financial statements are consistent with those applied by the group in its consolidated financial statements for the year ended 31 March 2023.

GOING CONCERN

The company's central borrowings are subject to the following covenants:

- combined Tsogo Sun Limited (TSG) and Southern Sun Limited (SSU) investment cover ratio of no less than 2.25;
- total investment cover ratio of no less than 3.5;
- total investment cover ratio, including holding company guarantees, of no less than 2.1; and
- debt service cover ratio in respect of holding company income of no less than 2.

The company is currently in compliance with these debt covenants in respect of central borrowings.

Preference shares and term debt in the amount of R1 705 million, as included in central borrowings, is due for redemption and repayment on 30 September 2024 and has been classified as current borrowings as at the reporting date. Discussions have been initiated with the company's funders relating to the refinance of the majority of these borrowings into longer-term facilities.

Gaming and Hotel operations, as well as all other major subsidiaries and associates of the group, were in compliance with their debt covenants as at the reporting date.

The company has assessed its cash flow forecasts and borrowings profiles and is of the view that the group has sufficient liquidity to meet its obligations as currently foreseen for the foreseeable future. This assessment assumed that lending rates will be sustained at current levels and load shedding remains ongoing for the foreseeable future.

FAIR VALUE MEASUREMENT

Investment properties

Gaming

Fair value losses in respect of investment properties relating to gaming operations amounted to R5 million in the current year. The fair values were determined by an independent valuer using the income capitalisation method and comparable sales for vacant land. The significant unobservable inputs used in the current year were as follows:

- average rental income growth rate of 1,4%;
- capitalisation rate of 9,25% – 10%; and
- vacancy rate of 0% – 25%.

Properties

Fair value gains in respect of investment properties of property operations amounted to R43 million in the current year. The fair values were determined by management by applying the discounted cash flow and direct comparable sales methods. The significant unobservable inputs were as follows:

- net income growth rate of 4,6% – 14,3%;
- terminal capitalisation rate of 9% – 12%; and
- risk-adjusted pre-tax discount rate of 14% – 16,5%.

Branded products and manufacturing

Fair value gains on investment properties relating to branded products and manufacturing amounted to R0.6 million in the current year. The fair values were determined by independent valuers using the income capitalisation method. The significant unobservable inputs were as follows:

- capitalisation rate of 8,25% – 11%; and
- vacancy rate of 0% – 5%.

Rental income and operating expenses were determined based on contractual and budgeted amounts for individual properties.

Financial assets at fair value

Through other comprehensive income

The group has a 20% equity interest in each of SunWest International Proprietary Limited (SunWest) and Worcester Casino Proprietary Limited (Worcester). The group has pre-emptive rights but no representation on the board of directors of either company and has no operational responsibilities. The group also has no access to any information regarding the companies except for that to which it has statutory rights as a shareholder. These investments are classified as level 3 fair value measurements and have been accounted for as financial assets at fair value through other comprehensive income.

The asset has been remeasured to R724 million at 31 March 2024, a R235 million decrease (2023: R145 million increase). A discounted cash flow valuation was used to estimate the fair value. A delayed recovery in income and increased discount rates were the main drivers of the decrease in fair value.

The significant unobservable inputs used in the fair value measurement of the investment in SunWest and Worcester at 31 March 2024 are shown below (these entities have a 31 December year-end).

- income increases by 9% in the 2024 financial year and then by 4% over the following years (2023: 5% in 2024; 4% – 5% thereafter);
- operating expenditure increases by 10% in the 2024 financial year, thereafter by 4% over the following years (2023: 5% in 2024 and thereafter);
- risk-adjusted discount rate of 15,8% post-tax (2023: 14,8%); and
- long-term growth rate of 5% (2023: 5%).

An increase or decrease of 1% in long-term growth rate would have resulted in an increase of R56 million or decrease of R47 million, respectively, in the valuation. An increase or decrease of 1% in discount rate would have resulted in a decrease of R64 million or increase of R77 million, respectively, in the valuation.

Changes to the carrying value of Sunwest and Worcester consisted only of fair value adjustments in the current and prior year.

Listed equity instruments valued at R287 million at year-end are classified as level 1 financial instruments and comprise the group's investment in City Lodge Hotels Limited, a company listed on the Johannesburg Securities Exchange. The fair value of these shares was determined with reference to its quoted price at 31 March 2024, resulting in a fair value loss totalling R7 million being recognised in other comprehensive income.

Through profit or loss

Certain subsidiaries have invested a total of R417 million surplus cash in yield-enhancing unit trust funds, classified as level 2 financial instruments, as at year-end. Fair value gains of R28 million were recognised on these investments in profit and loss during the current year. The underlying investments of these unit trust funds consist significantly of interest-bearing instruments which are measured at fair value.

The group held shares in Montauk Renewables Inc. (MKR) to the value of R121 million as at the reporting date. This investment is classified as a level 1 financial instrument. Fair value losses of R94 million were recognised on these investments in profit and loss during the current year. These shares are valued with reference to their quoted price on Nasdaq and the Johannesburg Securities Exchange.

IMPAIRMENTS AND IMPAIRMENT REVERSALS

Goodwill and casino licences

Casino licences are allocated and monitored on a casino precinct basis as these are the cash-generating units (CGUs) to which they relate. Goodwill relating to the group's gaming operations has been allocated to the TSG group as a whole as the CGU to which it relates.

The recoverable amount of a CGU is determined based on the higher of the fair value less cost of disposal and value in use. These calculations use management approved cash flow projections based on five-year forecasts.

NOTES TO THE SUMMARISED FINANCIAL STATEMENTS (Continued)

Impairments of R2 716 million were recognised in respect of casino licences. Discounted cash flow valuations were utilised for this purpose.

Following the previous two financial years of strong post-COVID recovery, the current year growth in profitability of gaming operations was subdued. High interest rates and persistent load shedding have resulted in slow economic growth and pressure on consumer spend. Increased discount rates and slower forecast growth have impacted valuations of the casino licences and the group consequently recognised the following impairments, per casino precinct:

	R'million
Montecasino	1 009
Suncoast	720
Gold Reef	285
Silverstar	174
The Ridge	125
Emnotweni	70
Golden Horse	291
Garden Route	31
Blackrock	11
Total	2 716

In addition to the above, property, plant and equipment in respect of the Hemingways Precinct was impaired by R86 million following the impairment assessment.

The significant unobservable inputs used in the testing of the group's casino licences for impairment at 31 March 2024 are shown below:

- expected gaming win and other income increases by between 2% and 12% in the 2025 financial year, thereafter 4% over the following years (2023: 5% in 2025; 4% thereafter);
- operating expenditure increases by between 1% and 21% in the 2025 financial year, thereafter 5% over the following years (2023: 6% in 2025, 5% thereafter);
- risk-adjusted pre-tax discount rate of 19,5% to 21,3% (2023: 18,4% to 20,2%); and
- long-term growth rate of 5% (2023: 5%).

Investments in associates and joint ventures

Due to improved trading the group assessed the carrying value of its interest in SSU for a possible impairment reversal.

A discounted cash flow calculation, utilising the most recent forecasts produced by management, was performed to determine value in use. No impairment or reversal of impairment was consequently recognised.

The significant unobservable inputs used in the discounted cash flow calculation were as follows:

- expected revenue increases by between 5,3% and 8,2% between 2025 and 2029 (2023: between 1% and 7% 2024 to 2028);
- operating expenditure increases on average by 6,8% between 2025 and 2029 (2023: average 5% between 2024 to 2028);
- risk-adjusted discount rate of 19,7% pre-tax (2023: 17,3%); and
- long-term growth rate of 4,5% (2023: 4,5%).

DISCONTINUED OPERATIONS AND DISPOSAL GROUPS HELD FOR SALE

Media and broadcasting

The results of certain non-core operations in the media and broadcasting segment were included in discontinued operations in the prior year and consisted of a loss after tax of R3 million. Disposal group assets of R4 million and liabilities of R2 million as at the reporting date relate to these operations.

Branded products and manufacturing

The results of CLM Home's operations were included in discontinued operations in the prior year and consisted of a loss after tax of R6 million. The business was sold on 1 March 2023.

Investment properties of R115 million are classified as disposal group assets held for sale at the reporting date.

Properties

Investment property with a carrying value of R33 million awaits transfer.

RESULTS

GROUP STATEMENT OF PROFIT OR LOSS AND SEGMENTAL ANALYSIS

Income increased by 4% to R23 733 million
EBITDA increased by 7% to R6 047 million
Profit before tax R1 134 million
Headline earnings R1 176 million
Headline earnings per share 1 454 cents

Media and broadcasting

The television and radio advertising markets have been impacted by persistent load shedding during the current year. The group's television and radio advertising revenue increased by 3%, the majority of which was recognised in Openview with a 22% increase in advertising revenue. The group's prime time market share decreased slightly from 35% to 34% during the current year, while etv maintained its market share at 21%. The group's licence fee revenue increased by 5%. Property and facility revenue decreased by 34% as a result of the Hollywood actor and writer strike earlier in the year and set top box sales decreased by 19%. Active set top boxes have increased by 378 000 to 3 429 000 during the year. The containment of programming and other overhead costs limited the EBITDA decrease to 5%. Profit before tax and headline earnings were impacted by an increase in finance costs of R21 million during the current year.

Gaming

Total income increased by 2% in relation to the prior year. Casino revenue and net gaming win combined increased by 2%, assisted by strong growth in entrance fee, food and beverage, tenanting and rooms revenue. Vukani net gaming win decreased marginally by 1% as a result of lost income during periods of load shedding. EBITDA increased by 11% to R3 861 million, with an EBITDA margin of 34% maintained during the year. Excluding the hotel management agreement cancellation fee of R399 million paid to SSU in the prior year, EBITDA remained static, significantly affected by diesel costs and lost income due to load shedding. Casino EBITDA increased by 1%, that of Vukani decreased by 4% and that of Galaxy Bingo and online betting operations combined, decreased by 28%. Profit before tax includes the impairments to casino licences and property, plant and equipment of R2 801 million detailed previously. Headline earnings of R880 million was impacted by an increase of R83 million in finance costs and is 6% lower than that of the prior year, when adjusted for the R144 million effect of the abovementioned cancellation fee.

Hotels

Trading levels improved significantly at hotel operations compared to the prior year, buoyed by strong tourism and business travel in the Western Cape and Cape Town in particular. Normalised revenue, adjusted for the prior-year receipt of the hotel management agreement cancellation fee of R399 million from TSG, increased by 21% to R6 047 million, following significant increases in rooms (23%), food and beverage (15%), and revenue and rental income (17%). Internally managed rooms sold increased by 13%, with average occupancy levels for these 58.6% in the current year, compared to 51.5% in the prior year. Average room rates achieved during the year were also 9% higher. While average room rates achieved during the year were 27% higher than for the comparative period immediately before COVID, occupancy levels of 58.6% remained marginally below the 59.3% achieved in that period.

The prior-year profit before tax relating to hotel operations includes a reversal of impairment on the investment of R755 million.

Headline profit of R310 million recognised by the group in relation to hotel operations during the current year is an 80% improvement on the prior year, when adjusted for the effective R115 million recognised in respect of the hotel management agreement cancellation fee in the prior year.

Borrowings have decreased by R301 million from R1 964 million at 31 March 2023 to R1 663 million, while SSU repurchased 135 million shares to the value of R617 million.

Transport

Transport revenue increased by 9% with passenger revenue showing strong growth. In addition, revenue from vehicle sales grew by R100 million. EBITDA increased by 26% following an increase of only 5% in operating costs. Fuel cost savings and a reduction in supplies and spares procurement off-set higher personnel costs. Profit before tax and headline earnings increases were further supported by increased interest income, with no significant non-recurring items recognised.

Properties

Gallagher Estate's convention and conferencing operations recorded an increase in revenue of R41 million and R17 million in development revenue was recognised in the current year on the sale of a residential property in Steenberg. Rental income increased by 5%, with substantial gains recorded for The Point Centre in Cape Town and Whale Coast Village Mall in Hermanus. Inner-city housing experienced a marginal regression in rental income. The improvement in EBITDA was mainly owing to the recovery

NOTES TO THE SUMMARISED FINANCIAL STATEMENTS (Continued)

of the Gallagher Estate convention and conferencing operations. Profit before tax includes R43 million in upward revaluation adjustments, compared to R71 million in the prior year. Finance costs increased from R180 million to R205 million in the current year. Furthermore, the prior year included a R14 million investment surplus on the sale of land. Headline earnings increased in line with profit before tax, adjusted for the investment surplus and fair value adjustments above.

Coal mining

Revenue increased by 6% at the Palesa Colliery, consisting of a 2% increase in coal revenue and 12% increase in transport revenue. Following the decrease in export coal prices, supply into that market halted in the first half of the year, halving export coal volumes. Total sales volumes at Palesa still ended on par with the prior year. EBITDA decreased by 11% following reduced high-margin export volumes in the current year. Mining and processing efficiencies limited margin erosion during the current year, resulting in a gross profit margin of 40%, compared to 44% in the prior year and an EBITDA margin of 19%, compared to 23% in the prior year. Profit before tax was impacted by a R46 million amortisation charge relating to the newly established box cut on the Rooipoort property. Headline earnings decreased in line with profit before tax.

Branded products and manufacturing

Revenue in respect of branded products and manufacturing increased by 7% and property rental income by 10%. Automotive parts manufacturing and industrial product manufacturing, driven mainly by textile products, recorded increases in revenue of 26% and 4% despite the pressures of load shedding and high energy prices, while branded product distribution recorded static revenue. EBITDA decreased by 5%, the prior year's results assisted by net business interruption insurance claim receipts of R60 million. Excluding these, EBITDA would have shown an increase of 14%. Finance costs increased by R33 million in the current year, off-set significantly by a decrease of R25 million in tax. Headline earnings decreased in line with profit before tax, significantly due to the aforementioned prior-year insurance receipts.

Oil and gas prospecting

Equity losses of R528 million in respect of Impact Oil & Gas (IOG) includes an effective R483 million in equity losses in respect of its investment in Africa Energy Corp. (AEC). AEC recognised US$135 million in downward fair value adjustments on its investment in the Block 11B/12B prospect offshore the South African south coast following the reassessment of its valuation model.

Palladium prospecting

Equity losses of R25 million were recognised in respect of Platinum Group Metals (PGM) in the current year and contained no significant headline earnings adjusting items. Losses consisted significantly of general and administrative costs and share-based payment expenses, with only interest-related income recognised.

Other

EBITDA losses increased mainly as a result of inflationary cost pressures. Included in profit before tax is a R94 million downward fair value adjustment on the group's interest in MKR, R283 million gain on the disposal of the group's interest in the Karoshoek concentrated solar plant, head office finance costs of R234 million (increasing from R186 million) and a gain of R204 million recognised on the increase in the group's interest in SSU, from 40.8% to 44.8%, following that company's share repurchases during the year. The prior year included, amongst others, the gross settlement proceeds of R132 million relating to the Jindal Africa dispute, a R70 million downward fair value adjustment on the group's interest in MKR and a R25 million gain on the disposal of the group's interest in BSG Africa. Included in the current year's headline loss is R234 million head office finance costs, an effective R45 million downward fair value adjustment on the MKR interest and the remainder being head office and other overheads of the company, the group's internal audit function and La Concorde Holdings.

Notable items on the consolidated statement of profit or loss include:

Refer to the segmental analysis for commentary on variances in income.

Investment income in the prior year included a receipt of R52 million interest in respect of a settlement of dispute with Jindal Africa, which has not recurred. R54 million in dividends was received from the group's interest in Sunwest and Worcester in the current year (2023: R73 million).

Finance costs increased by R230 million due to increased borrowings in certain parts of the group, as well as higher interest rates prevailing during the current year. A R48 million increase in interest was recorded by head office, R83 million by gaming operations, R35 million by branded products and manufacturing, R25 million by properties and R21 million by media and broadcasting.

Losses from associates and joint ventures include R370 million profit in respect of SSU. Equity losses include R528 million that was recognised in respect of IOG, losses of R25 million in respect of PGM and R13 million relating to Alphawave Golf.

An investment surplus of R283 million was recognised on the disposal of the group's 10% interest in Karoshoek and a gain of R204 million on the increase in the group's interest in SSU following that company's share repurchases during the year.

R5 million in fair value losses on investment properties were recognised by the group's gaming operations and a net amount of R43 million in fair value gains by the group's properties division.

Impairments totalling R2 801 million were recognised in respect of gaming operations' casino licences and related property, plant and equipment. The remainder was in respect of property, plant and equipment of various subsidiaries.

Fair value adjustments of R94 million were recognised on the group's interest in MKR, of which R49 million relates to the HCI Foundation and which is not included in headline earnings. The remaining fair value adjustments consist of gains on forward exchange contracts of R6 million and gains of R28 million on unit trust funds.

Headline earnings declined by 29% and can be compared to the prior year as follows:

	2024 R'million	2023 R'million
As reported	1 176	1 658
Glendal settlement gain	-	(113)
Hotel management agreement cancellation fee – Gaming	-	144
Hotel management agreement cancellation fee – Hotels	-	(115)
MKR fair value adjustment on financial instruments	45	45
AEC downward revaluation of financial instrument	464	-
Adjusted	1 685	1 619

GROUP STATEMENT OF FINANCIAL POSITION AND CASH FLOW

Investments in associates and joint ventures increased in the current year and included additional investment of R1 250 million in IOG to fund its drilling programme in Namibia, R48 million in PGM and foreign exchange conversion gains on these US Dollar-denominated investments. Intangible assets consist significantly of casino licences, the impairment of which by R2 716 million in the current year resulted in the significant decrease in carrying value at the reporting date.

Group non-current borrowings at 31 March 2024 comprise central head office borrowings of R778 million (2023: R2 306 million), central investment property-related borrowings of R1 714 million (2023: R1 579 million), borrowings in TSG of R7 946 million (2023: R8 380 million), R787 million (2023: R819 million) in Deneb Investments (Deneb) and the remainder in other operating subsidiaries. R1 760 million (2023: R55 million) in current borrowings relate to central head office borrowings, the majority of which will be refinanced into longer-term facilities later in the 2024 calendar year. R163 million (2023: R64 million) relates to TSG, R258 million (2023: R419 million) to central investment properties and R118 million (2023: R94 million) to eMedia Holdings (eMedia). Bank overdraft facilities include R44 million in TSG, Rnil million at head office and R63 million in Deneb (2023: R50 million, R30 million and R67 million, respectively).

Included in cash flows from investing activities are investments in the associates detailed above. Further fixed-term preference shares of R30 million were subscribed for in Alphawave Golf and R369 million in yield-enhancing unit trust funds. R351 million was received on the disposal of the group's interest in Karoshoek. R180 million was incurred on the acquisition of further shares in City Lodge Hotels. R1 151 million was invested in property, plant and equipment, of which R765 million by TSG, R113 million by HCI Resources, R58 million by FTH, R84 million by Deneb and R89 million by eMedia. No significant property, plant and equipment disposals occurred during the year. Net funding of R177 million was raised at head office, R305 million was repaid by TSG and R94 million and R52 million repaid by FTH and Deneb, respectively.

Shareholders are referred to the individually published results of eMedia Holdings Limited, Tsogo Sun Limited, Southern Sun Limited, Deneb Investments Limited, Frontier Transport Holdings Limited and Platinum Group Metals Limited for further commentary on the media and broadcasting, gaming, hotels, branded products and manufacturing, transport and palladium prospecting operations.

EVENTS SUBSEQUENT TO REPORTING DATE

Other than the acquisition of IOG subsequent to the reporting date,as set out in note 47 of the annual financial statements, the directors are not aware of any matter or circumstance arising between the reporting date and the date of this report that may affect the financial position as at the reporting date or the results for the year then ended, as contained in these summarised financial statements.

JA Copelyn
Chief Executive Officer

JR Nicolella
Financial Director

SHAREHOLDERS' DIARY

Financial year-end	31 March 2024
Annual general meeting	29 August 2024
Reports	
- Condensed annual report	May
- Annual financial statements	July
- Interim report at 30 September	November

CORPORATE ADMINISTRATION

COMPANY REGISTRATION NUMBER	1973/007111/06
SHARE CODE:	HCI ISIN: ZAE000003257
REGISTERED OFFICE:	Suite 801, 76 Regent Road, Sea Point, Cape Town 8005 PO Box 5251, Cape Town, 8000 Telephone: 021 481 7560
WEBSITE ADDRESS:	www.hci.co.za
COMPANY SECRETARY:	HCI Managerial Services Proprietary Limited
DIRECTORS:	*Executive Directors* John Anthony Copelyn (Chief Executive Officer) Theventheran Govindsamy Govender (Kevin) James Robert Nicolella (Financial Director) Yunis Shaik *Independent Non-Executive Directors* Mohamed Haroun Ahmed Mimi Freddie Magugu Sinqumile Nqobani Njongwe Mkhwanazi Velaphi Elias Mphande (Chairperson) Jabulani Geffrey Ngcobo Rachel Doreen Watson *Non-Executive Directors* Laurelle McDonald
AUDITOR:	Forvis Mazars Grand Moorings Precinct, Century City, 7441 PO Box 134, Century City, 7446 Docex 9 Century City
BANKERS:	First National Bank of Southern Africa Limited
TRANSFER SECRETARIES:	Computershare Investor Services Proprietary Limited Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196 South Africa Private Bag X9000, Saxonwold, 2132
SPONSOR:	Investec Bank Limited 100 Grayston Drive, Sandton, Sandown, 2196