



UNAUDITED CONDENSED CONSOLIDATED INTERIM RESULTS  
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024



Hosken Consolidated Investments Limited

2024

## CORPORATE ADMINISTRATION

### **HOSKEN CONSOLIDATED INVESTMENTS LIMITED**

Incorporated in the Republic of South Africa  
Registration number: 1973/007111/06  
Share code: HCI  
ISIN: ZAE000003257  
("HCI" or "the Company" or "the Group")

#### **Directors:**

JA Copelyn (Chief Executive Officer)  
JR Nicoletta (Financial Director)  
TG Govender  
Y Shaik  
MH Ahmed\*  
MF Magugu\*  
L McDonald\*\*  
SNN Mkhwanazi\*  
VE Mphande\* (Chair)  
JG Ngcobo\*  
RD Watson\*

\* Independent non-executive    \*\* Non-executive

#### **Company secretary:**

HCI Managerial Services Proprietary Limited

#### **Registered office:**

Suite 801, 76 Regent Road, Sea Point, Cape Town, 8005  
PO Box 5251, Cape Town, 8000  
Telephone: 021 481 7560

#### **Auditors:**

Forvis Mazars  
Forvis Mazars House, Rialto Road  
Grand Moorings Precinct, Century City, 7441  
PO Box 134, Century City, 7446  
Docex 9 Century City

#### **Transfer secretaries:**

Computershare Investor Services Proprietary Limited  
Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196  
Private Bag X9000, Saxonwold, 2132














#### **Sponsor:**

Investec Bank Limited  
100 Grayston Drive, Sandton, Sandown, 2196

#### **Website address:**

[www.hci.co.za](http://www.hci.co.za)

# INVESTMENTS

 <p>TSOGO SUN</p> <p>Tsogo Sun</p>	 <p>Southern Sun</p> <p>Southern Sun</p>	 <p>eMedia Holdings</p>
 <p>Vukani Gaming Corporation</p>	 <p>Galaxy Bingo</p>	 <p>OpenView HD</p>
 <p>Golden Arrow Bus Service</p>	 <p>HCI Resources</p>	 <p>Deneb Investments</p>
 <p>Platinum Group Metals</p>	 <p>HCI Properties (division)</p>	 <p>Impact Oil &amp; Gas</p>
 <p>Frontier Transport Holdings</p>		

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited 30 September 2024 R'000	Unaudited 30 September 2023 R'000	Audited 31 March 2024 R'000
<b>ASSETS</b>			
<i>Non-current assets</i>	<b>46 151 888</b>	47 420 791	44 824 354
Property, plant and equipment	<b>16 302 575</b>	16 489 107	16 376 146
Right-of-use assets	<b>339 517</b>	272 078	372 657
Investment properties	<b>5 295 759</b>	5 024 354	5 204 210
Goodwill	<b>4 767 430</b>	3 824 589	3 824 589
Investments in associates and joint arrangements	<b>4 543 738</b>	7 584 799	7 932 140
Other financial assets	<b>1 698 533</b>	2 014 778	1 662 181
Intangible assets	<b>12 904 596</b>	11 909 797	9 161 499
Deferred taxation	<b>235 610</b>	245 424	235 286
Other	<b>64 130</b>	55 865	55 646
<i>Current assets</i>	<b>6 987 396</b>	6 388 590	6 243 672
Inventories	<b>926 940</b>	907 056	870 980
Programme rights	<b>1 318 136</b>	1 069 540	1 364 880
Other financial assets	<b>44 835</b>	37 530	104 237
Trade and other receivables	<b>2 533 931</b>	2 208 837	2 157 874
Taxation	<b>49 481</b>	100 318	33 396
Bank balances and deposits	<b>2 114 073</b>	2 065 309	1 712 305
Disposal group assets held for sale	<b>74 954</b>	236 299	152 642
<b>Total assets</b>	<b>53 214 238</b>	54 045 680	51 220 668
<b>EQUITY AND LIABILITIES</b>			
<i>Equity</i>	<b>30 268 147</b>	29 527 547	28 193 640
Equity attributable to equity holders of the parent	<b>18 810 432</b>	19 400 907	19 007 454
Non-controlling interest	<b>11 457 715</b>	10 126 640	9 186 186
<i>Non-current liabilities</i>	<b>17 114 237</b>	19 504 747	17 389 343
Deferred taxation	<b>4 704 858</b>	5 391 589	4 708 176
Borrowings	<b>11 691 972</b>	13 389 818	11 925 641
Lease liabilities	<b>391 100</b>	353 969	429 464
Provisions	<b>85 253</b>	55 933	82 397
Other*	<b>241 054</b>	313 438	243 665
<i>Current liabilities</i>	<b>5 830 089</b>	5 011 621	5 635 920
Trade and other payables	<b>2 644 045</b>	2 596 727	2 667 238
Current portion of borrowings	<b>2 068 512</b>	1 511 773	2 428 551
Taxation	<b>41 654</b>	122 853	32 985
Provisions	<b>246 711</b>	223 661	229 300
Bank overdrafts	<b>651 582</b>	358 270	107 143
Other	<b>177 585</b>	198 337	170 703
Disposal group liabilities held for sale	<b>1 765</b>	1 765	1 765
<b>Total equity and liabilities</b>	<b>53 214 238</b>	54 045 680	51 220 668
<b>Net asset carrying value per share (cents)</b>	<b>23 260</b>	23 990	23 504

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

# CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		<b>Unaudited 30 September 2024 R'000</b>	Unaudited 30 September 2023 R'000
Revenue		<b>6 595 355</b>	6 568 960
Net gaming win		<b>4 685 075</b>	4 954 224
Property rental income		<b>380 993</b>	368 452
Income	(1.9%)	<b>11 661 423</b>	11 891 636
Expenses		<b>(9 001 215)</b>	(8 932 271)
Earnings before interest, taxation, depreciation and amortisation ("EBITDA")	(10.1%)	<b>2 660 208</b>	2 959 365
Depreciation and amortisation		<b>(594 060)</b>	(571 760)
Investment income		<b>127 244</b>	125 576
Finance costs		<b>(720 406)</b>	(735 094)
Equity-accounted losses of associates and joint arrangements		<b>(206 914)</b>	(131 466)
Investment surplus		<b>734 549</b>	419 687
Impairment reversals		<b>165 608</b>	-
Asset impairments		<b>(53 427)</b>	(9 048)
Fair value adjustments on financial instruments		<b>44 521</b>	63 034
Profit before taxation	1.7%	<b>2 157 323</b>	2 120 294
Taxation		<b>(454 693)</b>	(544 286)
Profit for the period		<b>1 702 630</b>	1 576 008
Attributable to:			
Equity holders of the parent		<b>1 237 524</b>	988 680
Non-controlling interest		<b>465 106</b>	587 328
		<b>1 702 630</b>	1 576 008

## CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

	Unaudited 30 September 2024 R'000	Unaudited 30 September 2023 R'000
Profit for the period	1 702 630	1 576 008
Other comprehensive income net of tax:		
<i>Items that will subsequently be reclassified to profit or loss</i>		
Foreign currency translation differences	(597 496)	240 518
Reclassification of foreign currency translation differences on deemed disposal of equity-accounted investments	(842 254)	-
Cash flow hedge reserves	(11 671)	(283)
Reclassification of cash flow hedge reserves on disposal of equity-accounted investments	-	8 231
Share of other comprehensive (losses)/income of equity-accounted investments	(42 718)	25 432
<i>Items that will not subsequently be reclassified to profit or loss</i>		
Fair value adjustments on equity instruments designated at fair value through other comprehensive income	(22,141)	(10 325)
<b>Total comprehensive income</b>	<b>186 350</b>	<b>1 839 581</b>
Attributable to:		
Equity holders of the parent	(108 980)	1 259 356
Non-controlling interest	295 330	580 225
	<b>186 350</b>	<b>1 839 581</b>

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Unaudited 30 September 2024 R'000	Unaudited 30 September 2023 R'000
Balance at the beginning of the period	28 193 640	28 164 962
Total comprehensive income	186 350	1 839 581
Equity-settled share-based payments	14 222	15 812
Share of direct equity movements of equity-accounted investments	7 060	9 583
Non-controlling interest recognised on acquisition of subsidiaries	2 250 728	-
Disposal of subsidiaries	-	10
Effects of changes in holding	(5 628)	(100 127)
Dividends	(378 225)	(402 274)
<b>Balance at the end of the period</b>	<b>30 268 147</b>	<b>29 527 547</b>

## RECONCILIATION OF HEADLINE EARNINGS

	% change	Unaudited 30 September 2024		Unaudited 30 September 2023	
		Gross R'000	Net R'000	Gross R'000	Net R'000
Earnings attributable to equity holders of the parent	25.2%		1 237 524		988 680
Gains on disposal of plant and equipment		(4 467)	(2 377)	(4 660)	(2 809)
Impairment of property, plant and equipment		41 191	15 596	9 048	4 887
Write-off of property, plant and equipment		35	14	-	-
Gains on disposal of interests in equity-accounted investments		-	-	(290 731)	(286 568)
Losses/(gains) on changes in holdings of equity-accounted investments		107 212	105 651	(137 072)	(125 941)
Foreign currency translation reserve recycled on deemed disposal of equity-accounted investments		(842 254)	(842 254)	-	-
Hedging reserves recycled on disposal of equity-accounted investments		-	-	8 231	8 231
Impairment reversals on interests in equity-accounted investments		(165 608)	(85 056)	-	-
Impairment of intangible assets		12 236	4 498	-	-
Losses/(gains) on disposal of investment properties		493	311	(44)	(30)
Insurance claims for capital assets		(6 946)	(3 370)	(7 238)	(3 779)
Remeasurements included in equity-accounted losses of associates and joint ventures		(2 797)	(2 591)	202 710	202 706
Gains on disposal of plant and equipment		(326)	(302)	(83)	(76)
Gains on disposal of investment properties		(2 471)	(2 289)	-	-
Impairment of interests in equity-accounted investments		-	-	202 647	202 647
Other		-	-	146	135
Headline earnings	(45.5%)		427 946		785 377
Earnings per share (cents)					
Basic	25.1%		1 530		1 223
Diluted	25.2%		1 499		1 197
Headline earnings per share (cents)					
Basic	(45.5%)		529		971
Diluted	(45.4%)		519		951
Weighted average number of shares in issue ('000)					
Basic			80 870		80 870
Diluted			82 531		82 593
Actual number of shares in issue at the end of the period (net of treasury shares) ('000)			80 870		80 870

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited 30 September 2024 R'000	Unaudited 30 September 2023 R'000
<i>Cash flows from operating activities</i>	<b>460 236</b>	1 280 852
Cash generated by operations	<b>2 798 831</b>	3 122 549
Net finance costs	<b>(653 158)</b>	(651 063)
Changes in working capital	<b>(835 889)</b>	(345 035)
Taxation paid	<b>(472 878)</b>	(456 575)
Dividends paid	<b>(376 670)</b>	(389 024)
<i>Cash flows from investing activities</i>	<b>197 182</b>	(1 707 553)
Business combinations	<b>396 311</b>	-
Net investments disposed of/(acquired)	<b>40 084</b>	(1 061 975)
Dividends received	<b>113 040</b>	13 022
Loans and receivables repaid	<b>3 837</b>	1 089
Proceeds from insurance claims for capital assets	<b>6 946</b>	7 238
Intangible assets		
– Additions	<b>(25 932)</b>	(47 211)
Investment properties		
– Additions	<b>(44 396)</b>	(43 045)
– Disposals	<b>64 853</b>	417
Property, plant and equipment		
– Additions	<b>(371 346)</b>	(595 964)
– Disposals	<b>13 785</b>	18 876
<i>Cash flows from financing activities</i>	<b>(748 353)</b>	187 048
Other liabilities repaid	<b>(2 744)</b>	-
Transactions with non-controlling shareholders	<b>(5 628)</b>	(101 986)
Principal paid on lease liabilities	<b>(47 271)</b>	(35 958)
Net funding (repaid)/raised	<b>(692 710)</b>	324 992
Decrease in cash and cash equivalents	<b>(90 935)</b>	(239 653)
Cash and cash equivalents		
At the beginning of the period	<b>1 605 451</b>	1 944 134
Foreign exchange differences	<b>(51 736)</b>	2 847
At the end of the period	<b>1 462 780</b>	1 707 328
Bank balances and deposits	<b>2 114 073</b>	2 065 309
Bank overdrafts	<b>(651 582)</b>	(358 270)
Cash in disposal groups held for sale	<b>289</b>	289
Cash and cash equivalents	<b>1 462 780</b>	1 707 328



## SEGMENTAL ANALYSIS

	Revenue		Net gaming win	
	Unaudited six months ended 30 September		Unaudited six months ended 30 September	
	2024	2023	2024	2023
	R'000	R'000	R'000	R'000
Media and broadcasting	1 580 651	1 511 013	-	-
Gaming	830 678	826 210	4 685 075	4 954 224
Transport	1 479 315	1 246 665	-	-
Properties	192 580	166 495	-	-
Coal mining	813 047	1 160 125	-	-
Branded products and manufacturing	1 669 639	1 634 028	-	-
Other	29 445	24 424	-	-
<b>Total</b>	<b>6 595 355</b>	<b>6 568 960</b>	<b>4 685 075</b>	<b>4 954 224</b>

	Property rental income		EBITDA	
	Unaudited six months ended 30 September		Unaudited six months ended 30 September	
	2024	2023	2024	2023
	R'000	R'000	R'000	R'000
Media and broadcasting	7 990	9 472	295 110	266 879
Gaming	85 839	81 043	1 752 725	1 948 176
Transport	980	-	304 077	273 112
Properties	206 578	192 699	180 355	165 296
Coal mining	-	-	70 232	241 166
Branded products and manufacturing	71 187	77 148	164 337	162 392
Oil and gas prospecting	-	-	(9 881)	-
Other	8 419	8 090	(96 747)	(97 656)
<b>Total</b>	<b>380 993</b>	<b>368 452</b>	<b>2 660 208</b>	<b>2 959 365</b>

	Profit/(loss) before tax		Headline earnings/(loss)	
	Unaudited six months ended 30 September		Unaudited six months ended 30 September	
	2024	2023	2024	2023
	R'000	R'000	R'000	R'000
Media and broadcasting	214 833	204 177	92 249	87 829
Gaming	1 009 335	1 218 224	382 695	446 229
Hotels	147 970	106 581	134 465	98 066
Transport	248 756	234 743	145 402	140 403
Properties	82 285	70 065	51 690	43 373
Coal mining	48 276	199 115	37 867	133 502
Branded products and manufacturing	56 154	57 418	34 797	39 274
Oil and gas prospecting	(185 665)	(234 080)	(263 569)	(31 433)
Palladium prospecting	(10 598)	(13 046)	(10 598)	(13 046)
Other	545 977	277 097	(177 052)	(158 820)
<b>Total</b>	<b>2 157 323</b>	<b>2 120 294</b>	<b>427 946</b>	<b>785 377</b>

## 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
<b>Revenue recognised at a point in time</b>				
<b>Media and broadcasting</b>				
Revenue from the sale of Openview boxes	73 682	-	98 861	-
<b>Gaming</b>				
Food and beverage revenue	-	323 744	-	329 584
<b>Transport</b>				
Revenue from the sale of vehicles, spares, tyres and retreads	199 829	-	43 698	-
Single-journey bus ticket revenue	-	177 790	-	173 503
Revenue from charter hire services	-	61 956	-	58 786
Revenue from automotive repair services	-	9 912	-	4 928
Other revenue	-	3 304	380	8 681
<b>Properties</b>				
Convention and exhibition revenue	-	82 052	-	75 331
Development revenue	20 000	-	16 757	-
<b>Coal mining</b>				
Revenue from the sale of coal	813 047	-	1 160 125	-
<b>Branded products and manufacturing</b>				
Revenue from the sale of:				
- Toys, electronic games and sports goods	370 374	-	417 184	-
- Woven, knitted and non-woven products	494 403	-	492 260	-
- Pressed, roll-formed steel products	570 332	-	490 443	-
- Stationery, publishing and office supplies	145 871	-	136 505	-
- Speciality chemicals	82 731	-	68 883	-
<b>Other</b>				
Food and beverage revenue	-	14 418	-	15 614
Donations	-	2 815	-	-

## SEGMENTAL ANALYSIS (CONTINUED)

	2024		2023	
	Sale of goods R'000	Provision of services R'000	Sale of goods R'000	Provision of services R'000
<b>Revenue recognised over time</b>				
<b>Media and broadcasting</b>				
Advertising revenue	-	1 222 831	-	1 141 576
Licence fees	-	194 779	-	184 625
Facility income from broadcasting and production services	-	79 468	-	78 220
Content sales	-	9 891	-	7 731
<b>Gaming</b>				
Hotel room revenue	-	260 907	-	256 884
Entrance fees	-	115 393	-	111 953
Tenant recoveries	-	40 025	-	41 002
Cinema revenue	-	22 674	-	26 234
Venue hire revenue	-	14 108	-	15 245
Parking fees	-	13 977	-	9 364
Other revenue*	-	39 850	-	35 944
<b>Transport</b>				
Revenue from operational contracts with the Department of Transport and the City of Cape Town for the provision of bus services	-	693 806	-	659 738
Multi-journey bus ticket revenue	-	332 718	-	293 726
Other revenue	-	-	-	3 225
<b>Properties</b>				
Tenant recoveries	-	86 845	-	73 959
Other revenue	-	3 683	-	448
<b>Branded products and manufacturing</b>				
Revenue from the sale of pressed, roll-formed steel products	5 928	-	28 753	-
<b>Other</b>				
Internal audit fees	-	8 482	-	8 434
Tenant recoveries	-	3 225	-	-
Other revenue	-	505	-	376
	<b>2 776 197</b>	<b>3 819 158</b>	<b>2 953 849</b>	<b>3 615 111</b>

\* Other gaming revenue recognised over time most significantly includes other hotel revenue and other sundry revenue.

## NOTES AND COMMENTARY

### BASIS OF PREPARATION AND ACCOUNTING POLICIES

The results for the six months ended 30 September 2024 have been prepared in accordance with the framework concepts, the recognition and measurement requirements of IFRS® Accounting Standards, 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 Nicoletta CA(SA), and have neither been audited nor independently reviewed by the Group's auditors.

The accounting policies applied by the Group in the preparation of these condensed consolidated interim results are consistent with those applied by the Group in its consolidated financial statements for the year ended 31 March 2024.

### GOING CONCERN

The Company's central borrowings are subject to the following covenants, which are consistent with those applicable for the year ended 31 March 2024:

- 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.

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.

### FAIR VALUE MEASUREMENT

#### Financial asset 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 R641 million at 30 September 2024, an R83 million decrease (2023: R18 million decrease). A discounted cash flow valuation was used to estimate the fair value. The decision to not renew the Table Bay Hotel lease in February 2025 and a decrease in terminal growth 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 30 September 2024 are shown below (these entities have a 31 December year-end):

- income increases by 7% in the 2024 financial year and then by 4% over the following years (31 March 2024: 9% in 2024; 4% thereafter);
- operating expenditure increases by 8% in the 2024 financial year, thereafter by 4% over the following years (31 March 2024: 10% in 2024; 4% thereafter);

## NOTES AND COMMENTARY (CONTINUED)

- risk-adjusted discount rate of 14.3% post-tax (31 March 2024: 15.8%); and
- long-term growth rate of 4.7% (31 March 2024: 5%).

An increase or decrease of 1% in long-term growth rate would have resulted in an increase of R62 million or decrease of R50 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 R79 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 periods.

Listed equity instruments valued at R354 million at the reporting date are classified as level 1 financial instruments and comprise the Group's investment in City Lodge Hotels Limited, a company listed on the Johannesburg Stock Exchange. The fair value of these shares was determined with reference to its quoted price at 30 September 2024, resulting in a fair value gain of R67 million being recognised in other comprehensive income.

### Through profit or loss

Certain subsidiaries have invested a total of R386 million surplus cash in yield-enhancing unit trust funds, classified as level 2 financial instruments, as at the reporting date. Fair value gains of R19 million were recognised on these investments in profit and loss during the current period. 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 R144 million as at the reporting date. This investment is classified as a level 1 financial instrument. Fair value gains of R29 million (2023: R57 million) were recognised on these investments in profit and loss during the current period. These shares are valued with reference to their quoted price on Nasdaq and the Johannesburg Stock Exchange.

## IMPAIRMENTS

### 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 that 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 pre-tax cash flow projections based on five-year forecasts.

The latest cash flow projections and significant unobservable inputs as at the reporting date were assessed against those used for the year ended 31 March 2024. No indicators of impairment were observed at the reporting date, other than for the Goldfields Precinct. Due to subdued trading and reduced margins, the assets of this property were impaired.

The significant unobservable inputs used in the testing of the Group's casino licences for impairment at 30 September 2024 were:

- expected gaming win and other income changes by between (11)% and 9% in the 2025 financial year, thereafter 4% over the following years (March 2024: 2% – 12% in 2025; 4% thereafter);
- operating expenditure changes by between (9)% and 4% in the 2025 financial year, thereafter 5% over the following years (March 2024: 1% – 21% in 2025; 5% thereafter);
- risk-adjusted pre-tax discount rate of 17.5% – 19.5% (March 2024: 19.5% – 21.3%); and
- long-term growth rate of 4.7% (March 2024: 5%).

Following the above, property, plant and equipment in respect of the Goldfields Precinct was impaired by R22 million and intangible assets by R11 million.

## NOTES AND COMMENTARY (CONTINUED)

### DISCONTINUED OPERATIONS AND DISPOSAL GROUPS HELD FOR SALE

#### Branded products and manufacturing

Property of R39 million is classified as disposal group assets held for sale at the reporting date.

#### Properties

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

### BUSINESS COMBINATION

#### Oil and gas prospecting

The Company, through its wholly-owned subsidiary, Deepkloof Limited, acquired additional shares in its associate investment, Impact Oil & Gas Limited ("IOG") for R454 million, resulting in a shareholding of 51.4%. Prior to this acquisition of shares, the Group's shareholding in IOG was 48.4%. The effective date of acquisition was 19 July 2024 and goodwill of R1 011 million was recognised. Acquisition-related costs were negligible. The acquired business contributed no revenue and attributable losses of R15 million to the Group from the date of acquisition to 30 September 2024. Had the acquisition been effective on 1 April 2024, the contribution to revenue would have been Rnil and attributable losses of R186 million. Note that IOG had been carried as an investment in associate prior to acquisition and that the aforementioned losses have effectively been included in the current period's results.

The purchase price allocation remains provisional. The fair value of exploration assets and investment in associate had not yet been determined at the reporting date. The carrying value of these items may be adjusted upon the finalisation of the purchase price allocation. The net assets acquired were as follows:

	R'm
<i>Non-current assets</i>	
Intangible assets	(4 026)
Other non-current assets	(4)
<i>Current assets</i>	(867)
<i>Current liabilities</i>	275
Net assets acquired	(4 622)
Non-controlling interests	2 248
Carrying value of investment in associate on date of gaining control	2 931
Goodwill on acquisition	(1 011)
Cash and cash equivalents acquired	855
Net cash inflow	401

## NOTES AND COMMENTARY (CONTINUED)

### RESULTS

#### GROUP STATEMENT OF PROFIT OR LOSS AND SEGMENTAL ANALYSIS

Income decreased by 2% to R11 661 million

EBITDA decreased by 10% to R2 660 million

Profit before tax R2 157 million

Headline earnings R428 million

Headline earnings per share 529 cents

#### Media and broadcasting

The impact of persistent load shedding in recent years on the television and radio advertising markets subsided somewhat in the current period. The television and radio "advertising cakes" grew by 2% and 10%, respectively, during the current period. The Group's television and radio advertising revenue increased by 8%, while its prime time television market share decreased slightly from 35% to 34% during the current period. Multi-channel operations' market share remained on 13%, while etv maintained its position above 20%. The Group's licence fee revenue increased by 5%, while property and facility revenue remained static, the industry in South Africa still being affected by the previous year's Hollywood actor and writer strike. Active set top boxes have increased to 3 533 000 during the period. Programming and other overhead cost growth was in line with revenue growth, resulting in EBITDA growth of 11%. Profit before tax and headline earnings reduced in line with EBITDA, these being affected by an increase in finance costs and reduction in interest income during the current period.

#### Gaming

Total income decreased by 5% in relation to the prior comparative period. Casino revenue and net gaming win combined decreased by 5%, with refurbishment disrupting operations at Emerald Resort and Casino and the shift from land-based gambling to online products continuing. Trading since the reporting date has been encouraging. Limited payout machine and Bingo operations report a slight decrease in income. EBITDA decreased by 10% to R1 753 million, with an EBITDA margin of 32% achieved during the period (2023: 34%). Costs remained stagnant and were managed well to limit the impact of lower revenue throughout the gaming operations. Casino EBITDA decreased by 9%, that of Vukani by 3% and that of Galaxy Bingo and online betting operations combined, by 31%. Headline earnings of R383 million is 14% lower than the prior comparative period, with no significant non-recurring items included, when compared to that period.

#### Hotels

Trading levels improved, compared to the prior comparative period. Revenue, including rental income, increased by 6% to R2 966 million, following increases in room revenue (7%), food and beverage revenue (4%) and rental income (21%). Internally managed rooms sold increased by 4%, with average occupancy levels for these 59% in the current period, compared to 56% in the prior period. Room stock during the current period was negatively impacted by the closure of the Southern Sun Cullinan and the Sandton Towers for refurbishment. Operating expenses increased in line with revenue growth. Headline profit of R134 million recognised by the Group in relation to hotel operations during the current period is a 37% improvement on that reported for the prior comparative period.

Borrowings have decreased by R151 million from R1 663 million at 31 March 2024 to R1 512 million at the reporting date.

#### Transport

Total transport revenue increased by 19%. Passenger transport revenue increased by 6% and vehicle and spares sales by 851% to R174 million as a result of increased truck sales. EBITDA increased by 11% following an increase in operating expenses (including cost of truck sales) of 20%. Personnel and fuel costs were well managed during the period; however, lower interest income and higher finance costs partly off-set gains in EBITDA, resulting in an increase in profit before tax and headline earnings of 6% and 4%, respectively.

## NOTES AND COMMENTARY (CONTINUED)

### Properties

The increase in revenue of 16% resulted mainly from an increase of 16% in recovery income, together with R20 million in development revenue recognised in the current period on the sale of a residential property in Steenberg (2023: R17 million). Rental income increased by 7%, with gains across most of the portfolio, most notably Whale Coast Village Mall reporting a 29% increase in rental income. The increase in EBITDA followed the increase in rental income; however, start-up losses relating to the MusicEx event at Gallagher Estate off-set gains in revenue at that property. Profit before tax in the current and prior comparative periods contains no significant non-recurring items. Finance costs in the current period increased by R3 million. Headline earnings increased in line with profit before tax as no fair value adjustments were recognised on investment property during the current or prior comparative periods.

### Coal mining

Revenue decreased by 30% at the Palesa Colliery. Sales volumes decreased by 440 000 tons (27%). Transporter-induced stoppages and stockpile quality failures in the current period resulted in significantly reduced sales, as well as run of mine coal. Improved quality control and testing processes have been implemented subsequent to the reporting date. Export sales of 96 000 tons in the prior comparative period did not reoccur in the current period. The aforementioned factors resulted in EBITDA decreasing by 71%. Reworking of failed stockpiles contributed to a 31% increase in wash costs per sales ton and a reduced EBITDA margin of 9%, compared to 21% achieved in the prior comparative period. Profit before tax and headline earnings decreased in line with EBITDA.

### Branded products and manufacturing

Revenue in respect of branded products and manufacturing increased by 2% and property rental income decreased by 8% following the sale of a property in the prior financial year. Automotive parts manufacturing and industrial product manufacturing recorded increases in revenue of 9% and 5%, both aided by reduced load shedding during the current period. Branded product distribution, however, recorded a reduction in revenue of 7% as a result of toys, electronic games and sports goods sales decreasing by 9%. EBITDA increased by 1%. Profit before tax was impacted by increased depreciation on property, plant and equipment and headline earnings by an effective tax rate of 30%, compared to 19% in the prior comparative period.

### Oil and gas prospecting

Losses before tax of R186 million in respect of IOG includes an effective R250 million in equity losses in respect of its investment in Africa Energy Corp. ("AEC"). AEC recognised US\$74 million (approximately R246 million) in downward fair value adjustments on its investment in the Block 11B/12B prospect offshore the South African south coast during the current period. Also included in the reported losses is a reversal of prior-period impairment losses of R166 million in respect of the investment in AEC to remeasure the carrying value to Rnil. Headline losses of R266 million excludes this impairment reversal amount.

### Palladium prospecting

Equity losses of R11 million were recognised in respect of Platinum Group Metals ("PGM") in the current period and contained no significant headline earnings adjusting items. Losses consisted significantly of general and administration costs, share-based payment expenses and the company's share of Lion Battery's costs, with only interest-related income recognised.

### Other

EBITDA losses remained static compared to the prior comparative period. Included in profit before tax is a R29 million fair value adjustment on the Group's interest in MKR, an R842 million gain on recycling of foreign currency translation reserve recognised upon the acquisition of IOG, losses on changes in holdings of equity-accounted investments of R107 million and head office finance costs of R120 million. The prior comparative period included, amongst others, a R57 million fair value adjustment on the Group's interest in MKR, a R283 million gain on the disposal of the Group's interest in Karoshoek, head office finance costs of R117 million and a gain on changes in holdings of R138 million recognised on the increase in the Group's interest in Southern Sun following that company's share repurchases during the prior comparative period. Included in the current period's headline



## NOTES AND COMMENTARY (CONTINUED)

loss is R120 million head office finance costs, the effective R16 million 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:**

R38 million in dividends was received from the Group's interest in Sunwest and Worcester in the current period (2023: R30 million).

Finance costs remained stable. The impact of reduced aggregate borrowings levels throughout the Group were partly off-set by interest rate swaps with a notional value of R5.5 billion maturing in May 2024.

Losses from associates and joint ventures include profits of R148 million in respect of SSU. Equity losses include R345 million that was recognised in respect of IOG (for the period that it was held as an associate) and AEC, R11 million in respect of PGM and R6 million relating to Alphawave Golf.

Investment surpluses of R735 million consist of an R842 million gain on recycling of foreign currency translation reserve recognised upon the acquisition of IOG as well as losses on changes in holdings of equity-accounted investments of R107 million.

A fair value adjustment of R29 million was recognised on the Group's interest in MKR, of which R13 million relates to the HCI Foundation and which is not included in headline earnings. The remaining fair value adjustments consist of gains on income unit trust funds.

Property, plant and equipment of R41 million and intangible assets of R12 million were impaired by various operations across the Group.

## GROUP STATEMENT OF FINANCIAL POSITION AND CASH FLOW

The increase in goodwill and intangible assets during the current period was significantly a result of the acquisition of IOG. Investments in associates and joint ventures decreased in the current period following the derecognition of the investment in IOG, as well as the recognition of equity losses relating to AEC.

Group non-current borrowings at the reporting date comprise central head office borrowings of R977 million (March 2024: R778 million), central investment property-related borrowings of R1 715 million (March 2024: R1 714 million), borrowings in TSG of R7 537 million (March 2024: R7 946 million), R697 million (March 2024: R787 million) in Deneb Investments ("Deneb"), R492 million (March 2024: R446 million) in eMedia Holdings ("eMedia") and the remainder in other operating subsidiaries. R1 566 million (March 2024: R1 760 million) in current borrowings relate to central head office borrowings, all of which will be refinanced into longer-term facilities later in the 2024 calendar year. R86 million (March 2024: R163 million) relate to TSG, R217 million (March 2024: R258 million) to central investment properties and R52 million (March 2024: R118 million) to eMedia. Bank overdraft facilities include R148 million in TSG, R171 million at head office, R57 million in eMedia and R276 million in Deneb (March 2024: R44 million, Rnil million, Rnil million and R63 million, respectively).

Included in cash flows from investing activities is net cash inflows from business combinations of R396 million, significantly related to IOG. R113 million in dividends were received from SSU, Sunwest and Worcester. R371 million was invested in property, plant and equipment, of which R204 million by TSG, R18 million by HCI Coal, R25 million by Frontier Transport Holdings ("Frontier") and R97 million by eMedia. Net funding of R484 million was repaid by TSG, R43 million by Frontier and R106 million by Deneb.

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.

## NOTES AND COMMENTARY (CONTINUED)

### EVENTS SUBSEQUENT TO REPORTING DATE

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 period then ended, as contained in these condensed financial statements.

The farmout agreement which IOG had entered into with TotalEnergies EP Namibia B.V. ("TotalEnergies") in respect of Blocks 2913B and 2912, offshore Namibia, became unconditional subsequent to the reporting date and has been implemented. In accordance with its terms, a 9.39% undivided participating interest in Block 2912 and a 10.5% undivided participating interest in Block 2913B has been sold to TotalEnergies. Following completion of this transaction, IOG holds a 9.5% interest in each of Blocks 2912 and 2913B. Refer to the announcement made by the Company on the Johannesburg Stock Exchange News Service on 4 November 2024 for further information.

### DIVIDEND TO SHAREHOLDERS

The directors of HCI have resolved to declare an interim ordinary dividend number 63 of 50 cents (gross) per HCI share for the six months ended 30 September 2024 from income reserves. The salient dates for the payment of the dividend are as follows:

Last day to trade cum dividend	Tuesday, 17 December 2024
Commence trading ex dividend	Wednesday, 18 December 2024
Record date	Friday, 20 December 2024
Payment date	Monday, 23 December 2024

No share certificates may be dematerialised or rematerialised between Wednesday, 18 December 2024 and Friday, 20 December 2024, both dates inclusive.

In terms of legislation applicable to Dividends Tax ("DT") the following additional information is disclosed:

- The local DT rate is 20%.
- The number of ordinary shares in issue at the date of this declaration is 85 620 648.
- The DT amounts to 10 cents per share.
- The net local dividend amount is 40 cents per share for all shareholders who are not exempt from the DT.
- Hosken Consolidated Investments Limited's income tax reference number is 9050/177/71/7.

In terms of the DT legislation, any DT amount due will be withheld and paid over to the South African Revenue Service by a nominee company, stockbroker or Central Securities Depository Participant (collectively "regulated intermediary") on behalf of shareholders. All shareholders should declare their status to their regulated intermediary as they may qualify for a reduced DT rate or exemption.

For and on behalf of the board of directors

**JA Copelyn**  
Chief Executive Officer

**JR Nicolella**  
Financial Director

Cape Town  
28 November 2024





UNAUDITED CONDENSED CONSOLIDATED INTERIM RESULTS

2024