How our activities added value for our stakeholders continued

Value created for governments and regulators

Value created for governments

ZAR3.8bn
in VAT and sales tax collected (FY23: ZAR4.6bn)

ZAR2.2bn
in employee taxes paid and collected (FY23: ZAR2.0bn)

ZAR0.8bn
paid and collected in customs, excise and other operating taxes (FY23: ZAR1.1bn)

ZAR1.3bn
in withholding taxes paid and collected (FY23: ZAR1.5bn)

ZAR2.8bn
paid in corporate income taxes (FY23: ZAR2.7bn)

The breakdown of our tax contribution per segment is set out below:

Our total tax contribution **ZAR10.8bn**
(FY23: ZAR11.8bn)

50%
of our total tax contribution (taxes collected and paid to tax authorities), 50% was paid to the South African fiscus (paid ZAR2.7bn; collected ZAR2.7bn) (FY23: 48%, paid ZAR2.5bn; collected ZAR3.1bn)

9%
The Technology segment contributed 9% (paid ZAR0.5bn; collected ZAR0.4bn) (FY23: 9%, paid ZAR0.6bn; collected ZAR0.4bn)

1%
The Showmax segment contributed 1% (paid ZAR0.1bn; collected ZAR0.1bn) (FY23 Rnil[2])

40%
of our total tax contribution was collected and paid by the Rest of Africa segment (paid ZAR1.6bn; collected ZAR2.8bn) (FY23: 43%, paid ZAR1.9bn; collected ZAR3.3bn)

The contribution comprises taxes paid[1] of ZAR4.8bn (FY23: ZAR5.0bn) and taxes collected[1] (on behalf of governments) of ZAR6.0bn (FY23: ZAR6.8bn).

(1) The total tax contribution amount reflects all material cash taxes paid and collected by the group. The tax paid amount is the actual cash tax incurred and paid by the group and includes corporate income tax, property taxes, social security contributions, etc. The tax collected amount reflects taxes not incurred by the group, but taxes that were collected by the group on behalf of revenue authorities (e.g., PAYE and VAT).

(2) In the prior year Showmax did not constitute a separate segment but was reported as part of the South Africa and Rest of Africa segments.

How our activities added value for our stakeholders continued

Value created for governments and regulators continued

Delivering value to governments

Governments rely heavily on revenue from tax contributions made by corporate taxpayers. MultiChoice contributes meaningfully to the government fiscus in our core markets of operation through the collection of indirect taxes on behalf of governments, and through the payment of substantial amounts of tax by way of direct corporate income tax, withholding tax and other taxes. Governments have a broad social mandate to fulfil, which includes social upliftment, access to services and creating and enforcing laws that protect society's various constituencies. We understand the challenges they face and always seek to play our part in supporting the development and sustainability of the countries and industries in which we operate. We comply with all our statutory obligations and seek to build good, honest and open working relationships with tax authorities founded on mutual trust. We have robust tax risk management measures in place (as documented in our group tax policy) and place high regard on our tax and corporate reputation. We do not enter into transactions or arrangements that detract from this reputation. We endeavour to ensure that our tax objectives do not conflict with our corporate social responsibility objectives.

Our approach to tax

MultiChoice Group Tax, through its board/exco-approved MultiChoice Group tax policy, sets out the principles governing the management of taxes by all entities within the group. We have an established a formal approach to tax risk management and a tax governance structure that is commonly understood across MultiChoice.

MultiChoice aims to be a committed member of the communities within which it operates and to be a good corporate citizen acting with honesty and integrity in its dealings. We are committed to adhering to all applicable laws and regulations, while safeguarding our interests, including our reputation and brand, as well as the reputations of the entities and brands forming part of the group.

MultiChoice, at all times, is guided by corporate policies when dealing with all stakeholders, including non-controlled associates, as outlined in the group's code of ethics policy. Further, MultiChoice monitors developments in non-controlled associates and performs ongoing assessments of possible impacts on the group.

Value is created across the MultiChoice Group as we endeavour to provide the best service to our customers in the various jurisdictions where we operate. The group seeks to adhere to international best practice in terms of transparency and reporting of its tax contributions and position. In 2015, the Organisation for Economics Cooperation and Development (OECD) released its reports on addressing the effects of base erosion and profit shifting (BEPS). Action 13 of the BEPS project was focused on enhancing tax transparency through a three-tiered approach to transfer pricing. This included the adoption of the Master File, Local File and Country-by-Country reports (CbCR).

Where countries in which MultiChoice operates have adopted these OECD provisions, the group adheres to the three tiered requirements. In particular, each year MultiChoice submits its CbCR to the South African Revenue Service and this report is automatically shared with several countries that have signed up to the Multilateral Competent Authority Agreement on the exchange of CbC Reports and comply with the requirements for the exchange of information.

In addition to the initial BEPS project referred to above, in October 2021 the G20 endorsed a new two pillar solution that had been proposed by the OECD seeking to address issues that have arisen due to globalisation and digitisation. Over 140 countries have agreed to enact the two-pillar solution. The first pillar involves reallocating taxing rights to market jurisdictions for very large multinational enterprises (MNEs). The second pillar involves ensuring that MNEs with a consolidated turnover in excess of EUR750m are subject to a minimum effective tax rate of 15% on income arising from low tax jurisdictions in which they operate. While Pillar 1 has not been finalised (and would not, at this stage, apply to MultiChoice), Pillar 2 has been introduced in many countries with effect from years of assessment commencing on or after 1 January 2024. MultiChoice is preparing for future compliance with these requirements as and when they are introduced in the respective countries.

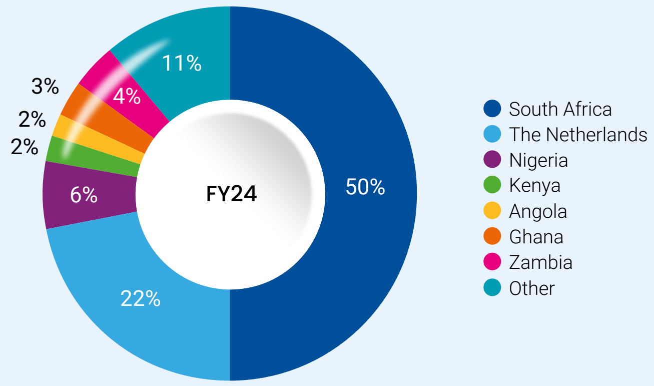
https://investors.multichoice.com/pdf/policies-and-charters/2023/tax-policy-review-fy24-final-cln-publication-signed.pdf

Total tax contribution per country

Our largest business, MultiChoice South Africa, is domiciled and tax resident in South Africa and its tax affairs follow normal operating and tax practice in that country.

The chart below shows the split of total taxes collected and paid to tax authorities across key territories:

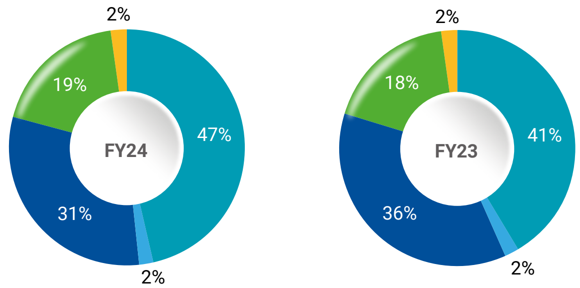
Total tax contribution per country



How our activities added value for our stakeholders continued

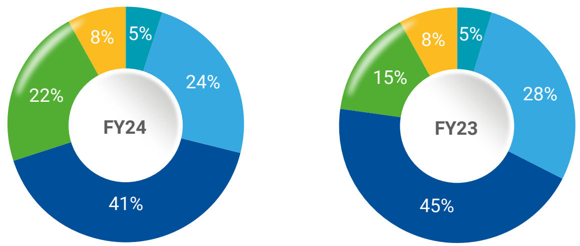
South Africa

South Africa is the most significant country for MultiChoice with regards to tax contributions:



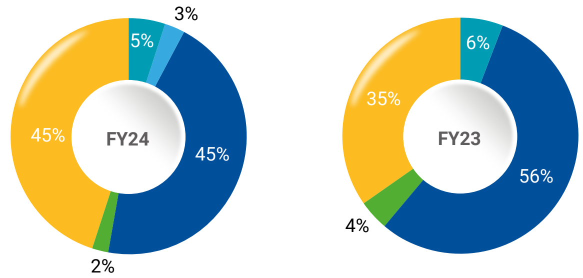
Netherlands

The Netherlands is the second-largest territory for tax contributions made by MultiChoice. Significant withholding taxes as well as VAT/sales taxes are paid across the Rest of Africa.



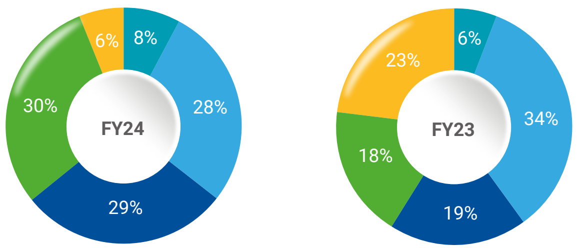
Nigeria

This is the third largest territory for the MultiChoice Group in terms of tax contributions, mainly as a result of VAT/sales taxes paid in this territory, together with significant customs and excise duties incurred on the importation of hardware devices into the country.



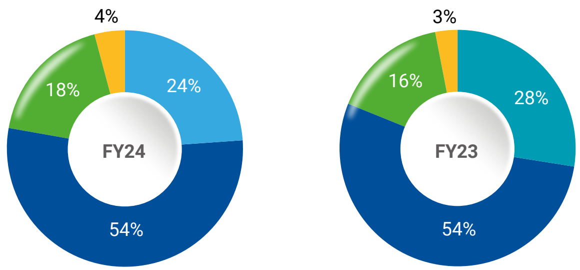
Kenya

Kenya's contribution to the MultiChoice Group's taxes is primarily as a result of VAT/sales taxes on local sales, as well as withholding taxes collected on remittances to MAH BV.



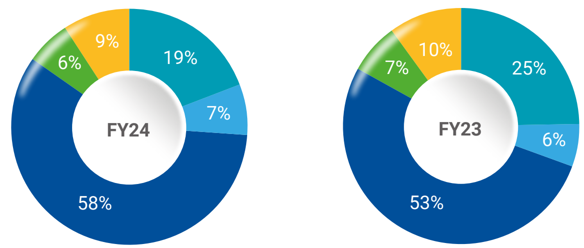
Angola

Angola's contribution to the MultiChoice Group's taxes is primarily as a result of VAT/sales taxes on local sales, as well as withholding taxes collected on remittances to MAH BV.



Zambia

Zambia's contribution to the MultiChoice Group's taxes is primarily as a result of VAT/sales taxes on local sales, as well as withholding taxes collected on remittances to MAH BV. Zambian entities also incur corporate income tax on their taxable profits.



Corporate tax · Withholding tax · VAT/sales tax · Employees tax · Customs, excise duties and other

How our activities added value for our stakeholders continued

Value created for governments and regulators continued

Our MultiChoice Africa Holdings entity (MAH BV) which is domiciled in the Netherlands, incurs significant tax liabilities across the Rest of Africa territories in which it operates.

Our operating entities domiciled in markets across Africa also incur significant tax liabilities, notably in markets like Nigeria.

We see a significant decrease in the MultiChoice Group effective tax rate year on year from 417.0% in FY23 to -487% in FY24. This decrease from the prior year is primarily due to a loss before tax for the period resulting from increased foreign exchange losses.

Despite the significant decrease in the effective rate, the following drivers continue to impact the group's effective rate:
- Significant losses in the Rest of Africa, where deferred tax assets relating to the assessed loss have not been raised
- Non-deductible expenses added back for tax purposes
- Significant withholding taxes incurred in our Rest of Africa territories
- A decrease in uncertain tax positions in the Rest of Africa segment

	FY24		FY23	
Group effective tax rate	ZAR'm	%	ZAR'm	%
Profit/(loss) before tax	(706)		921	
Taxation and statutory rate of 27%	(191)	27.0	249	27.0
Adjusted for:				
Non-deductible expenses (general)	469	(37.3)	1 209	131.3
Prior period under/(over) provision	(22)	2.1	127	13.8
Non-taxable income (exempt income/income tax allowances)	(250)	7.6	(112)	(12.2)
Temporary differences not provided for (RoA unrecognised tax losses)	2 894	(227.7)	1 145	124.3
Foreign withholding and other direct taxes	1 077	(85.1)	1 055	114.6
Other uncertain tax positions	(53)	4.2	167	18.1
Tax adjustment for foreign taxation rates and change in tax rates	(640)	50.4	(96)	(10.4)
Tax attributable to equity-accounted earnings	159	(12.5)	129	14.1
Assessed losses utilised	(1)	0.1	(32)	(3.5)
Taxation provided for in the income statement	3 442		3 841	
Reported group effective tax rate (%)	(487)		417.0	

How our activities added value for our stakeholders continued

Value created for governments and regulators continued

Delivering value to our regulators

The group has extensive experience operating in highly regulated environments and we pride ourselves on our ability to develop and maintain positive working relationships with our regulators. We advocate for regulation to keep pace with the rapidly evolving audiovisual environment and take into account the market realities which we contend with. We remain supportive of balanced, evidence-based regulation which fosters innovation and investment, provides continuity and stability for licensees and also protects consumers' interests.
We deliver significant value in the form of our positive contribution to policy development, compliance with laws and regulations and payment of licence fees. In FY24, we paid ZAR227m in regulatory fees across our footprint (FY23: ZAR280m).

Our approach to regulations

The group takes a proactive approach to managing the complex regulatory landscape. We participate in relevant public consultation processes to advocate for appropriate and fair decision-making. We back up our positions with extensive research including reference to best practice internationally and we engage decision-makers and stakeholders continuously to clarify the objectives driving intended policy and regulation.
The fast-changing environment in which we operate means that regulatory challenges will inevitably arise from time to time. Through our active engagement in the processes, we are often able to mitigate any risks. We always view litigation as a last resort, but we will take the necessary legal steps to protect our interests as well as the interests of our broader stakeholder community, and to ensure a high benchmark of fair and consistent regulation. We take the view that the negative effects of poorly conceived regulation are not confined to only ourselves. Rather it could have a widespread, detrimental effect on our customers, employees and shareholders, as well as the broader industry.

	Critical issues for our regulators	How we address them
1	**Nigerian Federal Inland Revenue Service (FIRS) tax dispute** Given the nature and quantum of the claims made by FIRS in this matter, our shareholders and other stakeholders were naturally concerned about the potential outcome. In addition, we always prefer our engagements with regulatory and tax authorities to be conducted cordially and in a cooperative spirit.	MultiChoice Nigeria and MultiChoice Africa Holdings BV reached a settlement with the FIRS for payment of USD37.3bn as full and final settlement for the disputed tax liabilities. The settlement agreement has been filed in court and adopted as a consent judgement.
2	**Independent Communications Authority of South Africa (ICASA) developments** The activities of ICASA, South Africa's communications regulator are critically important to our business including to our shareholders, employees, customers, suppliers and the public, all of whom may be impacted by changes in regulations. We therefore actively participate in all relevant ICASA inquiries with a view to achieving a sound regulatory outcome, in the public interest.	With respect to ICASA's subscription TV broadcasting market inquiry, ICASA has solicited information from stakeholders to assist it to better understand market developments since its 2021 public hearings. We provided the Authority with the requested information and made detailed submissions. We will cooperate throughout the process to ensure a balanced, informed outcome. MultiChoice received notice from ICASA in June 2023 that its broadcasting service licence had been renewed for a further 15 years. A renewed licence was issued on 7 July. We were pleased to note that the licence was renewed on the same terms and conditions. As M-Net's focus has increasingly shifted away from broadcasting programming to commissioning content and packaging channels, the business decided surrender M-Net's broadcasting and radio frequency spectrum licences, effective 1 April 2024.

How our activities added value for our stakeholders continued

Value created for governments and regulators continued

	Critical issues for our regulators	How we address them
3	**Competition complaints** The Competition Commission is required to investigate complaints that are submitted to it to determine whether there is a contravention of the Competition Act. It is also entitled to initiate investigations on its own account.	The Competition Commission continued with its investigation of the following complaints: • the consumer complaint of alleged excessive pricing of DStv packages. We have provided extensive information explaining how we price our services, particularly pointing out that our price increases have been in line with or below inflation despite rising costs • the SABC's complaint regarding our acquisition of the exclusive rights to Premier Soccer League (PSL) football and various rugby rights. These rights are acquired from the rights owners for a limited fixed term following competitive selling processes • its self-initiated complaints of alleged market allocation of the African pay-TV market, collusive tendering in bids for certain sports events and supply of set-top boxes The Competition Commission also finalised its investigation of eMedia's complaint regarding our decision to no longer include its four entertainment channels in DStv bouquets. It closed its investigation without a negative finding. eMedia has referred the complaint to the Competition Tribunal which we have opposed. eMedia's application seeking an order declaring the terms of the sublicense agreement between MultiChoice and the SABC for the rights to the 2023 Rugby World Cup to be unlawful and unconstitutional was dismissed by the High Court. eMedia has filed a complaint with the Competition Commission and an interim relief application with the Competition Tribunal, which processes are still ongoing.
4	**Government's draft White Paper on audio and audiovisual content services policy framework**	We were pleased that a further draft of the White Paper was published in July 2023. MultiChoice is in broad agreement with the draft White Paper's view that South Africa's current licensing framework must be updated and that new audiovisual services should be brought into the licensing and regulatory framework. We maintain that regulatory parity is critical for the future of the sector and this needs to be urgently addressed by government.
5	**Purported amendments to the Nigerian Broadcasting Code**	The dispute on the amended Code was resolved in January 2024 when the Federal High Court nullified the Code and perpetually restrained NBC from compelling MultiChoice to sublicense content under the provisions of the annulled amended code.
6	**Music rights licences and royalties payments for the Rest of Africa**	Engagements with international and local collecting societies are ongoing in respect of music rights licences and the royalties payable for territories outside of South Africa. We are confident we will be able to negotiate agreements which work for our business model.

How our activities added value for our stakeholders continued

Value created for governments and regulators continued

	Critical issues for our regulators	How we address them
7	Kenya competition study into broadcasting and signal distribution markets	A competition study into broadcasting and signal distribution markets by the Communications Authority in Kenya resulted in an interim report which concluded that MultiChoice is dominant in the Premium market. Importantly, however, the Authority, concluded that no intervention was necessary given the changes in the market. While we disagree with the finding of dominance, we welcome the recognition by the Authority of the dynamic changes faced by operators such as MultiChoice.
8	Licensing and competition market analysis in Malawi by the Malawi Communications Regulatory Authority (MACRA)	There was a dispute on the need for tariff approval by MACRA, following which we suspended provision of the DStv service in Malawi in August 2023. Following a High Court ruling in favour of MultiChoice Malawi, the service was restored in December 2023. We continue to engage with the authorities on MultiChoice Malawi's business model and licensing arrangements.
9	Radio Frequency Spectrum Changes (ITU)	The ITU held the World Radiocommunication Conference in late 2023. We continue to engage with governments and regulators to highlight the continued importance of spectrum for broadcasting services, specifically spectrum we use for DStv and GOtv across our different markets.
10	Consumer protection complaints	Various complaints from our customers were investigated and resolved, across the continent, with no adverse findings. Complaints related to issues such as availability of services during power outages, coverage limitations, the provision of services in bouquets rather than bundles, changes to channel line-up within bouquets and marketing of promotional offers. We continue to take steps to engage customers and minimise complaints of this nature

Key focus areas going forward

Looking ahead in terms of our regulatory approach:

- Active participation in regulatory reviews is a priority for us. We believe it is critically important that our voice is heard in processes looking to introduce new laws and regulations and that we provide balanced and well-substantiated arguments advocating for appropriate regulation. The introduction of new legislation and/or regulatory obligations (including laws of general application addressing consumer protection and data protection), tariff control in some territories, and sector-specific regulations are key areas of ongoing engagement.
- Compliance with applicable laws and regulations across all our territories remains a focus. We continue to ensure that we have the necessary systems and personnel in place in order to monitor compliance levels as new conditions and obligations are introduced.