Sun International

UNAUDITED INTERIM
GROUP FINANCIAL RESULTS AND INTERIM DIVIDEND DECLARATION

for the six-month period ended 30 June 2022

INTRODUCTION

Sun International achieved exceptional results for the six-month period ended 30 June 2022 with income up 37% from the prior comparative period to R5.2 billion.

Sustainable cost savings contributed to the adjusted EBITDA being up by 99% to R1.5 billion. Adjusted headline earnings improved from a loss of R7 million to an earnings of R438 million, equivalent to adjusted headline earnings of 177 cents per share from a loss of 3 cents per share, in the prior comparative period.

These results were achieved despite a trading environment which was impacted by the ongoing effects of the Covid-19 (pandemic), power outages, increasing fuel prices, high inflation and international supply chain disruptions.

Gaming income from casinos, Sun Slots and SunBet, which make up 82% of group income, showed a significant recovery with income up 30%. The group was able to successfully defend and grow market share in most provinces, while income generated from Sun Slots recovered to exceed pre-pandemic levels. SunBet generated record income during the period under review and is well on its way to achieving its aggressive growth targets for this business.

As a result of substantial sustainable savings in the group's cost structure, the South African operation's adjusted EBITDA margin improved from 26.8% in 2019 to 29.1% during the period under review.

The group is in a strong financial position with South African debt (excluding IFRS 16 lease liabilities) having reduced to R5.9 billion from the R6.4 billion at 31 December 2021. The debt to adjusted EBITDA, based on the last six months results annualised, is below 2 times. As a result of the significantly stronger financial position and the strong cash generation, the board has resolved to resume dividend payments, and has declared a gross interim cash dividend of 88 cents per share (70.4 cents net after deducting withholding tax), representing a dividend cover of 2 times on an adjusted headline earnings per share of 177 cents per share.

Operational highlights

Urban Casinos

Our urban casino strategy is anchored on three core focus areas being; customer acquisition and retention, customer experience and margin improvement.

Our improved use of data and analytics combined with a selective focus on certain market segments allowed us to grow market share. For the year to date, our market share compared to the prior comparative period, in the competitive Gauteng market increased 0.6% to 27.8%, in the Eastern Cape it increased 4% to 80.4%, in KwaZulu-Natal it increased 3.1% to 38.6%, and in the Western Cape it increased 0.5% to 78.1%.

We continue to right-size our operations and drive margin improvements by generating strong cash flow. We reduced excess slots across the group by 1 192 (12%) and excess tables by 73 (20%), resulting in a commensurate saving, including licence fees, operational costs and future capital expenditure for the replacement of these positions. The reductions will have no impact on income as we had excess capacity on our casino floors.

Income has proven resilient and is swiftly recovering from the effects of the pandemic. Overall, urban casino operations generated adjusted EBITDA of R1 141 million for the period under review. Despite urban casino income being 13% below levels achieved in 2019, the adjusted EBITDA margin of 36.3% was up 3.6% on the 2019 adjusted EBITDA margin of 32.7%.

Sun Slots

The Sun Slots business proved remarkably resilient, with a strong recovery in trading. It swiftly reactivated closed sites, resulting in 4 773 of the Limited Payout Machines (LPM) being made available for play during the period under review. We continue to engage with the regulators to increase the roll out of licences in addition to the 6 500 LPM licences that have already been allocated.

Sun Slots income increased from R608 million to R717 million, with adjusted EBITDA up from R152 million to R178 million for the period under review.

SunBet

SunBet has continued its strong growth trajectory and remains an exciting prospect for the group. Active players on our rapidly expanding online sports betting and gaming platform continued to grow with additional games being offered and the overall player experience being enhanced.

At the end of the period under review, we achieved substantial growth in our key performance indicators against 2021 which included:

- income up 37%;
- sports turnover up 16%; and
- deposits up 64%.

We believe that SunBet offers the group significant and exciting growth potential and with this in mind, we continue to invest in people, marketing and our omni-channel approach, in order to significantly increase our share of this fast-growing online gaming market. We have appointed a new chief operating officer of SunBet, Simon Gregory, who has significant international online gaming experience, having worked at Sporting Bet Plc., which was one of the world's largest online gaming groups.

We continue to leverage the Sun International brand, presence and loyalty offering to attract and retain players while positioning SunBet to be the most trusted and responsible gaming operator. In a highly commoditised online industry, our competitive advantage lies in our ability to add value to the offering through the wider Sun International stable.

SunBet has embarked on a focused journey to grow its current operating market and launch into new markets. In this regard, subsequent to 30 June 2022, we have concluded a 70% investment in a Mauritian company, for a subscription price of USD3.2 million. The company has online sports betting and casino licences to operate in Ghana, Zambia and Kenya. We are in the early stages of rolling out the SunBet operating model and brand in these markets, which have attractive long term growth potential.

On 1 August 2022, we received approval to offer slots style games. To date income is encouraging even before we launched our marketing effort. Based on international precedents, we believe online slots has immense potential for driving scale in SunBet, and supporting our omni-channel strategy between land-based and online gaming.

Resorts and Hotels

With the exception of transient business and international travel segments, we have experienced a strong recovery in this business. Domestic leisure, conferencing and sports and events revenues exceeded 2019 levels while transient corporate and international leisure revenues remain behind 2019.

Total resorts and hotels income was up 63% to R1 123 million on the prior comparative period. Although total income remained 6% below 2019 levels, casino income exceeded 2019 as a result of us leveraging the Sun City Resort and Wild Coast Sun for the enjoyment of our MVG and SunBet customers. Overall, our resorts and hotels generated an adjusted EBITDA of R152 million which is an improvement from the loss of R88 million posted in the prior comparative period and adjusted EBITDA of R120 million in the 2019 comparative period. The adjusted EBITDA margin of 13.5% reflects a substantial improvement from the adjusted EBITDA margin of 10.1% achieved in 2019 and represents meaningful progress towards our margin targets.

Nigeria

Trading in the hospitality and casino segments of the Federal Palace Hotel in Nigeria remains subdued. We continue to engage with the relevant authorities to ensure that we can exit our investment in Nigeria.

Group debt

Overall group debt (excluding IFRS 16 lease liabilities) reduced from R7.1 billion at 31 December 2021 to R6.6 billion at 30 June 2022. Our South African debt to adjusted EBITDA and interest cover of 2.6 times and 4.0 times respectively, was well within our lenders' covenants of 4.5 times and 2.25 times respectively. Our balance sheet is in a strong position with unutilised facilities of R1.5 billion. We continue to prioritise increasing free cashflows and disciplined capital allocation to maximise stakeholder value within a set of fundamental capital allocation principles.

With the significantly lower debt levels and as the business returns to pre-pandemic levels, we anticipate that our debt to adjusted EBITDA ratio will continue to improve. This has enabled the board to consider the resumption of the payment of dividends for the first time since 2016.

FINANCIAL OVERVIEW

for the six-month period ended 30 June 2022

R million	2022	%	2021
Income	**5 168**	37	3 760
Adjusted EBITDA	**1 474**	99	739
Depreciation and amortisation	**(441)**	2	(451)
Adjusted operating profit	**1 033**	>100	288
Foreign exchange losses	**(4)**	33	(6)
Net interest	**(229)**	2	(233)
Net external interest	**(186)**	9	(205)
(Loss)/profit relating to the interest rate swaps	**(1)**	<(100)	8
IFRS 16 interest	**(42)**	(17)	(36)
Adjusted profit before tax	**800**	>100	49
Tax	**(243)**	<(100)	(32)
Adjusted profit after tax	**557**	>100	17
Minorities	**(119)**	<(100)	(22)
Adjusted attributable profit/(loss)	**438**	>100	(5)
Share of associates	**–**	(100)	1
Continuing adjusted headline earnings/(loss)	**438**	>100	(4)
Discontinued headline loss	**–**	100	(3)
Group adjusted headline earnings/(loss)	**438**	>100	(7)
Group headline earnings/(loss)	**231**	>100	(81)
Group basic headline earnings/(loss)	**232**	>100	(80)

R million	2022	%	2021
Urban casinos	**3 143**	35	2 328
Casino income	**2 938**	34	2 200
Rooms revenue	**42**	75	24
Food and beverage revenue	**111**	63	68
Other income*	**52**	44	36
Adjusted EBITDA	**1 141**	70	672
Adjusted EBITDA margin %	**36.3%**	26	28.9%
Resorts and hotels	**1 123**	63	690
Casino income	**430**	31	328
Rooms revenue	**316**	>100	143
Food and beverage revenue	**221**	99	111
Other income*	**156**	44	108
Adjusted EBITDA	**152**	>100	(88)
Adjusted EBITDA margin %	**13.5%**	>100	(12.8%)
Sun Slots			
Income	**717**	18	608
Adjusted EBITDA	**178**	17	152
Adjusted EBITDA margin %	**24.8%**	(1)	25.0%

R million	2022	%	2021
SunBet			
Income	**125**	37	91
Adjusted EBITDA	**14**	8	13
Adjusted EBITDA margin %	**11.2%**	(22)	14.3%
Total South Africa			
Income	**5 108**	37	3 717
Adjusted EBITDA	**1 485**	98	749
Adjusted EBITDA margin %	**29.1%**	44	20.2%
Nigeria and other			
Income	**60**	40	43
Adjusted EBITDA	**(11)**	(10)	(10)
Adjusted EBITDA margin %	**(18.3%)**	21	(23.3%)
Total group			
Income	**5 168**	37	3 760
Adjusted EBITDA	**1 474**	99	739
Adjusted EBITDA margin %	**28.5%**	45	19.7%

* Other income inclusive of all other products and services the group offers and the net income from management companies.

HEADLINE AND ADJUSTED HEADLINE EARNINGS ADJUSTMENTS

The group has incurred certain once-off or unusual items that have been adjusted for in adjusted headline earnings in the 2022 period under review, the most significant of which are described below:

- Foreign exchange and net monetary gains of R15 million relating to the loan between Sun International and TCN in Nigeria;
- Business interruption insurance receipts of R13 million received for Sun Slots; and
- A change in the estimated redemption value of the SunWest put option liability of R222 million.

UPDATE ON KEY MATTERS

Regulatory

- On 10 June 2022, the Provincial Government of the Western Cape (PGWC) published the draft bills and draft regulations for comment with regards to the proposed amendments to the relocation regime in the Western Cape. In summary, amendments included, inter alia:
  - a maximum number of two casino operator licences that may be granted or held in the City of Cape Town (Cape Town) which cannot be situated within a 30-kilometre radius from another casino and in the 77-kilometre radius calculated from the Cape Town City Hall;
  - a casino that relocates to Cape Town shall be situated in part of the Helderberg area that falls outside the radius to the existing casino in Cape Town;
  - the licence will be issued for a tenure of 10 years from the date on which the relocated casino commences operations, or 18 months from the date on which the application relating to the relocation of the casino was granted;
  - a casino that wishes to relocate will be required to pay an application fee, but will also be required after the relocation is granted to pay:
    - an upfront economic opportunity tax of R75 million; and
    - monthly economic opportunity tax of 1% of GGR. The economic opportunity tax will be payable for a period of 10 years, commencing one month from the date of commencement of the operations of the relocated casino.

We have consulted with our legal advisers and have submitted comments to the PGWC.

Update on key matters

- We refer to the SENS announcement released on the JSE on 8 August 2022, when it was announced that as part of Sun International's stated strategic objective of consolidating its minority positions in its portfolio and disposing of non-core assets, terms have been agreed to whereby we would acquire the minority shareholder's 14.25% interest in Time Square and dispose of a certain identified portion of land surplus to Time Square's requirements and register a servitude over certain Time Square parking bays. The transaction is subject to certain conditions precedent as set out in the SENS announcement, which will result in Sun International receiving a net amount of R73 million once the transaction becomes unconditional.
- Phase 1 of the Boardwalk Mall was opened at the end of the first quarter of 2022 with the remaining phases opening in the fourth quarter of 2022. Boardwalk's 33.3% investment in the development amounts to R165 million of which R114 million has been invested to date and the remaining R51 million will be made in the second six months of this year. Non-recourse debt of R104 million has been secured to fund the Boardwalk Mall. This development will enhance the overall precinct and in itself deliver a satisfactory return.
- The refurbishment of The Palace at Sun City and the addition of a spa, will be completed in November 2022 at a total cost of R208 million, of which R54 million was incurred in 2021, R67 million in the current reporting period and R87 million during the second six months of this year. We expect to achieve higher rates and occupancies following the completion of the refurbishments.
- Work on the expansion of the GrandWest Hotel has commenced. The hotel will be expanded from 39 keys to 103 keys at a cost of R122 million of which R27 million will be incurred in the current year and the remaining amount in 2023. Opening is anticipated to be in the third quarter of 2023. The existing 39 room hotel achieves an occupancy of 99% and can only accommodate a limited number of our top end customers. The additional rooms ensure that we can fully implement our out-of-town strategy and offer an enhanced customer experience which in turn will impact positively on gaming income.
- The strategic expansion of the Sun Vacation Club development comprising 258 units at a cost of R850 million has commenced on a phased basis. The initial phase will comprise of 58 units at a cost of R295 million, of which R65 million will be incurred during the second six months of this year and the balance in 2023. The demand and success of this phase will inform the timing and rollout of the remainder of this expansion. We will achieve above market returns on this investment with sales proceeds largely received upfront.

Sun Dreams contingent earnouts

Subsequent to the disposal of our interest in Sun Dreams S.A. in October 2020, we continue to monitor progress of the renewal of certain casino licences to ascertain whether future earnouts, which formed part of the transaction, will materialise. The earnouts relate to the renewal of four of Sun Dreams S.A.'s SCJ licences by 31 December 2024 (CLP10.5 billion earnout (R185 million)) and these licences achieving at least their 2019 adjusted EBITDAR in the first full year following renewal of these licences (CLP31.8 billion earnout (R562 million)). On 5 August the SCJ announced that the 4 licences will be renewed. We await the final grant of these licences and the payment of the first earnout of CLP 10.5 billion (R185 million).

Environmental, social and governance

Our ESG strategy aims to embed the principles of ESG across all facets of our business to ensure that we deliver sustained value creation. Our holistic ESG focus allows us to measure, monitor and evaluate our contribution towards minimising our impact on the natural and social environments within which we operate, while ensuring sustainable value creation for all of our stakeholders.

Annually IRAS, an independent integrated reporting and assurance services company, compiles a Sustainability Data Transparency Index (SDTI) for JSE listed companies. The SDTI focuses on ESG information reported on in the companies' integrated annual reports (IAR). Their current report reviewed and analysed 270 companies with year-ends on or before 31 December 2021, Sun International was rated the 17th best company overall when it came to ESG reporting and rated the best ESG reporting company in the Travel and Leisure industry for the second year in a row.

OUTLOOK

Our operations improved significantly during the first six months of 2022, due to the last pandemic related restrictions having been lifted and we anticipate that this trend will continue for the remainder of the year. Our overall July 2022 income was in line with 2019 and ahead of the run rate achieved in the first six months. With our ongoing focus on costs and efficiencies, we anticipate a significant improvement in the second half of the year compared to the prior comparative period and consequently strong growth in adjusted EBITDA and earnings per share.

We anticipate that SunBet will continue with its strong income growth which will be aided by the introduction of the recently launched slots offering. Our omni-channel offering with Sun International's premium hotel and casino portfolio and integrated MVG programme will also assist in increasing our share of the online gaming market.

CONDENSED INTERIM GROUP FINANCIAL STATEMENTS

for the six-month period ended 30 June 2022

Basis of preparation

The condensed interim group financial statements are prepared in accordance with the requirements of the JSE Listings Requirements for interim financial statements and the requirements of the South African Companies Act, No 71 of 2008, as amended, applicable to condensed interim group financial statements. The condensed interim group financial statements were prepared in accordance with the framework concepts and the information required by IAS 34: Interim Financial Reporting, as well as the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by Financial Reporting Standards Council, and a statement confirming that it has been so prepared must be included in the report. The accounting policies applied in the preparation of the group financial statements from which the condensed interim group financial statements have been derived, are in terms of IFRS and are consistent with those accounting policies applied in the preparation of the previous group financial statements, unless otherwise stated. Group financial statements refers to the consolidated financial statements. The unaudited condensed interim group financial statements should be read in conjunction with the audited group financial statements for the year ended 31 December 2021, which have been prepared in accordance with IFRS.

The prior period comparative financial information reflects the operations of eSwatini and Carousel as discontinued operations in terms of IFRS 5: Non-Current Assets and Liabilities Held for Sale from Discontinued Operations.

Put option

The accounting policy and terms applied in preparation of the put option is consistent with that which was applied in the previous audited group financial statements. The put option liability is calculated in accordance with the terms of the put option agreements.

The SunWest put option is effectively a 7.5 times adjusted EBITDA (R543 million) multiple valuation of the Western Cape assets, less net debt (R643 million), times the 20% shareholding which Tsogo Sun holds. The put option liability which was affected by the pandemic's decrease in trading and low EBITDA levels for the twelve-month periods ended June 2021 and June 2022, is now recovering. A liability has been raised of R686 million (31 December 2021: R464 million) in this regard. The put option liability is measured at amortised cost. The fair value of the put option approximates its carrying value. By applying a sensitivity analysis of increasing the adjusted EBITDA, as at 30 June 2021, by 5% would increase the estimated redemption value of the put option by R41 million if assumed other variables remain constant. As at 30 June 2022, there was no triggering event that resulted in a change of control (in terms of IAS 1.69(d)) and therefore the SunWest put option is disclosed as a non-current liability.

The Time Square put option is effectively a 8 times adjusted EBITDA (R368 million) multiple valuation of the Time Square assets, less cash on hand and net debt (R5 318 million). Due to the high level of initial debt from development spend as well as trading being impacted by the pandemic, management has assessed the redemption value as Rnil (30 June 2021: Rnil). The fair value of the option approximates its carrying value.

Adjusted EBITDA

Adjusted EBITDA is defined as earnings before interest (which includes gains and losses on foreign exchange transactions), tax, depreciation, and amortisation, and is also presented before recognising expenses which are of an unusual and infrequent nature as a result of unforeseen and atypical events. Examples of adjustments are set out below:

- profit/loss on disposal of property, plant and equipment;
- income associated with insurance receipts;
- foreign exchange cover profits/losses; and
- other non-recurring expenses which are of an unusual and infrequent nature as a result of unforeseen and atypical events.

Adjusted headline earnings

The adjustments made in determining adjusted EBITDA are either reflected in the headline earnings adjustments required by Circular 1/2021 – Headline earnings, or where not reflected yet in the adjustments prescribed by the Circular or to the extent that it is not reflected in the operating profit, it is adjusted to determine adjusted headlines earnings per share.

These items relate mainly to:

- interest income on non-operating assets;
- change in the estimated redemption value of put option liabilities; and
- other unusual and infrequent expenses as a result of atypical events.

Standards implemented

There were no new accounting standards required to be adopted and amended standards have had no material impact during the current reporting period.

CONDENSED INTERIM GROUP STATEMENT OF COMPREHENSIVE INCOME

for the six-month period ended 30 June 2022

R million	2022	2021
Continuing operations		
Net gaming wins	**4 236**	3 252
Revenue	**932**	508
Insurance receipts*	**13**	235
Income	**5 181**	3 995
Consumables and services	**(528)**	(409)
Depreciation and amortisation	**(441)**	(451)
Employee costs	**(1 030)**	(875)
Levies and VAT on casino income	**(1 010)**	(752)
LPM site owners commission**	**(210)**	(178)
Promotional and marketing costs	**(182)**	(164)
Property and equipment rentals	**(22)**	(12)
Property costs	**(393)**	(351)
Other operational costs	**(330)**	(300)
Operating profit	**1 035**	503
Foreign exchange gains/(losses)	**11**	(38)
IFRS 9 extinguishment adjustment	**–**	43
Finance income	**8**	37
Finance expense	**(237)**	(270)
Change in estimated redemption value of put option	**(222)**	(241)
Share of profit of investments accounted for using the equity method	**–**	1
Profit before tax	**595**	35
Tax	**(251)**	(83)
Profit/(loss) for the period from continuing operations	**344**	(48)
Profit/(loss) for the period from discontinued operations	**–**	(11)
Profit/(loss) for the period	**344**	(59)

* Insurance receipts include R13 million SASRIA business interruption claims in the current year and R235 million pandemic related business interruption claims in the prior comparative period.

** LPM - Limited pay-out machines.

R million	2022	2021
Profit/(loss) for the period	**344**	(59)
Other comprehensive income:		
Items that may be reclassified to profit or loss		
Gross gain on cash flow hedges	**–**	36
Tax on gain on cash flow hedges	**–**	(10)
Foreign currency translation reserve	**(39)**	18
Total comprehensive income/(loss) for the period	**305**	(15)
Profit/(loss) for the period attributable to:	**344**	(59)
Minorities	**112**	21
Ordinary shareholders	**232**	(80)
Total comprehensive income/(loss) for the period attributable to:	**305**	(15)
Minorities	**102**	39
Ordinary shareholders	**203**	(54)
Total comprehensive income/(loss) for the period attributable to ordinary shareholders arises from:	**203**	(54)
Continuing operations	**203**	(50)
Discontinued operations	**–**	(4)

	Cents per share	Cents per share
Earnings/(loss) per share		
basic	**94**	(32)
diluted	**92**	(32)
Headline earnings/(loss) per share	**93**	(32)
Adjusted headline earnings/(loss) per share	**177**	(3)

HEADLINE EARNINGS AND ADJUSTED HEADLINE EARNINGS RECONCILIATION

for the six-month period ended 30 June 2022

R million	2022	2021
Profit/(loss) attributable to ordinary shareholders	**232**	(80)
Net (profit)/loss on disposal of property, plant and equipment	**(1)**	17
Net profit on derecognition of eSwatini	**–**	(12)
Tax relief on above items	**–**	(4)
Minorities' interests in the above items	**–**	(2)
Headline earnings/(loss)	**231**	(81)
IFRS 9 debt extinguishment adjustment	**–**	(43)
Insurance receipts*	**(13)**	(235)
Restructuring costs	**–**	13
Change in estimated redemption value of put option	**222**	241
Foreign exchange and net monetary (gains)/losses**	**(15)**	32
Other	**–**	(1)
Tax relief on above items	**8**	53
Minorities' interests in the above items	**5**	14
Adjusted headline earnings/(loss)	**438**	(7)

* Insurance receipts include R13 million SASRIA business interruption claims in the current year and R235 million pandemic related business interruption claims in the prior comparative period.

** Relates to foreign exchange difference on US dollar denominated loans held by the Sun International company and Nigeria

CONDENSED GROUP STATEMENT OF FINANCIAL POSITION

as at 30 June 2022

R million	2022	2021*
ASSETS		
Non-current assets		
Property, plant and equipment	**8 999**	9 091
Intangible assets	**875**	902
Equity accounted investments	**31**	31
Pension fund asset	**9**	9
Deferred tax	**1 341**	1 345
Trade and other receivables	**71**	67
	11 326	11 445
Current assets		
Inventory	**100**	88
Trade and other receivables	**1 201**	1 224
Cash and cash equivalents	**379**	374
	1 680	1 686
Non-current assets held for sale	**26**	26
Total assets	**13 032**	13 157
EQUITY AND LIABILITIES		
Capital and reserves		
Ordinary shareholders' equity before put option reserve	**3 470**	3 293
Put option reserve	**(1 286)**	(1 286)
Ordinary shareholders' equity	**2 184**	2 007
Minorities' interests	**(329)**	(291)
	1 855	1 716
Non-current liabilities		
Deferred tax	**473**	440
Borrowings	**5 554**	6 716
Put option liability	**686**	464
Contract liabilities and other liabilities	**564**	580
	7 277	8 200
Current liabilities		
Borrowings	**1 901**	1 242
Trade payables and accruals	**1 874**	1 827
Derivative financial instruments	**14**	56
Contract liabilities and other liabilities	**111**	116
	3 900	3 241
Total liabilities	**11 177**	11 441
Total equity and liabilities	**13 032**	13 157

* *Comparative figures in the statement of financial position relate to 31 December 2021.*

CONDENSED GROUP STATEMENT OF CHANGES IN EQUITY

for the six-month period ended 30 June 2022

R million	Share capital and premium	Treasury shares	Share based payment reserve	Foreign currency translation reserve	Reserve for non-controlling interests*	Other reserve**	Retained earnings	Ordinary share-holders' equity before put option reserve	Put options reserves	Ordinary share-holders' equity	Minorities' interests	Total equity
For the six-month period ended 30 June 2022												
Balance at 31 December 2021	**3 100**	**(419)**	**46**	**47**	**(3 353)**	**230**	**3 642**	**3 293**	**(1 286)**	**2 007**	**(291)**	**1 716**
Total comprehensive income for the period	**–**	**–**	**–**	**(29)**	**–**	**–**	**232**	**203**	**–**	**203**	**102**	**305**
Share plan shares	**–**	**(41)**	**–**	**–**	**–**	**–**	**–**	**(41)**	**–**	**(41)**	**–**	**(41)**
Reclassification of share option reserve	**–**	**6**	**(6)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Employee share plans	**–**	**–**	**15**	**–**	**–**	**–**	**–**	**15**	**–**	**15**	**–**	**15**
Dividends paid	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(140)**	**(140)**
Balance at 30 June 2022	**3 100**	**(454)**	**55**	**18**	**(3 353)**	**230**	**3 874**	**3 470**	**(1 286)**	**2 184**	**(329)**	**1 855**
For the six-month period ended 30 June 2021												
Balance at 31 December 2020	3 100	(400)	63	48	(3 353)	164	3 379	3 001	(1 286)	1 715	(253)	1 462
Total comprehensive income for the year	–	–	–	–	–	26	(80)	(54)	–	(54)	39	(15)
Derecognition of eSwatini	–	–	–	–	–	–	–	–	–	–	14	14
Reclassification of share option reserve	–	11	(11)	–	–	–	–	–	–	–	–	–
Employee share plans	–	–	17	–	–	–	–	17	–	17	–	17
Dividends paid	–	–	–	–	–	–	–	–	–	–	(66)	(66)
Balance at 30 June 2021	**3 100**	**(389)**	**69**	**48**	**(3 353)**	**190**	**3 299**	**2 964**	**(1 286)**	**1 678**	**(266)**	**1 412**

* Reserve for non-controlling interests relates to the premium paid on purchases of minorities' interest and profits and losses on disposals of interests to minorities, where there is no change in control.

** Including hedging and pension fund reserve.

CONDENSED GROUP STATEMENT OF CASH FLOW

for the six-month period ended 30 June 2022

R million	2022	2021
Cash generated by operations before:	**1 516**	569
Vacation Club timeshare sales	**45**	39
Tax paid	**(244)**	(331)
Cash flows from operating activities	**1 317**	277
Purchase of property, plant and equipment	**(323)**	(190)
Purchase of intangible assets	**(20)**	(12)
Disposal of Boardwalk Mall retail centre	**–**	26
Cash flows from investing activities	**(343)**	(176)
Share plan shares acquired	**(41)**	–
Repayment of capital lease liabilities	**(74)**	(41)
Net repayment of borrowings	**(470)**	(2)
Interest paid	**(224)**	(302)
Minority dividends paid	**(140)**	(66)
Cash flows from financing activities	**(949)**	(411)
Effect of exchange rates upon cash and cash equivalents	**(20)**	24
Net increase/(decrease) in cash and cash equivalents	**5**	(286)
Cash and cash equivalents at beginning of the period	**374**	538
Cash and cash equivalents at end of the period	**379**	252
Cash held by discontinued operations	**–**	(1)
Cash and cash equivalents at end of the year excluding non-current assets held for sale	**379**	251
Cash flows from discontinued operations	**–**	(1)

SUPPLEMENTARY INFORMATION

for the six-month period ended 30 June 2022

	2022	2021
Number of shares for diluted EPS and HEPS calculation ('000)		
Weighted average number of shares in issue	**247 774**	249 433
Adjustment for dilutive share awards	**3 128**	–
Diluted weighted average number shares in issue	**250 902**	249 433
Group – earnings/(loss) per share (cents)		
– basic earnings/(loss) per share	**94**	(32)
– headline earnings/(loss) per share	**93**	(32)
– adjusted headline earnings/(loss) per share	**177**	(3)
– diluted basic earnings/(loss) per share	**92**	(32)
– diluted headline earnings/(loss) per share	**92**	(32)
– diluted adjusted headline earnings/(loss) per share	**175**	(3)
Continuing – earnings/(loss) per share (cents)		
– basic earnings/(loss) per share	**94**	(30)
– headline earnings/(loss) per share	**93**	(32)
– adjusted headline earnings/(loss) per share	**177**	(2)
– diluted basic earnings/(loss) per share	**92**	(30)
– diluted headline earnings/(loss) per share	**92**	(32)
– diluted adjusted headline earnings/(loss) per share	**175**	(2)
Discontinued – loss per share (cents)		
– basic loss per share	**–**	(2)
– adjusted headline loss per share	**–**	(1)
– diluted basic loss per share	**–**	(2)
– diluted adjusted headline loss per share	**–**	(1)

SUPPLEMENTARY INFORMATION CONTINUED

for the six-month period ended 30 June 2022

R million	2022	2021
Adjusted EBITDA reconciliation		
Operating profit	**1 035**	503
Depreciation and amortisation	**441**	451
Net (profit)/loss on disposal of property, plant and equipment	**(1)**	17
Profit on derecognition of eSwatini	**–**	(12)
Insurance receipts*	**(13)**	(235)
Restructuring costs	**–**	13
Other**	**12**	2
Adjusted EBITDA	**1 474**	739
Adjusted EBITDA margin (%)	**28.5**	19.7

* Insurance receipts include R13 million SASRIA business interruption claims in the current year and R235 million pandemic related business interruption claims in the prior year.

** The consolidation of the Sun International Employee Share Trust has been reversed for the adjusted EBITDA reconciliation as the group did not receive the economic benefits of this trust.

R million	2022	2021
Tax reconciliation		
Profit before tax before share of associate	**595**	36
Share of associates' profits	**–**	(1)
Profit before tax	**595**	35
Effective tax expense	**(251)**	(83)
Depreciation on non-qualifying buildings	**9**	8
Impairment of assets and fair value adjustments	**–**	(1)
Other non-deductible expenditure	**19**	12
Change in estimated redemption value of put option	**62**	72
Other exempt income	**(4)**	(12)
Tax incentives	**(1)**	(2)
Tax losses not meeting the recognition criteria	**5**	13
Adjustment for prior year deferred tax	**(4)**	(17)
Trust tax rate differential	**(1)**	–
Tax expense at South African corporate tax rate	**(166)**	(10)

Other metrics	2022	2021
Adjusted EBITDA to interest (times)	**4.0x**	2.3x
Borrowings to adjusted EBITDA (times) excluding IFRS 16	**2.6x**	4.4x
Net asset value per share (Rand)	**7.4**	5.7
Capital expenditure (R million)	**343**	202
Capital commitments (R million)	**416**	201

SEGMENTAL REVIEW

for the six-month period ended 30 June 2022

	Income			Adjusted EBITDA			Depreciation and amortisation			Adjusted operating profit		
R million	**2022**	**%**	**2021**	**2022**	**%**	**2021**	**2022**	**%**	**2021**	**2022**	**%**	**2021**
Urban casinos	**3 143**	35	2 328	**1 141**	70	672	**(275)**	6	(292)	**866**	>100	380
GrandWest	**877**	38	635	**299**	56	192	**(60)**	2	(61)	**239**	82	131
Time Square	**650**	35	481	**222**	73	128	**(95)**	10	(105)	**127**	>100	23
Sibaya	**629**	43	440	**228**	61	142	**(26)**	–	(26)	**202**	74	116
Carnival City	**420**	31	321	**107**	70	63	**(31)**	(7)	(29)	**76**	>100	34
Boardwalk	**217**	28	170	**47**	>100	16	**(22)**	–	(22)	**25**	>100	(6)
Meropa	**119**	19	100	**36**	44	25	**(8)**	20	(10)	**28**	87	15
Windmill	**100**	39	72	**32**	88	17	**(8)**	11	(9)	**24**	>100	8
Flamingo	**62**	27	49	**12**	50	8	**(7)**	–	(7)	**5**	>100	1
Golden Valley	**64**	10	58	**8**	14	7	**(7)**	(17)	(6)	**1**	–	1
Management companies	**181**	28	141	**150**	>100	74	**(11)**	35	(17)	**139**	>100	57
Intercompany management fees	**(176)**	(27)	(139)	**–**	–	–	**–**	–	–	**–**	–	–
Resorts and hotels	**1 123**	63	690	**152**	>100	(88)	**(110)**	(4)	(106)	**42**	>100	(194)
Sun City	**709**	60	442	**79**	>100	(81)	**(77)**	(7)	(72)	**2**	>100	(153)
Wild Coast Sun	**243**	29	189	**47**	96	24	**(20)**	9	(22)	**27**	>100	2
The Table Bay Hotel	**124**	>100	37	**28**	>100	(14)	**(13)**	(8)	(12)	**15**	>100	(26)
The Maslow Sandton	**47**	>100	22	**(2)**	88	(17)	**–**	–	–	**(2)**	88	(17)
Sun Slots	**717**	18	608	**178**	17	152	**(44)**	(2)	(43)	**134**	23	109
SunBet	**125**	37	91	**14**	8	13	**(2)**	(100)	(1)	**12**	–	12
Total South African operations	**5 108**	37	3 717	**1 485**	98	749	**(431)**	2	(442)	**1 054**	>100	307
Nigeria and other	**60**	40	43	**(11)**	(10)	(10)	**(10)**	(11)	(9)	**(21)**	(11)	(19)
Total group operations	**5 168**	37	3 760	**1 474**	99	739	**(441)**	2	(451)	**1 033**	>100	288

BORROWINGS BY SUBSIDIARY

as at 30 June 2022

R million	Debt	IFRS 16 lease liability	Total debt	Minority Share	Sun Share
South Africa	**5 904**	837	**6 741**	1 321	**5 420**
Nigeria	**714**	–	**714**	362	**352**
Total debt as at 30 June 2022	**6 618**	837	**7 455**	1 683	**5 772**
South Africa	**6 389**	869	**7 258**	1 286	**5 972**
Nigeria	**700**	–	**700**	354	**346**
Total debt as at 31 December 2021	**7 089**	869	**7 958**	1 640	**6 318**

CAPITAL EXPENDITURE

for the six-month period ended 30 June 2022

R million	2022	2021
South Africa		
Expansionary capex	**125**	–
Sun Slots	**68**	–
Boardwalk Mall	**57**	–
Major refurbishment capex	**67**	–
Sun City	**67**	–
Refurbishment and ongoing	**146**	201
Sun City	**29**	42
GrandWest	**19**	5
Sun Slots	**13**	53
Sibaya	**12**	34
Carnival City	**16**	15
Wild Coast Sun	**10**	3
Boardwalk	**12**	3
Time Square	**12**	7
Meropa	**3**	–
SunBet	**1**	2
Other	**19**	37
Total South Africa	**338**	201
Nigeria	**5**	1
Total group capital expenditure	**343**	202

GOING CONCERN

The IFRS Conceptual Framework states that going concern is an underlying assumption in the preparation of IFRS financial statements. Therefore, the financial statements presume that an entity will continue in operation for the foreseeable future or, if that presumption is not valid, disclosure and a different basis of reporting is required. The board of directors believes that, as of the date of this interim results report, the going concern presumption is still appropriate and accordingly the unaudited condensed interim group financial statements have been prepared on the going concern basis.

IAS 1 – Preparation of Financial Statements ('IAS 1') requires management to perform an assessment of the group's ability to continue as a going concern. If management is aware of material uncertainties related to events or conditions that may cast significant doubt upon the group's ability to continue as a going concern, IAS 1 requires these uncertainties to be disclosed.

The directors' assessment of whether the group is a going concern was considered and the directors concluded that:

- the group and the company are solvent, with their assets exceeding their liabilities and are expected to remain solvent after considering the approved budget and expected performance;
- based on the short- and long-term forecasts (as per the budget approved by the group's board of directors), the group is expected to be able to meet all its short-term obligations through a combination of the cash generated by operations and the utilisation of the current facilities available to the group;
- as at 30 June 2022, South African debt (excluding IFRS 16 lease liabilities) amounted to R5.9 billion and its debt to adjusted EBITDA ratio of 2.6 times. This is in compliance with the debt covenant requirement of a covenant ratio of less than 4.5 times. As at 30 June 2022 the interest cover ratio was compliant at 4.0 times which is above the required 2.25 times;
- there has been no event of default over the past 12 months on any of the company or group's debt facilities. No facilities previously available to the company or the group have been withdrawn and remain committed by our lenders; and
- the group has forecast that it will achieve the required debt to adjusted EBITDA and interest cover ranges as per the debt covenants agreed with its lenders for the following 12 months.

The board, after considering the negotiated terms and other factors described above, has concluded that the group will be able to discharge its liabilities as they fall due in the normal course of business and is therefore of the opinion that the going concern assumption is appropriate in the preparation of the unaudited condensed interim group financial statements.

SUBSEQUENT EVENTS

No further subsequent events other than disclosed.

CONDENSED SEGMENTAL INCOME ANALYSIS

for the six-month period ended 30 June 2022

	Net gaming wins										Revenue from contracts with customers							
	Net gaming wins		Slots		Tables		Sun Slots and SunBet		Total revenue		Rooms		Food and beverage		Other**		Total income	
R million	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**
Group operations																		
Urban casinos	**2 938**	2 200	**2 341**	1 871	**597**	329	**–**	–	**205**	313	**42**	23	**111**	67	**52**	223	**3 143**	2 513
GrandWest	**845**	614	**720**	557	**125**	57	**–**	–	**32**	71	**1**	–	**18**	9	**13**	62	**877**	685
Time Square	**582**	443	**420**	342	**162**	101	**–**	–	**68**	88	**17**	8	**35**	20	**16**	60	**650**	531
Sibaya	**606**	428	**439**	349	**167**	79	**–**	–	**23**	62	**3**	2	**16**	7	**4**	53	**629**	490
Carnival City	**398**	307	**315**	259	**83**	48	**–**	–	**22**	64	**3**	2	**10**	7	**9**	55	**420**	371
Boardwalk	**184**	151	**161**	127	**23**	24	**–**	–	**33**	19	**11**	6	**21**	10	**1**	3	**217**	170
Meropa	**114**	91	**97**	81	**17**	10	**–**	–	**5**	9	**3**	2	**–**	7	**2**	–	**119**	100
Windmill	**96**	69	**84**	64	**12**	5	**–**	–	**4**	3	**–**	–	**3**	2	**1**	1	**100**	72
Flamingo	**57**	46	**53**	44	**4**	2	**–**	–	**5**	3	**–**	–	**4**	2	**1**	1	**62**	49
Golden Valley	**56**	51	**52**	48	**4**	3	**–**	–	**8**	7	**4**	3	**4**	3	**–**	1	**64**	58
Management companies	**–**	–	**–**	–	**–**	–	**–**	–	**181**	126	**–**	–	**–**	–	**181**	126	**181**	126
Intercompany management fees	**–**	–	**–**	–	**–**	–	**–**	–	**(176)**	(139)	**–**	–	**–**	–	**(176)**	(139)	**(176)**	(139)
Resorts and hotels	**430**	328	**345**	281	**85**	47	**–**	–	**693**	412	**316**	142	**221**	111	**156**	159	**1 123**	740
Sun City	**247**	177	**187**	145	**60**	32	**–**	–	**462**	315	**178**	94	**148**	76	**136**	145	**709**	492
Wild Coast Sun	**183**	151	**158**	136	**25**	15	**–**	–	**60**	38	**17**	12	**25**	15	**18**	11	**243**	189
The Table Bay Hotel	**–**	–	**–**	–	**–**	–	**–**	–	**124**	37	**95**	24	**28**	11	**1**	2	**124**	37
The Maslow Sandton	**–**	–	**–**	–	**–**	–	**–**	–	**47**	22	**26**	12	**20**	9	**1**	1	**47**	22
Sun Slots	**717**	608	**–**	–	**–**	–	**717**	608	**13**	–	**–**	–	**–**	–	**13**	–	**730**	608
SunBet	**124**	91	**–**	–	**–**	–	**124**	91	**1**	–	**–**	–	**–**	–	**1**	–	**125**	91
Total South African operations	**4 209**	3 227	**2 686**	2 152	**682**	376	**841**	699	**912**	725	**358**	165	**332**	178	**222**	382	**5 121**	3 952
Nigeria and other	**27**	25	**20**	22	**7**	3	**–**	–	**33**	18	**17**	9	**14**	7	**2**	2	**60**	43
Total group operations	**4 236**	3 252	**2 706**	2 174	**689**	379	**841**	699	**945**	743	**375**	174	**346**	185	**224**	384	**5 181**	3 995

Income streams are reported on separately as below:

Income outside the scope of IFRS 15:

- Tables and slots: Income from casino gambling operations.
- Income from Sun Slots and SunBet.

IFRS 15: Revenue from contracts with customers:

- Food and beverage: Revenue from bars, restaurant and conferencing operations.
- Rooms: Revenue from hotel rooms operations.

R million	**2022**	**2021**
**** Other revenue:**		
Revenue within the scope of IFRS 15		
Other income*	**128**	93
Revenue excluded from the scope of IFRS 15 (Rental and Concessionaire income^)	**83**	56
Insurance receipts@	**13**	235
Total	**224**	384

* Other income includes conferencing and entertainment revenue, management fees income, membership revenue, merchandise revenue, entrance fee revenue and time share income.

^ Concessionaire income is based on an agreed percentage of that concessionaire's turnover.

@ Insurance receipts include R13 million SASRIA business interruption claims in the current year and R235 million pandemic related business interruption claims in the prior comparative period.

ADDITIONAL INFORMATION

for the six-month period ended 30 June 2022

INTERIM DIVIDEND DECLARATION

Notice is hereby given that a gross interim cash dividend of 88 cents per share (70.4 cents net after deducting withholding tax) for the six-month period ended 30 June 2022 has been declared, payable to shareholders recorded in the register of the company at the close of business on the record date appearing below. The company did not declare an interim dividend in the prior comparative period. The dividend has been declared from reserves and therefore does not constitute a distribution of 'contributed tax capital' as defined in the Income Tax Act, 58 of 1962. A dividend withholding tax of 20% will be applicable to all shareholders who are not exempt.

The issued share capital at the declaration date is 263 905 660 ordinary shares including treasury shares. The salient dates for the dividend will be as follows:

Declaration date	Monday, 29 August 2022
Last day to trade cum dividend	Tuesday, 13 September 2022
Shares commence trading 'ex' dividend	Wednesday, 14 September 2022
Record date	Friday, 16 September 2022
Payment date	Monday, 19 September 2022

Share certificates may not be dematerialised or rematerialised between Wednesday, 14 September 2022 and Friday, 16 September 2022, both days inclusive. Ordinary shareholders who hold dematerialised shares will have their accounts at their CSDP or broker credited or updated on Monday, 19 September 2022. Where applicable, dividends in respect of certificated shares will be transferred electronically to shareholders' bank accounts on the payment date. Where the transfer secretaries do not have the banking details of any certificated shareholders, the cash dividend will be held in trust by the transfer secretaries pending receipt of the relevant certificated shareholder's banking details after which the cash dividend will be paid via electronic transfer into the personal bank account of the certificated shareholder.

Sun International's tax reference number is 9875/186/71/1.

CHANGES TO THE BOARD OF DIRECTORS

The following changes to the company's board of directors took place during the period under review and were communicated to shareholders via SENS:

Appointment

On 12 May 2022, Ms MLD Marole was appointed as an independent non-executive director of Sun International.

Retirements

On 31 March 2022, Mr PD Bacon retired as an independent non-executive director of the company per the SENS announcement which was released on 22 November 2021.

In addition to Mr Bacon's retirement, Ms BLM Makgabo-Fiskerstrand retired from the Sun International board at the 2022 annual general meeting of the company which was held on Tuesday, 10 May 2022.

REGISTERED OFFICE

6 Sandown Valley Crescent, Sandown, Sandton, 2196

SPONSOR

Investec Bank Limited

TRANSFER SECRETARIES

JSE Investor Services (Pty) Ltd (formerly Link Market Services South Africa (Pty) Ltd), 13th Floor, 19 Ameshoff Street, Braamfontein, 2000

DIRECTORS

S Sithole (Chairman), GW Dempster (Lead Independent Director), AM Leeming (Chief Executive)*, N Basthdaw (Chief Financial Officer)*, EAMMG Cibie (Chilean), CM Henry, SN Mabaso-Koyana, MLD Marole, TR Ngara, NT Payne (British), ZP Zatu.

* Executive

The report was prepared under the supervision of the chief financial officer, N Basthdaw; BCompt (Hons), CTA, CA(SA), MCom, HDip Company Law.

GROUP COMPANY SECRETARY

AG Johnston
29 August 2022

STUDIO(S)

SUN INTERNATIONAL LIMITED

(Incorporated in the Republic of South Africa) | Registration number: 1967/007528/06 |
Share code: SUI | ISIN: ZAE 000097580 | EI: 378900835F180983C60 |
("Sun International" or "company" or "group")

www.suninternational.com