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Audited  
summary group  
financial results

for the year ended  
31 December 2020

# INTRODUCTION

The Covid-19 pandemic had a significant impact on the group, its people and the results for the year ended 31 December 2020. Sun International responded quickly to the crisis, taking decisive action to protect liquidity and minimise cash outflow. Key to our response was our engagement and communication strategy with government, regulators, lenders, customers, suppliers, communities, partners and staff.

During the year, we focused on cost reductions, optimising working capital, prioritising capital investment and negotiating with lenders, service providers and suppliers for either a waiver, reduction or deferment of payments. We formulated and implemented plans to achieve operational efficiencies and restructured certain parts of the business. Critical actions taken included:

- pro-actively engaging with lenders in respect of debt service and covenant waivers;
- addressing the short-term liquidity risks, including up to a 60% reduction in payroll costs, deferring all capital investment other than critical spend, reducing operating costs and negotiating with service providers and suppliers for either a waiver, reduction or deferment of payments;
- engaging and communicating on an ongoing basis with government, regulators, customers, suppliers and staff;
- formulating start-up post lockdown operational plans, including detailed safety protocols for staff and customers;
- announcing the closure of both Naledi Sun and Carousel;
- focusing on cost reductions, optimising working capital, prioritising capital investment, formulating plans to achieve operational efficiencies and articulating plans to restructure certain parts of the group's business;
- accelerating the disposal of certain non-core assets;
- successfully concluded the R1.2 billion rights offer; and
- disposal of the group's interest in Sun Dreams.

The above actions not only ensured that the group was in a strong position to deal with the lockdown and the restrictions imposed on its operations, but more importantly they have placed the group in a strong position for a post Covid-19 sustainable recovery.

In addition to the actions highlighted above, the group used the lockdown period to critically assess its operational practices, systems, marketing and guest experience. In this regard several initiatives were commenced which are having and will have a positive impact on the group's future results. These included;

- Addressing and improving our marketing and public relations communication strategy;
- Relaunching our MVG program with a clearer and more meaningful offering;
- Reaching the decision to change our casino management system;
- Changing our booking engine to drive an increase in direct bookings and improve the customer experience when making bookings;
- Developing a Sun International mobile App for both our leisure and casino customers;
- Focusing stringently on the control environment and costs management;
- Reviewing and upgrading our VIP program and strategy; and
- Achieving significant and sustainable costs savings.

It is clear from our recent trading results that these efforts are paying off with growth in market share in key markets since the lockdown and, despite lower revenues, satisfactory adjusted EBITDA and margins achieved in the last quarter of 2020. During the fourth quarter of 2020 the South African operations generated adjusted EBITDA of R678 million at an adjusted EBITDA margin of 32%, despite income at only 70% of 2019 levels.

## COVID-19 AND CLOSURE OF OPERATIONS

On 15 March 2020, President Cyril Ramaphosa declared a National State of Disaster under the Disaster Management Act Regulations Alert Level Framework, following which the gaming, leisure and hospitality sector in South Africa went into a full lockdown. In response to South Africa's lockdown restrictions which commenced on 27 March 2020, all our group's operations were closed from late March 2020 to 30 June 2020. With the easing of the lockdown restrictions, our South African casino operations were able to resume trading with effect from 1 July 2020, with Sun City having re-commenced trading in September once the restrictions on inter-provincial travel were lifted and The Maslow Sandton and The Table Bay hotels having re-opened in October and November respectively. Our operations in eSwatini remain closed while our operations in Nigeria resumed trading in September 2020. Casino operations were able to return to business, subject to strict operational protocols being put in place and limitations on the number of guests permitted in the casinos of up to 50% of normal guest capacity.

The South African lockdown regulations which were amended several times, materially impacted our operations. Regulations included the imposition of curfews, prohibition on the sale and distribution of alcohol, venue capacity limitations linked to strict sanitation protocols and social distancing measures. As at the date of this report, our casinos continue to be impacted by the curfew and are trading at reduced capacity.

# FINANCIAL OVERVIEW

for the year ended 31 December 2020

R million	SOUTH AFRICA			NIGERIA AND ESWATINI			SUN LATAM AND SUN CHILE		
	2020	%	2019	2020	%	2019	2020	%	2019
Income	6 003	(48)	11 481	86	(76)	355	-	-	-
<b>ADJUSTED EBITDA</b>	<b>984</b>	(70)	3 237	<b>(77)</b>	<(100)	12	<b>(10)</b>	(11)	(9)
Depreciation and amortisation	(902)	11	(1 012)	(27)	16	(32)	-	-	-
<b>ADJUSTED OPERATING (LOSS)/ PROFIT</b>	<b>82</b>	(96)	2 225	<b>(104)</b>	<(100)	(20)	<b>(10)</b>	(11)	(9)
Foreign exchange (loss)/profit	11	>100	(16)	(56)	<(100)	-	(13)	27	(18)
Net interest	(908)	(5)	(861)	(9)	80	(46)	(24)	(4)	(23)
Net external interest	(699)	14	(812)	(9)	80	(46)	(24)	(4)	(23)
Hedge (loss)/gain	(135)	<(100)	27	-	-	-	-	-	-
IFRS 16 interest	(74)	3	(76)	-	-	-	-	-	-
<b>ADJUSTED (LOSS)/ PROFIT BEFORE TAX</b>	<b>(815)</b>	<(100)	1 348	<b>(169)</b>	<(100)	(66)	<b>(47)</b>	6	(50)
Tax	33	>100	(376)	(40)	<(100)	(1)	13	>100	(1)
<b>ADJUSTED (LOSS)/ PROFIT AFTER TAX</b>	<b>(782)</b>	<(100)	972	<b>(209)</b>	<(100)	(67)	<b>(34)</b>	33	(51)
Minorities	57	>100	(350)	105	>100	33	25	>100	-
<b>ATTRIBUTABLE (LOSS)/ PROFIT</b>	<b>(725)</b>	<(100)	622	<b>(104)</b>	<(100)	(34)	<b>(9)</b>	82	(51)
Share of associates	2	-	2	-	-	-	-	-	-
<b>GROUP ADJUSTED HEADLINE (LOSS)/ EARNINGS</b>	<b>(723)</b>	<(100)	624	<b>(104)</b>	<(100)	(34)	<b>(9)</b>	82	(51)

2020	%	2019	DISCONTINUED OPERATIONS – SUN DREAMS			TOTAL GROUP OPERATIONS		
			2020	%	2019	2020	%	2019
<b>6 089</b>	(49)	11 836	<b>1 210</b>	78	5 527	<b>7 299</b>	(58)	17 363
<b>897</b>	(72)	3 240	<b>(160)</b>	<(100)	1 283	<b>737</b>	(84)	4 523
<b>(929)</b>	11	(1 044)	<b>(287)</b>	44	(517)	<b>(1 216)</b>	22	(1 560)
<b>(32)</b>	<(100)	2 196	<b>(447)</b>	<(100)	766	<b>(479)</b>	<(100)	2 962
<b>(58)</b>	71	(34)	<b>(13)</b>	<(100)	34	<b>(71)</b>	<(100)	-
<b>(941)</b>	(1)	(930)	<b>(201)</b>	12	(228)	<b>(1 142)</b>	1	(1 158)
<b>(732)</b>	17	(881)	<b>(182)</b>	13	(209)	<b>(914)</b>	16	(1 090)
<b>(135)</b>	<(100)	27	-	-	-	<b>(135)</b>	<(100)	27
<b>(74)</b>	3	(76)	<b>(19)</b>	-	(19)	<b>(93)</b>	2	(95)
<b>(1 031)</b>	<(100)	1 232	<b>(661)</b>	<(100)	572	<b>(1 692)</b>	<(100)	1 804
<b>6</b>	>100	(378)	<b>248</b>	>100	(220)	<b>254</b>	>100	(598)
<b>(1 025)</b>	<(100)	854	<b>(413)</b>	<(100)	352	<b>(1 438)</b>	<(100)	1 206
<b>187</b>	>100	(317)	<b>143</b>	>100	(129)	<b>330</b>	>100	(446)
<b>(838)</b>	<(100)	537	<b>(270)</b>	<(100)	223	<b>(1 108)</b>	<(100)	760
<b>2</b>	-	2	-	(100)	1	<b>2</b>	(33)	3
<b>(836)</b>	<(100)	539	<b>(270)</b>	<(100)	224	<b>(1 106)</b>	<(100)	763

## FINANCIAL OVERVIEW continued for the year ended 31 December 2020

### Group

The Covid-19 pandemic had a significant impact on the group, with all operations being closed for 3 months or longer and the March 2020 trading being significantly disrupted. Income from continuing operations declined by 49% from R11.8 billion to R6.1 billion and continuing adjusted EBITDA reduced by 72% from R3.2 billion to R897 million. Our total group adjusted headline earnings declined from R763 million to a loss of R1.1 billion, with an adjusted headline loss of 633 cents per share.

### South Africa

For the first six months of the year, income declined by 55% to R2.5 billion compared to the prior corresponding period, with adjusted EBITDA down by 95% to R80 million. With the resumption of trading of most operations from 1 July 2020, income and adjusted EBITDA improved steadily throughout the remaining 6 months until the move to an adjusted level 3 lockdown, the imposition of the 8pm curfew and alcohol sales ban in mid-December 2020. This led to a significant drop in activity and cancellation of bookings for the second half of December 2020 and into January 2021. Overall income from the South African operations declined by 48% from the prior year to R6 billion with adjusted EBITDA down by 70% to R984 million.

The net interest expense at R908 million included a hedge loss of R135 million following the reduction in the prime lending rate from 10% at 31 December 2019 to 7% in July 2020 in response to the Covid-19 pandemic. As a result of the extended lockdown and anticipated slow recovery, we incurred impairment charges of R1.3 billion being Sun City (R900 million), Boardwalk (R180 million), The Maslow Sandton (R96 million), intangible assets of R72 million and other individual assets of R9 million. The Tsogo put option liability reduced by R1 billion due to the decrease of the underlying operation's adjusted EBITDA, which forms the base of the put option liability's valuation.

### Latin America

As a result of the group's exit from its investment in Sun Dreams, the results of Sun Dreams have been accounted for until the effective date of the transaction being 31 October 2020 and disclosed as discontinued operations and assets held for sale since 30 June 2020. Income of R1.2 billion and an adjusted EBITDA loss of R160 million have been accounted for. Impairments of individual assets in terms of IAS 36, totaling R118 million were accounted for during the period up to 31 October 2020.

In accordance with IFRS 5, the carrying value of Sun Dreams had to be remeasured to fair value to cost to sell at 1 July 2020. Accordingly a remeasurement impairment of R612 million was recognised. On disposal, due to the final purchase consideration agreed to and exchange rate fluctuations, a profit on disposal of Sun Dreams of R25 million was accounted for at the effective date being 31 October 2020.

### Nigeria and eSwatini

The Federal Palace in Nigeria went into lockdown in April 2020 as a result of the Covid-19 pandemic. Although it has resumed trading, occupancy remains muted due to the ongoing nature of the pandemic. It remains unclear as to when our operations in eSwatini will be re-opened. We continue to actively consider expressions of interest and pursue the disposal of our equity interest in both of these businesses.

FINANCIAL OVERVIEW continued  
for the year ended 31 December 2020

2020 SOUTH AFRICAN TRADING

R million	QUARTER 1, 2020		QUARTER 2, 2020		QUARTER 3, 2020		QUARTER 4, 2020		12 MONTHS 2020	
	Actual	% of 2019	Actual	% of 2019	Actual	% of 2019	Actual	% of 2019	Actual	% of 2019
<b>CASINO, HOTELS AND RESORTS INCOME</b>	<b>2 074</b>	<b>84%</b>	<b>45</b>	<b>2%</b>	<b>1 100</b>	<b>44%</b>	<b>1 761</b>	<b>65%</b>	<b>4 980</b>	<b>50%</b>
Casino income	1 583	84%	7	0%	1 001	52%	1 430	71%	4 021	52%
Rooms revenue	214	82%	2	1%	23	11%	129	45%	368	38%
Food and Beverage revenue	176	87%	1	0%	36	16%	122	43%	335	37%
Other income*	101	92%	35	33%	40	31%	80	54%	256	52%
Casino, hotels and resorts adjusted EBITDA	403	61%	(395)	(62%)	157	22%	571	67%	736	26%
Casino, hotels and resorts adjusted EBITDA margin %	19%		>(100%)		14%		32%		15%	
<b>ALTERNATE GAMING INCOME</b>	<b>337</b>	<b>97%</b>	<b>17</b>	<b>5%</b>	<b>278</b>	<b>74%</b>	<b>391</b>	<b>109%</b>	<b>1 023</b>	<b>71%</b>
Sun Slots income	301	96%	2	1%	240	70%	343	104%	886	68%
SunBet income	36	113%	15	41%	38	119%	48	160%	137	102%
Alternate Gaming adjusted EBITDA	81	94%	(9)	(10%)	70	71%	106	105%	248	66%
Alternate Gaming adjusted EBITDA margin %	24%		(53%)		25%		27%		24%	
<b>TOTAL SA INCOME</b>	<b>2 411</b>	<b>86%</b>	<b>62</b>	<b>2%</b>	<b>1 378</b>	<b>48%</b>	<b>2 152</b>	<b>70%</b>	<b>6 003</b>	<b>52%</b>
<b>TOTAL SA ADJUSTED EBITDA</b>	<b>484</b>	<b>64%</b>	<b>(404)</b>	<b>(55%)</b>	<b>227</b>	<b>28%</b>	<b>678</b>	<b>71%</b>	<b>984</b>	<b>30%</b>
<b>TOTAL SA ADJUSTED EBITDA MARGIN %</b>	<b>20%</b>		<b>&gt;(100%)</b>		<b>16%</b>		<b>32%</b>		<b>16%</b>	

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

## Casino, hotel and resorts

### CASINO INCOME

Casino income declined by 48% compared to the prior year. Trading was impacted by, *inter alia*, the imposition of curfew hours and the restrictions on the serving of alcohol. The limited capacity resulting from every second machine being switched off, caused challenges during our busy periods. Despite the extensive restrictions on trading, South African casino income showed a positive trend in the second half of the year and increased as a percentage of 2019 from 52% in the third quarter to 71% in the last quarter of 2020.

Our casino market share since the lifting of the lockdown in the competitive Gauteng and KZN markets increased to 28.4% and 39.6% respectively which was 2.5% and 2.0% higher compared to the prior corresponding period in 2019.

### ROOMS AND FOOD AND BEVERAGE INCOME

The South African hotel industry continues to be significantly impacted by the effects of the Covid-19 pandemic and the associated lockdown. While the hotel industry has re-opened for domestic leisure and business travel, trading levels remain severely muted. International travel for business and leisure purposes resumed on 1 October 2020 albeit with strict restrictions in place.

Sun City re-opened on 2 September 2020, The Maslow Sandton on 1 October 2020 and The Table Bay Hotel at the beginning of November 2020. The easing of lockdown restrictions to level 1 increased domestic leisure travel demand into our resort destinations such as Sun City and the Wild Coast Sun. The Sun Vacation Club at Sun City performed well under these trading conditions achieving occupancies of 79%.

Midweek demand from the corporate transient and Meetings, Incentives, Conventions and Exhibitions (MICE) segments remains weak. This is due to the restrictions on numbers allowed for gatherings and meetings. In addition, there is still limited corporate travel into Sandton and Menlyn, which is affecting midweek occupancies at these two properties. We expect a slow recovery from our international business segment which will impact trading at The Table Bay in Cape Town and at The Palace at Sun City.

Food and beverage income remains well below the prior year due to the closure of certain outlets, lower occupancies and the various Covid-19 restrictions. We have however been able to manage costs with employees either being laid off or working reduced hours.

### ADJUSTED EBITDA

Overall, our casino, hotel and resort properties generated adjusted EBITDA of R736 million for the year under review, with R8 million achieved in the first half and R728 million in the second half. The effects of the various cost saving initiatives, reduced salaries and efficiencies that were achieved, are clearly evident in the last quarter of the year, where despite the total South African income being 30% below the prior year we managed to achieve 71% of the 2019 adjusted EBITDA at a margin of 32%.

### SUN SLOTS

Sun Slots has proved to be remarkably resilient despite the effects of the pandemic, with a strong recovery in trading following the suspension of the hard lockdown. Post the lockdown, its operations have primarily been impacted by the ban on alcohol sales where several of its operations had to close. Despite not operating at full capacity during the second half of the year, income was only down 13% on 2019, while for the last quarter of 2020 income was up 4% compared to 2019. Overall income declined by 32% with adjusted EBITDA down 40% for the year.

### SUNBET

SunBet was severely impacted by the suspension of most sporting activities during the lockdown with income being only 41% of 2019 levels in the second quarter of 2020. For the first, third and fourth quarters, income was up 13%, 19% and 60% respectively. Overall income was up 2% for the year with adjusted EBITDA up 7%. To complement our sports betting offering, we have introduced our Lucky Numbers and Bet Games products which is growing in popularity amongst our current customers as well as attracting new customers. We expect online to continue to be a key source of growth going forward.

## HEADLINE AND ADJUSTED HEADLINE EARNINGS ADJUSTMENTS

The group has incurred a number of once-off or unusual items that have been adjusted for in headline and adjusted headline earnings, the most significant of which are described below.

Headline earnings adjustments included the following:

- net profit on disposal of property, plant and equipment of R8 million;
- profit on disposal of interest in Sun Dreams of R25 million;
- re-measurement to fair value less cost to sell (Sun Dreams IFRS 5 impairment) of R612 million; and
- impairment of the Sun City, The Maslow Sandton, Boardwalk, Sun International Africa Trade name and other assets of R1.3 billion.

Adjusted headline earnings adjustments included the following:

- restructuring and related costs of R134 million relating to the Section 189A restructure at various properties within South Africa as well as within its central office;
- restructuring and related costs of R70 million relating to Sun Dreams;
- impairment of other Sun Dreams financial assets of R65 million;
- IFRS 16 lease liability impairment of R24 million relating to Sun Dreams;
- foreign exchange and net monetary losses of R211 million;
- IFRS 9 debt modification adjustment of R43 million;
- rights offer expenses of R21 million;
- amortisation of R51 million of the Sun Dreams intangible assets raised as part of a purchase price allocation adjustment; and
- a decrease in the value of the Tsogo Sun put option of R1 billion.

## SECTION 189A AND OTHER COST SAVINGS

Prior to the Covid-19 pandemic, management was in the process of reviewing employee structures as well as the cost base across the local South African operations. The South African Central Office restructure was concluded in February 2020 resulting in a head count reduction of 63 and realising a TCOE saving of approximately R50 million per annum.

On 10 June 2020, Sun International informed its trade union, SACCAWU that it was embarking on a Section 189A retrenchment exercise. The retrenchment impacted 2 195 employees across the group, with an estimated TCOE reduction of R291 million. This retrenchment exercise particularly impacted Sun City, The Maslow Sandton, Boardwalk, The Table Bay and the Wild Coast Sun, which would likely have occurred irrespective of the Covid-19 pandemic.

The 60 day consultation process which would have initially ended on 18 August 2020 was extended so as to allow for voluntary retrenchments and early retirements (which was factored in to the total impacted number of employees noted above), in order to reduce the impact on the number of employees that would have potentially been retrenched under the Section 189A exercise. The entire process was finally completed at the end of 2020.

The closure of our operations gave us the chance to undertake an in-depth review of our processes, operating structures, systems and guest offering and experience. This review resulted in the identification of costs savings in outsource and service provider contracts, IT systems and other general costs of over R250 million in South Africa.

## BALANCE SHEET AND LIQUIDITY

### Borrowings

In order to mitigate against the impact of the pandemic on the group's liquidity, we pro-actively engaged with the South African lending group which agreed to suspend Sun International's debt repayments, waived covenant measures and rescheduled debt.

Certain of the key terms agreed on included:

- capital payments deferred until 30 June 2021;
- interest and preference dividend payments deferred until:
  - 31 March 2021 or 31 December 2020 provided the group had sufficient levels of liquidity. In this regard, the group serviced the 2020 4<sup>th</sup> quarter interest payment; and
  - deferred interest would be capitalised to the respective facility and repaid over the repayment profile of that facility;
- converted the on-demand General Banking Facilities to a committed facility up to 30 June 2021;
- waived the measurement of covenants until 30 June 2021; and
- an increase in pricing.

Our lender group has been extremely supportive of the group during this period and we are currently engaging with them on the optimal restructuring of our debt and covenant measures for the longer term, which we anticipate will be finalised by 30 June 2021.

The South African debt (excluding IFRS 16 lease liabilities and IFRS 9 debt modification adjustments) decreased by 21% to R7 billion as at 31 December 2020.

### RIGHTS OFFER

On 11 August 2020, the group announced the outcome of its R1.2 billion partially underwritten, renounceable rights offer of 127 174 696 rights offer shares at a subscription price of R9.44 per share, as detailed in the shareholder circular dated Monday 20 July 2020. The rights offer was successfully concluded on Friday 7 August 2020, with the results below reflecting overwhelming shareholder support for the transaction:

	Number of shares	Percentage of Rights offer shares	Value R million
Applications/allocations			
Subscription for rights offer shares	119 098 570	93.65%	1 124.3
Applications for excess rights offer shares	1 106 234	0.87%	10.4
<b>TOTAL APPLICATIONS FOR RIGHTS OFFER SHARES</b>	<b>120 204 804</b>	<b>94.52%</b>	<b>1 134.7</b>

As a result of the rights offer, the number of Sun International shares in issue has increased from 136.7 million to 263.9 million (126.4 million to 249.4 million excluding treasury shares).

The costs of the rights offer were limited to R21 million, with a significant portion of the costs being for fees payable to shareholders which provided irrevocable undertakings or partial underwrite commitments.

Overall, the decision to raise R1.2 billion to strengthen the group's balance sheet and liquidity was a proactive step, providing the business with an estimated additional 12 months liquidity, under total lockdown conditions. The resumption of trading for the casinos has further improved the liquidity outlook for the group.

## DISPOSAL OF INTEREST IN SUBSIDIARIES

### Latin America

#### DISPOSAL OF THE GROUP'S INTEREST IN SUN DREAMS

Reference is made to the SENS announcement released on 21 August 2020 when shareholders were advised that Sun Latam had entered into an agreement with Nueva Inversiones Pacifico Sur Limitada ("Pacifico") whereby:

- Sun Latam and Pacifico had agreed to settle their dispute in respect of the disposal by Sun Latam of its 14.94% equity interest in Sun Dreams to Pacifico on 30 April 2019; and
- Pacifico, subject to obtaining Sun International shareholder and certain other approvals, would acquire Sun Latam's remaining 50% equity interest in Sun Dreams ('the Proposed Transaction'), on terms and conditions more fully set out below and in the Share Purchase Agreement ('SPA') concluded between the parties on 20 August 2020.

The net effect of the above was that upon fulfilment of the suspensive conditions set out in the SPA, Pacifico acquired Sun Latam's 64.94% equity interest in Sun Dreams for US\$160 million and possible certain future earnouts. The transaction was concluded at an effective 2019 adjusted EBITDA multiple of 5.5x which may increase to a 6.5x multiple if the earnouts are achieved. The earnouts relate to the renewal of four of Sun Dreams SCJ licences by 31 December 2024 (Clp10.5 billion earnout (US\$14 million)) and these licences achieving at least their 2019 adjusted EBITDAR for the 2025 calendar year (Clp31.8 billion earnout (US\$42 million)). Accordingly, and on closing of the Proposed Transaction, Pacifico became the sole shareholder of Sun Dreams.

The US\$160 million proceeds from the Sun Dreams disposal were used to settle Sun International's offshore debt in Latam of USD41 billion, US\$17 million of funds remained in Sun Latam to settle Chilean withholding and other taxes, while US\$15 million remained in Chile in Escrow as security for the settlement of a potential tax claim. The remaining US\$ 87 million (R1.34 billion) was repatriated to South Africa.

#### RATIONALE FOR THE DISPOSAL

Given the uncertainty that existed in Chile, including the impact there of the Covid-19 pandemic, the renewal of the SCJ licences and the need for further capital, the transaction gave Sun International the opportunity to realise its investment in Latam at an attractive valuation given the circumstances and the environment in which it was operating. It also brought significant liquidity to the South African operations which will allow for a further reduction in the group's borrowings and a resultant saving on interest charges.

The transaction became effective on 31 October 2020 following the fulfilment of the suspensive conditions including, among others, Sun International shareholder approval and the approval of the casino regulator in Chile.

## INSURANCE CLAIM RELATING TO COVID-19

Sun International has for many years had in place an Assets All Risks insurance policy covering its South African operations, which contains an extension providing cover for Business Interruption (BI) following a Contagious and Infectious Diseases incident. As a result of the impact of the Covid-19 pandemic, the company took legal advice to ascertain whether it would have a BI claim, with the advice focused around the contagious and infectious disease policy wording and the causative trigger of the policy. Based on legal advice obtained, a comprehensive claim for all properties was prepared and submitted during July 2020. The parties has subsequently entered into discussions regarding the matter.

## UPDATE ON STRATEGIC INITIATIVES

### The Table Bay

We responded to a request for proposal by the V&A Waterfront (V&A) company for the renewal of the current The Table Bay lease, which will expire in May 2022. The V&A has decided to put the RFP process on hold. With respect to the existing lease we are finalising negotiations to extend the current lease term to 28 February 2025, a further 32 months, on satisfactory terms and conditions.

### Wild Coast Sun

The current casino licence, which expired in August 2019, has been extended to 31 March 2021. We have responded to all questions and provided additional information to the Eastern Cape Gambling Board and await their final response.

### The Boardwalk Mall

The proposed development of the Boardwalk Mall was delayed due to the onset of the pandemic. Despite one of our original two partners withdrawing from the development, the remaining partner has agreed to step in and fulfil the other party's responsibilities. The project has been reactivated and is now back on track. Construction of the Mall is scheduled to commence in the second quarter of 2021 with an opening in the fourth quarter of 2022.

### The Carousel

The Carousel which was severely impacted by the opening of Time Square, was restructured at the end of May 2019, following receipt of gaming board approval. The restructure resulted in the closure of the hotel and the tables area coupled with, a reduction in slots to 400 and a significant reduction in headcount. Despite the restructure, the Carousel continued to trade unprofitably. In November 2020 we concluded an agreement to dispose of the gaming equipment and transfer of the casino licence. The disposal is conditional upon final approval by the North West Gambling Board which is still awaited. The acquirer is operating the casino by way of a management agreement assuming all risks and rewards of ownership and is paying a rental for the use of the property.

During 2020, we appointed a property broker to dispose of the Carousel property. We have received various expressions of interest and are working closely with the brokers to secure a sale of the property.



## Naledi Sun

At the onset of the pandemic and lockdown, we took the decision to cease trading at Naledi Sun. Subsequently the casino licence was surrendered to the gambling board and its employees retrenched.

## Gaming System

Subsequent to a detailed strategic review of our gaming system, we have taken the decision to move to a new system. Our current gaming system has served our business needs adequately. However, as our business and customers' needs evolve so too has our gaming system requirements changed. Key considerations in making the decision to transition to the new system included functionality, cost, technical requirements and support. The system that we have chosen has a strong presence in the online casino market and provides an omni-channel solution that combines online and land-based casinos into one platform with a shared wallet, rewards system, marketing and reporting.

The regulatory process to obtain approval for the system has commenced, with the implementation of the project earmarked to be rolled out on a phased basis with full implementation targeted for early 2023.

## Global Hotels Alliance

The Sun International group joined the Global Hotels Alliance (GHA) in February 2021. GHA is the world's largest alliance of independent hotel brands and comprises a growing network of 35 independent brands and 570 hotels in 85 countries. Joining GHA marks a strategic step for the group and its guests and represents an important evolution in our guest recognition and rewards strategy. In parallel with our Most Valued Guest loyalty program, our recognition programme for gaming members, this alliance will enable us to better recognise and reward our hotel guests and welcome new customers. The integration and launch of Sun International's properties into GHA is expected to be completed by mid-2021. The Table Bay, which is a pilot site, is expected to go live during April, followed by the other group properties thereafter.

## UPDATE ON OTHER KEY MATTERS

### SunWest exclusivity

The Western Cape Twentieth Gambling and Racing Amendment Bill and the Western Cape Twenty-First Gambling and Racing Amendment Bill ('Bills'), were both published on 8 May 2020 in the Provincial Gazette Extraordinary, Notice Number 8235 which provides for the relocation of the outlying casino licences to the new Helderberg zone. If the Bills are enacted, GrandWest's exclusivity zone will be reduced from 75kms to 25kms. The Bills also introduce a new exclusivity fee and casino operator fees. Sun International submitted comments on the Bills in August 2020.

## Smoking legislation

In 2018, the Department of Health published the Draft Control of Tobacco Products and Electronic Delivery Systems Bill 2018 (the Draft Bill) for public comment. The Draft Bill, *inter alia*, proposes prohibiting any person from smoking in an enclosed public place or an enclosed workplace. The operation of casinos falls within the scope of this provision. The effect of the Draft Bill is that casinos may no longer be permitted to designate separate, indoor smoking areas/rooms. We have engaged with the gaming regulators on the matter and the Casino Association of South Africa (CASA) and have made submissions on the Draft Bill. There have been no further developments regarding the Draft Bill since 2018.

## Gaming taxes

### NORTH WEST PROVINCE

In January 2020, the MEC of the North West Province responsible for gambling, gazetted an average increase in gaming levies of 2% per tier of gaming revenue (approximately R9 million per year). The matter is being opposed by the CASA.

## Tourist Company of Nigeria

The Deloitte forensic investigation commissioned by the Nigerian Securities and Exchange Commission (SEC) regarding certain share transactions when Sun International invested in the Tourist Company of Nigeria (TCN) has been completed and the findings report delivered to the SEC offices in Nigeria. To date we still await the SEC to make its final determination and to release its findings. In addition, we are considering an unsolicited expression of interest from a third party in 2019 looking to potentially acquire our shareholding and outstanding loan account in TCN. We continue evaluating this expression of interest which could lead to a transaction being implemented following resolution of the SEC investigation.

## OUTLOOK

The Covid-19 pandemic coupled with the ongoing restrictions imposed on business and its activities in terms of the Disaster Management Act will continue to have a significant impact on the South African economy, which will take some time to recover and which will impact our trading results. Our gaming side of the business has proven its resilience and we anticipate that we will continue to see improvement in revenues and adjusted EBITDA as the restrictions are eased and ultimately lifted. The hotel and resort side while benefitting from growth in local leisure will continue to be impacted by the lack of demand in the business, conference, meetings and international market segments.

The capital raise as a result of the rights offer and the proceeds from the disposal of Sun Dreams has improved our liquidity position and significantly strengthened the group's balance sheet. These actions and the various operational initiatives which we have undertaken and implemented in the last twelve months have ensured that the group remains well placed to be able to deal with the current and future Covid-19 challenges and has strongly positioned the group to recover and grow into the future.

# AUDITED SUMMARY GROUP FINANCIAL STATEMENTS

for the year ended 31 December 2020

## 1. Independent Audit

The audited summary group financial statements have been derived from the audited group financial statements. The directors of the company take full responsibility for the preparation of the audited summary group financial statements and that the financial information has been correctly derived and is consistent in all material respects with the underlying group financial statements.

The summary group financial statements for the year ended 31 December 2020 have been audited by our auditor PricewaterhouseCoopers Inc., which has expressed an unmodified opinion thereon. The auditors also expressed an unmodified opinion on the group financial statements from which the summary group financial statements were derived. The individual auditor assigned to perform the audit is Johan Potgieter.

The auditor's report does not necessarily cover all the information contained in the summarised financial results. Shareholders are therefore advised that, in order to obtain a full understanding of the nature of the auditor's work, they should obtain a copy of that report, together with the group financial statements from the registered office of the company. These documents will be available from the company's registered office from 15 March 2021. The group audited consolidated financial statements will be available on the company's website, [www.suninternational.com/investors](http://www.suninternational.com/investors) on or about 15 March 2021.

The company's external auditor has not reviewed or reported on the forecasts included in these summary group financial statements.

## 2. Accounting policies

The audited summary group financial statements are prepared in accordance with the requirements for the preliminary financial statements and the requirements of the Companies Act, 71 of 2008 applicable to summary financial statements. The summary financial statements were prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS) and the South African Institute of Chartered Accountants (SAICA) Financial Reporting Guides as issued by the Accounting Practices Committee (APC) and the Financial Pronouncements as issued by the Financial Reporting Standard Council (FRSC), and to also, as a minimum, contain the information required by IAS 34 *Interim Financial Reporting*.

The accounting policies applied in preparation of the group financial statements from which the summary group financial statements were 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.

The summary group financial statements should be read in conjunction with the group financial statements for the year ended 31 December 2020, which have been prepared in accordance with IFRS. A copy of the full set of the audited group financial statements is available for inspection from the Company Secretary at the registered office of the company or can be downloaded from the company's website: [www.suninternational.com](http://www.suninternational.com)

The operations in eSwatini were disclosed as discontinued operations in the prior year. As we have not yet disposed of our interest in this asset, the Royal Swazi Spa is no longer being accounted for as a discontinued operation and has again been consolidated in our financial results. The prior year comparative financial information was restated as required by IFRS 5: Non-Current Assets and Liabilities Held for Sale from Discontinued Operations.

## 3. Adjusted EBITDA

Adjusted EBITDA and adjusted headline earnings per share are non-IFRS measures defined by the group and presented as additional information to the shareholders. Management consider it more reflective of the operating performance of the group. The following adjustments are made to the operating profit of the group to determine adjusted EBITDA:

- Profit/loss on disposal of non current assets;
- Impairment of non current assets;
- Income associated with insurance claims;
- Foreign exchange cover profits/losses;
- Restructuring cost; and
- Other unusual and infrequent expenses as a results of a typical events.

## 4. Adjusted headline earnings

The adjustments made in determining adjusted EBITDA are either reflected in the headline earnings adjustments required by *Circular 1/2019 – 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 HEPS.

These items relate mainly to:

- Profit/Loss relating to the extinguishment or modification of debt instruments;
- Interest income on non-operating assets;
- Amortisation on assets identified as part of the purchase price allocation in business combinations (IFRS 3, Business Combinations);
- Remeasurements of put option liabilities; and
- Other unusual and infrequent expenses as a result of atypical events

## 5. Standards implemented

A number of other new standards were effective from 1 January 2020 although they do not have a material effect on the group's financial statements.

# SUMMARY GROUP STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2020

R million	Audited year ended	
	31 December 2020	31 December 2019*
<b>CONTINUING OPERATIONS</b>		
Net gaming wins	5 079	9 245
Revenue	1 010	2 591
<b>INCOME**</b>	<b>6 089</b>	<b>11 836</b>
Consumables and services	(685)	(1 414)
Depreciation and amortisation	(928)	(1 045)
Employee costs	(1 635)	(2 512)
Impairment of assets	(1 257)	(172)
Levies and VAT on casino revenue	(1 165)	(2 139)
LPM site owners commission <sup>^</sup>	(258)	(377)
Promotional and marketing costs	(275)	(555)
Property and equipment rentals	(12)	(66)
Property costs	(634)	(784)
Net impairment gains on financial assets	32	28
Other operational costs	(697)	(709)
<b>OPERATING (LOSS)/PROFIT</b>	<b>(1 425)</b>	<b>2 091</b>
Foreign exchange losses	(268)	(57)
IFRS 9 modification adjustment	(43)	(12)
Finance income	17	17
Finance expense	(943)	(948)
Fair value adjustment to put liability	1 007	44
Share of profit of investments accounted for using the equity method	2	2
<b>(LOSS)/PROFIT BEFORE TAX</b>	<b>(1 653)</b>	<b>1 137</b>
Tax	430	(332)
<b>(LOSS)/PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS</b>	<b>(1 223)</b>	<b>805</b>
<b>(LOSS)/PROFIT FOR THE YEAR FROM DISCONTINUED OPERATIONS</b>	<b>(1 200)</b>	<b>249</b>
<b>(LOSS)/PROFIT FOR THE YEAR</b>	<b>(2 423)</b>	<b>1 054</b>

\* The prior year comparable financial information was restated as per required IFRS 5 disclosure. Sun Dreams operations are disclosed as discontinued operations in line with IFRS 5 requirements in the current reporting period, this requires the comparable period to be restated by excluding the discontinued operations.

\*\* Income declined significantly as a result of the impact of the lockdown and restrictions placed in South Africa due to the Covid-19 pandemic.

<sup>^</sup> LPM: Limited pay-out machines.

R million	Audited year ended	
	31 December 2020	31 December 2019*
<b>OTHER COMPREHENSIVE (LOSS)/INCOME:</b>		
<i>Items that will not be reclassified to profit or loss</i>		
Remeasurements of post employment benefit obligations	25	282
Tax on remeasurements of post employment benefit obligations	(7)	(79)
<i>Items that may be reclassified to profit or loss</i>		
Gross loss on cash flow hedges	(66)	(18)
Tax on loss on cash flow hedges	18	-
Foreign currency translation reserve relating to the sale of Sun Dreams	(255)	-
Foreign currency translation reserve	706	(351)
<b>TOTAL COMPREHENSIVE (LOSS)/PROFIT FOR THE PERIOD</b>	<b>(2 002)</b>	<b>888</b>
<b>(LOSS)/PROFIT FOR THE YEAR ATTRIBUTABLE TO:</b>	<b>(2 423)</b>	<b>1 054</b>
Minorities	(594)	401
Ordinary shareholders	(1 829)	653
<b>TOTAL COMPREHENSIVE (LOSS)/PROFIT FOR THE YEAR ATTRIBUTABLE TO:</b>	<b>(2 002)</b>	<b>888</b>
Minorities	(280)	258
Ordinary shareholders	(1 722)	630
<b>TOTAL COMPREHENSIVE (LOSS)/PROFIT ATTRIBUTABLE TO ORDINARY SHAREHOLDERS ARISES FROM:</b>	<b>(1 722)</b>	<b>630</b>
Continuing operations	(988)	546
Discontinued operations	(734)	84

\* The prior year comparable financial information was restated as per required IFRS 5 disclosure. Sun Dreams operations are disclosed as discontinued operations in line with IFRS 5 requirements in the current reporting period, this requires the comparable period to be restated by excluding the discontinued operations.

# HEADLINE EARNINGS AND ADJUSTED HEADLINE EARNINGS RECONCILIATION

for the year ended 31 December 2020

R million	Audited year ended	
	31 December 2020	31 December 2019*
<b>(LOSS)/PROFIT ATTRIBUTABLE TO ORDINARY SHAREHOLDERS</b>	<b>(1 829)</b>	653
Net (profit)/loss on disposal of property, plant and equipment	(8)	21
Profit on sale of management contract (Lesotho, Botswana and Colombia)	–	(18)
Net profit on disposal of subsidiaries	(25)	(1)
Remeasurement to fair value less cost to sell – (Sun Dreams IFRS 5 impairment)	612	–
Reversal of impairment of assets (Panama)	–	(34)
Impairment of non-financial assets: Sun Dreams	53	–
Impairment of non-financial assets: South Africa	1 257	172
Tax relief on above items	(330)	(43)
Minorities' interests on the above items	(140)	11
<b>HEADLINE (LOSS)/EARNINGS</b>	<b>(410)</b>	761
IFRS 9 debt modification adjustment	43	–
Pension fund interest	(15)	–
Sun City Insurance claim received	–	(89)
IFRS 16 lease liability impairment (Sun Dreams)	(24)	–
Amortisation of Dreams intangibles assets raised as part of PPA	51	104
Fair value adjustment on put option liabilities	(1 007)	(44)
Foreign exchange and net monetary losses**	211	4
Forward exchange contract losses	–	4
Rights offer expenses	21	–
Impairment of other financial assets relating to Sun Dreams	65	–
Latam additional income tax	–	155
Latam withholding tax	–	22
Restructuring costs (South Africa)	134	32
Restructuring costs (Latam)	70	23
Time Square deferred tax relating to prior years	–	(193)
Other	(1)	22
Tax relief on above items	(107)	(12)
Minorities' interests in the above items	(137)	(26)
<b>ADJUSTED HEADLINE (LOSS)/EARNINGS</b>	<b>(1 106)</b>	763
	<b>Cents per share</b>	<b>Cents per share</b>
(Loss)/earnings per share		
basic	(1 045)	518
diluted	(1045)	518
Diluted adjusted headline (loss)/earnings per share	(633)	605

\* The prior year comparable financial information was restated as per required IFRS 5 disclosure. Sun Dreams operations are disclosed as discontinued operations in line with IFRS 5 requirements in the current reporting period, this requires the comparable period to be restated by excluding the discontinued operations.

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

# SUMMARY GROUP STATEMENT OF FINANCIAL POSITION

as at 31 December 2020

R million	Audited	
	31 December 2020	31 December 2019*
<b>ASSETS</b>		
<b>Non current assets</b>		
Property, plant and equipment**	9 333	16 884
Intangible assets**	956	2 698
Equity accounted investments	31	51
Pension fund asset	9	303
Deferred tax	1 208	530
Derivative financial instruments	–	4
Trade and other receivables	58	289
	<b>11 595</b>	20 759
<b>Current assets</b>		
Inventory	100	166
Trade and other receivables	1 110	1 113
Cash and cash equivalents	538	775
	<b>1 748</b>	2 054
<b>Non current assets held for sale</b>	<b>26</b>	811
<b>TOTAL ASSETS</b>	<b>13 369</b>	23 624
<b>EQUITY AND LIABILITIES</b>		
<b>Capital and reserves</b>		
Ordinary shareholders' equity before put option reserve	3 001	3 907
Put option reserve	(1 286)	(1 286)
Ordinary shareholders' equity	1 715	2 621
Minorities' interests	(253)	1 614
	<b>1 462</b>	4 235
<b>Non current liabilities</b>		
Deferred tax	330	367
Borrowings***	7 047	11 621
Derivative financial instruments	74	–
Put option liability	280	1 287
Contract liabilities and other liabilities	698	698
	<b>8 429</b>	13 973
<b>Current liabilities</b>		
Borrowings**	1 377	2 785
Trade payables and accruals	1 849	2 437
Derivative financial instruments	125	–
Contract liabilities and other liabilities	127	172
	<b>3 478</b>	5 394
<b>Non current liabilities held for sale</b>	<b>–</b>	22
<b>TOTAL LIABILITIES</b>	<b>11 907</b>	19 389
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>13 369</b>	23 624

\* The prior year comparable financial information was restated as per required IFRS 5 disclosure. Sun Dreams operations are disclosed as discontinued operations in line with IFRS 5 requirements in the current reporting period. This requires the comparable period to be restated by excluding the discontinued operations.

\*\* Significant movements due to the sale of Sun Dreams.

\*\*\* Significant movements due to the proceeds received out of the disposal of Sun Dreams.

# SUMMARY GROUP STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2020

R million	Share capital and premium	Treasury shares and share options	Foreign currency translation reserve	Share based payment reserve	Reserve for non-controlling interests	Hedging and other reserve	Retained earnings	Ordinary share-holders' equity before put option reserve	Put option reserves	Ordinary share-holders' equity	Minorities' interests	Total equity
<b>AUDITED</b>												
<b>FOR THE YEAR ENDED 31 DECEMBER 2020</b>												
<b>Balance at 31 December 2019</b>	<b>1 893</b>	<b>(352)</b>	<b>(89)</b>	<b>60</b>	<b>(3 007)</b>	<b>194</b>	<b>5 208</b>	<b>3 907</b>	<b>(1 286)</b>	<b>2 621</b>	<b>1 614</b>	<b>4 235</b>
Total comprehensive income for the year	–	–	137	–	–	(30)	(1 829)	(1 722)	–	(1 722)	(280)	(2 002)
Disposal of interest in Sun Dreams	–	–	–	–	(346)	–	–	(346)	–	(346)	(1 446)	(1 792)
Treasury share purchased (share plan)	–	(61)	–	–	–	–	–	(61)	–	(61)	–	(61)
Reclassification of share options	–	13	–	(13)	–	–	–	–	–	–	–	–
Employee share schemes	–	–	–	16	–	–	–	16	–	16	–	16
Rights offer	1 207	–	–	–	–	–	–	1 207	–	1 207	–	1 207
Dividends paid to minorities	–	–	–	–	–	–	–	–	–	–	(141)	(141)
<b>BALANCE AT 31 DECEMBER 2020</b>	<b>3 100</b>	<b>(400)</b>	<b>48</b>	<b>63</b>	<b>(3 353)</b>	<b>164</b>	<b>3 379</b>	<b>3 001</b>	<b>(1 286)</b>	<b>1 715</b>	<b>(253)</b>	<b>1 462</b>
<b>AUDITED</b>												
<b>FOR THE YEAR ENDED 31 DECEMBER 2019</b>												
<b>Balance at 31 December 2018</b>	<b>1 893</b>	<b>(394)</b>	<b>111</b>	<b>85</b>	<b>(2 503)</b>	<b>17</b>	<b>4 555</b>	<b>3 764</b>	<b>(1 286)</b>	<b>2 478</b>	<b>1 808</b>	<b>4 286</b>
Total comprehensive income for the year	–	–	(200)	–	–	177	653	630	–	630	258	888
Disposal of interest in Wild Coast Sun	–	–	–	–	(15)	–	–	(15)	–	(15)	26	11
Acquisition of Afrisun KZN and related entities	–	–	–	–	(489)	–	–	(489)	–	(489)	(104)	(593)
Treasury share purchased (share plan)	–	(1)	–	–	–	–	–	(1)	–	(1)	–	(1)
Reclassification of share options	–	43	–	(43)	–	–	–	–	–	–	–	–
Employee share schemes	–	–	–	18	–	–	–	18	–	18	–	18
Dividends paid to minorities	–	–	–	–	–	–	–	–	–	–	(374)	(374)
<b>Balance at 31 December 2019</b>	<b>1 893</b>	<b>(352)</b>	<b>(89)</b>	<b>60</b>	<b>(3 007)</b>	<b>194</b>	<b>5 208</b>	<b>3 907</b>	<b>(1 286)</b>	<b>2 621</b>	<b>1 614</b>	<b>4 235</b>

# SUMMARY GROUP STATEMENT OF CASH FLOWS

for the year ended 31 December 2020

R million	Audited year ended	
	31 December 2020	Restated 31 December 2019**
<b>CASH GENERATED BY OPERATIONS BEFORE:</b>	<b>338</b>	4 211
Vacation Club timeshare sales	96	112
<b>CASH GENERATED BY OPERATIONS</b>	<b>434</b>	4 323
Tax paid	(94)	(625)
<b>CASH GENERATED BY OPERATING ACTIVITIES</b>	<b>340</b>	3 698
Purchase of property, plant and equipment	(440)	(1 105)
Disposal of property, plant and equipment	21	15
Purchase of intangible assets	(58)	(75)
Investment income received	2	17
Disposal of shareholding in subsidiaries*	2 247	12
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>1 772</b>	(1 136)
Cash paid for purchase of treasury shares (share plan)	(61)	(1)
Increase in loan to non-controlling interest	–	272
Purchase of additional non-controlling shareholding in subsidiaries	(36)	(576)
Mendoza PPA contingency payment	–	(42)
Interest on purchase price of additional non-controlling shareholding in subsidiaries	–	(17)
Repayment of capital lease liabilities	(150)	(162)
Capital raised through a rights offer <sup>^</sup>	1 207	–
Additional borrowings	432	593
Repayment of borrowings	(2 865)	(1 552)
Interest paid	(754)	(1 055)
Dividends paid	(141)	(373)
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>(2 368)</b>	(2 913)
Effect of exchange rates upon cash and cash equivalents	5	(10)
Net decrease in cash and cash equivalents	(251)	(361)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD</b>	<b>789</b>	982
Cash and cash equivalents at end of the period	538	789
Cash held by discontinued operations	–	(14)
<b>CASH AND CASH EQUIVALENTS AT END OF THE YEAR EXCLUDING NON CURRENT ASSETS HELD FOR SALE</b>	<b>538</b>	775
<b>CASH FLOWS FROM DISCONTINUED OPERATIONS</b>	<b>(180)</b>	(170)

\* The purchase price at the effective date 31 October 2020 reflects R2.6 billion. Due to the cashflow only occurring during November 2020 resulting in foreign exchange fluctuations, as well as an amount of R219 million which was placed in Escrow as security for the settlement of a potential tax claim which resulted in the actual cashflow reflecting in the group statement of cashflows noted as R2.2 billion.

\*\* The prior year comparable financial information was restated as per required IFRS 5 disclosure. Sun Dreams operations are disclosed as discontinued operations in line with IFRS 5 requirements in the current reporting period, this requires the comparable period to be restated by excluding the discontinued operations.

<sup>^</sup> Capital raised in August 2020.

# SUPPLEMENTARY INFORMATION

for the year ended 31 December 2020

R million	Audited year ended	
	31 December 2020	31 December 2019**
<b>ADJUSTED EBITDA RECONCILIATION</b>		
<b>OPERATING PROFIT</b>	<b>(1 425)</b>	2 091
Depreciation and amortisation	929	1 045
Net (profit)/loss on disposal of property, plant and equipment	(8)	21
Profit on sale of management contract	–	(18)
Impairment of non-financial assets	1 257	172
Insurance claim Sun City	–	(89)
Loss on disposal of interest in associates and subsidiaries	–	(1)
Rights offer expenses	21	–
Restructuring costs	134	55
Foreign exchange contract losses	–	4
Other*	(11)	(40)
<b>ADJUSTED EBITDA</b>	<b>897</b>	3 240
<b>ADJUSTED EBITDA MARGIN (%)</b>	<b>15</b>	27

\* The consolidation of the Employee Share Trust are reversed for the adjusted EBITDA reconciliation as the group did not receive the economic benefits of this trust.

\*\* The prior year comparable financial information was restated as per required IFRS 5 disclosure. Sun Dreams operations are disclosed as discontinued operations in line with IFRS 5 requirements in the current reporting period, this requires the comparable period to be restated by excluding the discontinued operations.

SUPPLEMENTARY INFORMATION continued  
for the year ended 31 December 2020

	Audited year ended	
	31 December 2020	31 December 2019*
<b>NUMBER OF SHARES ('000)</b>		
– for basic EPS/HEPS/adjusted HEPS	174 973	126 145
– for diluted EPS/HEPS/adjusted HEPS	174 973	126 145
<b>(LOSS)/EARNINGS PER SHARE (CENTS)</b>		
– basic (loss)/earnings per share	(1 045)	518
– headline (loss)/earnings per share	(234)	603
– adjusted headline (loss)/earnings per share	(633)	605
– diluted basic (loss)/earnings per share	(1 045)	518
– diluted headline (loss)/earnings per share	(234)	603
– diluted adjusted headline (loss)/earnings per share	(633)	605
<b>CONTINUING – (LOSS)/EARNINGS PER SHARE (CENTS)</b>		
– basic (loss)/earnings per share	(539)	390
– headline (loss)/earnings per share	(26)	497
– adjusted headline (loss)/earnings per share	(479)	425
– diluted basic (loss)/earnings per share	(539)	390
– diluted headline (loss)/earnings per share	(26)	497
– diluted adjusted headline (loss)/earnings per share	(479)	425
<b>DISCONTINUED – (LOSS)/EARNINGS PER SHARE (CENTS)</b>		
– basic (loss)/earnings per share	(506)	128
– headline (loss)/earnings per share	(208)	106
– adjusted headline (loss)/earnings per share	(154)	180
– diluted basic (loss)/earnings per share	(506)	128
– diluted headline (loss)/earnings per share	(208)	106
– diluted adjusted headline (loss)/earnings per share	(154)	180

\* The prior year comparable financial information was restated as per required IFRS 5 disclosure. Sun Dreams operations are disclosed as discontinued operations in line with IFRS 5 requirements in the current reporting period, this requires the comparable period to be restated by excluding the discontinued operations.

R million	Audited year ended	
	31 December 2020	31 December 2019*
<b>TAX RATE RECONCILIATION</b>		
Profit before tax before share of asset losses	(1 655)	1 134
Share of associates' losses	2	3
<b>PROFIT BEFORE TAX</b>	<b>(1 653)</b>	<b>1 137</b>
	%	%
<b>EFFECTIVE TAX RATE</b>	<b>26</b>	<b>29</b>
Preference share funding	–	(2)
Depreciation on non-qualifying buildings	1	(2)
Impairment of assets and fair value adjustments	1	(1)
Other non-deductible expenditure	(2)	(2)
Movement in put options	(17)	1
Exempt Income – other (lessor contribution, associated income and disposal of income earning structure)	–	3
Tax Incentives	–	1
Utilisation of tax losses not previously recognised	–	20
Tax losses not meeting recognition criteria	16	(6)
Latam income tax provision	1	–
Withholding and other taxes	2	(14)
Adjustment for current tax of prior periods	–	1
<b>SOUTH AFRICAN CORPORATE TAX RATE</b>	<b>28</b>	<b>28</b>
<b>OTHER METRICS</b>		
Net asset value per share (Rand)	5.9	33.6
Capital expenditure (R million)	417	755

\* The prior year comparable financial information was restated as per required IFRS 5 disclosure. Sun Dreams operations are disclosed as discontinued operations in line with IFRS 5 requirements in the current reporting period, this requires the comparable period to be restated by excluding the discontinued operations.

# SEGMENTAL REVIEW

for the year ended 31 December 2020

R million	Income			Adjusted EBITDA			Depreciation and amortisation			Adjusted Operating Profit		
	2020	%	2019	2020	%	2019	2020	%	2019	2020	%	2019
GrandWest	1 024	(52)	2 144	275	(67)	827	(117)	–	(117)	158	(78)	710
Sun City	699	(56)	1 604	(142)	<(100)	146	(166)	18	(203)	(308)	<(100)	(57)
Sibaya	743	(46)	1 368	224	(55)	493	(52)	19	(64)	172	(60)	429
Time Square	808	(44)	1 432	215	(52)	446	(210)	3	(216)	5	(98)	230
Carnival City	532	(44)	958	87	(63)	232	(59)	9	(65)	28	(83)	167
Boardwalk	254	(52)	527	(1)	<(100)	82	(50)	14	(58)	(51)	<(100)	24
Wild Coast Sun	271	(43)	474	17	(80)	83	(44)	8	(48)	(27)	<(100)	35
Meropa	157	(49)	310	34	(66)	101	(19)	–	(19)	15	(82)	82
Windmill	128	(49)	250	30	(63)	82	(17)	19	(21)	13	(79)	61
Flamingo	81	(47)	154	12	(65)	34	(12)	25	(16)	–	(100)	18
Golden Valley	96	(44)	170	9	(71)	31	(13)	–	(13)	(4)	<(100)	18
The Table Bay	112	(68)	353	(4)	<(100)	80	(14)	18	(17)	(18)	<(100)	63
The Maslow Sandton	41	(69)	133	(29)	<(100)	(9)	(4)	85	(27)	(33)	8	(36)
Naledi Sun	4	(80)	20	(2)	–	(2)	–	100	(1)	(2)	33	(3)
Carousel	28	(71)	96	(16)	16	(19)	(6)	50	(12)	(22)	29	(31)
Management companies	229	(60)	577	27	(89)	253	(30)	–	(30)	(3)	<(100)	223
Intercompany management fees	(227)	58	(539)	–	–	–	–	–	–	–	–	–
<b>South African operations excluding alternate gaming</b>	<b>4 980</b>	<b>(50)</b>	<b>10 031</b>	<b>736</b>	<b>(74)</b>	<b>2 860</b>	<b>(813)</b>	<b>12</b>	<b>(927)</b>	<b>(77)</b>	<b>&lt;(100)</b>	<b>1 933</b>
Sun Slots	886	(32)	1 310	202	(40)	334	(86)	(5)	(82)	116	(54)	252
SunBet	137	(2)	140	46	7	43	(3)	–	(3)	43	8	40
<b>South African operations including alternate gaming</b>	<b>6 003</b>	<b>(48)</b>	<b>11 481</b>	<b>984</b>	<b>(70)</b>	<b>3 237</b>	<b>(902)</b>	<b>11</b>	<b>(1 012)</b>	<b>82</b>	<b>(96)</b>	<b>2 225</b>



## BORROWINGS BY SUBSIDIARY

as at 31 December 2020

R million	Debt	IFRS 16 Lease Liability	Total Debt*	Minority share	Sun Share
<b>SOUTH AFRICA</b>	<b>6 963</b>	751	<b>7 714</b>	1 144	<b>6 570</b>
SunWest	722	7	729	257	472
Carnival City	573	2	575	31	544
Sibaya	210	–	210	20	190
Boardwalk	561	2	563	84	479
Wild Coast Sun	240	42	282	140	142
The Maslow Sandton	125	471	596	–	596
Meropa	55	–	55	16	39
Flamingo	75	7	82	21	61
Windmill	89	–	89	24	65
Golden Valley	–	1	1	–	1
Sun Slots	–	33	33	10	23
Time Square	5 406	1	5 407	539	4 868
Management and corporate	(1 093)	185	(908)	2	(910)
<b>NIGERIA</b>	<b>643</b>	–	<b>643</b>	326	<b>317</b>
Shareholder loans	991	–	991	502	489
Sun International intercompany debt	(348)	–	(348)	(176)	(172)
<b>ESWATINI</b>	<b>24</b>	–	<b>24</b>	12	<b>12</b>
<b>TOTAL DEBT AS AT 31 DECEMBER 2020</b>	<b>7 630</b>	751	<b>8 381</b>	1 482	<b>6 899</b>
31 December 2019	13 327	1 079	14 406	2 728	11 678

\* Excludes IFRS 9 debt modification.

## CAPITAL EXPENDITURE

for the year ended 31 December 2020

R million	December 2020 Actual	December 2019 Actual
<b>SOUTH AFRICAN OPERATIONS</b>		
<b>REFURBISHMENT AND ONGOING</b>		
Sun City	103	249
GrandWest	61	108
SunSlots	47	93
Sibaya	51	86
Carnival City	51	61
Wild Coast Sun	17	28
Boardwalk	14	14
Time Square	13	18
Other	54	81
<b>TOTAL SOUTH AFRICAN CAPITAL EXPENDITURE</b>	<b>411</b>	<b>738</b>
eSwatini operations	–	4
Nigeria operations	6	13
<b>TOTAL CONTINUING GROUP CAPITAL EXPENDITURE</b>	<b>417</b>	<b>755</b>
<b>TOTAL LATAM CAPITAL EXPENDITURE</b>	<b>93</b>	<b>350</b>
<b>TOTAL GROUP CAPITAL EXPENDITURE</b>	<b>510</b>	<b>1 105</b>

## DIVIDENDS

Given the need to reduce debt levels and preserve liquidity, the board has decided not to declare and pay a dividend for the year ended 31 December 2020.

## CHANGES TO THE BOARD OF DIRECTORS

### Appointment

During the period under review, Ms SN Mabaso-Koyana and Mr TR Ngara were appointed as full directors on the Sun International board on 20 March and 20 November 2020 respectively.

### Resignation

On 29 October 2020, Mr VP Khanyile resigned as an independent non-executive director of the company.

### Retirements

On 12 May 2020, Mr PL Campher and Dr NN Gwagwa retired as non-executive directors from the board of Sun International.

## ANNUAL GENERAL MEETING

Sun International's 37<sup>th</sup> annual general meeting will be held solely by way of electronic communication on Tuesday, 11 May 2021 at 09h00 (South African time). Further details regarding the company's annual general meeting will be contained in Sun International's annual statutory report to be posted to shareholders on or about 31 March 2021.

## INDEPENDENT AUDITOR'S REPORT ON THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

### To the shareholders of Sun International Limited

#### OPINION

The summary consolidated financial statements of Sun International Limited contained in Sun International Limited audited summary group financial statements, which comprise the summary consolidated statement of financial position as at 31 December 2020, the summary consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and related notes, are derived from the audited consolidated financial statements of Sun International Limited for the year ended 31 December 2020.

In our opinion, the accompanying summary consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements, in accordance with the requirements of the JSE Limited Listings Requirements for preliminary reports, as set out in note 2 to the summary consolidated financial statements, and the requirements of the Companies Act of South Africa as applicable to summary financial statements.

#### SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

The summary consolidated financial statements do not contain all the disclosures required by International Financial Reporting Standards and the requirements of the Companies Act of South Africa as applicable to annual financial statements. Reading the summary consolidated financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited consolidated financial statements and the auditor's report thereon.

#### THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AND OUR REPORT THEREON

We expressed an unmodified audit opinion on the audited consolidated financial statements in our report dated 15 March 2021. That report also includes communication of key audit matters. Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period.

#### DIRECTOR'S RESPONSIBILITY FOR THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the audited summary consolidated financial statements in accordance with the requirements of the JSE Limited Listings Requirements for preliminary reports, set out in note 2 to the summary consolidated financial statements, and the requirements of the Companies Act of South Africa as applicable to summary financial statements.

## ADDITIONAL INFORMATION continued for the year ended 31 December 2020

### AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on whether the audited summary consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810 (Revised), *Engagements to Report on Summary Financial Statements*.

### OTHER MATTER

We have not audited future financial performance and expectations expressed by the directors included in the commentary in the accompanying summary consolidated financial statements and accordingly do not express an opinion thereon.

PricewaterhouseCoopers Inc.  
Director: Johan Potgieter  
Registered Auditor  
Johannesburg  
15 March 2021

### CHANGE IN DESIGNATED INDIVIDUAL AUDITOR

In accordance with section 92 (1) of the Companies Act No. 71 of 2008, as amended, the erstwhile designated individual auditor, Mr J Potgieter of PricewaterhouseCoopers Inc. (PwC), resigned by rotation on 15 March 2021 as the designated individual auditor of Sun International with effect from 1 January 2021, on the basis that he would remain responsible for and attend to the audit of and sign-off on behalf of PwC of the audited accounts of the Sun International group for the 2020 financial year. The company's independent auditors, PwC, have recommended Ms E Jensen as the new designated individual auditor for Sun International.

Shareholders are further advised that on 15 March 2021 and in Mr J Potgieter's place, the Sun International audit committee accepted PwC's recommendation and agreed to the appointment of Ms E Jensen of PwC as the new designated individual auditor of Sun International for the financial year commencing on 1 January 2021.

### REGISTERED OFFICE

6 Sandown Valley Crescent, Sandown, Sandton 2196

### SPONSOR

Investec Bank Limited

### TRANSFER SECRETARIES

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

### DIRECTORS

JA Mabuza (chairman), GW Dempster (lead independent director), AM Leeming\*, PD Bacon (British), N Basthdaw\*, EAMMG Cibie (Chilean), CM Henry, SN Mabaso-Koyana, BLM Makgabo-Fiskerstrand, TR Ngara, S Sithole, 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  
15 March 2021

# SUPPLEMENTARY SEGMENTAL INCOME ANALYSIS

for the year ended 31 December 2020

R million	NET GAMING WINS								REVENUE FROM CONTRACTS WITH CUSTOMERS								TOTAL INCOME		
	Net gaming wins		Slots		Tables		Alternate Gaming		Total Revenue		Rooms		Food and Beverage		Other		2020	2019	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019					
<b>CONTINUING OPERATIONS</b>																			
GrandWest	993	2 047	870	1 714	123	333	–	–	31	97	1	3	17	60	13	34	1 024	2 144	
Sun City	198	505	166	396	32	109	–	–	501	1 099	190	463	140	363	171	273	699	1 604	
Sibaya	708	1 290	530	962	178	328	–	–	35	78	10	15	22	56	3	7	743	1 368	
Time Square	744	1 247	525	893	219	354	–	–	64	185	15	37	34	103	15	45	808	1 432	
Carnival City	502	865	406	718	96	147	–	–	30	93	4	11	18	55	8	27	532	958	
Boardwalk	223	435	200	385	23	50	–	–	31	92	11	34	15	46	5	12	254	527	
Wild Coast Sun	209	379	185	324	24	55	–	–	62	95	21	38	22	40	19	17	271	474	
Meropa	142	274	125	241	17	33	–	–	15	36	3	9	11	26	1	1	157	310	
Windmill	123	236	108	201	15	35	–	–	5	14	–	–	4	13	1	1	128	250	
Flamingo	76	141	71	129	5	12	–	–	5	13	–	–	4	13	1	–	81	154	
Golden Valley	85	150	82	141	3	9	–	–	11	20	4	7	6	12	1	1	96	170	
Carousel	15	79	15	77	–	2	–	–	13	16	–	1	–	–	13	15	28	95	
The Table Bay	–	–	–	–	–	–	–	–	112	353	86	274	24	71	2	8	112	353	
The Maslow Sandton	–	–	–	–	–	–	–	–	41	133	23	77	18	55	–	1	41	133	
Naledi Sun	3	17	3	17	–	–	–	–	1	3	–	2	–	2	1	(1)	4	20	
Management companies	–	–	–	–	–	–	–	–	229	578	–	–	–	–	229	578	229	578	
Intercompany management fees	–	–	–	–	–	–	–	–	(227)	(539)	–	–	–	–	(227)	(539)	(227)	(539)	
<b>TOTAL OPERATIONS EXCLUDING ALTERNATE GAMING</b>	<b>4 021</b>	<b>7 665</b>	<b>3 286</b>	<b>6 198</b>	<b>735</b>	<b>1 467</b>	<b>–</b>	<b>–</b>	<b>959</b>	<b>2 350</b>	<b>368</b>	<b>970</b>	<b>335</b>	<b>915</b>	<b>256</b>	<b>465</b>	<b>4 980</b>	<b>9 936</b>	
Sun Slots	886	1 310	–	–	–	–	886	1 310	–	–	–	–	–	–	–	–	886	1 310	
Sunbet	137	140	–	–	–	–	137	140	–	–	–	–	–	–	–	–	137	140	
<b>TOTAL SOUTH AFRICA</b>	<b>5 044</b>	<b>9 115</b>	<b>3 286</b>	<b>6 198</b>	<b>735</b>	<b>1 467</b>	<b>1 023</b>	<b>1 450</b>	<b>959</b>	<b>2 350</b>	<b>368</b>	<b>970</b>	<b>335</b>	<b>915</b>	<b>256</b>	<b>465</b>	<b>6 003</b>	<b>11 481</b>	
<b>ESWATINI</b>	<b>14</b>	<b>71</b>	<b>11</b>	<b>53</b>	<b>3</b>	<b>18</b>	<b>–</b>	<b>–</b>	<b>21</b>	<b>122</b>	<b>7</b>	<b>52</b>	<b>10</b>	<b>62</b>	<b>4</b>	<b>8</b>	<b>35</b>	<b>193</b>	
<b>NIGERIA OPERATIONS</b>	<b>21</b>	<b>59</b>	<b>16</b>	<b>47</b>	<b>5</b>	<b>12</b>	<b>–</b>	<b>–</b>	<b>30</b>	<b>103</b>	<b>16</b>	<b>53</b>	<b>12</b>	<b>51</b>	<b>2</b>	<b>(1)</b>	<b>51</b>	<b>162</b>	
<b>TOTAL CONTINUING OPERATIONS</b>	<b>5 079</b>	<b>9 245</b>	<b>3 313</b>	<b>6 298</b>	<b>743</b>	<b>1 497</b>	<b>1 023</b>	<b>1 450</b>	<b>1 010</b>	<b>2 575</b>	<b>391</b>	<b>1 075</b>	<b>357</b>	<b>1 028</b>	<b>262</b>	<b>472</b>	<b>6 089</b>	<b>11 836</b>	



