



Opportunities and risks

How we identify and pursue opportunities

As the industries that we operate in continue to evolve, we actively evaluate and cultivate a pipeline of opportunities aligned to our purpose and broad strategic priorities. This approach has allowed our group to grow through organic growth and innovation, such as our digital DTH satellite launch in 1995, our DTT launch in 2010 and our SVOD launch in 2015. By joining forces with Comcast in 2023, we are accelerating our SVOD ambitions with the goal of becoming the leading streaming platform on the African continent. We aim to deliver similar success in the interactive entertainment and sports-betting sector through our investment in and partnership with KingMakers and in the fintech space through our Moment joint venture with Rapyd.

Our top five opportunities

1

A large and growing addressable pay-TV market

With an installed base of 20.9m 90-day active subscribers, we aim to drive subscriber growth in our traditional pay-TV business as we target an addressable market of 56m households in sub-Saharan Africa in FY24, growing to 63m by 2029 (+13%).

- We take a long-term view and are comfortable with supporting our businesses through economic and business cycles.
- We are focused on retaining subscribers in South Africa and across our Rest of Africa footprint.
- We also enhance our consumer value proposition by developing new product and service offerings, (e.g. DStv Internet) while monitoring trends in offshore markets to identify opportunities applicable to our markets.

2

A unique understanding of our customers' needs and experiences

With 39 years' experience in running a 24/7, 365 days-a-year service, we understand the preferences of our diverse subscriber base, and are well placed to anticipate and address their evolving needs through innovation and content aggregation.

- We aim to offer our customers a full-service content mix with appropriate tiering to suit their circumstances.
- Our satellite-only, hybrid (satellite and streaming) and streaming-only devices, and our third-party streaming service distribution partnerships enhance our aggregation journey.
- We improve each touchpoint in the customer journey to drive continual improvements in activity rates.

3

A rapidly developing linear and VOD OTT streaming market

We see an opportunity to drive meaningful growth in OTT services as developments in technology resolve access and cost barriers for internet connectivity and connected devices.

- Our Comcast partnership provides us with the robust, world-class technology platform and desirable international content we need to scale our Showmax SVOD business to even greater heights.
- Our DStv Stream service was rebranded and relaunched in FY24 as we seek to develop the platform into a value-added service to support existing linear customers, while attracting new connected customers through a more convenient and affordable offering.

4

A high-growth interactive entertainment and sports-betting market

Customers' entertainment needs and preferences continue to expand beyond traditional video consumption to include more interactive entertainment experiences.

- Our investment in KingMakers represents our first meaningful foray into interactive entertainment, with their sports-betting services directly complementary to our video entertainment services.
- We see significant scope to grow in this space, both in terms of a broader geographic footprint (especially having launched SuperSportBet in South Africa in FY24), and an enhanced service offering (with KingMakers having expanded its virtual and casino offerings).

5

A massive potential fintech market, including payments and insurance

As the continent becomes more connected, consumers and businesses will increase the scope of their online activity and require a set of comprehensive solutions to support financial transactions and interactions.

- To tap into this opportunity, we have partnered with Rapyd, a best-in-class global fintech operator, and General Catalyst, a best-in-class venture capital firm, to create Moment, an African fintech platform. Moment already provides payment service solutions to Showmax and DStv.
- Our partners contribute capital and expertise, and we bring a scaled customer base and an established payments business.
- We are also looking to further build on the strong momentum we have generated in our DStv Insurance business.



Opportunities and risks continued

How we manage and mitigate risks

MultiChoice continues to apply a robust risk management approach in all areas of operation. Macro-economic factors, organisational changes, and the competitive landscape are everchanging. For this reason, we are committed to developing and implementing risk plans that identify and mitigate potential threats to strategy and operational objectives. These plans are continuously monitored and adapted to remain relevant.

Our top ten risks

1

Regulatory and licensing

We operate in a highly regulated industry with multiple complexities to consider across the African continent. Material changes in our regulatory environment can have a significant impact on our ability to provide high-quality services and products to our customers.

2

Currency depreciation and liquidity

The continuous and often sharp depreciation of local currencies, especially in Nigeria, South Africa, Zambia, Ghana and Angola, against major foreign currencies such as the USD. This increasingly puts pressure on the cost of running our business with a significant portion of general entertainment content and sports rights being purchased in USD, especially when hedging becomes economically unviable. Furthermore, liquidity restrictions in countries such as Nigeria can increase group funding requirements as and when cash gets trapped in-country or we lose material value on extraction.

3

Negative macro-economic factors

Negative macro-economic factors, such as high unemployment, rising or elevated inflation, increasing interest rates, political uncertainty and ongoing electricity shortages (notably in markets like South Africa, Nigeria, Zambia and Malawi), place pressure on the economies of the countries we operate in, as well as on consumer affordability.

4

Piracy

With the increasing availability and adoption of uncapped data packages, illegal downloading from peer-to-peer sharing sites continues to rise. The illegal retransmission and piracy of content, including illegal connections, file sharing, illegal internet streaming of sports content and the piracy of local content remain critical risks to the business.

5

Disruption and competition

The entertainment landscape is becoming increasingly competitive with strong global and local competitors driving increased activity in our markets. Consumers have credible alternatives from multiple sources in video and alternative forms of entertainment. Further, content providers may choose to license their content to intermediaries or go directly to consumers, withdrawing rights from us in the process.

Risk mitigation

- Our focus remains on full compliance with existing regulations.
- We continue to engage with regulators and industry bodies proactively.
- Through this approach we keep abreast of all developments while providing input that promotes a balanced and evidence-based regulatory framework.
- We conduct ongoing regulatory reviews and take the necessary steps to mitigate stakeholder concerns.
- Our dedicated and experienced teams (internal and external experts) assist with regulatory engagements, responses to inquiries and other projects/submissions.
- We promote active engagement with management, government and regulatory authorities about how the proposed regulations could impact the industry and consumers.
- We hedge our foreign exchange exposures where it is economical to do so.
- Continued focus on reducing costs and improving efficiencies to offset any top line pressures.
- We continue moving costs into local currency where feasible.
- We engage with central banks and our network of banking partners in-country to assist with cash extraction.
- We understand the financial pressure our customers face and we remain focused on our value proposition to customers, including affordability.
- We offer customers various product options suited to their circumstances, supporting value for money with the flexibility to adjust to their unique and changing circumstances.
- We continue investing in new products, services and businesses to enhance customer experience while diversifying our revenue streams into the future.
- We continuously invest in our Platform and Application Security division, Irdeto, which offers cybersecurity and anti-piracy solutions in media and gaming.
- Partners Against Piracy (PAP) is a pan-African campaign that works towards preventing content piracy. We are actively supporting PAP and aim to create awareness and educate the general public about the negative impact of consuming illegal content.
- We understand entertainment and technology are evolving, as are consumption habits. As such, we continuously invest in product and service innovations, and we focus on better products, value and customer service.
- Retaining attractive content rights is a priority, as is investing in our platforms and our content and technology partnerships to maximise mutual benefits.
- We are diversifying our product portfolio and service offering by investing in opportunities in areas adjacent to video entertainment and our established platform to provide a wider array of products and services to our customers.
- We continue exploring opportunities for relationships with telcos and other third parties to enhance our consumer value proposition through convenience, bundled savings etc.



Opportunities and risks continued

Our top ten risks continued

6

Cybersecurity

The security of our information assets, including content, customer and employee information, is critical. Failure to protect these assets poses a legal and reputational risk.

7

Taxation

Tax audit activity across Africa continues to increase, prompted by the need for improved revenue collections in poor performing economies. These often lead to unreasonable and aggressive preliminary stances taken by revenue auditors, which are often unsubstantiated and must be rigorously defended and challenged. There are also numerous local and international tax policy changes being introduced, which further increase the risk of double or unjust taxation.

8

Talent and skills scarcity

To move into the next generation of media services, we require talent and competence to operate in a data-driven world of big data, machine learning and AI; all areas with skills shortages globally. However, the focus on talent and competence is not limited to these areas.

9

Technology

Technology is integral to our strategy and operations and receives continuous focus to ensure we can seamlessly align key strategic requirements with our customer journey.

10

Impact of continuous loadshedding

Loadshedding has become the norm in South Africa (and, to a lesser extent, Zambia and Malawi). High stages of loadshedding (i.e., stage 5 and higher in South Africa) continuously increase subscriber disconnections as they are unable to watch content for hours at a time. Operational challenges are also experienced, such as DStv Agencies not having backup solutions and installers being unable to service customers.

Risk mitigation

- We continuously invest in systems and technology to identify vulnerabilities and prioritise the remediation thereof to enhance systems security and reduce business interruptions.
- We employ a chief information security officer and chief data officer to ensure appropriate management attention to this critical risk.
- Controls over information assets are continuously tested, e.g., through unauthorised access and systems penetration testing, risk assessments and internal audits. Policies are implemented to address information security risks, e.g., around information security incident management and acceptable usage of the group's technology devices and resources. Focus is also placed on the content value chain and protection of customer and employee information. For example, we ensured compliance with data protection laws to mitigate against risks. International studios undertake security assessments from time to time in support of their agreements with us.
- We obtained our Content Delivery and Security Association (CDSA) certification in September 2023 and will undergo the same assessment again in the year ahead to ensure we remain accredited.
- We continuously bolstered our tax compliance team to ensure the brightest experts are onboarded. Regular tax compliance reviews are done internally and through external advisers to ensure we abide by the laws in the countries in which we operate.
- Tax assurance is a key element of our approach to tax. We regularly conduct transfer pricing benchmarking and assurance reviews.
- We actively participate in global and regional tax policy and tax administration discussions (e.g., via the Africa Industry Tax Association or other business and professional forums).
- We strive to build and maintain good relationships with the African Tax Administration Forum and other relevant bodies.
- We regularly review our tax resources (internal and external experts) to ensure the group has the capacity to deal with the challenges highlighted.
- The group's reward structures are aimed at retaining employees in key areas and include bonuses and share schemes.
- We identify the scarce skills and competencies required in all areas of our business.
- Focused recruitment of scarce skills remains a priority.
- This is supported by programmes designed to develop a pipeline of talent.
- We partner with vendors for skills transfer and programmes.
- We position our company as an employer of choice.
- We invest in improving our existing systems and platforms, and monitoring, innovating and collaborating to offer increased value to customers, which are all a key part of our business plan.
- Our IT controls framework, based on Control Objectives for Information and Technologies framework, continues to be implemented in new developments, changes and error corrections. The framework's robustness is regularly reviewed.
- The Showmax streaming business was successfully migrated to the Peacock technology platform and went live in February 2024. The new platform, which was made possible through the equity partnership with Comcast, NBCUniversal and Sky, will enable the management of changing volumes of customer traffic by scaling according to viewing requirements and offer an improved viewing experience.
- An equity partnership with Rapyd in our Moment fintech business leveraging Rapyd's payments technology to offer a better payment experience to customers successfully launched during the year, including offering key payment solutions to Showmax with its relaunch.
- Rigorous testing programmes are implemented for all software updates and rollouts for our internal systems and platforms.
- Redundancy processes are embedded in our Samrand and Isando facilities as well as in the Rest of Africa business.
- All departments related to technology sit in one technology hub, for which focus areas are driven by the group's chief of technology.
- Customers are encouraged to make use of our DStv Stream, the SWITCH'D ON channel and Showmax platforms during loadshedding, which allows them to download content ahead of loadshedding, which then provides them with entertainment during an outage.
- Backup solutions are in place for main buildings to allow operations to continue with business as usual.
- Installers are being equipped with UPS packages to allow them to continue with installations during loadshedding.