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SunBet

SunBet is the group's online betting and gaming division, comprising online sports betting, live dealer games and, since August 2022, online slots.

Strategy

SunBet aims to provide a first-class online betting and gaming experience to its customers. We strive to be the trusted and responsible gaming operator, adding value to our loyal customers through our premium service and offering.

Core to our strategy is the acquisition and retention of profitable, loyal customers. This is achieved through three key disciplines: effective marketing to new customers, the provision of a first-class gaming experience to our customers and providing outstanding service and added value to our loyal customers.

As an online business, SunBet aims to utilise its vast dataset to deliver targeted, efficient, data-driven marketing. Through smart data analytics, our marketing aims to drive efficiencies by presenting the right offer to the right segment of customers at the right time to both acquire and retain our customers.

We continue to work with some of the best global software suppliers to offer a suite of products that provides an exciting, premium gaming experience. A key element of the wider group strategy is integrating the online and physical casino assets through our omnichannel project that will deliver a unified wallet to all the Sun International customers, allowing seamless play both online and offline. We also aim to provide added value benefits to our customers' game play by using the group's hotel and casino properties. SunBet customers also enjoy the benefits of the group's extensive loyalty programme with benefits across the group portfolio. With these core principles in mind, we can deliver a first-class experience to our customers while gaining a reputation for excellence.

In addition to our core strategy of growing customers, SunBet will actively pursue market growth opportunities, either through technological development or geographical expansion. These strategic initiatives will position SunBet to capitalise on these fast-growing markets.

- In the first half of 2023, SunBet will upgrade its player management system to one operated by Playtech. The Playtech software will provide an enhanced customer experience and allow us to communicate much more effectively with our customers.
- On 1 September 2022, the group completed the acquisition of SunBet Africa Holdings (the Eazibet group), with online gaming licences in Ghana, Zambia and Kenya. Operational plans are also underway to establish and launch the SunBet brand across certain licensed markets across Africa.

Responsible gambling and maintaining the trust of our customers are vital strategies in the current market environment. In a highly regulated business, we aim to offer a first-class entertainment experience to our customers, while ensuring that this is done in a controlled and affordable manner. We have robust 'Know Your Customer' requirements, in line with national legislative requirements and control measures in place, to identify potential money laundering red flags.

Growth

The global online betting and gaming market has demonstrated substantial growth over the last 25 years. The local South African market has grown steadily over the past decade, with a significant acceleration in growth rates during the Covid-19 pandemic, as operators invest in growing customer bases and online/smartphone penetration and e-commerce trends increase. We expect this market to continue to exhibit high-growth characteristics both locally and across the continent into the foreseeable future.

SunBet offers a significant and exciting growth opportunity for the group and considerable focus has been placed on this business unit during the past year. With this in mind, we continue to invest in people, marketing and operations to significantly increase our share of this fast-growing market. In 2022 we appointed a new SunBet chief executive officer, Simon Gregory, who has significant international online gaming experience, to strategically grow our presence in this market.

The work undertaken in 2022 in terms of our people, our operational capabilities and our market position, along with current run rates within the SunBet business, give us full confidence to look forward to another year of strong growth from this business.

Outlook

We continue our strategy to grow the SunBet business in three directions:

- Focusing on organic growth of our existing South African business, through efficient and strategic customer acquisition and the retention of our valuable existing database. We will bring SunBet closer to the group's assets through our marketing efforts, and operationally through the omnichannel approach.
- Adding additional products to our portfolio as regulation permits. This may include a wider variety of the existing betting options currently available or new genres of games.
- Expanding across the African continent into regulated markets where we believe profitable returns can be achieved.

PERFORMANCE OVERVIEW

SunBet (online customers only)

Gross Gaming Revenue (GGR)

R411 million
(2021: R197 million)

Net Income*

R263 million
(2021: R136 million)



Unique active customers

109 122
(2021: 32 814)

New customer registration

171 550
(2021: 84 833)

First-time depositors

45 604
(2021: 16 232)

The primary driver of performance in any online gaming business is the number of active customers. New customer registrations increased by 102% while new customers who made their first deposit during the year increased by 181%. Unique active customer numbers in the year increased by 232% from 32 814 to 109 122. Most of these new customers were acquired in the latter part of the year, resulting from our expansive media campaign following the launch of online slots in August 2022. This has resulted in a significantly larger and more active customer base from which we can drive further value in 2023.

SunBet increased GGR (wagers placed less payouts) from its online players by 110% from R197 million in 2021 to R411 million in 2022, generating net income (GGR less bonuses and taxes) of R263 million (2021: R136 million). Growth was driven by a full year of revenue from Live Games, which increased GGR from R23.5 million (launched August 2021) to R114.2 million in 2022. In addition, the successful launch of online slots in August 2022 added a further R99.0 million of GGR in the year (2021: nil).

* GGR less gaming tax and bonuses.