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MEDIA RELEASE

MULTICHOICE RETURNS REST OF AFRICA TO PROFIT AND CONTINUES TO EXPAND

Johannesburg, 13 June 2023: MultiChoice Group (MCG, or the group), Africa's leading entertainment company, returned its Rest of Africa business to profitability and further expanded its consumer services ecosystem during the year ended 31 March 2023 (FY23).

"We continued to scale our overall subscriber base and benefited from a strong performance in the Rest of Africa, that delivered a trading profit for the first time since our listing in 2019. It is a remarkable performance by the team considering that they have had to absorb almost ZAR3bn in currency losses in the last four years" says Calvo Mawela, Chief Executive Officer. "We increased the breadth and depth of services offered to our customers and continued to grow our entertainment ecosystem, most notably through our recent streaming partnership with Comcast," he added.

The group added 1.7m 90-day active subscribers, representing 8% year-on-year (YoY) growth, to close the year on 23.5m subscribers. The 90-day subscriber base comprised of 14.2m households (60%) in the Rest of Africa (RoA) and 9.3m households (40%) in South Africa (SA).

Highlights for the year included:

- Revenue: ZAR59.1bn up 7% (up 4% organic)
- Trading profit: down 3% to ZAR10.0bn (up 5% organic), due to a ZAR0.9bn adverse currency impact and weaker SA earnings
- Core headline earnings: up 2% to ZAR3.5bn, driven by RoA's return to profitability
- Free cash flow: ZAR2.9bn, down 48%, due to lower trading profit, content prepayments and working capital timing due to a systems upgrade investment
- Cost savings: ZAR1.3bn, well ahead of the R0.8bn target
- Dividend: no dividend was declared by the board (due to a cautious outlook on currencies in South Africa and Nigeria, a challenging environment in South Africa, exacerbated by the energy challenge and an anticipated increase in investment in Showmax).

The group maintained its focus on local content as a key differentiator. Investment in local content accounted for 50% (FY22: 47%) of total general entertainment spend in FY23, with this target being reached one year earlier than expected. Local content production delivered 6 587 hours, an increase of 9% YoY, while the group's local content library now stands at just over 76 000 hours.

Five more local channels were launched in South Africa, Uganda, Ethiopia and Ghana during the year. The latest seasons of *Big Brother Naija* and *Nigerian Idols* delivered record multiplatform viewership and strong growth in advertising revenues. *Reyka*, an original co-production, was nominated for the coveted Drama Series prize at the International Emmy Awards in 2022. Strong performances by popular shows such as *Mnakwethu*, local adaptations of *The Real Housewives* franchise and *The Saturday Showdown* drove healthy viewership.

SuperSport yet again brought fans the best of sport across the globe. Its content highlight of FY23, the live broadcasting of all 64 FIFA World Cup matches, included local language commentary in 11 languages across eight markets. The group also stepped up its investment in SuperSport Schools, culminating in the launch of a dedicated school sports television channel (216) in February 2023. It also launched and invested in the inaugural SA20 cricket competition in January and February 2023, which brought crowds back to cricket stadiums across the country.

During the FY23 year, SuperSport produced in excess of 1,000 live professional sports broadcasts across all platforms. It continued to build on an already world class sports line-up by securing multi-year extensions on rights to the English Premier League, Cricket South Africa, SA Rugby, Formula 1, the new LIV Golf tour, WWE, Men and Women's Cricket World Cup's and SA Netball.

Users of the group's DStv app and Showmax services continue to grow as online consumption increases, supported by rising broadband connectivity and more affordable pricing. The group's overall online user base increased by 12% YoY, with the growth rate for paying Showmax subscribers at a strong 26%. Showmax Pro, which includes live sport, enjoyed strong growth and doubled its subscriber base in FY23.

MultiChoice's partnership with Comcast (owners of NBCUniversal, Sky and Peacock), announced in March 2023, represents a significant step-up for the group's future OTT ambitions. The new Showmax business will bring the world's best local and international content to Africa and will be supported by Peacock's scalable and feature rich technology platform. The transaction successfully closed on 4 April 2023 with MCG now owning 70% of the new Showmax group and NBCUniversal owning the remaining 30%. New products and launch dates will be announced in due course, with the platform expected to go live in the second half of FY24.

On the product front, the group launched the DStv Streama, a device which allows for the streaming of DStv and other partner applications through a normal television in a connected environment. To further expand its aggregation strategy, the group added Disney+ to its portfolio of products available for customers to add to bill, while Universal+ increased the overall content offering available to Premium subscribers. During the year, the group also announced its partnership with Sky UK to bring its world-renowned Glass products and services to local customers in the coming years.

OPERATIONAL PERFORMANCE REVIEW

South Africa

The South African consumer-facing business environment faced severe challenges during FY23. At a time when consumers were already battling with interest rate hikes, elevated inflation and high levels of unemployment, loadshedding moved from being intermittent to becoming a permanent fixture in customers' lives. It has had a negative impact on the South African pay-TV subscriber base and activity levels, with a noticeable increase in churn when loadshedding reaches stage 4 and above, even when consumers have disposable income. This is evidenced by the disconnect between the 0.29m growth in 90-day subscribers (that shows customers still value the group's products) and the 0.14m decline in the active subscriber base at the end of March (customers are more selective when they sign up to avoid periods of excessive loadshedding).

Revenue of ZAR35.0bn was down 2% YoY, affected by a 3% decline in subscription revenues, partially offset by a ZAR0.2bn increase in other revenue mainly due to growth in insurance premiums as well as a positive contribution from growth in DStv Internet customers. Trading profit of ZAR8.5bn resulted in a trading margin of 24.2%, within the 23% - 28% guided range.

Rest of Africa (RoA)

Benefiting from the FIFA World Cup and popular local content such as *Big Brother Naija*, the Rest of Africa pay-TV business grew its 90-day active subscriber base 1.4m (+11% YoY) and now reaches 14.2m households across the continent.

Revenue of ZAR22.6bn represents a 26% increase YoY (16% organic), with the difference mainly due to the translation of Rest of Africa USD revenues into ZAR. Rest of Africa revenues now contribute 38% to overall group revenues, up from 33% in the prior year. Supported by strong revenue growth and ongoing cost optimisation, the Rest of Africa business generated positive trading profit of ZAR0.9bn, representing a 4% trading profit margin and a ZAR2.8bn organic improvement from the prior year.

Despite ongoing liquidity challenges in Nigeria, the group successfully repatriated cash throughout the year, albeit at a premium to the official exchange rate.

Technology segment

Customers serviced by the group's Technology segment, Irdeto, faced ongoing shortages in silicon supply and disruptions in global supply chains. The war in Ukraine also led to a group decision to exit the Russian market, which had a moderate impact on both revenue and margins.

Combined with production disruptions and lower consumer demand in markets like India and

China, Irdeto's consolidated revenues were down 4% YoY (-17% organic) to ZAR1.5bn. Despite top line pressure, the segment contributed ZAR0.6bn to group trading profit, with margins strong at 41% due to efficient cost containment, a favourable portfolio mix and an uplift from the currency conversion rate.

In FY23, Irdeto gained additional market share in its core media security business by winning four new Tier-1 customers. It was also recognized for its excellence in cybersecurity and won four gold awards (including best cybersecurity company) at the 2023 Cybersecurity Excellence Awards.

KingMakers

KingMakers, the group's investment in sports betting, continued its strong operational growth and generated a 51% increase in gross gaming revenues to USD198m (ZAR3.4bn). As a result, the group's share of revenue from KingMakers now exceeds external revenues from the Technology segment.

The group recorded a loss after tax amounting to USD28m (ZAR0.5bn) as KingMakers' increased revenues were offset by investment in people, product and technology to further scale the business, as well as cash extraction losses.

The introduction of a new management team triggered a holistic review of the business and a decision to reprioritise activities and focus on large markets like Nigeria and South Africa first – with the latter to see the launch of SuperSportBet in FY24. A decision was taken to exit Kenya and Ethiopia. KingMaker's business plan is fully funded and it had USD166m in cash available on its balance sheet at 31 December 2022.

The group is now valued at ZAR8.9bn, which is 41% lower than before, driven by increases in discount rates in both the broader gaming technology sector and Nigeria in particular, and a weaker Nigerian Naira currency than assumed at acquisition.

Moment (Fin-tech)

During FY23, the group contributed USD3.3m in an initial funding round for a 25.5% stake in Moment. This business is a partnership with and Rapyd (a global fin-tech company with success across 100 countries and a 2021 Series E funding round conducted at a $9bn valuation) and General Catalyst (one of the world's largest fin-tech investors). By plugging into the group's existing payments hub of more than 200 payment partners, Moment will be aiming to make digital transactions more accessible to consumers across the African continent.

FUTURE PROSPECTS

In the year ahead, the group will continue its shift from a traditional pay-TV platform to a broader ecosystem focused on segments that address African customer needs and are underpinned by technology.

"Our core video entertainment business will remain a central focus for FY24 as we navigate the impact of ongoing economic challenges across our markets, especially the impact of South Africa's ongoing energy challenges", says Mawela. "Our new management team in SA will be looking to leverage the exceptional content slate this year, which includes the Rugby and Cricket World Cups and the locally-hosted Netball World Cup, while tight cost management remains an utmost priority."

Following the recent announcement of the new Showmax group, the year ahead will not only see the business migrating to the Peacock platform, but also the exciting launch of new products and price points to set Showmax up for strong future growth.

In other verticals, KingMakers will launch in South Africa under the SuperSportBet brand, while the launch of new products will be aimed at driving increased market share and revenue growth in Nigeria. Moment plans to launch its B2B platform and then start rolling out payments technology to support more frictionless digital payment experiences for customers at a lower cost to the group in several markets across the continent.

"Despite some challenges presented by the current operating environment, we remain excited about our future prospects as we leverage our platform and broad distribution to drive scale in several new growth opportunities," Mawela concluded.

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