



From the desk of the CEO

Calvo Mawela

Group Chief Executive Officer



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Dear shareholder

At MultiChoice, our vision is to enrich the lives of millions of people through entertainment and technology. We continue to innovate, partner and invest to grow from our core linear video business by building a portfolio of related digital products and entertainment services. In recent years we have carefully invested behind our strategic ambitions of enabling customers to stay within our platform, while enjoying the services and products they need beyond just linear video entertainment. Simply put, for our customers, it means Africa's most loved storyteller is fast becoming their entertainment destination of choice.

Our strategy reflects the need to cater for the changing consumer habits in the world of video entertainment - younger customers moving to streaming, or seeking additional interactive entertainment while they watch their favourite sport, are just two examples. To us, it seems that the tougher economic climate may have accelerated some of these changing preferences, making it even more important that we move ahead of the times.

With our customers at the core, we see ourselves as a platform catering for their broader entertainment-based needs, from financial services that allow them to pay for our services, to the technologies required for access. Most importantly, we provide them with a choice of video and interactive entertainment options which they can enjoy in their homes or – as the increased penetration of smartphones is changing how we consume and engage with content – increasingly in their hands. We see mobile phones and tablets as a significant opportunity to increase our presence beyond the 21 million households that we currently serve and into countless more hands across Africa.

We are in the fortunate position that we don't have to choose between linear and streaming – in some markets, where broadband and data is more readily available, streaming will continue to grow fast ... and in others, our linear offer remains the cheapest option to watch video for the average household. As the Home of Entertainment and the ultimate aggregator, DStv provides a lean-back entertainment experience with the option to stream - one place for customers to browse, subscribe for and consume all of their content across all their devices. Showmax, which provides Streaming for Africa, is a stream-focused service, offering great local originals and the best of international content, as well as a mobile-only Premier League sports pack ... available anytime and anywhere.

Four years after embarking on our strategic journey of building Africa's entertainment platform of choice and investing in services to support a broader ecosystem, our three core segments are now fully operational: video entertainment, interactive entertainment and fintech. Clear strategic milestones were reached, as we successfully launched Showmax 2.0, SuperSportBet and Moment, all of which are now revenue-generating. Our strategy to grow these additional revenues streams is no longer only a vision and is gaining real traction. Our focus now shifts to building on these solid foundations to drive growth and to further enhancing business efficiency across our operations.

Our results for financial year 2024 demonstrate a resilient group performance. Given the challenging macro-economic environment, ongoing currency weakness and the rising cost of living hitting consumers' discretionary spend, we've had to navigate carefully to balance profitability with the need to continue investing in new opportunities to future-proof the business. I am proud of the speed



From the desk of the CEO continued

and effectiveness of the team in implementing strategic actions to retain customers and to safeguard cash – especially in delivering ZAR1.9bn in cost savings, which significantly surpassed our targets. It is the strength of this team, the quality of the underlying business and the clarity of our strategy which underpins my confidence in delivering on our potential.

As we provide detailed information on our broader performance elsewhere in this report, I would like to flag some of the highlights, which reflects the hard work and dedication of our employees. They are the cornerstone of our business and work tirelessly every day to continue “bringing the magic” of entertainment to millions of Africans across the continent.

Operating highlights for FY24

- **General Entertainment:** We are the largest producer of original content on the African continent. We produced in excess of 6 500 hours of local content again this year, accounting for over half of our general entertainment spend, and our local content library now has up to over 84 000 hours of content, 12% more than last year. Six years in the making, Shaka Ilembe was the highlight of the year and became Africa's biggest TV series ever. Shot entirely on location in South Africa, this epic production was created through the skills of over 8 000 people and was watched by millions.
- **SuperSport:** SuperSport's headline broadcasts during the year included the men's Rugby and Cricket World Cups, AFCON, as well as FIFA's Women's World Cup and the Netball World Cup. We also hosted a second SA20 cricket season, with peak audiences increasing a further 35% from the great success last year. We offered over 34 000 live events to choose from, including an 8% increase in local sporting content. Our SuperSport Schools business continues to grow

rapidly, displaying more than 49,000 hours of live sport across 43 different sporting codes, covering 1 110 schools, 900 sport festivals and 14 500 teams. Our FY24 renewal cycle was a successful one – given our track record in successful delivery, we were able to renew access to popular sports events such as the Champions League, SA Rugby, IPL cricket, the Tour de France, the PGA tour and UFC.

- **South Africa:** Loadshedding in South Africa remained a key challenge in the past year and combined with the tough economic climate, resulted in negative growth in our customer base and revenues. Benefiting from retention initiatives and cost cutting, we were able to deliver a 26% trading profit margin, in line with expectations. We are encouraged by the strong growth of new business lines, including DStv Insurance, which grew revenues 35% to almost ZAR1bn, and DStv internet, which almost doubled its base. DStv Stream saw subscribers increase 139% since its relaunch in July 2023, with more than 90% being new customers that have not subscribed to our services before.
- **Rest of Africa:** Despite significant currency weakness, especially in Nigeria, our teams in the Rest of Africa stepped up to the challenge of maintaining profitability by implementing revenue-supporting measures and tactical cost and decoder subsidy savings. As a result, we were able to increase trading profit by 48% to R1.3bn and maintain profitability for the second consecutive year.
- **Showmax:** This past year was a pivotal year for Showmax – having officially concluded the partnership with Comcast in April 2023, the long-awaited relaunch took place in February this year. We successfully launched across 44 markets on the continent, transitioned the entire tech stack to Peacock's world-class platform, customised for local requirements like the support for low-bandwidth devices and data-saving functionality, and partnered with telco operators to provide customers with maximum entertainment for minimum data cost. We migrated almost 100% of the eligible customer base to the new Showmax platform, with 88% of those migrated reactivating their accounts in the seven weeks to year-end and March being a record-breaking subscriber growth month.
- **Technology:** Irdeto has now become the global market leader in managed security services for video, with a 22% market share. Outside of media security, Irdeto's solutions for connected industries are building momentum as it shipped its first keyless solutions to one of the largest fleet operators in the US market. Supported by innovative solutions for the online gaming industry, revenues from new service lines increased to a 35.7% share of Irdeto's total revenues.
- **KingMakers:** Despite the impact of a challenging macro environment in Nigeria, KingMakers (of which we own 49%) continued to deliver positive underlying operating momentum. The online business in Nigeria grew strongly, with monthly active users up 37% YoY and online gross gaming revenues up 26% YoY in constant currency. KingMakers launched the SuperSportBet business in South Africa in January 2024 and it became the official betting partner of local soccer clubs, Kaizer Chiefs and Orlando Pirates.
- **Moment:** After being founded the year before, Moment (of which we own 26%) is rapidly gaining traction and reached a milestone of processing USD85m in payment volumes YTD by the end of March. Moment played a vital role in the recent Showmax relaunch and has started taking on payment volumes for DStv. Moment already accounts for a significant share of the group's payment volumes, which enables seamless payments for our customers and transactional cost savings for us.

As we look into the coming months, there are a few things that we'll be focusing on.

First there is the mandatory offer from Canal+ for our shares at ZAR125 per share. This deal is subject to regulatory approvals, with a long-stop date of 8 April 2025. Details regarding this proposed transaction are available in the Combined Offer Circular, which was released on the 4th of June and is available on our website.

Second, given ongoing uncertainty around economic recovery across the globe and our footprint in particular, we will be looking to drive further business efficiency and have set ourselves a target of reducing costs by another ZAR2.0bn this year.

This, combined with ongoing retention initiatives, should provide an underpin for us to keep the trading profit margin of the South African business in the mid-twenties and maintain profitability in the Rest of Africa. We will also remain focused on accelerating the scale and traction of all our new growth opportunities.

Finally, we remain optimistic about the future and are committed to execute well against our business plans. True to our vision, we will continue to 'Enrich lives through Entertainment and Technology'.

Calvo Mawela
Group Chief Executive Officer