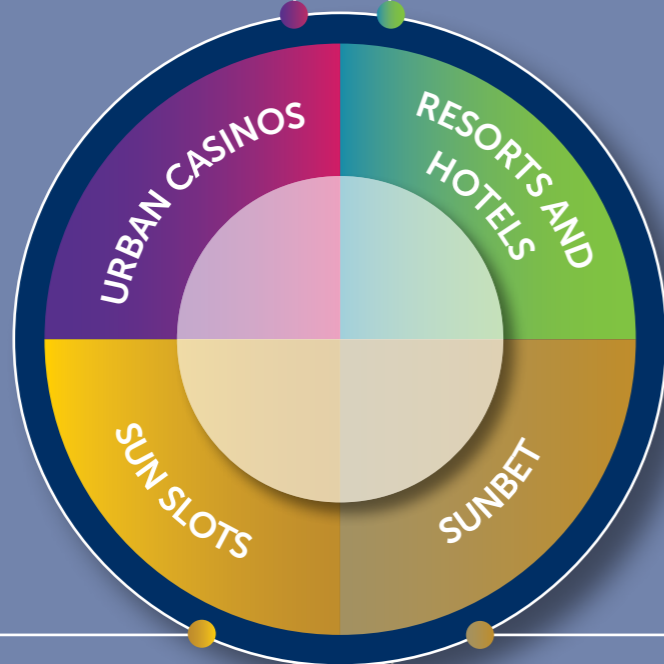


OPERATIONAL REVIEWS

Our four businesses – **Urban Casinos, Resorts and Hotels, Sun Slots and SunBet** – are purposefully connected by our omnichannel strategy, and driven by our people, to seamlessly serve our customers. The group is stronger than ever, well positioned and well-equipped to maximise shareholder value.

- **Strategically** located operations across the country
- **Strong cash** generator for the group
- **Defending and growing** market share
- **Operations and margins** improved
- **Attractive** returns

- **Focused** portfolio of iconic South African properties
- **Property** improvements made
- **Improving** operations and margins
- **Enhanced** customer experience
- **Distinctive** customer experience



- **Superior service** offering
- **Strong relationships** held at quality sites
- **Well placed** for further growth in South Africa
- **Africa expansion** under trial

- **Premium** South African sports betting brand
- **New leadership** appointed to drive growth
- **Well positioned** to capitalise on strong online gambling growth
- **Leveraging** Sun International brand and presence
- **Complementing** but not cannibalising land-based operations

Urban Casinos

Our Urban Casinos are strategically located across South Africa and are a strong cash generator for the group. We continue to defend and grow our market share, improve operations and margins as well as keep our properties well maintained to meet our customers' expectations.

Geographic location

Gauteng

1. Time Square
2. Carnival City

Free State

3. Windmill

Limpopo

4. Meropa

KwaZulu-Natal

5. Sibaya

Eastern Cape

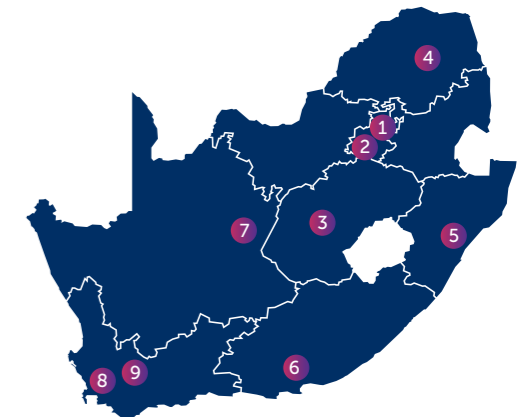
6. Boardwalk

Northern Cape

7. Flamingo

Western Cape

8. GrandWest
9. Golden Valley



Strategy

Our strategy is anchored on three core focus areas.

Customer acquisition and retention

Our improved use of data and analytics, combined with a selective focus on certain market segments, will allow us to remain competitive. We will focus on an enhanced customer relationship management programme which will focus on customer behaviour. The implementation of Playtech as our new casino management system will enhance the management of customer value and data analytics. Playtech will be implemented in SunBet as well as our urban casinos, again strengthening our omnichannel approach. The implementation of our Sun International App will also improve the effectiveness of our direct marketing.

Customer experience and VIP guests

Our omnichannel approach will allow us to reward our customers with special offers at other properties in the Sun International portfolio, utilising the MVG loyalty programme. This allows us to offer a seamless customer experience, behaviour-based rewards, offer group-wide promotions and provide an unparalleled VIP experience. This will enhance customer loyalty and increase the share of spend of casino customers.

Margin improvement

Our dedicated and focused VIP team will focus on the group spend and value of customers. We will continue to maintain our position as the home of casino tournaments and entertainment. We are also upgrading our casino privés, refurbishing our casino hotels and improving ageing gaming product to enhance our VIP customer experience.

We continue to right-size our operations and drive margin improvements to generate strong cash flow. This includes outsourcing non-profitable operations, replacing slot machines and other casino equipment, driving cost efficiencies, simplifying operational processes and implementing upgrades to systems and leveraging group technology platforms.

Growth and outlook

A continued focus on market share growth and margin improvement will ensure we continue to generate strong cash flow. A key group priority is to ensure properties are optimised and well maintained to meet the high standards promised to our customers. A focused customer relations management (CRM) plan will enhance customer loyalty through behaviour-based rewards, supported by an exciting promotions and entertainment plan and a world-class VIP experience.

Chairman's message

Board of directors
Executive management

Chief executive's review

Our strategy

Operational reviews

Urban Casinos

Resorts and Hotels

Sun Slots

SunBet

PERFORMANCE OVERVIEW

Urban Casinos

Boardwalk

Income
R482 million
(2021: R398 million)

Adjusted EBITDA
R112 million
(2021: R50 million)



Slots
700
(2021: 763)

Tables
21
(2021: 26)

Rooms
140
(2021: 140)

Boardwalk repositioned itself with the revamp of the privé, completion of the Boardwalk Mall and the casino floor refurbishment. To address our water scarcity challenges, we completed our reverse osmosis water plant, where groundwater is harvested for use in irrigation and for the cooling towers. Our marketing and VIP guest reactivation strategy has also improved the unit's database and gaming performance. These developments grew the unit's market share to 41% compared to 39% in 2021. The good performance of the unit's food and beverage business was driven by banqueting, which benefited from demand for conferencing in 2022. The improvement in food and beverage profitability was pleasing. The unit will be leveraging the Boardwalk Mall footfall through MVG sign-ups and Sun Park activations in 2023.

Time Square

Income
R1 453 million
(2021: R1 027 million)

Adjusted EBITDA
R507 million
(2021: 274 million)



Slots
1 550
(2021: 1 721)

Tables
55
(2021: 60)

Rooms
238
(2021: 238)

Time Square had a positive start to 2022 following the lifting of the Covid-19 curfews and restrictions. Business returned to normal operating hours (24-hours) and this momentum ramped up in the second half of the year, with 2022 revenues finishing 11% above 2019. The casino market share was up 0.4 percentage points year-on-year to 16.6% (2021: 16.2%). Rooms and food and beverage achieved positive revenues and the SunBet Arena has been yielding monthly profits since opening the venue at full capacity. It was encouraging to see the return of international acts in the Arena. These trends are set to continue into 2023. Despite the additional costs relating to diesel consumption, due to loadshedding, the Time Square management team has improved margins, with EBITDAR recording a 12% improvement on 2019.

GrandWest

Income
R1 830 million
(2021: R1 335 million)

Adjusted EBITDA
R613 million
(2021: R399 million)



Slots
2 302
(2021: 2 008)

Tables
46
(2021: 82)

Rooms
39
(2021: 39)

GrandWest's performance, while showing growth on 2021, is still to recover to pre-pandemic levels as the Western Cape economy was impacted by a delayed recovery in the tourism market. Management continues to focus on an active marketing and promotions calendar to drive visitation and has been very active with socio-economic development initiatives to drive Sun International's brand reputation. GrandWest's exclusivity remains under threat following the publication of two new Bills in May 2020. These Bills provide for the relocation of an outlying casino licence to the new Helderberg zone. If enacted, GrandWest's exclusivity zone will be reduced from 75km to 25km. These Bills will also introduce a new exclusivity fee and casino operator fees. The GrandWest Hotel expansion plan has been approved and the project commenced in October 2022. This will increase our hotel room capacity by 64 rooms.

Carnival City

Income
R901 million
(2021: R693 million)

Adjusted EBITDA
R233 million
(2021: R138 million)



Slots
1 100
(2021: 1 400)

Tables
37
(2021: 43)

Rooms
105
(2021: 105)

Carnival City refurbished its main floor and leveraged the refurbished privé and hotel to support our VIP strategy, all of which was well received by our guests. Management continues to restructure the operation to improve operating margins. This unit is proceeding with its planned disposal of unused land for development purposes.

Sibaya

Income
R1 355 million
(2021: R954 million)

Adjusted EBITDA
R481 million
(2021: R302 million)



Slots
1 213
(2021: 1 287)

Tables
51
(2021: 50)

Rooms
154
(2021: 154)

Sibaya was impacted by floods in April 2022, but recovered soon after. We have increased our focus in VIP to host and strengthen relations, which translated into increased visitation and revenue growth from our high-value customers. Our marketing efforts were refreshed to ensure our activations have value offerings that generate the required returns. These initiatives on both sides of the customer database have ensured that we increase our market share. We noted an improvement in visitation from lower-tier card players as we traded out of the pandemic. The Sun Lounge and the main floor smoking casino areas were upgraded and reconfigured to ensure we provide a better gaming experience and maximise revenues from these areas. We have also upgraded our public areas and have placed increased focus on standards and service offerings. Our retail food and beverage facilities are being reviewed to ensure we remain relevant to our market. We have planned major refurbishments in 2023, including the privé lounge upgrade, refurbishments to the Royal Sibaya Hotel and the upper floor of the Sibaya Lodge.

PROPERTY BIRTHDAY CELEBRATIONS

● **Place of the Lost City**
30th birthday
(November 2022)

● **Nedbank Golf Challenge**
40th edition

● **The Table Bay Hotel**
25th birthday
(May 2022)

● **Flamingo**
20th birthday
(March 2022)

● **Meropa**
20th birthday
(March 2022)

● **Time Square**
5th birthday
(April 2022)

Chairman's message

Board of directors
Executive management

Chief executive's review

Our strategy

Operational reviews

Urban Casinos

Resorts and Hotels

Sun Slots

SunBet

Small urban casinos

These casinos include Meropa (Limpopo), Windmill (Free State), Flamingo (Northern Cape) and Golden Valley (Western Cape). The lifting of Covid-19 restrictions resulted in an increase in revenue and profits, despite the challenging economic trading environment where we operate. The average increase in revenue was 25.9% (2021: 20.8%) and adjusted EBITDA increased by 34.9% (2021: 52.4%). We continue to focus on the operating model to establish correct structures so that we manage these businesses effectively, to extract as much value as possible. Unit-specific initiatives and progress are discussed below.



Meropa

Meropa revitalised and enhanced its entertainment areas with indoor and outdoor stages to positively impact footfall. Going forward the impact of loadshedding will certainly erode margins due to diesel costs and repairs and maintenance of equipment, necessitated by outages, and additional plans to bring other operating outlets onto generators.



Flamingo

Flamingo's slots floor was right-sized from 300 to 250 slot machines and operating hours were reviewed to improve profitability. Tables drop was significantly affected by decreased visits from a VIP player. Food and beverage achieved positive revenue growth from 2021, largely due to increased conferencing and banqueting demand. Management continues to focus on operating efficiencies to improve operating margins.



Golden Valley

Golden Valley: Management filled critical vacancies, revitalised the landscaping in certain areas of the property, refurbished the Sun Bet sports bar and revamped the pool area. The unit aims to finalise the outsourcing of its food and beverage operation in 2023.



Windmill

Windmill: The casino reported gains in market share in the Free State. Focus on right-sizing the gaming product and attending to infrastructure-related maintenance has been well received by customers and will continue in 2023. Engagement with the third-party owners of the Windmill Lodge and retail area continues, with the intention to offer a better value proposition for our customers.

THE GRANDWEST GRAND HOTEL GETS GRANDER

Sun International expands popular GrandWest Hotel

This Cape Town casino and leisure complex is the largest in South Africa, therefore customer demand to stay at its existing hotel is high. However, for over 21 years the four-star boutique hotel has operated at a 99% occupancy with its 39 rooms booked long in advance.

The first phase of the new development will add an additional 64 rooms to the Grand Hotel, bringing the total to 103. The current Grand Hotel is a recreation of an older hotel that used to grace the corner of Adderley and Strand Street, originally built in 1894 and demolished in 1951. When the existing hotel was constructed, architects used a scaled down version of the first Grand Hotel's 100-year old plans.

To respect the existing architectural style, the design is based on developing two identical three-story wings, positioned symmetrically on either side of the existing entrance, which will remain largely unchanged. A new access road will give visitors direct access to the hotel. The two new wings will connect the existing hotel on the north and south corners. The new offering will include presidential suites, ordinary suites, double and twin rooms and interleading family rooms. A gym, spa and pool are proposed for the ground floor of the southern wing.

THE PALACE OF THE LOST CITY GETS A FACELIFT

Interiors of legendary destination refreshed in keeping with original vision

Since inception almost 30 years ago, The Palace of the Lost City has enthralled guests from all over the globe. Now the legendary five-star hotel inside Sun City, designed by dreamers for thrill-seekers, has undergone a full décor refurbishment of all its 326 rooms and suites.

The African luxury themed bedrooms are mostly bespoke, with carpets, upholstery and curtains designed especially for The Palace. A Versace wallpaper cocoons the room in warm golden tones, setting a relaxed mood.

A mahogany tea and coffee station was added to each room. These were developed and designed locally along with standing lamps, which provide the feel of an African sculpture and add a luxurious ambience to each room.

The bathrooms were rebuilt in rainforest green marble, with new diagonally patterned porcelain tiles on the floor, calling out a synergy with the bedroom. New timber vanities and new sanitaryware and accessories in brushed bronze complete the look, along with new artwork by local artists Jenny Mallon and Sue Martin. The original mirrors above each vanity were retained.

