

BUSINESS MODEL

Our four businesses operate in a dynamic environment and we use the six capital resources throughout our business activities in a balanced manner. This results in outputs and outcomes that either lead to value creation, preservation or erosion over time. Our business model is underpinned by the group's robust governance and enterprise risk management processes, and influenced by various internal and external factors.

CLICK TO SEE THE CAPITALS AND STAKEHOLDER ICONS

INPUTS

BUSINESS ACTIVITIES AND OUTPUTS

OUTCOMES

TRADE-OFFS

We use the six capital resources interchangeably and appreciate that there are trade-offs between them. These trade-offs are carefully considered to preserve shareholder value.

Our business activities draw on the various capital resource inputs and convert these into our activities and outputs – gaming and hospitality, which are supported by various support functions including marketing, brand standards, finance, IT, customer experience, HR and governance. Our business support functions also lead innovation and technology, to optimise the use of digitisation and technology in our customer-centric environment and to enable our omnichannel strategy.

Internal and external factors influencing our business model and our ability to create stakeholder value:

- Customer feedback and data analytics
- Digital systems
- Regulation
- Industry trends
- ESG
- Material matters
- Infrastructure

FC Our source of funds includes debt and equity, which we allocate to our business operations, including running costs, property refurbishments and maintenance and strategic acquisitions.

PC Our unique properties form the bricks and mortar where our business activities are carried out to ensure we offer our guests a memorable experience. Our unused land also creates opportunities for development.

SC Our guests, shareholders, employees, communities, gambling boards, government and regulators are key stakeholders, and we actively engage and manage these stakeholder relationships to build trust and promote a shared value proposition.

HC Our people are the primary interface with our guests and the custodians of the memorable experience we strive to offer our guests.

IC Our intellectual capital includes our gaming licences, innovation, brand and know-how, which provides our licence to operate and cultivates a wealth of management expertise and innovative IT.

NC Our business activities depend on natural resources, particularly land, water and energy. Some of our properties are in pristine environments rich in biodiversity, which we protect and preserve.

Gaming

Our gaming licences are the most critical enabler allowing us to operate and fulfil our purpose and vision. We continuously review and evaluate our licence conditions to ensure we fully comply and maintain our licence to operate. Our gaming includes urban casinos (tables and slots), Sun Slots (limited payout machines) and SunBet (online sports betting).



Hospitality

Our unique resorts and hotels, their pristine locations and superior offerings are some of the key differentiating factors that keep our guests choosing Sun International's resorts and hotels as a destination of choice. The group's food and beverage offering provides something for all food lovers. Most of our properties have the facilities and infrastructure to host world-class events and conferences, which drives footfall at properties and creates memorable experiences.



Our business model culminates in specific stakeholder outcomes that have far-reaching impacts on the economies and societies where we operate. We strive to create stakeholder value and manage capital trade-offs responsibly.

Stakeholders impacted

FC	R3.3 billion adjusted EBITDA (2021: R1.7 billion) R1 085 million adjusted attributable profit (2021: R117 million) Strong cash flow generation		
PC	R1 042 million capital expenditure (2021: R586 million) Ongoing refurbishments at properties		
SC	R42.3 million invested in supplier development (2021: R30.7 million) R12 million committed to enterprise development (2021: R8.3 million) R27.6 million invested in SED (2021: R14 million) R5.3 million invested in CSI in-kind donations (2021: R13.1 million) Significant tax contribution		
HC	Training and development – R84 million (2021: R52 million) Employee remuneration – R2.1 billion (2021: R1.7 billion) 93.9% black employees (2021: 92.2%)		
IC	18 gaming licences (2021: 19) 11 Land-based casino licences (2021: 12) 6 Sun Slots route operators (2021: 6) 1 SunBet bookmaker licence (2021: 1) Strong brand to attract customers to iconic properties		
NC	5% increase in electric energy usage (2021: 14%) 5% increase in water usage (2021: 5%) 41% increase in waste generated (2021: 4%) 19% increase in CO ₂ emissions (2021: 6%) 12 of our 14 properties implemented water metering in 2022		

While capital trade-offs are unavoidable, we ensure that these trade-offs are carefully considered and managed in our stakeholder value creation.

Sun International has a strong cash-generating business which positively impacts its financial capital. The availability of financial capital is dependent on the current operating environment and is deployed in an appropriate and balanced manner across various other capitals, depending on the financial need, to grow and enhance our four business segments. Our financial capital is also deployed to human capital (employee training), productive capital (property refurbishments) and intellectual capital (systems, brand and gaming licences).

Chief financial officer's report
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To continually attract and retain customers (key stakeholder) and enhance our productive capital, it is essential that we allocate financial capital to ongoing property refurbishments and maintenance. This in turn results in increased footfall and customer activity, which leads to an increase in cash generation (financial capital).

Our strategy
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The group's operations impact various stakeholders and fostering positive stakeholder relationships has a positive impact across most capitals, as trust is built with stakeholders. Our properties are located close to communities who also benefit from employment and supply chain opportunities, which further nurtures positive stakeholder relationships.

Social and ethics report*
ESG report*

Human capital attraction and retention is a challenge in the gaming and hospitality industry, as these specific skills are scarce. It is therefore critical that we invest financial capital in our human capital through employee development, health and wellness programmes, community volunteering and competitive remuneration, to provide a work environment that is conducive to employees providing our customers with memorable experiences. Through these investments we also strive to be an employer of choice within the marketplace.

Social and ethics report*
Remuneration report*
People and culture*

Our gaming licences provide us with our licence to operate and generate cash (financial capital) and our world-class IT platforms and systems provide the infrastructure to ensure our customers choose Sun International as their choice destination. Significant financial capital is deployed to these critical enablers to ensure that we remain relevant to our customers and ensure the group's long-term sustainability.

Chief executive's review
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Our strategy
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Some of our iconic properties (productive capital) are located in pristine natural environments and all our properties are dependent on natural resources (water, energy and land). We use these resources responsibly and deploy financial capital to invest in alternative energy sources and water solutions due to the fragility of our national energy provider, and water scarcity in South Africa. These investments ensure our customers choose Sun International as their destination of choice to enjoy memorable experiences.

Social and ethics report*
Environmental*

Operating environment game changers: Regulation / Industry and gaming bodies / IT advancements / Society