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Urban Casinos

Resorts and Hotels

Sun Slots

SunBet

Sun Slots

Sun Slots owns and operates six route operator licences across four key provinces in South Africa. Through partnerships with various establishments such as bars, pubs, taverns, and sports betting outlets, Sun Slots makes limited payout machines (LPMs) available for public use and entertainment.

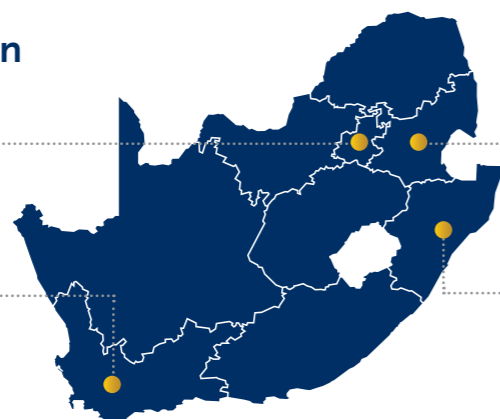
Geographic location

Gauteng

231 sites | **1 388** LPMs

Western Cape

255 sites | **1 161** LPMs



Mpumalanga

182 sites | **802** LPMs

KwaZulu-Natal

338 sites | **1 809** LPMs

Strategy

To achieve our strategy, we focus on four key areas, namely: rolling out LPMs and obtaining new licences, delivering superior service to site owners, driving operational excellence and pursuing growth opportunities. A substantial number of LPM applications were submitted and are awaiting processing by various gaming boards. Total machines licenced for 2022 amounted to 793 (2021: 387). Superior service levels continue to not only be the differentiator in the market for Sun Slots, but also translates directly into better quality sites and average gross gaming revenue (GGR). Machine uptime is a material focus when it comes to service and ensuring that LPMs are always available for game play.

Having identified certain challenges in the business, operational improvement plans are being implemented across the business, to attain the highest level of efficiencies and margin improvements. These include the automation of manual processes, and integration and streamlining of operations with existing resources.

Outlook

- Continuing to engage with the regulator to accelerate growth in the number of LPMs in operations
- Improving operational efficiencies and margins
- Deploying value-added service offerings to sites
- Exploring new licence type opportunities – ISOs and EBTs
- Continuing with small-scale trials in selected countries for the Africa expansion programme

Growth

We operate in four strategically selected South African provinces where we have a strong distribution network to maximise our return on investment. The growth of our business relies on a partnership strategy with carefully selected sites. There are 25 000 licenced LPMs in South Africa, with 15 058 active LPMs of which Sun Slots has 34% (5 160). We continue to grow this business and remain the preferred route operator in South Africa.

Our Africa expansion remains under consideration while we look for the right market and product in jurisdictions outside South Africa. While operations in East Africa have faced some challenges, pilot sites have been successfully activated in Zimbabwe and are being monitored for progress and improvements, before any further investments can be done. Besides the Africa expansion project underway, Sun Slots continues to explore new opportunities through responding to requests for proposals and requests for applications for other types of licences. These include EBTs and ISOs.

PERFORMANCE OVERVIEW

Sun Slots

Gross Gaming Revenue (GGR) R1.5 billion (2021: R1.2 billion)	EBITDA margin 24.6% (2021: 25.2%)	Return on capex 35.3% (2021: 30.8%)	LPM market share 51.2% (2021: 50.4%)	LPMs 5 160 (2021: 4 652)
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Sun Slots continued to show a strong recovery in 2022, post Covid-19, achieving income levels in excess of those recorded in 2021. Factors contributing to this positive growth are the business's strategy of first to market and LPM uptime through service excellence. With an emphasis on the speedy roll out of new licences, while extracting maximum value from existing sites, these results have been made possible through strong partnerships with site owners and co-operation with regulatory bodies.

The business performed well in achieving income of R1 491 million, which was 20% up on the prior year. Adjusted EBITDA reported at R367 million was also up 17% comparatively, which was achieved through stringent cost containment measures. This was achieved despite having experienced the highest incidents of loadshedding in recent years, under economic constraints. These results show a significant improvement when compared to 2021. Despite numerous forced site closures, LPM numbers grew by more than 10%, increasing the LPM market share owing to new site licence approvals and activations. The average GGR per machine per day also grew slightly to levels better than industry at R903, even though it was expected to decrease, given the high number of Type B applications that were rolled out in 2022. The low GGR dilution rate is testimony to the fact that better quality sites are being added to the Sun Slots network.

Operational efficiency

We are implementing effective solutions to drive our cost and operational efficiencies around four focus area discussed below.



DATA AND TECHNOLOGY

Sun Slots has commenced a full review of all current technology platforms. Identification of areas of digitisation in specific critical inefficient processes was the focus for 2022, with selected implementations to commence in 2023. Customer centricity is the priority when considering new technologies which would seek to enhance the customer experience, through a reduction in manually orientated processes.



PEOPLE

Sun Slots people are passionate about ensuring great service and punter entertainment, excelling in their roles and going above and beyond the call of duty to ensure that sites and punters experience our values through our service delivery. The business operates on a lean, but effective staff complement and encourages its people to continually develop, both professionally and personally. It is through the innovation and dedication of its people that the group continues to excel and grow.



PROCESSES

Key internal processes in respect of customer management have been reviewed and optimised to enhance the customer experience. The identified areas of improvement, namely site asset management and site compliance management, have been assessed and will be enhanced in the coming year.



REGULATION

In achieving the planned operational efficiencies, the business will ensure strictest compliance with regulatory requirements and licence conditions.