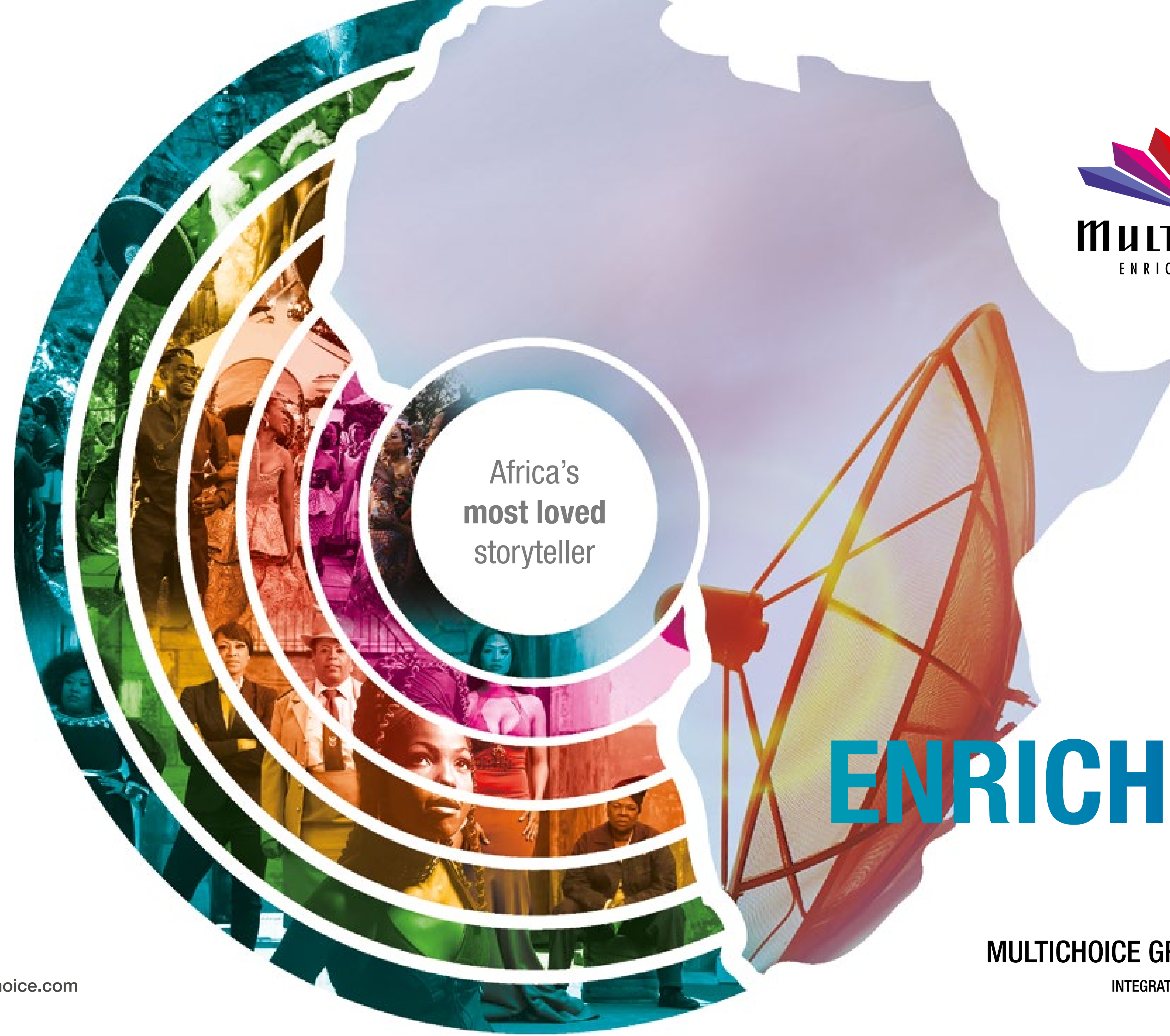


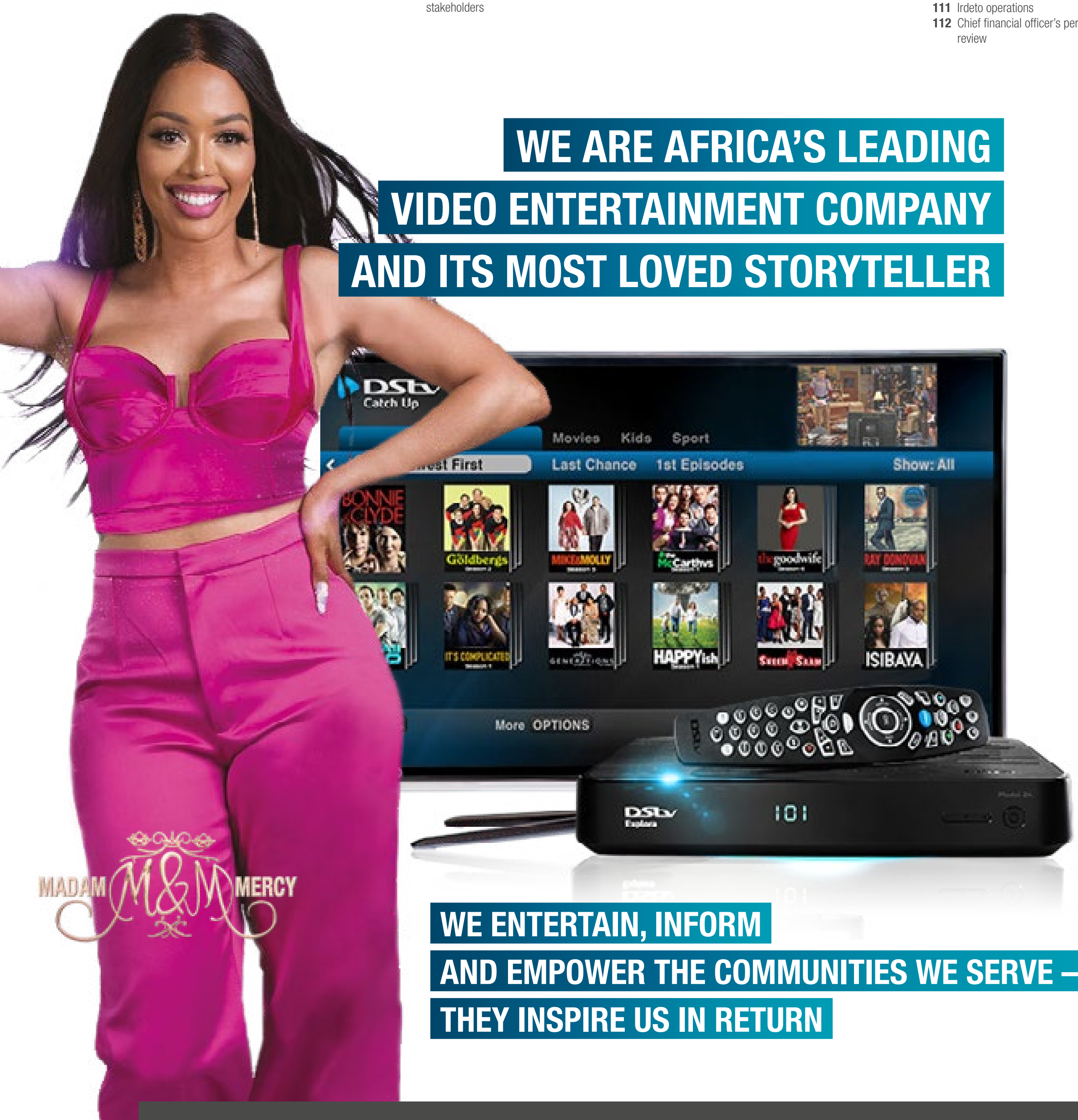
MULTICHOICE
ENRICHING LIVES

ENRICHING LIVES

MULTICHOICE GROUP LIMITED

INTEGRATED ANNUAL REPORT 2020

www.multichoice.com



WE ARE AFRICA'S LEADING VIDEO ENTERTAINMENT COMPANY AND ITS MOST LOVED STORYTELLER

WE ENTERTAIN, INFORM AND EMPOWER THE COMMUNITIES WE SERVE – THEY INSPIRE US IN RETURN

ABOUT THIS REPORT

INTEGRATED THINKING

The MultiChoice Group is committed to a holistic way of thinking and reporting across our diverse group. This report aims to communicate how we create value for our stakeholders over the short, medium and long term.

WHAT VALUE MEANS TO MULTICHOICE

We seek to create and enhance long-term sustainable value for our stakeholders. For the MultiChoice Group, this means:

- Aggregating and distributing the content valued by our customers in a way that is convenient, easily accessible and cost-effective
- Providing an environment that rewards growth and provides development for our people
- Nurturing long-standing and mutually beneficial relationships with our suppliers
- Contributing meaningfully to the industry and societies in which we operate
- Generating sustainable economic value for our shareholders over the long term

SCOPE, BOUNDARY AND AUDIENCE

The scope of this report comprises MultiChoice Group Limited and its subsidiaries (together MultiChoice, the MultiChoice Group or the group). We present our integrated annual report for the financial year from 1 April 2019 to 31 March 2020 (referred to as FY20).

We report on how we create value for our material stakeholders, with a targeted focus on providers of financial capital. The group is committed to integrated and balanced reporting on our strategic objectives, material matters and how we are governed. We strive to provide a comprehensive view of our financial and non-financial performance, and the sustainability of our business.

BASIS OF PREPARATION

This is our second integrated annual report since the MultiChoice Group was constituted on 28 September 2018 and listed on the Johannesburg Stock Exchange (the JSE) on 28 February 2019. We are reporting on the full FY20. Comparative financial information for FY19 is included.

The content of the integrated annual report was guided by the following frameworks:

- International Integrated Reporting Council's (IIRC) Integrated Reporting <IR> Framework
- King IV Report on Corporate Governance™ for South Africa, 2016 (King IV)*
- The requirements of the Companies Act No 71 of 2008, as amended (Companies Act)
- The JSE Listings Requirements

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Connect with us on:

ABOUT THIS REPORT continued

ASSURANCE AND RESPONSIBILITY

The financial and non-financial information in this report was reviewed by the audit committee and approved by the board. Independent assurance was provided on certain material information presented in this report.

Financial information

The summarised consolidated financial information for the group included in this report was extracted from the audited consolidated annual financial statements for the year ended 31 March 2020 and is accurately reflected.

Refer to page 14 of the full annual financial statements for the auditor's report on the group's unmodified consolidated annual financial statements.

The full annual financial statements appear on the MultiChoice website (www.multichoice.com) and are available for review at our registered office on arrangement with the company secretary.

Non-financial information

EmpowerLogic verified all broad-based black economic empowerment (BBBEE) information in this report.

RESPONSIBILITY

The board acknowledges its responsibility to ensure the integrity of the integrated annual report. The report was approved by the board on 10 June 2020. The board applied its collective mind and believes the integrated annual report and financial statements fairly reflect, in its opinion, the true financial position of the group as at 31 March 2020 and that of its operations during this period, as described in the report. Furthermore, the board believes this report addresses all material issues and how they relate to the MultiChoice Group's ability to create value in the short, medium and long term.

On behalf of the board	On behalf of the audit committee	On behalf of the executive committee
Imtiaz Patel	**Louisa Stephens**	**Calvo Mawela**
Executive chair	*Audit committee chair*	*Group chief executive officer*
10 June 2020	10 June 2020	10 June 2020

NAVIGATION AND GLOSSARY

For ease of reference, our detailed glossary and key terms are included at the back of this report.

PAGE	WEB	SCAN

Click on any of the above icons to access further information.

OUR REPORTING SUITE

Our 2020 integrated annual report is our key report to our stakeholders, providing a holistic view of the group's business, strategy, performance and the creation of value for our stakeholders.

This report should be read in conjunction with our full consolidated annual financial statements, which provide a more detailed understanding of the financial aspects of our business.

Furthermore, we endeavour to engage with our stakeholders through regular reports, including our annual social report, biannual results announcements and various updates provided during the year.

This information can be accessed at https://www.multichoice.com/investors/reporting/.

Our other reports:

- Summary consolidated annual financial statements for FY20 and notice of annual general meeting (AGM)
- Social and ethics committee report
- King IV report

SUMMARISED FORWARD-LOOKING STATEMENTS

Many proclamations in this integrated report constitute forward-looking statements – they represent MultiChoice's judgements and future expectations. These statements, however, do not guarantee our future performance. Words such as 'believe', 'anticipate', 'intend', 'seek', 'will', 'plan', 'could', 'may', 'endeavour' and similar expressions are intended to identify such forward-looking statements.

MultiChoice faces risks, challenges and uncertainties outside of our control. These challenges may lead to unforeseen outcomes for the group. This report does not give any assurance that forward-looking statements will prove to be correct, and investors are cautioned not to place undue reliance on any forward-looking statement contained herein. Our group auditors have not reviewed or reported on any forward-looking statements.

FEEDBACK

Feedback on the report is welcome and can be communicated to **cosec@multichoice.com**.

MULTICHOICE AT A GLANCE

OUR BUSINESS OVERVIEW

WE ENRICH LIVES USING THE POWER OF VIDEO ENTERTAINMENT AND BRING PEOPLE TOGETHER AROUND A SHARED PASSION

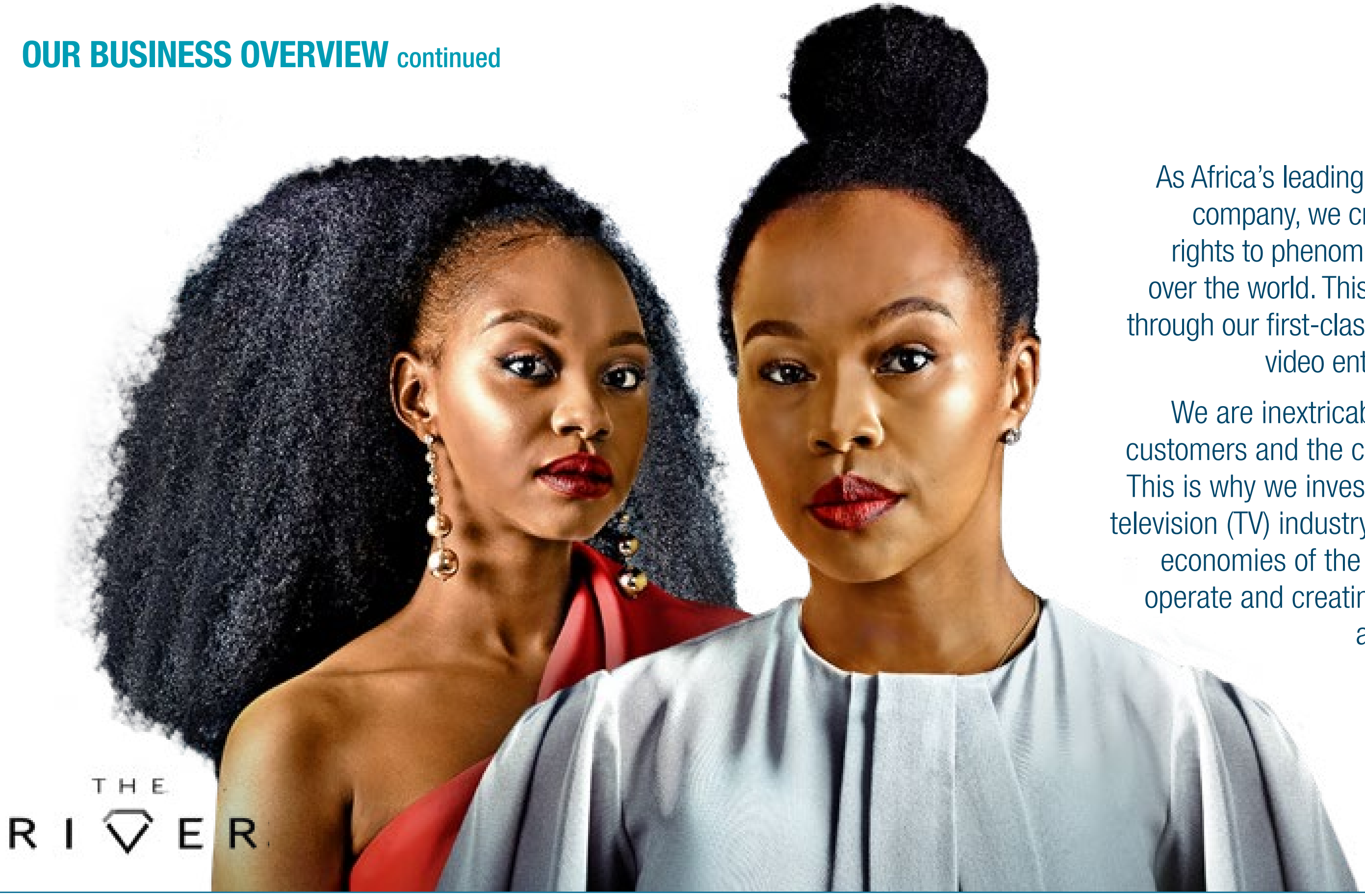
OUR ENTERTAINMENT PLATFORMS

DStv
GOtv
DStv Now
showmax

WE DELIVER ENTERTAINMENT TO
19.5 million
90-DAY ACTIVE SUBSCRIBERS

ACROSS
50 countries
ON THE AFRICAN CONTINENT

OUR BUSINESS OVERVIEW continued



As Africa's leading video entertainment company, we create and secure the rights to phenomenal content from all over the world. This content is delivered through our first-class satellite and online video entertainment services.

We are inextricably connected to our customers and the countries they live in. This is why we invest in Africa's film and television (TV) industry, contributing to the economies of the countries where we operate and creating thousands of jobs across the continent.

WE HAVE PROGRAMMING IN
17 languages

3 850* hours
OF LOCAL CONTENT PRODUCED THIS YEAR

DEDICATED LOCAL CONTENT CHANNELS IN
8 key markets

Top quality local productions, amounting to 40% of our total general entertainment spend

Leaders in sport broadcasting, with approximately 7 500 live events and 700 own productions broadcast annually

Compelling international content from multiple providers on 111 channels

irdeto
Building a Secure Future.

A **leading digital platform security** division with offices in 14 countries

* *The definition was revised to exclude advertising minutes and dubbed content. As a result, comparatives were restated from 4 600 hours, as disclosed in FY19, to 4 050 hours on a like-for-like basis.*

OUR BUSINESS OVERVIEW continued

WE ARE AFRICA'S MOST LOVED STORYTELLER

SOUTH AFRICA

Established in 1985

The **leading provider of video entertainment** in South Africa providing access to world-class local and international content through our DStv brand, Showmax and DStv Now.

67% OF GROUP REVENUE

ZAR10.3bn TRADING PROFIT

8.4m
90-DAY ACTIVE SUBSCRIBERS

REST OF AFRICA

Established in 1992

With a diversified presence across geographies, platforms and consumer segments, **we offer world-class local and international content** to the Rest of Africa through our DStv/DStv Now/Showmax brands in 49 markets and GOtv brand in eight key markets.

30% OF GROUP REVENUE

ZAR2.9bn TRADING LOSS

11.1m
90-DAY ACTIVE SUBSCRIBERS

TECHNOLOGY (Irdeto)

Established in 1969

As the second largest content protection vendor by volume, **Irdeto protects platforms and applications** for video entertainment, gaming, connected transport and other connected industries. It services not only the group's security and anti-piracy needs but also the world's best video entertainment and connected industry service providers.

3% OF GROUP REVENUE

ZAR0.7bn TRADING PROFIT

>400 CUSTOMERS SPANNING
71 countries

OUR GROUP STRUCTURE

MultiChoice
ENRICHING LIVES
MCG
listed on JSE[1]

Phuthuma Nathi
SHARE THE FUTURE
BBBEE scheme[3]

5.7%

25%[2]

75%[2]

100%

100%

MultiChoice
SOUTH AFRICA

MultiChoice
AFRICA

irdeto

DStv
SuperSport
World of Champions
showmax
DStv Now

DStv
GOtv
showmax

[1]Foreign voting rights are capped at 20% due to broadcasting licence requirements in South Africa.
[2]The MultiChoice Group's combined direct and indirect effective interest in MultiChoice South Africa is 76.4%, while Phuthuma Nathi shareholders own the remaining 23.6%.
[3]Listed on Equity Express Securities Exchange (EESE).

OUR INVESTMENT CASE

WE KNOW OUR SUBSCRIBERS

We know how to create, package and deliver the best local, international and sport content.

Our unique insights allow us to create comprehensive and compelling video entertainment services that resonate with our subscribers.

WE HAVE A SOLID FOUNDATION TO SUPPORT SHAREHOLDER RETURNS

We have an experienced management team, established brands and invested infrastructure. This is underpinned by a sound balance sheet, solid operational execution and strong cash flow generation.

WE ARE DRAWING ON GLOBAL PERSPECTIVES TO DRIVE LOCAL EXCELLENCE

Our broad subscriber base and extensive footprint allow us to better serve our customers by leveraging the benefits of economies of scale.

Our long-standing connections to global video entertainment industry participants, content suppliers and satellite providers, allow us to implement best practices in terms of content and technology.

Our deep local knowledge allows us to operate in diverse markets, across vast urban and rural territories, and varied demographics, while managing complex regulatory environments and solving unique local challenges.

WE UNDERSTAND HOW TO REACH AND SERVE OUR CUSTOMERS

At the end of FY20, we served **19.5m subscribers in 50 markets** across sub-Saharan Africa through our DStv, GOtv and Showmax brands. We provide video entertainment 'anywhere, anytime' by beaming a signal and/or streaming content to their preferred devices 24/7. Through Irdeto, we provide digital security solutions to protect content, applications and platforms around the world.

WE HAVE A PROUD LEGACY AND AN EVEN MORE EXCITING FUTURE

The African continent, with its 1.1bn people, is our home.

Since the launch of our first service in 1985, we have provided a window into the world for our viewers and created, developed and shared their stories. A growing, increasingly urban middle-class with rising discretionary spend represents an addressable market of 47m paying video entertainment subscribers by 2023 and an attractive long-term opportunity for us.

Irdeto has a 50-year history of solving security problems. Its expertise in software security means Irdeto is uniquely positioned to help the world's best video entertainment and connected industry service providers navigate their digital platform security challenges in an increasingly connected world.

OUR PURPOSE

IS TO ENRICH LIVES THROUGH VIDEO ENTERTAINMENT

OUR VISION
is to be Africa's
#1
video entertainment platform

WE CARE

We care about doing what is best for everyone – ourselves, our colleagues and most importantly, our customers

WE CONNECT

We connect with others and build lasting relationships through collaboration, communication and clarity

WE CREATE

The key behaviours that fall under create are curiosity, courage and commitment

CHAIRMAN'S LETTER

> "Our executive team has continued to deliver in a tough operating environment. Even before the outbreak of COVID-19 and the concomitant oil price weakness, many of our markets were suffering from macroeconomic pressures or specific headwinds such as severe drought. We discuss these matters in detail later in our integrated report, but suffice to say that our teams have executed exceptionally well in delivering the solid operating and financial results that we have presented for FY20."

Imtiaz Patel
Chair and executive director

THE GROUP HAS DONE AN INCREDIBLE JOB, NOT ONLY IN

delivering on our FY20 commitments

TO SHAREHOLDERS, BUT ALSO IN POSITIONING THE BUSINESS TO BETTER WITHSTAND THE UNCERTAIN FUTURE IMPLICATIONS OF THE COVID-19 PANDEMIC

FY20 will long be remembered by our group as a year of remarkable change and disruption.

We began the year fresh off our unbundling and listing from Naspers, our parent of 34 years.

I believe that our board, our management team and our corporate structures have served our group and our investors well as we navigated our way through a number of firsts as a public company. These include holding our first AGM and concluding the share exchange offer to the loyal Phuthuma Nathi shareholders in MultiChoice South Africa. The group has done an incredible job, not only in delivering on our FY20 commitments to shareholders, but also in positioning the business to better withstand the uncertain future implications of the COVID-19 pandemic.

We are fortunate to have a board that is balanced and works constructively with our executive management teams. A pioneering spirit has always been a part of our DNA and the board supports the need to invest and innovate in areas like our connected video division and the cybersecurity services of our technology business.

At the same time, the board recognises the need to take a prudent approach to risk in a volatile operating environment. Our strong balance sheet, which reflected a net cash position at year-end with no financial gearing, is welcome in this current time of uncertainty and enabled us to honour our commitment made to shareholders at the time of listing by declaring a maiden dividend of R2.5bn. We are also very proud to be able to maintain the dividend of R1.5bn declared to our BBBEE (Phuthuma Nathi) shareholders in the South Africa business. Many of these shareholders come from the most disadvantaged of circumstances and we know how much they rely on this dividend as a source of income.

We have announced several important changes to the board since our AGM in August 2019. Our lead independent director and audit committee chair, Steve Pacak, stepped down from these roles in April 2020 and will retire from the board in 2021. Further, Don Eriksson retired from the board in June 2020. The experience and insights that these gentlemen have shared with us, not only during our years under the Naspers umbrella, but critically during our transition to a standalone listed entity, have been invaluable. We wish them both well in all future endeavours.

A **pioneering spirit** has always been a part of our DNA

CHAIRMAN'S LETTER continued

Jabu Mabuza, who joined the board in July 2019, took over Steve's role as lead independent director and Louisa Stephens took over as chair of the audit committee. We also welcomed Christine Sabwa (May 2019) and Dr Fatai Sanusi (July 2019) to our board. They bring valuable insights for our key Rest of Africa markets such as East Africa and Nigeria.

On the governance front, the year was marked by material changes to our remuneration policy, through constructive engagement with our shareholders. Among the key changes were the implementation of a malus and clawback clause, lowering the share scheme cap from 10% to 5%, increasing the minimum shareholding requirements for the executive team, increasing disclosure on performance hurdles for the long-term incentive (LTI) schemes, as well as extending their vesting periods and increasing the weighting for performance share units.

Our executive team has continued to deliver in a tough operating environment. Even before the outbreak of COVID-19 and the concomitant oil price weakness, many of our markets were suffering from macroeconomic pressures or specific headwinds such as severe drought.

We discuss these matters in detail later in our integrated report, but suffice to say that our teams have executed exceptionally well in delivering the solid operating and financial results that we have presented for FY20.

Like many other industries, the world of video entertainment continues to evolve. We have evolved with it – from the early days of a single M-Net analogue channel, to investing in satellite technology ahead of most of the world, and becoming a content aggregator with a multichannel service offering. The growing adoption of broadband internet in developed markets gave rise to streaming services, and we launched Showmax as a result. Nowadays OTT players are producing their own content and reaching out to consumers directly, but the multitude of offerings are leaving customers overwhelmed with a 'paradox of choice' and a need for greater simplicity. This is where we see the opportunity to continue our aggregator journey: we broadcast and stream our own compelling local, international and sport content while also making third-party streaming services available through our platform. This will provide our customers with great convenience and a single platform for their entertainment needs. We recently concluded distribution agreements with two international subscription video on demand (SVOD) providers. These partnerships with global brands not only benefit our customers through increased access to content, but are a testament to our reach, our technical capabilities and our operational expertise.

To succeed in this evolving world, we plan to **further increase our investment in local content** as a key aspect of our differentiated content strategy

While OTT services are growing globally, satellite remains the cheapest and most efficient way of distributing long-form video content to the mass market across the African continent and will remain so for some time. Our linear pay-TV business therefore continues to present a good long-term opportunity for us. We are also looking to accelerate the uptake of our OTT products by differentiating and strengthening our content line-up and product offering.

To succeed in this evolving world, we plan to further increase our investment in local content as a key aspect of our differentiated content strategy. On the sport front, we remain committed to exciting customers with the best local and international sport. We will keep exploring new opportunities to further expand our existing ecosystem, offering new products to enhance customer experiences and to support our growth. Our ambition is to drive further subscriber growth, scale Irdeto to a leading media and cybersecurity business globally and continue building a sustainable business that delivers value for our stakeholders. In the current environment, we remain focused on maintaining operational excellence and sustaining cost reduction.

We also continue to invest in the development of our people as well as social initiatives that have a meaningful impact on the communities we operate in. Our internal, unique Chairman's Top Leaders Programme is bearing fruit with a pipeline of strong talent emerging for key senior leadership roles in the future. Our investment in youth is something we are very proud of and we recently announced a partnership with YES, creating 500 job opportunities specifically for the youth. The Innovation Fund (powered by our MultiChoice Enterprise and Development Trust) has seen enormous success, with many small, medium and microenterprises (SMMEs) successfully incubated and launched.

The events of the past few months are unprecedented in our lifetime. In my 30 years in the industry and 20 years with the MultiChoice Group, I have lived and worked through a number of crises, but none that carried the same weight as the COVID-19 pandemic and its dual impact on lives and economies. While we have seen some victories in combating the disease, the full extent of the damage remains unknown at this stage. We have reacted swiftly to the pandemic in implementing our business continuity plans well ahead of the forced lockdowns imposed by governments. As an essential service provider, we were able to deliver uninterrupted services to our customers. We also took great care in ensuring the protection, safety and wellbeing of our staff, in supporting local production value chains and other service providers where possible, and in making contributions to public health efforts.

I would like to extend my sincere gratitude to the board, management team and all of our staff for demonstrating exceptional grit and determination. Your resilience and dedication have surpassed expectations and will serve our group well in navigating the future. We believe the group is well positioned to face the somewhat uncertain times ahead – our product is geared toward people spending more time at home. We have a robust business model, our large-scale and diversified footprint brings substantial benefits, and our strong balance sheet provides financial flexibility. Looking forward, the board remains confident in our executive leadership team's ability to deliver shareholder value in what will no doubt be a challenging environment.

Imtiaz Patel
Chair and executive director

CREATING VALUE

VALUE CREATION FOR OUR STAKEHOLDERS AND PROVIDERS OF CAPITAL

THE CAPITALS PROVIDED BY OUR STAKEHOLDERS

Our inclusive approach to stakeholder engagement continuously aligns stakeholder needs, interests and expectations with those of our business. We focus on building long-lasting and impactful relationships based on trust to ultimately deliver stakeholder value. We recognise that our operations impact a broad range of stakeholders, who are the custodians of many of the capitals we rely on in the course of our operations. In line with the IIRC's <IR> Framework, we define the capitals we use in our business as follows:

FINANCIAL CAPITAL: The funding received and the financial resources available to the group.

TECHNOLOGY AND PLATFORMS: Physical and virtual infrastructure including our satellite networks, platforms and information technology (IT) systems that enable us to deliver content to our customers, among other critical business functions.

INDUSTRY EXPERTISE: Our understanding of viewer preferences, content curation and local content development is our key differentiator, while our expertise spans the entire value chain (regulations, signal transmission, marketing, distribution, payments, etc).

PEOPLE: The skills and expertise of our teams and the productivity they contribute across our markets.

CUSTOMER AND SUPPLIER RELATIONSHIPS: The critical relationships we build with our customers and our suppliers who enable content and other core services delivery.

CORPORATE CITIZENSHIP: Our licence to operate in the countries we serve includes stakeholder relationships and engagement, and corporate reputation (while our consumption of natural resources is not material, corporate citizenship includes our responsibility to minimise the depletion of natural resources).

STAKEHOLDERS	HOW WE ENGAGE	CAPITAL PROVIDED
CUSTOMERS Our customers are our largest stakeholder group. They are the reason we exist and our primary source of revenue.	Customer service channels, direct communications (newsletters, email and SMS notifications), independent service providers and installers, advertisements and messages on our platform, outbound retention campaigns, media and press, social media, owned websites and digital applications, customer satisfaction surveys and product activations.	
EMPLOYEES A company is only as good as its people. We are incredibly proud of our 6 894 employees across the group – their combined knowledge, expertise and passionate dedication towards our business and customers provide the foundation for our success.	Direct engagement with broader groups (companywide addresses and leadership forums), regular email updates, ad hoc staff events, live engagement tracking and anonymous employee feedback, workplace forums, social collaboration tools and town hall sessions.	
SUPPLIERS Our suppliers are critical to our operations. They provide us with exceptional content, the technology to distribute this content, and a wealth of other services that support our business. We believe in mutually beneficial, transparent partnerships with suppliers.	Face-to-face meetings, telephonic conference calls, email communication, attendance at industry conferences and requests for proposals.	
SHAREHOLDERS Our diverse base of local and international shareholders are the owners of our business, and trust us to generate returns in excess of our cost of capital over the long term.	Formal AGMs, individual shareholder meetings and calls, conference calls, results announcements, investor roadshows and conferences, JSE Stock Exchange News Service (SENS) announcements, reports and results, tours of our facilities, a dedicated email address for investor queries and updates on the website.	
GOVERNMENT AND REGULATORS We are contributing, taxpaying members of the societies in which we operate. We engage with governments and regulators to ensure we cooperate and collaborate in a way that supports a stable and flourishing industry.	Oral and written representations to legislators and regulators, attendance and participation in legislative and regulatory processes and engagement with key government departments and industry stakeholders.	
SOCIETY AND THE ENVIRONMENT We see beyond business priorities and strive to make a lasting impact on communities. These communities represent a pipeline of customers, employees and national sporting and film heroes. Our initiatives aim to enrich the lives of Africans while being mindful of our planet's sustainability by minimising our own impact on the environment and through Irdeto's contribution towards wildlife protection.	Direct engagement with initiative owners, regular one-on-ones with community TV stations, meetings at relevant sporting events, interactions and training sessions with interns.	

A BUSINESS MODEL THAT DRIVES VALUE

INPUTS
THE RESOURCES AND RELATIONSHIPS WE RELY ON

FINANCES
- ZAR9.8bn equity (FY19: ZAR9.8bn)
- ZAR0.1bn financial debt (FY19: ZAR0.1bn)
- 55 059 MultiChoice Group shareholders

TECHNOLOGY AND PLATFORMS
- Widespread DTH[4] satellite footprint covered by four different satellites (two through Intelsat and two through Eutelsat)
- Fully invested DTT[5] network covering 117 cities over eight countries
- OTT services: DStv Now and Showmax
- Numerous support technologies (including AI) for customer service, billing, playout, archiving, scheduling and Irdeto security encryption

INDUSTRY EXPERTISE
- 35 years in industry
- Market leadership across 50 countries
- Deep understanding of entertainment needs of customers
- Irdeto has 50 years' experience in security solutions

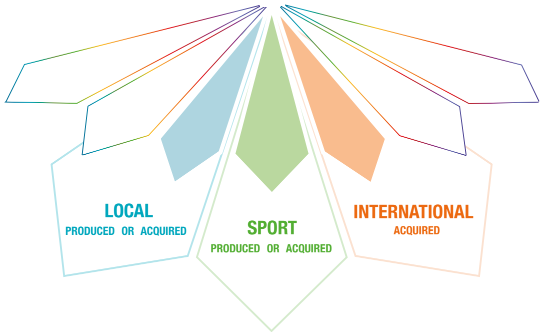
OUR PEOPLE
- 6 894 permanent employees (FY19: 7 053)
- Inclusive, customer- and people-centric culture with strong employee brand ambassadorship

CUSTOMER AND SUPPLIER RELATIONSHIPS
- 19.5m 90-day active subscribers (FY19: 18.6m)
- More than 400 B2B customer relationships through Irdeto
- Relationships with local and international content providers, key satellite technology providers and a network of 5 604 accredited installers and 1 747 independent service providers across the continent
- Preferential procurement initiatives

CORPORATE CITIZENSHIP
- Relevant licences provided by regulators across the continent
- Local communities who collectively produce the future of film and sporting talent in the countries where we operate
- Beneficiaries of the Phuthuma Nathi BBBEE scheme
- Use of electricity and water for operations

BUSINESS ACTIVITIES
WHAT WE DO

CURATE GREAT CONTENT



PACKAGE CONTENT INTO OUR OWN CHANNELS
- **33** proprietary GE channels[3]
- **38** sport channels
- **2** OTT services

ACQUIRE PRE-PACKAGED CHANNELS
- **111** international GE channels[3]
- **23** local GE channels[3]
- **29** news channels[3]

AGGREGATE CHANNELS INTO TIERED PACKAGES
Sell advertising slots on select channels through media sales division

Secure and encrypt content ▸ irdeto ▸ Also services external clients

DISTRIBUTE TO CUSTOMERS ACROSS MULTIPLE PLATFORMS
- DTT TECHNOLOGY
- SATELLITE TECHNOLOGY
- STB DESIGN
- OTT TECHNOLOGY

SALES AND CUSTOMER EXPERIENCE
- MARKETING AND AWARENESS
- SUBSCRIPTION AND DECODER SALES
- VALUE-ADDED SERVICES
- CUSTOMER SERVICE
- LOYALTY

OUTPUTS
OUR PRODUCTS AND SERVICES

DStv
- Offers services in 50 markets
- Six core bouquets, at varying price points
- >150 linear video channels
- Catch-up and movie rental ("Box Office") services available

GOtv entertaining africa
- Offers services in eight markets
- On average 60 linear video channels
- Four core bouquets, at varying price points

DStv Now / showmax
- Streaming service DStv Now offered as a value-added service for DTH customers
- SVOD service Showmax has localised versions in three markets, with standard and mobile offerings available

DStv Media Sales
- Commercial airtime sales across 130+ pay-TV channels

irdeto
- Cybersecurity and anti-piracy services to the group plus external customers in 71 countries, across multiple industries including media security, gaming, connected transport and other connected industries

OUTCOMES
HOW WE ENHANCED OUR CAPITALS

FINANCES
- ZAR2.5bn core headline earnings (FY19: ZAR1.8bn)
- ZAR1.7bn in share repurchases (FY19: ZARnil)
- 30% return on capital employed (FY19: 30%)
- ZAR2.5bn dividend declared

TECHNOLOGY AND PLATFORMS
- ZAR0.2bn investment in technology assets (FY19: ZAR0.3bn)
- ZAR2.6bn transponder costs (FY19: ZAR2.6bn)
- User interface (UI) enhancements to OTT platforms
- ZAR112m building and infrastructure spend (FY19: ZAR54m)

INDUSTRY EXPERTISE
- ZAR6.2bn invested in local general entertainment and sport content (FY19: ZAR5.5bn)
- Local content library exceeds 56 800 hours (FY19: 52 700[1])
- 40% of total general entertainment content spend was on local content (41% in constant currency) (FY19: 40%)

OUR PEOPLE
- ZAR191m invested in skills development (FY19: ZAR127m)
- 3 018 employees formally trained (FY19: 4 849)
- 47% of our employees are women (FY19: 47%) and 53% are men (FY19: 53%)
- Robust compliance and governance structures

CUSTOMER AND SUPPLIER RELATIONSHIPS
- 0.9m net growth in 90-day active subscribers (FY19: 2.2m)
- Irdeto won nine tier-one customers from competitors in the past two years
- 75% customer satisfaction in South Africa (FY19: 76%)
- 71% customer satisfaction for DStv (FY19: 70%) and 70% customer satisfaction for GOtv in the Rest of Africa (FY19: 67%)
- ZAR10.4bn spent with local South African suppliers (FY19: ZAR10.3bn), including ZAR4.9bn on South African small and medium enterprises (FY19: ZAR3.4bn)

CORPORATE CITIZENSHIP
- ZAR12.0bn total tax contribution (FY19: ZAR10.2bn)
- Invested ZAR247m[2] in significant corporate social investment (CSI) initiatives across the group (FY19: ZAR207m)
- Provided opportunity for Phuthuma Nathi shareholders to convert Phuthuma Nathi shares into MultiChoice Group shares
- Light carbon footprint with initiatives applied to minimise impact

[1]FY19 library hours were restated from ~50 000 to 52 700 to align with FY20 disclosure. [2]Includes non-cash advertising donations of ZAR79m in FY20 and ZAR59m in FY19. The CSI spend disclosed in the FY19 integrated annual report related only to cash contributions.
[3]GE refers to general entertainment content. Numbers shown exclude religion, specialist, FTA and audio channels. [4]Direct to home. [5]Digital terrestrial television.

A BUSINESS MODEL THAT DRIVES VALUE continued

MANAGING TRADE-OFFS

We manage our capital to provide long-term value to stakeholders. In the short term, it is not always possible for all capitals (or the stakeholders who provide them) to benefit equally, and sometimes some capitals may benefit at the expense of others. In deciding how best to allocate our scarce capital, we are often required to make trade-offs between capitals and stakeholders, and between short and long-term value creation. Some of the areas where we made such trade-offs are described below:

1 PRICING DECISIONS

When it comes to pricing, there will always be a trade-off between customer relationships and financial capital. It is our responsibility to balance these. We do this by ensuring our pricing decisions are research-based, considering a variety of factors including local market dynamics. Given a weak consumer backdrop and that affordability was flagged as a key issue for our customers in South Africa, we decided to keep Premium prices flat, albeit at the expense of top-line growth. This decision was well received by our customers and served to stabilise the rate of decline in our top segment. At the same time, we increased the price of our Access package for the first time since its launch nine years ago.

Pricing in the Rest of Africa is based on several country-specific factors that carefully balance customer relationships with the financial implications of revenue erosion coming from weakening exchange rates. This year, we processed price increases in Angola, Ghana and Zambia but kept Nigeria flat. In our East African markets, we took a strategic decision to decrease prices, which served to stimulate further growth.

2 RESTRUCTURING IN THE CUSTOMER CARE DIVISION

Our business is influenced by changes in subscriber needs and evolving technology. This was the case in South Africa this year where the shift in customer behaviour towards online and self-service methods resulted in a restructure of our customer care division's staff complement. It involved rightsizing the customer service team and retraining and redeploying some employees into roles that better serve our business requirements in an increasingly digital environment. In this difficult process, we were able to work closely with impacted employees to mitigate negative consequences, resulting in few forced retrenchments.

3 ONGOING DRIVE FOR COST SAVINGS

Cost reduction and efficiencies are an important component of our strategy and enable us to deliver positive operating leverage by keeping the growth in costs below the growth in revenue. In a year characterised by tough macroeconomic conditions and subdued revenue growth, it was important to identify and drive cost savings in the business. This included initiatives such as removing non-performing content from our platform, renewing certain agreements on better terms, acquiring some content on a non-exclusive basis, consolidating decoder/set-top box suppliers, renegotiating supplier contracts or rationalising systems, and driving efficiencies in how we work. These cost-cutting measures serve to enhance our financial capital but require a trade-off as some of our suppliers are directly impacted by these decisions. Removing non-performing content from the platform also impacted some of our customers. We respect the unique viewing choices of our customers and as a result, this trade-off is balanced by the fact that the exiting of limited value-adding content creates an opportunity for us to reinvest savings in a better overall content portfolio for our customers. We achieve this through increased investment in local content, for example. Changes to systems and ways of working also impacted our people who sometimes had to adjust their day-to-day activities to accommodate our business transformation efforts.

HOW OUR ACTIVITIES ADDED VALUE FOR OUR STAKEHOLDERS

VALUE CREATED

ZAR42 752m subscription revenue + ZAR8 635m other revenue[1] + ZAR435m investment income

=

ZAR51 822m
total value created

IN RETURN, OUR CUSTOMERS RECEIVED VALUE THROUGH:

Access to **24/7 entertainment anytime and anywhere** through packages and streaming services tailored to their needs and pocket

Local content that tells **African stories**

Extensive access to **international content**

Gripping **sport content**

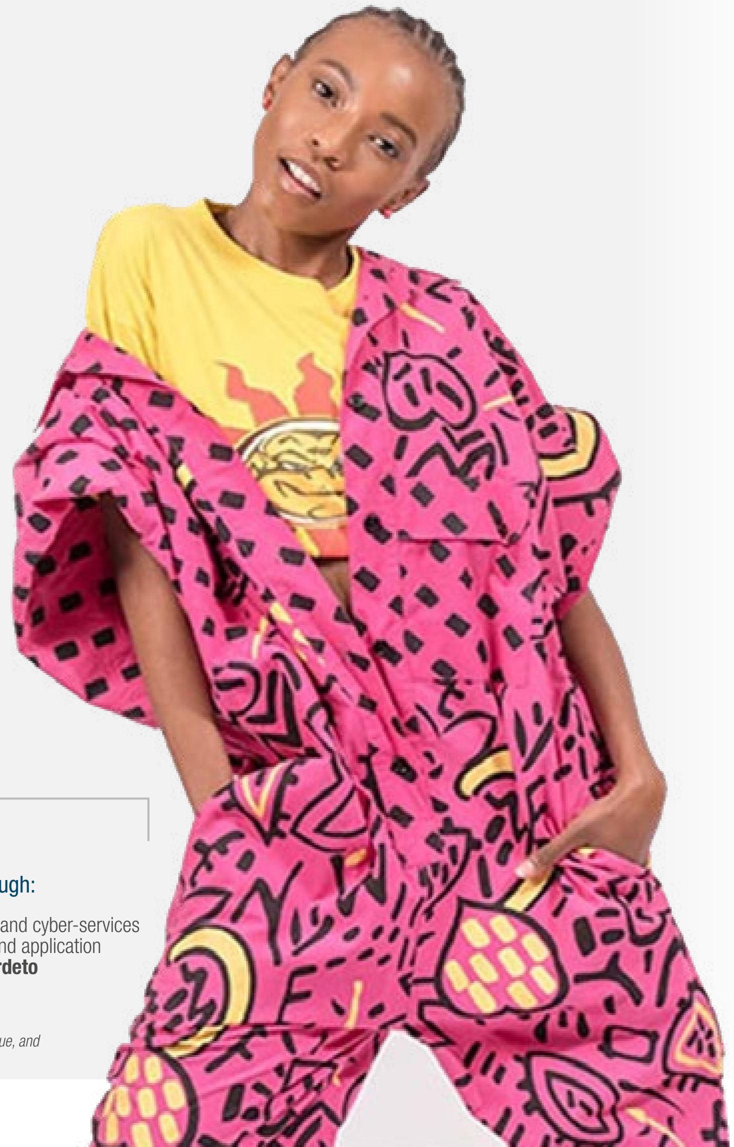
SUPPORTED BY CUSTOMER SERVICE PLATFORMS

Our **BUSINESS TO BUSINESS** (B2B) **CUSTOMERS RECEIVED VALUE** through:

DStv **Dynamic media services** to access and advertise to broadcast and online audiences through DStv Media Sales

Software security and cyber-services for digital platform and application protection through **Irdeto**

[1] *Other revenue includes Irdeto revenue, advertising revenue, decoder sales, installation fees, licensing and production revenue, and reconnection fees.*



VALUE ALLOCATED TO STAKEHOLDERS

Cash flows	FY20 ZAR'm	FY19 ZAR'm
Subscription fees	**42 752**	41 248
Other revenue	**8 635**	8 847
Investment income	**435**	910
Total value created	**51 822**	51 005
Staff costs	**5 912**	5 352
Value allocated to employees	**5 912**	5 352
Content investment	**18 764**	17 715
Set-top box purchases	**4 855**	6 056
Transponder costs	**2 649**	2 607
Other operating costs	**10 254**	10 505
Value allocated to suppliers	**36 513**	36 883
Tax expense[1]	**3 444**	3 773
Licence fees	**212**	192
Community social development spend[2]	**247**	207
Value allocated to governments and societies	**3 903**	4 172
Empowerment transaction	**–**	2 564
Dividends paid to non-controlling shareholders	**1 615**	1 463
Non-controlling interest net profit retained	**1 363**	368
Value allocated to minority partners	**2 978**	4 395
Repurchase of treasury shares	**1 682**	–
Value allocated to shareholders	**1 682**	–
Value retained for equity holders	**834**	203
Total value allocated	**51 882**	51 005

[1] *Includes current and deferred tax charges. For details of corporate income taxes paid and collected during the year, refer to page 49.*
[2] *Includes non-cash advertising donations of ZAR79m in FY20 (FY19: ZAR59m).*

Dream
THE LEBO MATHOSA STORY

HOW OUR ACTIVITIES ENRICHED OUR STAKEHOLDERS

VALUE CREATED FOR OUR CUSTOMERS

75%

CUSTOMER SATISFACTION[1] IN SOUTH AFRICA

71%

CUSTOMER SATISFACTION[1] FOR DSTV IN THE REST OF AFRICA

70%

CUSTOMER SATISFACTION[1] FOR GOTV IN THE REST OF AFRICA

[1]Customer satisfaction is an internally defined measure based on aggregation of all key points on the customer journey, weighted in terms of importance to customers.

DELIVERING VALUE TO OUR CUSTOMERS

Delivering exceptional experiences to our customers is at the heart of what we do. We have dedicated teams across the countries where we operate to ensure the needs of our customers are prioritised and met. In addition, customer satisfaction metrics are an integral aspect of our key performance indicators (KPIs).

Our customer-centric model, called #CustomerFirst, is designed to deliver on our brand promise at every touchpoint in the customer journey, from exploring our products to using, paying and ultimately staying on our platform.

I EXPLORE
"Show me a world that makes me, and the people that matter to me, happy"

I JOIN
"Make it quick, convenient and flexible for me to join your world"

I USE
"Give me something relevant, anytime and anywhere"

I PAY
"Tell me what, when and how to pay – connect me immediately and give me value for money"

I GET HELP
"Know me, empower me and help me as fast as possible"

I STAY
"Value me, make it exciting and keep it fresh"

I RETURN
"Allow me to start, stop and continue anywhere I want"

Our dedication to enhancing the experience of our customers was recognised when the MultiChoice Group was presented with the Best Customer Experience award at the Customer 360 Africa 2019 event.

Core to the customer experience is the perception of value of our products, and the entertainment derived from it. During the reporting year, we enhanced value for our pay-TV subscribers as well as our B2B customers who are serviced by Irdeto and our advertising business, DStv Media Sales.

Pricing

Our pricing decisions are based on comprehensive analysis in each of our markets. We strive to carefully balance pricing and value perception with the reality of our input costs, most notably the cost of content and technology platforms and the influence of fluctuating exchange rates. Given the weak consumer environment in many of our markets, we took active pricing measures to ensure competitiveness and value for our customers. These include maintaining price increases below inflation across all of our markets, and in some cases keeping prices flat. In our East African markets, including

HOW OUR ACTIVITIES ENRICHED OUR STAKEHOLDERS

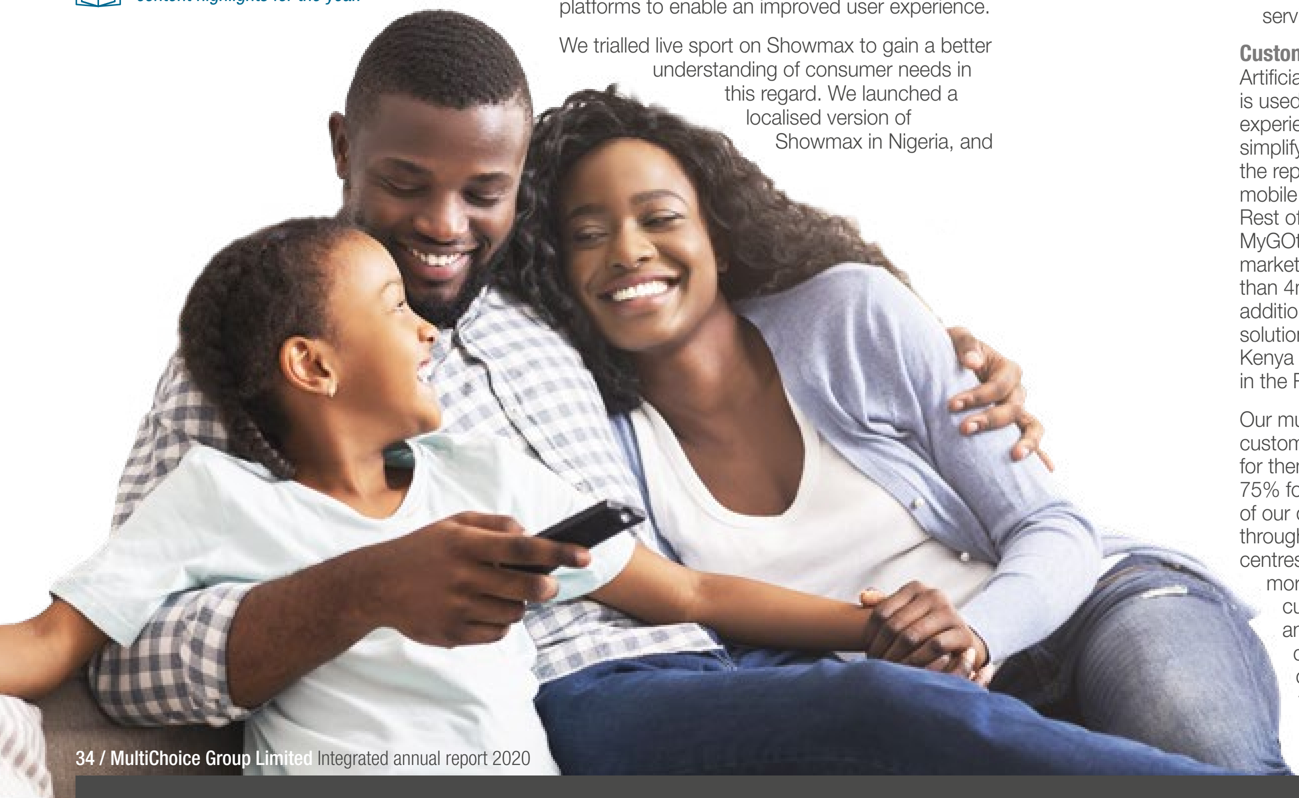
continued

Kenya, Tanzania and Uganda, we reduced prices to ensure the value proposition remained intact and comparable with other markets.

Content

Our customers expect exceptional content. We deliver this to them through a well-planned content strategy that provides the right mix of local and international general entertainment and sport, and a healthy balance of fresh content. Equally important is ensuring our customers are aware of the great content available to them, and that they can find the shows they want to watch. This is achieved through the efforts of our dedicated content discovery team, coupled with carefully curated channels, our digital programming guide, on-air promos and social media activity.

Refer to page 96 of this report for full details of our content highlights for the year.



During the COVID-19 pandemic, we supported our customers by adding more news, kids and educational content onto lower-tiered packages, and added a variety of pop-up channels to the higher-tiered packages.

More information can be found under our response to COVID-19 on page 70.

New products and services

Our ongoing ambition is to innovate and launch new products for our customers. We focus on driving the uptake of our value-added services, including DStv Now, Showmax and Joox, a music streaming service in South Africa.

During the year, we improved our catch-up experience by adding more box sets and movies for viewers to enjoy. We enhanced the functionality of the DStv Now and Showmax platforms to enable an improved user experience.

We trialled live sport on Showmax to gain a better understanding of consumer needs in this regard. We launched a localised version of Showmax in Nigeria, and a mobile Showmax offering in South Africa, Kenya and Nigeria.

Through Irdeto we innovated in both our media security and connected industries businesses. Four new products were launched this year, namely:

- Trusted home, an AI-driven connected home management solution which gives consumers control over what is connected and when in their homes, and gives operators greater ability to troubleshoot and manage broadband service calls.
- Keystone, an advanced policy-based digital key, was deployed into new markets such as automotive, construction and heavy equipment sharing.
- Anti-cheat is bringing fairness back to gaming by protecting in-game economies and protecting against gamer-to-gamer cheating.
- Trusted Software, a fully automated managed service protecting iOS and Android applications.

Customer service

Artificial intelligence and machine learning (AIML) is used to enable us to transform our customer experience by optimising self-service and simplifying processes and functions. During the reporting year, we rolled out the MyDStv mobile application to a further nine markets in the Rest of Africa, bringing the total to 11, and the MyGOtv mobile application to all eight DTT markets. We saw strong uptake, achieving more than 4m downloads across both applications. In addition, we rolled out our WhatsApp self-service solution, launched in South Africa, Nigeria and Kenya in the prior year to a further 10 markets in the Rest of Africa.

Our multiple customer service channels ensure customer needs are met in a manner convenient for them. In South Africa, we achieved a rating of 75% for customer satisfaction. This is because of our dedication to communicate with clients through our contact centre agents, four service centres, 110 independent service providers and more than 3.1m monthly interactions with customers on self-service, live chat, email and social media. Call volumes continue to decrease over time as customers adopt our digital service options. In the Rest of Africa, we achieved customer satisfaction ratings of 71% and 70% for DStv and GOtv respectively. Our 14 inbound call centres, 86 service centres and 1 637 independent service providers offer many avenues to reach and help our customers, along with our self-service, social media and other digital options which drove an average of 3.5m monthly interactions. In addition, we have built an extensive third-party payment network across the continent through integrations with 41 vendors in South Africa and 151 vendors in the Rest of Africa, including many large retail chains.

B2B customers

Our media sales business, DStv Media Sales, has 819 active advertising clients. We proactively engage with advertising agencies and direct clients, offering tailored sales proposals that assist clients with their overall media solutions. These include on-air advertising, on-the-ground events and digital exposure.

We started our own self-service platform, giving advertisers the power to trade with us through a portal that offers the benefits of saving previous campaigns within the cloud.

Our technology business, Irdeto, services more than 400 external customers across 71 countries, including the world's best video entertainment, gaming and connected industry service providers. We typically have a long-term relationship with our customers; we see them as partners and work with them to ensure they get the best technology solutions as their security needs evolve.

CASE STUDY

Twitter on Sunday night

Social media forms an integral part of how our customers consume and engage with our content.

To ensure our customers have a platform to connect with each other, MultiChoice created a unique 'second-screen' phenomenon. This allows customers to discuss shows on various social media platforms while watching the scheduled programming.

HOW OUR ACTIVITIES ENRICHED OUR STAKEHOLDERS
continued

ISSUES RAISED BY CUSTOMERS	HOW THESE WERE ADDRESSED
PRICING Customers expressed a desire for lower prices on packages, especially during difficult economic times.	Pricing is based on consumer research and local market dynamics and needs to be balanced with the cost of input and content in particular. We maintained price increases at lower-than-inflation rates and kept prices flat (or lowered prices) in some instances. Value-added services are also provided to enhance the value proposition for customers.
FLEXIBLE PACKAGES Customers want to select their own package of channels (à la carte), or packages based on specific genres, such as a dedicated sport package or movie package.	We are constantly looking at product innovations. Our assessments are based on customer research, and where deemed feasible, new products are developed. Showmax allows customers to customise their viewing experience through streaming.
OTHER MATTERS IN FY20 During the year, we transitioned to a new billing approach for certain customers. The changes were not effectively communicated to these customers and this resulted in uneasiness around the amounts charged. During some of the major sporting events, customers could not log into their DStv Now accounts to stream the matches, which resulted in dissatisfaction.	We consolidated all services on a customer's account for easier billing. Customers have the flexibility of adding services or upgrading their packages during the month, and only pay for those changes on their next payment date. Some customers were inconvenienced through the transition period, but billing queries significantly reduced since the change. The login authentication challenges experienced on the DStv Now platform relate to the demand and growth on our OTT platforms being bigger than anticipated. We are constantly improving and evolving our systems to address these issues and scale the platform to deal with the increasing demand.
REPEATS Content is repeated on the platform which erodes customer experience.	Our focus in the past year was to continue offering our customers, specifically our Premium customers, more fresh content more often. We continue scheduling the latest international and local content. It is unavoidable that shows will often appear on higher tiers first and then be scheduled on other channels for the benefit of subscribers on lower tiers.

Key focus areas going forward

Customer satisfaction and retention are an important part of the long-term sustainability of our business. We strive to continue meeting our customers' needs for great entertainment, available anytime and anywhere. This entails securing excellent sport and general entertainment content and driving new product innovation that will enhance our customers' experiences. There will be continuous improvement of processes and practices that improve customer experiences and optimise our delivery, using real-time customer satisfaction data.

HOW OUR ACTIVITIES ENRICHED OUR STAKEHOLDERS
continued

VALUE CREATED FOR OUR EMPLOYEES

6 894
PEOPLE PERMANENTLY EMPLOYED

3 018
EMPLOYEES FORMALLY TRAINED DURING FY20

1 622
CONTRACTORS AND TEMPORARY STAFF

58 183
ENROLMENTS ON LEARNING PLATFORM

ZAR191m
SPENT ON SKILLS DEVELOPMENT, OF WHICH 49% RELATED TO DEVELOPING FEMALE TALENT

DELIVERING VALUE TO OUR EMPLOYEES

As a large employer, we delivered direct value to our employees through paying ZAR5.9bn in remuneration and benefits this year. Delivering value to our employees, however, extends beyond monetary rewards. We are passionate about creating a diverse workplace where people are engaged and inspired, where they can develop and refine their skills and passions, and where they can push the boundaries of innovation.

Our journey with employees starts with attracting and retaining talented individuals in line with our business objectives. By consistently upholding a strong employer brand, we engage and motivate our people to give their best. We also seek to remain a relevant and competitive employer of choice by aligning our roles, salaries and benefits to appropriate benchmarks across markets.

We ensure new employees are fully immersed into our business through an experiential induction. They gain insight into our history, vision and values. Our digitally enabled campus tour showcases our innovation DNA and commitment to information rights as well as providing insight into operational activities.

Our leadership teams invest in connecting with talented individuals and inspiring them with the impactful work we do in changing our customers' and communities' lives. We believe the stage is set for career success and winning outcomes for the group.

Diversity and inclusion

We believe diversity gives us a competitive advantage and aids in decision-making and problem-solving to provide the best solutions for our customers. We promote an inclusive, bias-free culture and deliver on our commitment to transformation and inclusiveness.

Our employees represent more than 70 nationalities across the group, with the majority from the African continent. Our employee profile comprises 47% women (FY19: 47%) and 53% men (FY19: 53%).

We actively drive inclusivity and support a network of female leaders across all levels of the organisation to champion impactful changes to ways of work for the benefit of our female talent across markets.

We are expanding inclusivity programmes within our technology businesses, where we have multiple initiatives including woman associate programmes that provide top technology female talent with shadowing, coaching and partnering opportunities with executives on skills and knowledge transfer to accelerate talent movements. We have also created a groupwide women's forum that facilitates knowledge sharing, opportunities to network and actively raise the visibility of women in the business.

Learning and development

Our development offerings support our people with opportunities for career growth, inclusive of emerging talent, specialists, leadership and key employees. We believe growth emerges and evolves through consistent dialogues between leaders and teams, supported with active coaching, mentoring, rotational programmes and on-the-job development opportunities.

We invested ZAR191m in employee development, of which 49% was allocated to female talent. We also enabled 3 018 employees to attend formal training during the year.

Our investment in employee development included R21m in bursaries granted to internal employees, external students and employee dependants, to enable the fulfilment of their career development aspirations and opportunities for growth.

We supported graduates through their tertiary education and invested in 400 entry-level learners through structured National Qualifications Framework (NQF) aligned programmes to develop key sector skills in IT, project and general management. We are developing professional black talent through several learnerships, specialising in digital and data science, who can be integrated into our business. In February 2020 we initiated an 18-month Technology Graduate Programme, with 13 graduates who excelled in the areas of Science, Technology, English and Maths (STEM). The programme attempts to increase the availability of young talent with scarce

HOW OUR ACTIVITIES ENRICHED OUR STAKEHOLDERS

continued

technical skills for the business and to improve the ability of the MultiChoice Group to develop and retain these skills over time through coaching, mentoring and in-depth technical skills exposure.

We launched three flagship programmes to ensure we develop leaders who can deliver through diverse teams and embody our ethos to enrich lives:

1. The Management Essentials Programme focuses on new managers, providing the basis of managing teams in the MultiChoice way while mastering business and interpersonal skills.

2. The Leadership Programme, co-designed with Henley Business School, seeks to solve industry challenges that MultiChoice managers encounter. A total of 185 junior, middle and senior managers are on the industry recognised programme.

3. The Senior Leadership Programme, delivered in partnership with Duke International, targets 150 of our top leaders, the majority of whom are African female talent. The programme focuses on developing skills required for digital disruption, a step change in the way leaders think in the fourth industrial revolution (4IR) and equipping them with the mind-set to deliver on our strategic vision.

On the specialist front, we launched a targeted development programme aimed at functional and technical professionals in content, digital and technology teams. Our security and digital specialists in Irdeto opted for customised learning with well-rounded technical, digital and personal mastery learning initiatives that saw 354 employees trained with a spend of ZAR5.5m.

We continue investing in digital learning, establishing the MultiChoice Academy and democratising access to cutting edge business content across all markets. The MultiChoice Academy hosts a library of more than 4 000 curated courses developed by leading edge partners such as Udemy, Harvard and Vado Business. Courses can be accessed and completed by employees at any time, on any device and from any location. Since its launch in July 2019, the academy boasts 58 183 course registrations, 32 616 course completions and up to 202 735 hours of learning recorded on the platform.

Investing in talent development

We established various talent-focused initiatives across different divisions to address their unique challenges. These included, among others:

- As we continue growing our digital product offerings, we implemented design thinking methodologies in our digital media sales team to allow rapid innovation and problem solving.
- Our finance division initiated a formal job shadowing process and explored ways to optimise business operations.
- To prioritise creating a pipeline for future executive talent, the chair of the board launched the Chairman's Top Leaders Programme. The programme is intended to ensure that the delegates' experiences are impactful and mimic real business challenges. We have partnered with a prestigious global learning institution to ensure we create an African leader with a global context.
- Our general entertainment division launched an external scriptwriter incubator programme in partnership with the University of the Witwatersrand and select production houses. This programme encourages individuals to not just think about internal development but also consider how their talent and expertise can be extended to benefit the external industry and community.

As leadership continuity planning evolves, the business focused on developing and strengthening the talent pipeline for senior roles. In FY20, our pool of emerging talent consisted of 62% people of colour, and we continued actively growing our female succession pool by increasing the number of roles that had female successors.

We created an accelerator track, championed by our chair, aimed at seeding African leaders with a global perspective that will innovate and lead the business into the future. This programme brings together leading global institutions while combining exposure, experiences and impactful thought leadership engagements. Focus is placed on high-impact coaching, developing leadership

HOW OUR ACTIVITIES ENRICHED OUR STAKEHOLDERS

continued

skills and qualities that suit challenges unique to our African landscape.

Engaging our employees

Employee engagement is critical to business outcomes and driving customer experience and so we embed continuous engagement into our leaders' performance appraisals. We direct surveys to our employees on a biweekly basis, allowing us to continue growing our ambassadorship, and enable a connection between our employees and the business, our brand and our impact on society. Foundational to this connection is the quality of relationships with managers and peers which continued ranking well, reflective of robust teamwork and a sense of camaraderie among employees. We leverage the insights gained from our people to proactively coach, support and drive interventions relevant for our teams using the voice of our people.

Additionally, we ensure that our employees are provided with appropriate platforms and objective support through continuous engagement and collaboration with workplace forums and relevant bodies.

Recognition to create excellence

Our groupwide Employee Recognition Programme, called #WeSeeYou, acknowledges excellence in driving business results and living the MultiChoice values. The programme encourages employees to recognise their peers, managers, direct reports and specific teams for the value they add to the business and the lives of their peers. This year, we registered 12 704 individual digital recognitions and paid 373 individual spot awards, 654 team awards and 242 employee of the month awards. Each year, it culminates in the selection of employees who are recognised at the highest level of the organisation. We annually recognise employee loyalty and commitment through our long-service awards.

Caring for our employees' health and wellbeing

We take the wellness and safety of our employees seriously. Wellness events are held regularly and employees have free access to onsite health services. In addition, we provide access to financial planning experts, stress management advice and mental health counsellors. This year, we implemented Dooble, a lifestyle offering geared towards helping employees with all the little things that make their day-to-day lives easier. Dooble includes a personal assistant service, a driver and concierge desk to take care of employees' errands, and various lifestyle benefits that extend into family support and tutoring for children. In FY20, MultiChoice Nigeria launched in-house gym facilities across five offices nationwide and hosted several employee wellness programmes, such as mental health awareness, stress management and personal finance expertise.

The COVID-19 outbreak presented many challenges to our employees' health and wellbeing, but we took early steps to help them during this time. *Read more on page 70.*

ISSUES RAISED BY EMPLOYEES	HOW THESE WERE ADDRESSED
RESTRUCTURING THE CUSTOMER CARE DIVISION (CUSTOMER-FACING AREAS) We embarked on a process to restructure our customer care and walk-in-centres divisions in South Africa this year, which understandably led to feelings of anxiety and low morale among the affected teams.	We diligently followed legal processes and fully engaged with staff, workplace forums, regulatory bodies and unions impacted by the process. Impact-relief measures were in place and after efforts to offer voluntary severance packages (VSPs) and repurposing staff to other areas, there were very few forced retrenchments. A skills fund was available to those who took VSPs and were retrenched, to be trained for new skills of their choice. We continue to engage with affected employees and provide support through platforms such as ICAS (an employee wellness platform) and team engagement sessions.
TRAINING, DEVELOPMENT AND LEARNING OPPORTUNITIES Our employees are constantly seeking to better themselves. A key concern is knowing that there are adequate opportunities to grow within their current roles and opportunities for future progression. Furthermore, many employees want to build skills that meet shifting industry demands.	We conduct ongoing employee training and implement action items on personal development plans which all employees are required to complete. We launched the MultiChoice Academy across the group in an effort to provide more options for development and growth. Succession planning for senior and key roles is in place.

Key focus areas going forward

Looking ahead, we will continue prioritising our talent acquisition strategy to deliver on the group's strategic intent of having the best talent, representative of the diversity of the communities in which we operate and with the ethos of enriching lives. As the world adapts to changing social and technology issues, we will continue driving customer-centred, digital, data-driven ways of work, leaning on virtual teams partnering across our operations.

Our commitment to transformation is to build diverse leadership capabilities across all levels in the business. We aim to provide effective leadership development and succession planning for critical roles, and we will prioritise the transfer of knowledge, specifically in the area of scarce skills. We will continue focusing on nurturing a high-performance culture by improving employee engagement levels, and we will also enhance our employee benefits. We believe our collective efforts and focus will contribute to our purpose of enriching lives.

HOW OUR ACTIVITIES ENRICHED OUR STAKEHOLDERS

continued

VALUE CREATED FOR OUR SUPPLIERS

ZAR10.4bn

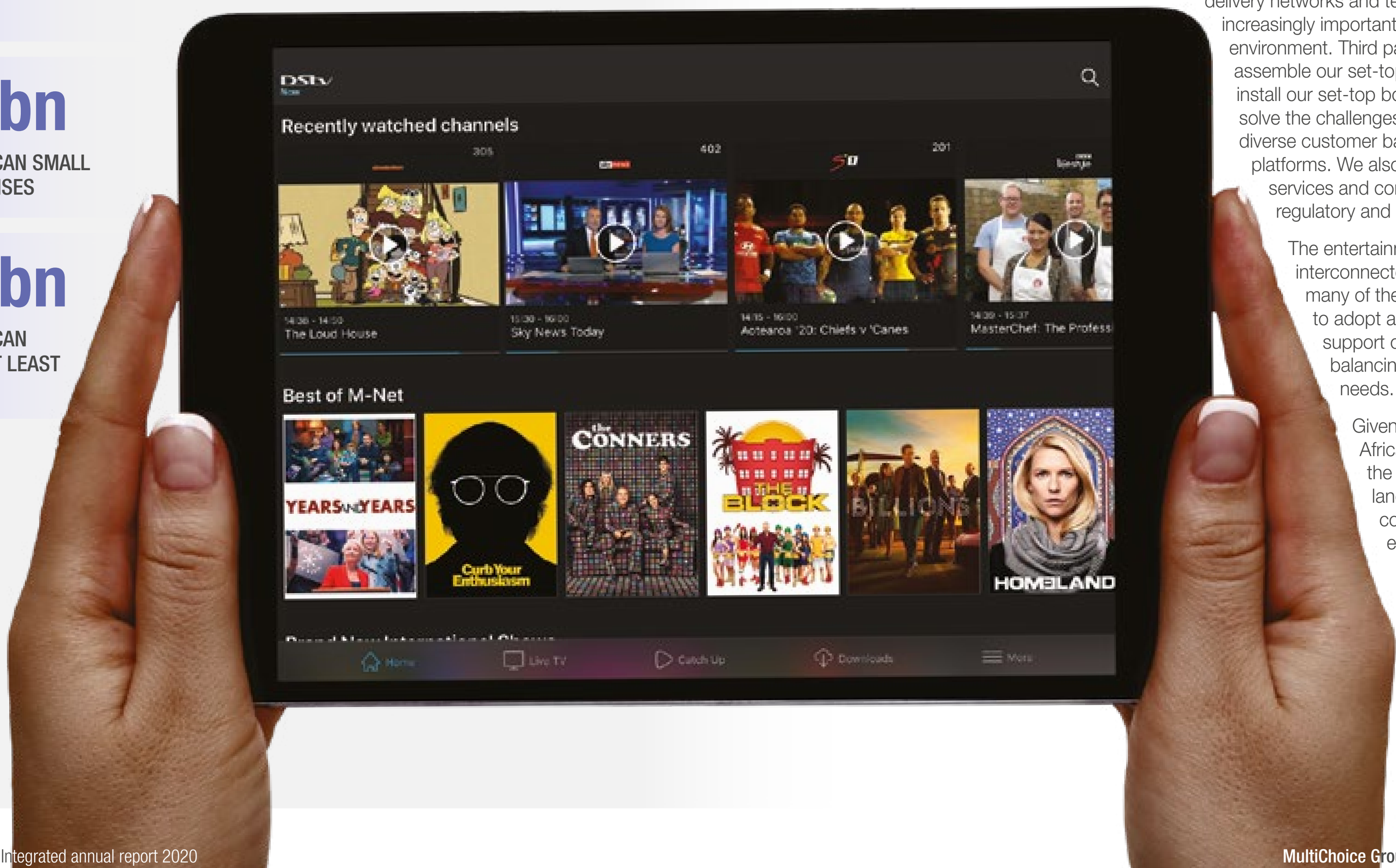
SPENT ON LOCAL SOUTH AFRICAN SUPPLIERS

ZAR4.9bn

SPENT ON SOUTH AFRICAN SMALL AND MEDIUM ENTERPRISES

ZAR1.9bn

SPENT ON SOUTH AFRICAN SUPPLIERS WHO ARE AT LEAST 30% WOMEN-OWNED



DELIVERING VALUE TO OUR SUPPLIERS

As an aggregator and distributor of video entertainment content, we partner with multiple suppliers across many aspects/facets of our business.

Content is the most important input into our value chain and includes packaged third-party channels, third-party content we package in our own channels, third-party feeds we overlay with our own in-studio productions, as well as locally produced content we commission and own. As a consumer-facing business, we ultimately help general entertainment and sporting rights owners reach millions of customers, which is a critical step in their brand-building process.

We work with industry participants in all of our largest markets to deliver compelling local language content and channels, notably South Africa, Nigeria, Kenya, Zambia, Tanzania, Uganda, Angola and Mozambique. Partnerships with various local sport leagues such as the PSL in South Africa and the Super League in Zambia are important to the success of these leagues.

It is imperative that we distribute content to our customers, which makes third-party signal transmission via leased satellites and other supporting infrastructure a critical part of our core traditional linear pay-TV services. Other content delivery networks and telecommunications partners are increasingly important in a growing online media environment. Third parties supply the components and assemble our set-top boxes, agents help us sell and install our set-top boxes and satellite dishes, and we solve the challenges of accepting payments from a diverse customer base with the help of third-party platforms. We also rely on more typical enterprise services and consultants across the legal, accounting, regulatory and IT fields.

The entertainment industry operates as an interconnected network, with all players facing many of the same risks. In this context, we prefer to adopt a partnership mind-set, seeking to support our suppliers as far as possible while balancing our other competing stakeholder needs.

Given our focus on returning our Rest of Africa business to profitability, adapting to the shifting technological and competitive landscape and driving efficiencies and cost controls, we ultimately have to ensure the economics of our contractual relationships support the prices we pay. Therefore, we take a firm but fair approach to engaging with our suppliers, bearing in mind we have mutually beneficial relationships with many of them.

HOW OUR ACTIVITIES ENRICHED OUR STAKEHOLDERS
continued

In terms of our largest categories of spend, in the past financial year, we spent ZAR18.8bn on content, ZAR2.6bn on transponders and ZAR4.9bn on set-top box purchases.

We have numerous enterprise development initiatives and procurement programmes across our footprint, aimed at fostering and supporting local, new and previously disadvantaged business owners in the film, TV, media and information and communication technology (ICT) industries. We provide funding, mentorship and skills development for start-ups and established companies seeking to scale.

In South Africa, for example, our preferential procurement programme supports the development of SMMEs. The group's preferential procurement spend was ZAR10.4bn in the period, of which 80% was with BBBEE compliant suppliers, some 47% was directed at SMMEs, and 18% went to suppliers with at least 30% black women ownership.

In addition, we support six community TV stations in South Africa through enterprise development initiatives. These include providing sublicence broadcasting rights (valued at ZAR360m) to the SuperSport Rugby Challenge and MultiChoice Diski Challenge.

MultiChoice has a network of 1 197 accredited installers across South Africa, employing 2 924 trained technicians. In addition, we have 110 independent service providers contracted to the group that manage face-to-face customer care. Similarly, in our Rest of Africa business, we have 1 637 independent service providers, and 4 407 installers across 49 markets. Spread across our footprint, they deal with varying aspects of our business, such as decoder sales, dish installations and processing payments. We provide continuous support through access to our systems and training to ensure the highest level of customer service.

The MultiChoice Innovation Fund (the fund) is an enterprise development fund administered by the MultiChoice Enterprise Development Trust (the trust), which is aimed at empowering black-owned small and medium enterprises in the ICT industry. The trust works in tandem with the group to identify, support and develop qualifying small and medium enterprises and support entrepreneurship. Since inception, the trust has committed ZAR228m in loans, grants and business development expenses to assist beneficiaries in acquiring skills, assets and equipment.

This year, the fund embarked on a series of roadshows, and has since received more than 2 000 proposals from small businesses across the country.

MultiChoice
INNOVATION
FUND

CRITICAL ISSUES FOR OUR SUPPLIERS

HOW THE GROUP IS ADAPTING TO THE RISE OF OTT

OTT services have created disruptive changes in the traditional pay-TV landscape, notably in developed markets where broadband penetration, speeds and affordability sufficiently support the scale take-up of these services. This impacts traditional suppliers across content producers, satellite transmission systems providers and set-top box manufacturers, among others.

DISRUPTIONS TO THE SUPPLY CHAIN FROM COVID-19

The entertainment industry is particularly susceptible as it constitutes thousands of freelance actors, producers, directors and camera operators. Similarly, sport federations rely heavily on broadcasting rights fees to fund their businesses.

HOW WE ARE ADDRESSING THEM

Satellite and DTT will remain the most cost-efficient ways of distributing long-form video content to the mass market across Africa for some time to come. We expect to continue collaborating with our partners for the foreseeable future. With technological advancements, falling data prices and the rapid rollout of broadband, we expect OTT to continue competing alongside traditional linear pay-TV across the continent, and bring with it scope for both traditional and new suppliers to continue partnering with us.

We recognise the difficulties our partners in the industry are facing. Across the continent, business and industry are experiencing disruptions and delays. In South Africa, for example, production came to a complete halt for five weeks as the industry adhered to the national lockdown but was able to resume under strict hygiene measures in place from May once lockdown restrictions were eased.

Read about our response to the social and economic impact of COVID-19 on page 70.

While Irdeto and our set-top box manufacturing partner initially experienced supply chain interruptions, this was managed through a combination of inventories on hand and the resumption of manufacturing in China in March and April.

Key focus areas going forward

Looking ahead, we will continue investing in local content and sourcing world-class entertainment from our international partners. We will also continue engaging with sporting leagues and bodies to deliver excellent sport to our viewers, while accommodating shifting schedules due to COVID-19. Our satellite distribution systems are fairly settled, but we will proactively strive to enhance our online distribution capabilities and partnerships. We will also continue driving transformation through our supply chain in a responsible and sustainable manner.

HOW OUR ACTIVITIES ENRICHED OUR STAKEHOLDERS
continued

VALUE CREATED FOR GOVERNMENTS AND REGULATORS

ZAR4.7bn
VAT AND SALES TAXES COLLECTED

ZAR2.1bn
EMPLOYEE TAXES PAID AND COLLECTED

ZAR3.5bn
PAID IN CORPORATE INCOME TAXES

ZAR1.0bn
WITHHOLDING TAXES PAID AND COLLECTED

ZAR0.7bn
PAID IN CUSTOMS, EXCISE AND OTHER OPERATING TAXES

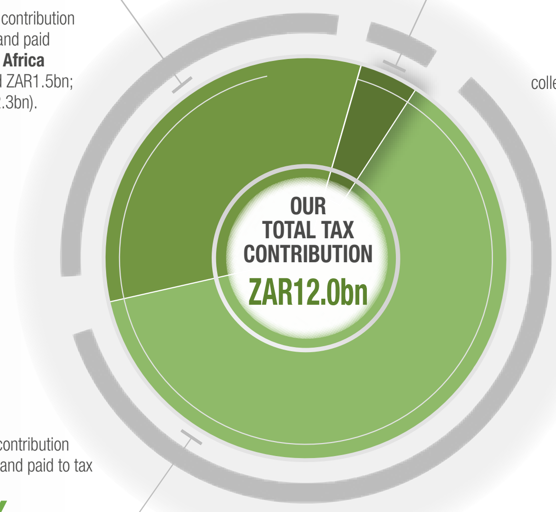
In FY20, MultiChoice contributed ZAR12.0bn in aggregate (FY19: ZAR10.2bn) to the fiscus of the countries we operate in.

The contribution comprises taxes paid[1] of ZAR5.1bn (FY19: ZAR4.9bn) and taxes collected[2] (on behalf of governments) of ZAR6.9bn (FY19: ZAR5.3bn).

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

31%
of our total tax contribution was collected and paid by the **Rest of Africa segment** (paid ZAR1.5bn; collected ZAR2.3bn).

The **technology segment** contributed
7%
(paid ZAR0.2bn; collected ZAR0.6bn).



Of our total tax contribution (taxes collected and paid to tax authorities),
62%
was paid to the **South African fiscus** (paid ZAR3.4bn; collected ZAR4.0bn).

The total tax contribution amount reflects all cash taxes[1] paid and[2] collected by the group.
The 'tax paid' amount is the actual cash tax incurred and paid by the group in FY20 and includes corporate income tax, property taxes, social security contributions etc.
The 'tax collected' amount reflects taxes not suffered by the group, but taxes that were collected by the group on behalf of revenue authorities (e.g. PAYE and Value Added Tax).

DELIVERING VALUE TO GOVERNMENTS

Governments across our footprint face a complex and delicate balancing act. They rely heavily on revenue arising from tax contributions made by corporate taxpayers. Our contribution to government revenue is through collecting and paying over indirect taxes on their behalf, and by paying over a substantial amount through direct corporate income and other taxes. Governments have a broader social mandate to fulfil, which includes social upliftment, access to services and creating and enforcing laws that protect society's various constituencies fairly.

We understand the challenges governments face and always seek to play our part in supporting the development and sustainability of the countries and industries in which we operate.

HOW OUR ACTIVITIES ENRICHED OUR STAKEHOLDERS

continued

MultiChoice complies with all our statutory obligations and builds good, honest and open working relationships with tax authorities founded on trust.

We have robust tax risk management measures in place (as documented in our group tax policy) and place a high regard on our tax and corporate reputation. We do not enter into transactions that detract from this reputation. We endeavour to ensure our tax objectives do not conflict with our corporate social responsibility objectives.

DELIVERING VALUE TO OUR REGULATORS

It is important for the regulators across our footprint to try to keep pace with a continuously and rapidly evolving environment and balance the need for continuity and stability in their regulatory frameworks. These frameworks need to support a level and competitive playing field without prejudicing certain constituencies in favour of others.

Although the group operates in a highly regulated environment, which often results in complex and onerous operating conditions, we remain supportive of balanced, evidence-supported and equally applied regulations that ultimately protect consumers. As such, we remain committed to working with our regulators to ensure appropriate and fair outcomes of ongoing licensing processes and regulatory reviews. In FY20, we paid ZAR212m in regulatory fees across our footprint (FY19: ZAR192m).

Remaining compliant with all laws and regulations remains of utmost importance to us. Our related corporate policies are available on our website https://www.multichoice.com/investors/governance/. Further, we aim to employ best practice when it comes to governance of our organisation (details are available in our governance report on pages 126 to 145). Finally, we uphold and protect the rights of our employees, customers and partners and limit any potential negative impacts on the environment and broader society.

CRITICAL ISSUES FOR OUR REGULATORS

INDEPENDENT COMMUNICATIONS AUTHORITY OF SOUTH AFRICA'S (ICASA) DRAFT FINDINGS ON ITS INQUIRY INTO SOUTH AFRICA'S SUBSCRIPTION TV BROADCASTING MARKET AND ITS PROPOSED CHANGES TO REGULATIONS ON SPORT OF NATIONAL INTEREST

Not only are these processes important to the regulator in our largest market, they are also important to our shareholders, employees, our suppliers and the public. All of these stakeholders would be impacted by changes in these critical regulations.

REFERENCES MADE ABOUT MULTICHOICE AND ITS EMPLOYEES AT THE ZONDO COMMISSION

References were made in some instances to MultiChoice and its employees in the Zondo Commission.

HOW WE ARE ADDRESSING THEM

On ICASA's subscription TV broadcasting market inquiry, we remain supportive of forward-looking and evidence-based regulations, applied equally to all market participants. We do not believe the draft findings meet these criteria. As such, we continue engaging constructively with the regulator and will be participating in the second iteration of public hearings. We hope the outcome of the regulations will be supportive of the industry as a whole, including content providers and customers.

ICASA's proposed amendments to regulations on sporting events of national interest were due to be published in March 2020. However, we now anticipate the process will be finalised during the course of the year. The current regulations create a win-win situation for all stakeholders and work well for the industry. The proposed amendments were not supported by various local and international sport federations or by us. Further, they are not tenable given the current financial state of the public broadcaster. We hope the next draft amendments will represent a significant improvement as we continue our engagements with the regulator. We also anticipate further inquiries to be launched dealing with must-carry rules, among other regulatory processes.

We support the commission and its objectives. At the time the allegations were made we denied them publicly. The comments made were baseless and we will be responding to them via submissions to the Zondo Commission. We believe our submissions will fully vindicate us.

Key focus areas going forward

Tax

In terms of our approach to tax, we will continue complying with tax laws and regulations and will collect and/or pay the right and due amount of tax to the governments in our markets of operation. We will also continue building relationships of trust with governments and tax authorities and participate in public processes to discuss and provide input on formulating tax policy and work proactively with both industry bodies, such as the Africa Industry Tax Association, and government associations, such as the Africa Tax Administration Forum on tax policy, tax compliance and tax administration issues.

Sector regulation

In terms of our regulatory approach, the group will ensure ongoing compliance with the applicable regulations and best practices across the jurisdictions in which we operate. We will also participate in the review of existing legislation and regulations, or in processes where regulators are looking to introduce new regulations which may have an impact on our business and industry. We will renew any requisite licences as necessary.

The regulatory landscape in South Africa is characterised by constant change and posed challenges for our operations during the year under review. We welcomed the president's decision to merge the Department of Communications with the Department of Telecommunications and Postal Services into the Department of Communications and Digital Technologies. We also welcomed the establishment of the presidential commission on 4IR, to which our group chief executive officer (CEO) was appointed.

The long-awaited draft white paper policy on audio visual and digital content services unfortunately did not materialise. This would have paved the way for bringing OTT services into the regulatory fold. We continued engaging constructively in several regulatory initiatives by ICASA, including among others, the review of regulations on national sporting events, must-carry rules and people living with disabilities.

During the year, ICASA published its draft findings document on the inquiry into the state of competition in the subscription TV broadcasting sector. This process is ongoing and we only anticipate its finalisation in the new financial year. The regulatory environment in the Rest of Africa remains volatile. We regularly engage with regulators and authorities across our territories on a range of matters impacting the business. A key issue is licensing, as group entities in the Rest of Africa hold multiple licences and the terms and conditions of licensing are critical. Key licences in Ghana, Malawi, Uganda and Nigeria were successfully renewed or reissued in FY19 and FY20.

Another key area of ongoing engagements with regulators is 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.

Business risks are generally mitigated through actively participating in consulting with the public. However, consulting in some territories is not always enough, which remains a concern. Further engagements are often necessary to clarify the nature and scope of application.

Compliance remains a key focus area. This requires consistent monitoring and evaluation of compliance levels across group entities in the Rest of Africa.

HOW OUR ACTIVITIES ENRICHED OUR STAKEHOLDERS

continued

VALUE CREATED FOR OUR SHAREHOLDERS

ZAR5.2bn
FREE CASH FLOW

ZAR2.5bn
DIVIDEND DECLARED

ZAR977m
IN SHARE BUYBACKS HELD IN TREASURY

ZAR706m
IN SHARE BUYBACKS HELD TO FUND OUR STAFF RESTRICTED SHARE UNIT (RSU) SCHEME

30%
RETURN ON CAPITAL EMPLOYED

DELIVERING VALUE TO OUR SHAREHOLDERS

The MultiChoice Group enjoyed a somewhat atypical route to market. Having developed within the Naspers Group stable over the course of three decades, we unbundled from the Naspers Group and separately listed in February 2019. This process did not involve a capital raise, but we benefited from retaining many shareholders with whom we enjoyed a historic relationship as part of a larger entity.

Our objective is to generate returns that exceed our cost of capital, as this is the only way in which a business creates sustainable value for its shareholders over time.

HOW OUR ACTIVITIES ENRICHED OUR STAKEHOLDERS

continued

Although we cannot control our short-term share price, we believe we can drive long-term value creation for our shareholders by successfully executing our strategy and by maintaining a sensible approach to capital allocation.

We discuss the financial performance and position of the business in FY20 in the chief financial officer's (CFO) performance review on page 112, where we also contextualise our first full year as a standalone operation. We focus on critical shareholder issues such as generating acceptable returns, driving growth, implementing cost management and efficient capital allocation. We believe our process served shareholders well, as evidenced by an increase in free cash flow generation of 59% year on year (YoY) and a return on capital employed of 30% despite a challenging operating environment.

Subject to MultiChoice South Africa shareholders approving the MultiChoice South Africa dividend in August 2020, we will return ZAR2.5bn in dividends to MultiChoice Group shareholders in September 2020. This is in addition to the ZAR1.4bn we will pay to Phuthuma Nathi shareholders at the same time (FY19: ZAR1.5bn). During the year, our share price did not reflect its intrinsic value due to market weakness; however, this presented the group with the opportunity to buy back shares. As a result, we spent ZAR977m on general share repurchases, and ZAR706m on acquiring shares in the open market to offset future dilution from our employee incentive share scheme.

We typically aim to fund our business through operating cash generation, lease financing and potentially debt capital if and when necessary.

Equity funding is expensive (unless our share price is significantly overvalued) and will typically be a last resort. Nonetheless, opportunities and/or circumstance may warrant it in future. We seek to be responsible custodians of our owners' financial capital and sustain the trust and confidence they have given us.

Our shareholders are increasingly focusing on environmental, social and governance (including executive remuneration) (ESG) issues.

We specifically deal with governance matters in our governance report on page 126 and with environmental and social issues on pages 56 to 61 of this report.

We aim to make decisions we believe will support our market valuation over time. However, we do not obsess over short-term movements in our share price, particularly during market dislocations as recently witnessed. Our average share price for FY20 was ZAR119.74, reaching a high of ZAR137.65 and a low of ZAR75.07.

Critical topics

CRITICAL ISSUES FOR OUR SHAREHOLDERS	HOW WE ARE ADDRESSING THEM
THE PROSPECTS FOR OUR REST OF AFRICA BUSINESS For many investors, returning our Rest of Africa segment to profitability (and the time horizon to achieve this objective) represents a critical aspect of our investment case.	The Rest of Africa represents a sizeable market with an estimated addressable market of more than 29m subscribers. It represents a complex sociopolitical environment which experiences intermittent volatility on the back of exogenous or endogenous shocks (commodity prices, currencies, droughts, etc). These challenges, combined with the fact that we mostly charge in local currencies but have a substantial portion of input costs denominated in hard currency, require agility and flexibility on our side to succeed. In 2016, we implemented a value strategy to better adapt our operating model to the underlying realities of our market by repositioning the business to focus on the mid and mass market as opposed to the Premium segment. In addition to maintaining tight cost controls, the objective is to achieve scale, a critical element of our turnaround strategy. We believe a greater-scale business with lower price points should be more resilient, and implemented additional steps to improve our positioning through increased investment in local content, expanding our distribution and payment networks through regionalisation and implementing hedging policies in viable markets. As a result, we were able to consistently narrow the trading losses in our Rest of Africa business over the past few years and remain on track to return the business to profitability over the medium term.
SUSTAINABILITY OF MARGINS IN OUR SOUTH AFRICAN BUSINESS Investors are typically focused on how effectively we can manage the South African margin and cash flow profile over time. This is because the South African business is important to the group's funding and capital allocation requirements.	We remain committed to delivering broadly stable margins and cash flows in our South African business over time. However, we need to acknowledge the challenges brought about by COVID-19, ongoing economic pressures and increasing saturation in this market. From time to time we may also need to incur costs to update our internal operating systems and invest in new products or services, while our ongoing investment in our connected video services could also impact profitability.
CLARITY ON THE GROUP'S DIVIDEND POLICY Although shareholders have varying perspectives and mandates, dividends are often an important cornerstone of an investment case.	Given the extraordinary circumstances as a result of COVID-19, we do not believe it is prudent to make specific commitments for FY21. We will always look to return excess cash to shareholders in the most optimal way. Consequently, we believe a flexible approach to capital allocation, including dividends and share buy-backs, is warranted and preferable.

HOW OUR ACTIVITIES ENRICHED OUR STAKEHOLDERS
continued

VALUE CREATED FOR SOCIETY

>1.5m
LEARNERS REACHED BY LET'S PLAY INITIATIVES TO DATE

ZAR247m
SPENT ON SOCIAL INVESTMENT PROJECTS DURING FY20[1]

4
MULTICHOICE TALENT FACTORY (MTF) ACADEMIES ACROSS AFRICA, BASED IN KENYA, NIGERIA, ZAMBIA AND SOUTH AFRICA

132
STUDENTS WERE TRAINED THROUGH MTF ACADEMIES ACROSS AFRICA OVER THE PAST FIVE YEARS

>150
PLAYERS HAVE PLAYED FOR NATIONAL TEAMS AS A RESULT OF THE MULTICHOICE DISKI CHALLENGE

[1] *Includes non-cash advertising donations of ZAR79m.*

DELIVERING VALUE TO SOCIETY AND THE ENVIRONMENT

As a proud contributor to the socioeconomic development in the countries where we operate, we recognise the value we can create for shareholders, employees and communities. We primarily focus our social investment in youth development, health, education and empowerment. Our heart and soul are in Africa, and we choose to tell original African stories. Our business benefits from and we live up to our brand promise of enriching lives by playing an active role in developing future film and TV talent, and by building and strengthening creative industries across the continent.

Although we are an organisation that has a low impact on the environment, we recognise the importance of the environment to society. Therefore, we are committed to play our part where possible in ensuring a sustainable future for ourselves, our customers and our stakeholders.

WE ARE COMMITTED TO PLAY OUR PART WHERE POSSIBLE TO ENSURE A SUSTAINABLE FUTURE

SuperSport's flagship CSI initiative, Let's Play, encourages young people to be physically active and to participate in sport.

IMPACT

- Let's Play is implemented in South Africa in partnership with the Department of Basic Education, Sport and Recreation and UNICEF South Africa
- Over the past 12 years, Let's Play has reached more than 1.5m children in thousands of schools and communities
- 26 multipurpose sport fields have been built to date

The SuperSport United Academy is a soccer development programme for young people. The programme aims to fast-track future professional football stars.

IMPACT

- The programme supports 30 fulltime players who receive full boarding and lodging, world-class coaching, educational and scientific support and medical attention. Furthermore, the players receive training on life skills and the media
- To date, more than 100 players graduated from the academy and progressed to play for the PSL and National First Division (NFD) clubs in the National Soccer League
- Five former academy players are part of the SuperSport United senior squad in the PSL, and many of our academy players play in various national age-group teams

HOW OUR ACTIVITIES ENRICHED OUR STAKEHOLDERS
continued

Our football development programme, the MultiChoice Diski Challenge (MDC), is a development league in partnership with the PSL. It strives to fast track the development of young players into professionals in the PSL.

IMPACT

- MDC evolved from being a round-robin competition of 64 games in 2014 to a full league programme of 240 matches per season in 2019/20
- Since inception, the league has seen more than 200 players being promoted to PSL first teams, and more than 150 players representing various South African national teams in international competitions
- MultiChoice uses the competition as a catalyst to grow the capabilities of six community TV stations by donating broadcast rights

The group's flagship shared value initiative MTF now fully encompasses the organisation's investment in the future of creative industries across 14 markets with the rebranding of MultiChoice South Africa's Magic in Motion to MTFza.

IMPACT

- The initiative has three touch points, namely the film academies, MTF masterclasses and MTF portal:
  1. There are four MTF academies across Africa, for East Africa in Kenya (20 graduates), West Africa in Nigeria (20 graduates), Zambia (20 graduates) and, to date, 72 students were trained in South Africa (MTFza)
  2. The MTF masterclass programme provides training and upskilling to industry professionals in 14 countries
  3. The MTF portal is a digital networking platform for creatives and includes online masterclasses, up-to-date industry news and opportunities. More than 27 000 creative industry users are registered on the platform
- A key success of the programme is its partnerships. MTF partners with M-Net local channels producing 26 made-for-TV feature films for broadcast on local channels and Showmax. Other key partners include local academic and government institutions and a growing number of international industry partners

The SuperSport Rugby Challenge is the secondary domestic rugby union competition in South Africa. It serves as an important developmental competition in South African rugby as it features a combination of Super Rugby players returning from injury, reserve players maintaining their fitness levels and younger players trying to break through to the Super Rugby or Currie Cup (the primary domestic rugby union competition) sides.

IMPACT

- The Rugby Challenge provides exposure for local clubs and provincial heroes as it takes rugby to the people, using club grounds and going off the beaten track to venues in the rugby heartlands of South Africa, with a particular focus on the Eastern Cape
- The initiative offers on-the-job training for broadcast interns and graduates and serves as a platform to uplift SuperSport's production capabilities
- SuperSport provides the rights to broadcast the SuperSport Rugby Challenge and the related magazine programming to the six community TV stations on DStv for free
- This tournament serves as a springboard to showcase and elevate South African rugby talent. Two 2020 World Cup winning Springboks, Herschel Jantjies and Sbu Nkosi, have previously featured in the competition

Our collaboration with the African Wildlife Foundation aims to combat the poaching and sale of protected animal species.

IMPACT

- Irdeto built a relationship with the African Wildlife Foundation (AWF), using our anti-piracy and cybercrime technology and teams to hunt down wildlife crime and trafficking online
- Our collaboration agreement with the AWF is now fully signed, and a grant agreement is in the process of being finalised
- Quarterly progress reports are submitted to the AWF
- This initiative continues to flourish, with 73 Irdeto employees volunteering for this vital initiative

HOW OUR ACTIVITIES ENRICHED OUR STAKEHOLDERS
continued

Transformation

We are dedicated to transformation and play a key role in transforming our broader industry.

Our transformation initiatives are based on a recognition that equity is a catalyst for economic independence. We recognise the critical role that owning economic assets plays in reducing inequality. The MultiChoice Group is a level 2 BBBEE company, and MultiChoice South Africa is a level 1 BBBEE company.

Phuthuma Nathi is our South African broad-based share scheme. Through Phuthuma Nathi, more than 80 000 black South Africans together with the MultiChoice Group (1.4%) own 25% of MultiChoice South Africa. Phuthuma Nathi shareholders comprise individuals, collectives and black-owned companies. Through this scheme, we shared the success of our business with thousands of South Africans and have paid ZAR11.9bn in dividends to date.

In addition to our successful share scheme, we have numerous enterprise development initiatives and preferential procurement programmes aimed at fostering and supporting new and previously disadvantaged business owners, and several initiatives aimed at growing the local media and production industry.

For more information, see page 39.

The environment

While we are not a significant consumer of natural resources, we focus on minimising our consumption and ensure we are compliant with all existing environmental legislation.

Most of our office buildings are environmentally friendly or, where possible, retrofitted for energy and water efficiency. Our Randburg South Africa office has a five-star green rating from the Green Building Council. Our primary impact arises from using coal-fired electricity, which is the primary source of energy in many of the countries in which we operate. During electricity outages, we use fuels such as diesel to power generators. Water scarcity is an issue in African countries that rely on water for electricity production.

Natural resources are finite and, therefore, we implemented a number of initiatives to improve our efficiency. These include:

- Energy-efficiency and energy-saving measures for electricity, air-conditioning, heating and ventilation, or investing in green infrastructure, such as light motion sensors in buildings, LEDs with daylight harvesting, solar panels and energy-efficient inverter technology
- Waste-reduction initiatives including recycling paper, cans, plastic and ewaste, and responsibly disposing of ewaste
- Water-efficiency measures for our green accredited buildings, including low water-use taps, dual-flush toilets and pressure reducers, and educating employees and guests on water-use efficiencies
- Encouraging people to use videoconferencing facilities instead of air travel

MultiChoice measures its carbon footprint from scope 1 and 2 emissions in accordance with the Greenhouse Gas Protocol. The group's carbon footprint in FY20 was 76 721.17 tonnes of CO_2e (FY19: 57 782.88 tonnes of CO_2e), with the largest contributors being electricity, accounting for 100% of scope 2 emissions (75%% of total emissions). A discrepancy was identified in the prior year's CO_2e figure, which has now been restated as 57 782.88 tonnes.

ISSUES RAISED BY SOCIETY	HOW THESE WERE ADDRESSED
MULTICHOICE'S CONTRIBUTION TO UNEMPLOYMENT The need for job creation is a serious concern and a potential opportunity in many of the communities in which we operate.	We recruited 100 unemployed youth and placed them on an accredited sport programme, with the aim of passing on critical skills to their communities through schools, sport clubs and also through them starting their own businesses. This was the first time that they would be remunerated monthly.
COVID-19 The COVID-19 pandemic brought about many challenges for the societies in which the MultiChoice Group operates.	*Read about our initiatives to help these societies during the outbreak on page 70.*

Key focus areas going forward

Our CSI initiatives are key to the sustainability of the group as they help maintain the strength of our brand, develop talent pipelines in TV, filmmaking and sport, and help sustain essential relationships with our stakeholders, regulators, partners and customers. The MultiChoice Sport and Development Trust recently approved three large initiatives including schools' netball, boxing and the Let's Play field projects. In addition to the 100 sports coaching learnerships created through its Let's Play initiative, MultiChoice also recently partnered with the Youth Employment Services (YES) initiative to create a further 400 new job opportunities for South Africa's youth. These will be the key initiatives in the next year over and above the current programmes.

SUSTAINING VALUE

OUR APPROACH TO SUSTAINABLE VALUE CREATION

We view value creation as a holistic process

We understand that our business operates within a larger community and impacts various parts and sections of society. We are committed to partnering with stakeholders from various parts of society to enable the creation of shared value. How we partner with these stakeholders determines both our and their ability to ensure the sustainability of our business and society.

Our **external business environment** is constantly evolving as consumer preferences and socioeconomic factors rapidly change. Furthermore, the complexity of the regulatory environment is increasing as markets adapt to emerging trends and innovation in content and technology. We are focused on ensuring we have the agility and foresight to adapt and maintain our competitiveness and relevance in the long term.

To this end, we adopt a robust process of identifying and evaluating **material matters** that may affect our business. In addition, we have a rigorous risk and opportunities framework to ensure we have appropriate plans to manage risk and pursue opportunities.

Our **strategic priorities**, on which our core objectives are based, are informed by the business environment and consider our risk and opportunities framework. Ultimately, in pursuit of our strategic objectives, we aim to grow both shareholder value and shared value for society. We do this by ensuring we invest in our business, our industry and our people.

HOW WE IDENTIFY AND PURSUE OPPORTUNITIES

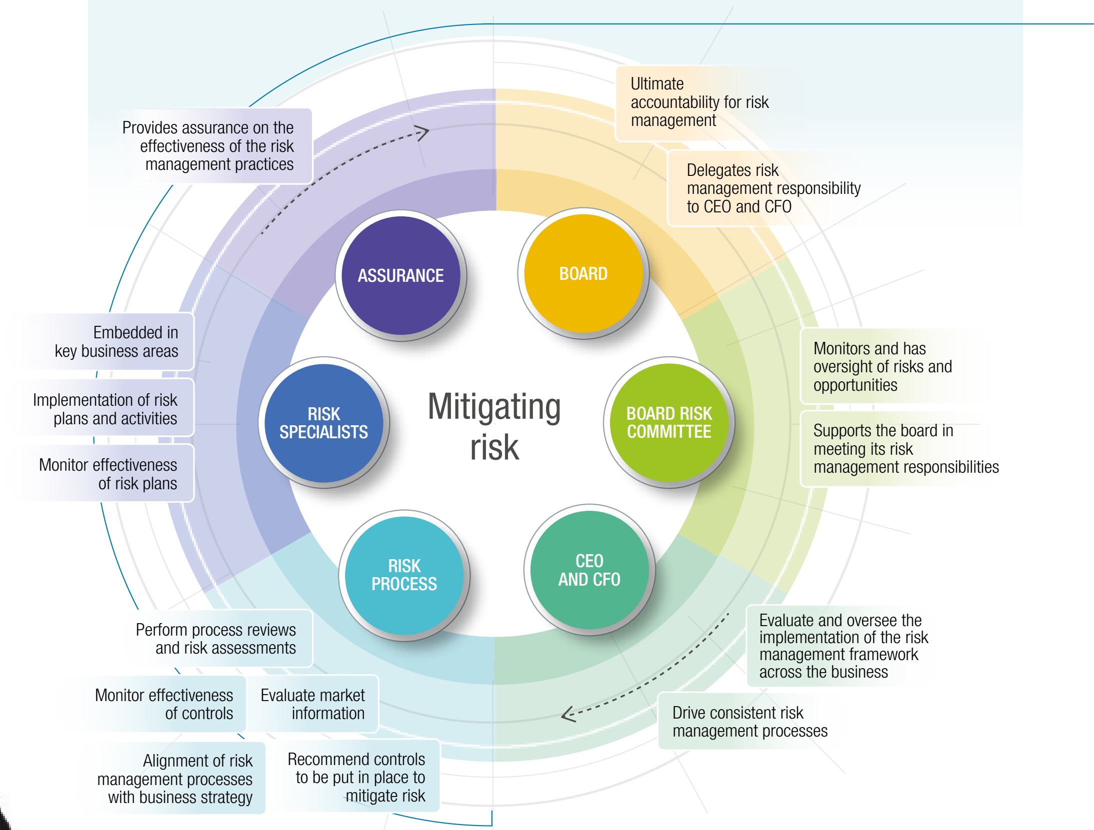
As part of our strategy process, we actively cultivate a pipeline of opportunities aligned to our purpose and strategic goals. Our group has grown through organic reinvestment in our businesses, punctuated by periodic shifts in focus through greenfields projects. Examples of these events are the launch of our digital DTH satellite business from 1995, the launch of our DTT business from 2010 and the launch of our OTT business in 2015. Looking forward, it is important for us to continue identifying and pursuing opportunities across our business segments.

MasterChef

HOW WE MANAGE AND MITIGATE RISKS

At MultiChoice, decision-making is supported by a robust risk management process that identifies potential risks and available opportunities. We align our risk management processes to our strategic planning and budgeting cycles. Risk plans are compiled annually and updated continuously to take into account changes in the external environment and organisational developments.

The risk profile reflects our risk appetite as determined by the board. Monitoring of risk factors is the responsibility of the risk committee. Results from the enterprisewide risk management process are integrated into the business's strategic, operational, compliance monitoring and reporting activities. Management is tasked with managing risk and delivering financial and operational performance aligned with our risk tolerance variables.



OUR EXTERNAL ENVIRONMENT

We operate in a dynamic industry in markets that are often unpredictable. This requires us to anticipate and adapt to shifting circumstances in a way that allows us to consistently pursue our longer-term strategic objectives and provide the best video entertainment products and services to customers across sub-Saharan Africa.

OPERATING CONTEXT

General

- Gross domestic product (GDP) growth in sub-Saharan Africa remained below 3% for the past two calendar years, which is indicative of the broader economic challenges we see across our footprint. This is reflected in weaker external demand, global and local political and policy uncertainty, pressure on commodity prices and, in many instances, currency weakness.
- Across the continent, extreme weather (droughts and floods) also had a severe impact on consumers' lives (homes, jobs and reliable electricity supply) with this risk element remaining wholly unpredictable and unmanageable.
- Given the nature of our industry, regulatory developments continue requiring close management and proactive engagement with our counterparties across our markets.

South Africa

- Our key market was on a somewhat precarious economic footing even before the COVID-19 pandemic. Declining GDP growth, load shedding, critical policy uncertainty, falling business confidence, rising unemployment and currency weakness featured throughout FY20 with the COVID-19 outbreak and associated lockdown exacerbating an already challenging situation. Outbreaks of xenophobic violence also had an impact in some of our Rest of Africa markets.
- We entered FY21 with an inevitable Moody's downgrade of South Africa's sovereign credit rating to subinvestment grade (Ba1 with negative outlook) and a macroeconomic environment that is under extreme pressure, notably in relation to consumers and disposable income levels. Given the impact of COVID-19, the economy is expected to contract by 7.2% in 2020 (source: Finance Minister's Supplementary Budget Speech, June 2020).
- Our competitive environment is seeing greater activity in both the OTT and free to air (FTA) space than in our core traditional linear pay-TV business. Netflix is our largest OTT competitor and, although it has not disclosed its subscriber base, we estimate a sizeable overlap between its base and our DStv/Showmax suite of offerings. In the commercial FTA space, eTV does not disclose current active viewers, but it disclosed 2m activated OpenView HD boxes post its March 2020 year-end in comparison to our 8.4m 90-day active subscribers.
- The challenges at the SABC have been well documented and it remains in the interest of all South Africans to have a strong public broadcaster.

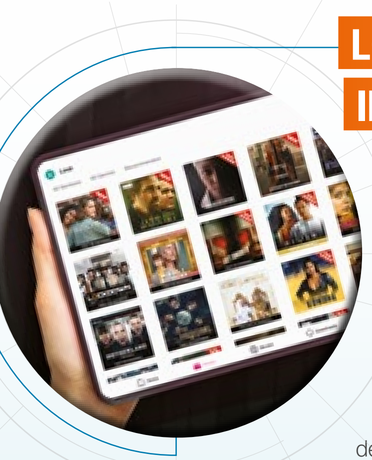
Rest of Africa

- Our Rest of Africa segment faced headwinds in several key markets through the year.
- Angola experienced United States dollar (US$) liquidity issues, ongoing and sharp currency depreciation (-47%) and high inflation in FY20 (14.7%). Consumers remain under financial pressure. COVID-19 and depressed oil prices represent a material increased risk for this market.
- Zimbabwe remains severely challenged from a macroeconomic perspective, which was further aggravated by a severe drought during the year.
- In Zambia, Zimbabwe and Malawi, which are largely dependent on hydropower, the widespread drought severely affected electricity generation with the resulting power outages in areas of up to 18 hours daily. This resulted in a negative impact on our subscriber base, as customers could simply not use their TVs, in addition to the broader economic impact. Rains in March/April have, however, alleviated the issue somewhat.
- Nigeria (our largest market by subscribers in the Rest of Africa) is heavily exposed to the oil price but the currency held up through FY20 (average NGN364/US$). The closing of borders to imported goods increased food and other prices and the partial banning of motorcycle taxis in Lagos increased transport costs, which negatively impacted subscribers' discretionary spend. Ongoing oil price weakness remains an area of concern as it could negatively affect the Nigerian currency and the economy.
- Competitive activity across our footprint remains focused in the mass market, notably via DTT, which offers a much lower cost of entry to consumers as decoder boxes are much cheaper. StarTimes is our largest competitor across sub-Saharan Africa and we compete with regional operators such as ZAP in Angola, Azam in Tanzania and Zuku in Kenya.
- FTA is an important competitive consideration in many of our markets, notably in Kenya, given a high propensity for news consumption.
- Although there is competitive activity, notably in larger cities with the requisite infrastructure, OTT is generally at an early stage of development in sub-Saharan Africa. This is mainly due to the high cost of bandwidth and the limited availability of connectivity suitable for streaming, but these elements will continue improving over time.

Technology

- Differences in content protection laws across regions sometimes present both challenges and opportunities (such as stringent regulations and unique national standards in countries like Japan and China).
- Irdeto is exposed to geopolitical issues such as the ongoing trade war between China and the US.
- The COVID-19 pandemic directly impacted supply chains, causing a manageable delay of one month, but may potentially impact business development in a slower macroeconomic environment.
- Given Irdeto's external customer presence in 71 countries, the portfolio is well diversified and fairly resilient to national issues.

Major trends impacting our industry



LOWER BARRIERS TO ENTRY BRING INCREASING COMPETITION

- In a connected environment, an OTT operator does not need to solve (extensively) for distribution via physical infrastructure (which is done by telecommunications companies (telcos)) and can therefore scale a platform and reach a larger audience at lower relative price points compared with traditional linear pay-TV operators.
- Competition continues increasing from global and local OTT players, mainly through:
  - Dedicated OTT specialist services across subscription video on demand (SVOD) such as Netflix, transactional video on demand (TVOD) services such as the iTunes store and advertising video on demand (AVOD) such as Viu and YouTube
  - Traditional linear studios, networks or broadcasters going direct to consumer, such as Disney+ and HBO Max
  - Non-video businesses deploying their value-added services to drive user engagement in their ecosystems (notably in the retail sector such as Amazon (Amazon Prime Video), original equipment manufacturers (OEMs) such as Apple (Apple TV+) and telcos such as Vodacom (Video Play)).
- Evolving competitive dynamics are materially impacting the entire traditional video entertainment value chain, from formats and release schedules (such as box sets for binge viewing), windowing and exclusivity (such as studios erecting walled gardens) to price points for subscription services and/or demand for ad-supported content.
- In certain markets such as the US, which historically enjoyed high pay-TV penetration and average revenue per user (ARPU) levels, increasing competition is currently driving a rebalancing in their industry. It is not clear where this will settle but, so far, there appears to be scope for multiple service providers to coexist with aggregators continuing to operate in the in-home video entertainment environment.

CONNECTIVITY IS DRIVING CHANGE

- The proliferation of smart, connected devices, the rise in fixed and mobile broadband penetration and speeds (such as 5G), and a steady decline in the cost of these products and services, are meaningfully impacting consumer behaviour.
- Consumer attention is fragmenting across an increasing array of services, products and applications demanding their time. This is impacting all traditional industries including finance, retail and media.
- In the video entertainment environment, access to acceptable quality broadband typically results in a change in consumer behaviour as it leads to increased viewing with the benefits of on-demand consumption that is more personalised, often cheaper and offers location and device independence.
- In 2014, the average American watched approximately 4.5 hours of TV daily and spent 2.5 hours on mobile devices (including multitasking between the two categories). In 2021, eMarketer estimates the average American will watch just over three hours of TV and spend almost four hours on mobile devices. While absolute levels of video consumption remain flat, it is increasingly shifting away from traditional TV platforms to mobile devices. As the world becomes increasingly connected, the need for security to protect people and industries becomes even more critical.

WHAT THESE MAJOR TRENDS MEAN IN THE CONTEXT OF OUR MARKETS

- We identified the evolving pay-TV industry as a material matter (refer to page 76 of our material matters section) that presents both risks and opportunities for our business, and a strategic need to adapt appropriately to changing trends. That being said, it is important to adopt a measured approach to change that is suitable in the context of our markets.
- Broadband penetration, affordability and connectivity (speed and latency) remain significant challenges in most of our markets.
- Satellite remains the most cost-effective and efficient means of distributing long-form video content at scale to the mass market across Africa. Therefore, we see ample opportunity to scale our core pay-TV business. In Africa, as in many parts of the world, OTT is expected to ultimately compete alongside traditional pay-TV. We are starting to see some evidence of this shift, but note that the adoption of our streaming services is typically limited to young and high-income individuals in urban areas.
- While the promises of 5G are compelling in terms of speeds, latency and number of connected devices, 5G networks will typically need significant investment in network upgrades and densification (depending on spectrum allocations) and will likely have a footprint that initially services that segment of the population already able to access fixed broadband.

OUR EXTERNAL ENVIRONMENT continued

The COVID-19 pandemic and oil price shock

- Although the COVID-19 pandemic only affected a limited portion of our financial year, its dual impact on the economy, society and business, as well as public health and safety, represents a significant, broad and potentially long-lasting challenge to the continent.
- The weak oil price (impacted by weak global demand and disputes around output) triggered some speculation about a potential currency correction in Nigeria in the year ahead. While we hedge our net remittances 13 months out to mitigate risk, we are closely watching developments on this front.
- Our markets of operation generally saw increased volatility in terms of currency movements and key commodity prices such as oil and copper.
- In line with global video entertainment operators, we saw:
  - Increased subscriber numbers
  - A temporary freeze in live sport broadcasting and coverage
  - Pressure on our advertising business as companies cut back on costs
  - Various adjustments to our internal activities with regard to employees.

OUR RESPONSE TO COVID-19

The MultiChoice Group, like most other companies across the world, was impacted by the outbreak of COVID-19. Many of our stakeholders, including suppliers, employees and the societies we operate in, were affected by the social and economic impact of the pandemic. We experienced significant business disruption due to the nationwide lockdowns implemented across our markets in March and April 2020, but acted swiftly to ensure that, as an essential service provider, we were able to provide an uninterrupted service to our customers.

Content

The most immediate impact to our content offering was the cancellation or postponement of all live sport worldwide to mitigate the spread of the virus. We negotiated with our partners and used our extensive library of archive material to repackage existing content and ensure continuity for our sport fans during this time. Our offering also included broadcasting some of the greatest sporting events in history, live in-studio discussions with celebrated guests and the screening of well-loved sporting movies. In addition, select SuperSport channels were opened up to a wider audience.

On the general entertainment front, lockdown restrictions resulted in the postponement of all local content productions for a period of five weeks. Our international content schedules were also impacted by delays in the release of certain Hollywood movies and postponement of series production. To ensure continuity, we leveraged our extensive library content and our established relationships with content owners to deliver quality replacement entertainment and keep our offering as ‘fresh’ as ever.

Subsequent to year-end, local content productions have largely recommenced under strict health measures and international content schedules remained unaffected to date. In sport, the group recommenced the broadcast of football leagues such as the English Premier League, La Liga and Serie A. Other sport content such as WWE, US PGA Golf, Formula One and UFC have already been on air and international rugby, cricket and tennis are finalising plans to recommence on a ‘behind closed doors’ basis.

Customers

At the onset of the outbreak, we observed an increased demand for our products as people began to self-isolate, schools closed and lockdowns were implemented. We recognised this as an opportunity to ensure our audiences were entertained and delighted during times of isolation and quarantine. Our responsibility to provide quality content to help maintain the wellbeing of our customers has never been more crucial.

During the lockdowns, we adapted our content, pricing, and value-added services to provide a compelling product offering to customers as follows:

- We assisted parents and students by enhancing and extending our kids and educational channel line-up to all subscriber packages, including the introduction of the Toonami channel during the school holidays; revision lessons for high school learners on Mindset PoP and Catch Up; and the recently launched education channel, Da Vinci.
- We introduced pop-up channels across the genres of series, movies, education, religion and kids to entertain, inform and educate those confined to their homes.
- We expanded our BoxOffice offering by adding 10 movies, increasing the kids and family line-up and reducing pricing to ZAR25 per movie, with Premium subscribers receiving four free movie credits.
- We made news content and some local content available to non-subscribers to promote transparent and freely available information. We also opened up our 14 dedicated news channels to lower tiers.
- We provided a free month of Showmax for Compact Plus and Compact subscribers taking up the service, as well as a limited period 50% discount offer for standalone Showmax subscribers.
- We extended our Joox VIP music service to all subscribers at no extra cost, and offered various online learning benefits and solutions to customers and industry participants.
- We supported impacted commercial subscribers, mainly in the hospitality industry, across the continent with payment holidays or discounts while they could not operate due to government restrictions.
- Our Rest of Africa business introduced the We’ve Got You! campaign, providing active and disconnected DStv and GOtv customers with the opportunity to access packages above their current package at no extra cost.
- In addition, we collaborated with the World Health Organization (WHO) to broadcast public health announcements across our channels and are supporting the United Nations’ global COVID-19 awareness campaign against the spreading of false information associated with the pandemic.

OUR EXTERNAL ENVIRONMENT continued

Employees

During the reporting period, we took necessary precautions to protect our employees:

- We implemented work-from-home procedures from an early date for employees who were able to do so to protect our staff who are required to work onsite.
- We proactively halted international and local travel before the respective national lockdown imposition.
- We provided private transport to our South African onsite staff so that they could avoid using high-density public transport.
- We appointed a public health expert to guide our initiatives and standard operating procedures. Onsite inspections were conducted at all sites and recommendations for improvements were made and implemented.
- The workplace was revised for onsite staff to enable safety in operations, with the following improvements:
  - We introduced social distancing measures to onsite staff – these measures and other safety guidelines are followed strictly, buildings are continuously sanitised, while access is also closely monitored
  - We are keeping our employees informed of health and hygiene measures, including medical testing. Employees have access to onsite medical professionals for COVID-19 and any other health-related matters. Where employees experience symptoms or are exposed to potential contamination, one-on-one consultations with the public health expert are conducted and tracing is initiated
  - We implemented mandatory temperature screening using thermo scanners at all sites. These scanners are operated by nurses to scan all employees and customers prior to entering the location.
- We are supporting our leaders and our workforce as a whole to continue engaging at scale, hosting digital wellness engagements; mental health and financial management workshops to alleviate anxiety and stress; and building skills to thrive in the changing social context. For example:
  - Staff have access to ICAS, an employee wellness platform, for any mental health-related issues
  - Staff have ongoing access to financial coaches to assist with alleviating financial strain during the crisis
  - Staff are equipped with the necessary tools to operate and communicate digitally – managers are provided with support on how best to manage teams remotely
  - A tailored digital learning programme was developed and made accessible to allow teams to operate effectively or develop and enhance their skills
  - Our employee service Dooble supported staff during the COVID-19 lockdown by delivering procured goods and providing employees with access to tutoring services for their children.

Communities

The entertainment industry across the world was particularly susceptible to the effects of the lockdowns and COVID-19, which resulted in devastating job losses for freelance actors, producers, directors and camera operators.

MultiChoice leveraged its partnerships and network to implement several measures aimed at safeguarding the income of creative industries because we acknowledge the critical need to protect income stability for the sector. Our COVID-19 contributions to the industry and broader communities were as follows:

- We made an industry support commitment of ZAR80m at the beginning of the outbreak in South Africa to ensure productions could pay full salaries in March and April for impacted cast, crew and creatives across sub-Saharan Africa, with a further commitment of ZAR14m made thereafter.
- We committed to guarantee the income of freelancers in our SuperSport productions and our broadcast technology environment. The commitment was made to freelancers who could not work due to the suspension of sport and the national lockdown and amounted to ZAR24m.
- We created an online MTF training portal to support 40 000 entertainment industry members in improving their skill set.
- MultiChoice South Africa teamed up with two local premier soccer league teams, Orlando Pirates and Kaizer Chiefs, in partnership with the Ministry of Health and the Ministry of Sports, to help government in the fight against COVID-19 with the contribution of personal protective equipment to the value of ZAR28m for frontline responders (nurses, doctors, etc).
- In the Rest of Africa, we worked with governments and health authorities in countries where we operate to help with the distribution of test kits and personal protective equipment to safeguard medical workers. The overall COVID-19 public health support for Rest of Africa was valued at US$2.1m. In addition, we provided financial support to our network of installers and independent service providers to assist with the payment of salaries.

FUTURE IMPACT

While potential macroeconomic implications such as sharply weaker currencies, a decline in consumer activity and the impact of job losses are largely uncontrollable and will take time to materialise, we are taking steps wherever we can to counter potential future headwinds as a result of COVID-19. This includes taking a deeper look at our cost structures and implementing further cost-saving initiatives across the organisation.

However, the business remains relatively well positioned with a sought-after product offering geared toward people spending more time at home, a large and diverse footprint across the continent, a robust business model that has low reliance on advertising revenue and a strong balance sheet.

MATERIAL MATTERS

In determining our material matters, we are guided by our business strategy, risks, our operations and the concerns of our stakeholders. The material matters addressed in this report are issues on the board agenda that are methodically discussed and addressed.

1 Customer satisfaction

Our primary focus is, as it always has been, the customer.

Delivering value to our customers is critical to our business success. To ensure we do so, we focus on developing relevant products, selecting the best content and designing excellent customer service experiences with the customer journey at the centre.

We operate a primarily fixed-cost business, meaning that optimising these elements to support customer growth momentum and retention is a critical driver of our operating performance. With an eye to expanding our base through traditional and new service lines, we also need to manage exogenous pressure points that can include tightening consumer spending, unemployment and electricity shortages.

Link to risks:

- Economy
- Disruption and competition
- Securing content

Link to strategic priorities:

Link to opportunities:

- Large and growing addressable market
- Sizeable subscriber base
- Deep understanding of entertainment needs of customers

Link to stakeholders:

2 Regulatory environment

We believe regulations are important to protect consumers but must be well considered and applied to all players equally.

The industries in which we operate are highly regulated and our various group entities are therefore subject to legislative and regulatory oversight in the countries in which they operate. Material changes in regulation could require us to adapt our current business model and could impact our value proposition to customers.

As the regulatory environment becomes more complex, the impact and importance of managing this risk increases. Our approach to regulation remains positive as we proactively and frequently engage with regulators through our dedicated teams. This ensures we keep abreast of all developments and provide input that promotes a well-considered regulatory framework, allowing for a thriving industry.

Link to risks:

- Regulatory and licensing

Link to strategic priorities:

Link to opportunities:

None

Link to stakeholders:

MATERIAL MATTERS continued

3 Pay-TV industry evolution

Media formats undergo perpetual change and our experience has taught us that video entertainment is no different.

The global video entertainment industry continues evolving as new technologies and business models provide opportunities to differentiate service offerings. A key trend is the ongoing impact of streaming services (OTT) in disrupting traditional linear pay-TV operators.

This presents both risks, in the form of increased competition for subscribers and content, and opportunities for us to scale our OTT services and adapt our business model. As the industry evolves, our investment in local content remains a key differentiator and strategic advantage.

Link to risks:

- Disruption and competition
- Securing content

Link to strategic priorities:

Link to opportunities:

- Sizeable subscriber base
- OTT growth opportunity

Link to stakeholders:

4 Executing our business plans

Conceptually, our business is fairly easy to understand, but we operate in a complex environment with shifting conditions and practical challenges in executing our strategy.

Each of our business segments contributes in different ways to value creation. We set ourselves challenging targets and our leadership teams are incentivised to execute our specific segmental business plans.

South Africa

As a more mature operation, the South African business is focused on retaining existing customers, while also driving OTT adoption and growth in the mass market. At the same time, its ambition is to deliver broadly stable profits and cash flows.

Rest of Africa

In the Rest of Africa, which is currently making a loss, the focus is to return the business to profitability over the medium term. A fundamental aspect of this turnaround is our ability to navigate the macroeconomic challenges that we face in many of our African markets. While our diversified footprint across the continent allows us to absorb some weakness, significant exchange rate deterioration outside of historic trends and ongoing pressure on consumer discretionary spend could pose a risk to our turnaround plans.

Technology

As piracy impacts our pay-TV and OTT business if left unaddressed, our technology business is focused on delivering critical security solutions and media security to our group companies and external customers globally. At the same time, we are investing in new revenue-generating opportunities in connected industries to drive ongoing future growth.

Link to risks:

Economy

Link to strategic priorities:

Link to opportunities:

- Returning Rest of Africa to profitability
- Growing in connected industries

Link to stakeholders:

MATERIAL MATTERS continued

5 Attracting and retaining talent

Our people are fundamental to our success.

We seek to delight our customers by providing access to superior content and entertainment. Attracting and retaining the right people to achieve this goal is a key aspect of our strategy. We are passionate about creating a workplace where people are engaged and inspired.

Key focus areas for us include growing diverse, representative talent in critical areas of differentiation (such as engineering and data science) and developing succession plans for critical workforce segments to ensure growth and continuity. Leading organisations start with winning cultures. Therefore, we consistently strive to nurture an enabling environment so that our people can create the best solutions for our customers.

Link to risks:

- Talent and skills scarcity

Link to strategic priorities:

Link to opportunities:

- Deep understanding of entertainment needs of customers

Link to stakeholders:

6 Upholding the local entertainment industry

Supporting and uplifting the local entertainment industry.

As a responsible corporate citizen, we aim to make a contribution beyond just business. Our investment in local content generates jobs and provides a platform for home-grown talent to shine.

In addition, the local sport we produce and broadcast (including some broadcasts on community TV stations) supports sport bodies. It enables them to continue developing sport, especially in South Africa.

We believe in strategic CSI with the majority of our initiatives aimed at promoting sport and producing content (filmmaking) across Africa in addition to positively addressing issues of health, education and empowerment.

Link to risks:

- Economy
- Talent and skills scarcity

Link to strategic priorities:

Link to opportunities:

- Deep understanding of entertainment needs of customers

Link to stakeholders:

OPPORTUNITIES AND RISKS

OPPORTUNITIES

MultiChoice committed resources to realise the following material opportunities, which are broad and strategic in nature:

Opportunity		HOW WE ARE ADDRESSING THEM
Large and growing addressable market	We estimate our countries of operation across sub-Saharan Africa represent an **addressable market of 43m subscribers** (32% average household penetration; 52% in South Africa; 25% in the Rest of Africa) growing to 47m by 2023 (+11%).	• We take a long-term view of our opportunity set and we are comfortable with supporting our businesses through the cycle. • We have pursued a strategy that has been increasingly focused on growing penetration in the mid and mass market segments. A clear example is our value strategy in the Rest of Africa where we lowered pricing, increased upfront set-top box subsidies and improved the content value proposition across packages to reposition the business for longer-term sustainable growth.
Sizeable subscriber base	We have a base of **19.5m 90-day active subscribers** as of 31 March 2020 but we engaged with 22.8m unique subscribers (not all active at measurement date) through FY20.	• This base provides economies of scale that allow us to continuously enhance our value proposition to our customers. • It also creates scope to develop a broader ecosystem of services by leveraging our established brands and customer relationships. • We monitor trends in offshore markets regarding vertical integration, converged service offerings and aggregator distribution partnerships. While our markets require a nuanced and often different approach, we selectively apply principles if and when relevant.
Deep understanding of customer needs	**With 35 years of experience in intimately understanding the needs and preferences of our subscribers** across an extremely diverse base (language, culture and economic status, among others) means that we are well placed to meet their ongoing requirements.	• We aim to offer our customers a full-service content mix with appropriate tiering to suit their circumstances. Our strong international entertainment offering complements our key points of differentiation, ie local content and sport. • Our investment in local content enables us to tell great stories that our customers love and to develop proprietary intellectual property and formats, which can be leveraged cost-effectively across our platforms.
OTT growth opportunity	Our markets are at far earlier stages of broadband adoption than developed markets (only 4% OTT household penetration in sub-Saharan Africa) but, as technology solves access and cost challenges over time, so **the market for OTT services will grow**.	• In the near term, we are accompanying our subscribers on their journey into an increasingly online environment. Our connected Exploras, DStv Now and Showmax services are aimed at either extending our linear service online or introducing new components such as box sets or streaming VOD. • This creates a foundation for us to scale our OTT offerings and launch innovative services.
Returning Rest of Africa to profitability	A sustained turnaround in the Rest of Africa business will alleviate market concerns while **improving our overall group margins and cash flows**, which can be reinvested in the business and/or returned to shareholders.	• Scaling our subscriber base effectively while managing our largely fixed-cost base carefully (including targeted cost reductions) will support our path back to profitability. • In the interim, we have to navigate a challenging economic and FX environment. We have hedging programmes in place (where available and cost-effective) to help manage our currency risks. • Significant and/or extended headwinds may require additional interventions to mitigate their impact on the group.
Growing in connected industries	The internet of things (IoT) continues expanding at an exponential pace. A general lack of focus on digital security on an industrywide basis presents an **opportunity for us to underpin these innovations.**	• The key focus is on industries where security meets safety and the stakes are high (loss of life, extreme brand damage, critical financial impact, etc). • Drivers such as cybersecurity regulations (especially in the medical field) open up new areas for growth where we can provide services and solutions to ensure compliance. • New services such as e-education and telehealth will require robust security to protect content and sensitive consumer data; an area in which we have extensive expertise.

OPPORTUNITIES AND RISKS continued

Our top 10 risks

Description and ranking

1 REGULATORY AND LICENSING

We operate in a highly regulated industry where changes in regulatory policy and legislative frameworks can have a significant impact on our business and operating model.

MITIGATION

- Our focus remains on full compliance with existing regulations.
- We continue engaging with regulators and industry bodies proactively.
- We conduct ongoing regulatory reviews and maintain contact with regulatory authorities and public industry bodies.
- Our dedicated, 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 the impact on the industry of proposed regulations.

2 ECONOMY

Macroeconomic challenges, such as currency depreciation and volatility, the commodity slowdown, electricity shortages (and more recently the impact of the COVID-19 pandemic) place pressure on the economies of the countries in which we operate.

Consumers are affected by the consequent pressure on disposable income, which potentially affects our addressable market, and growth and retention prospects.

MITIGATION

- We understand the pressure our customers face and remain focused on customer-centricity and affordability.
- We continue focusing on reducing costs and improving efficiencies.
- We offer customers various options suited to their circumstances, supporting value for money with the flexibility to adjust to their own unique and changing circumstances.

3 DISRUPTION AND COMPETITION

The landscape remains increasingly competitive with strong global and local competitors, and new entrants. Consumers have credible alternatives from multiple sources in terms of video entertainment. Furthermore, there is aggressive competition for content rights when contracts are up for renewal and content providers may choose to go directly to consumer, withdrawing rights from us.

MITIGATION

- We understand entertainment and technology are evolving as are consumption habits. As such, we continuously invest in product and service innovations, focusing on better products, value and customer service.
- Retaining attractive content rights is a priority, as is investing in our partnerships to maximise mutual benefits.
- We continue exploring opportunities for partnerships with telcos and other platforms.

Description and ranking

4 CYBERSECURITY

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

MITIGATION

- Ongoing investment 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, focusing on the content value chain and protection of customer and employee information.
- International studios undertake security assessments from time to time in support of their agreements with us.
- An international certification outlining how we protect our content is in the process of being completed.

5 SECURING CONTENT

Access to quality content at the right price is a major business consideration. Content rights, both general entertainment and sport, are highly sought after. Furthermore, currency fluctuations and renewals can lead to increased costs.

MITIGATION

- Rights are reviewed regularly with due consideration for the economic value of each set of rights and bids are tabled accordingly.
- We bid for and secure sporting rights for three to five-year periods according to rights cycles as determined by sport rights owners.
- We continue to increase our investment in local content.
- We invest in and maintain our partnerships with rights owners to maximise mutual benefits.
- We offer customers various options suited to their circumstances, supporting value for money with the flexibility to adjust to their own unique and changing circumstances.

OPPORTUNITIES AND RISKS continued

Description and ranking

6 TECHNOLOGY

Technology is integral to our strategy and operations. For example, the availability and stability of the billing system is critical to the achievement of strategic objectives. In addition, the stability and scalability of the DStv Now platform is imperative to drive OTT initiatives.

MITIGATION

- We invest in improving our existing systems 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 was developed and is being implemented throughout the group and robustness is reviewed regularly.
- Significant improvements to simplify billing and business rules were implemented during the year, and we have standardised our billing system across all African markets.
- Rigorous testing programmes are implemented for all software rollouts.
- Redundancy in key equipment and platforms was built at the disaster recovery site at our Samrand and Isando operational facilities.
- We have expanded our MultiChoice Africa European technical facility and redundancy by adding a secondary business continuity technical site.

7 THIRD-PARTY RISK MANAGEMENT

We work with many third parties and weaknesses and inadequacies in their own management could potentially expose our business to a wide range of risks, such as reputational, information security, legal compliance, business interruption and other operational risks.

MITIGATION

- Significant progress is being made regarding the management of third parties. A detailed third-party risk management (TPRM) framework was approved in FY20 and is being implemented.
- All third parties we do business with will be subject to this risk management framework, which will result in a firm foundation for their effective management.
- Annual ongoing monitoring of all third parties with which we do business is a key part of the TPRM framework.

KANDASAMYS
THE WEDDING

Description and ranking

8 BUSINESS CONTINUITY MANAGEMENT

The group must be able to anticipate, prepare for, respond to and recover an appropriate level of service in the event of an interruption. This includes technology failures in broadcasting/digital playout, customer service, billing/payment systems and payroll. The business continuity management programme is focused on people, processes, systems and information.

MITIGATION

- Business continuity management is well established in the group and is improved continuously. All operational and functional areas in the group have documented business continuity plans, which have been tested.
- The business continuity management programme is well governed with regular reporting to the board and subcommittees.

9 PIRACY

The illegal retransmission and piracy of content, including file sharing, illegal internet streaming of sporting content and the piracy of local content remain a key risk to the business.

MITIGATION

- We continually invest in our leading platform and application security division, Irdeto, which offers cybersecurity and anti-piracy in media and gaming.
- During the year, illegal entertainment services to 0.9m households were disconnected.

10 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, which struggle with skills shortages globally.

MITIGATION

- We identify the scarce skills and competencies required.
- 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.

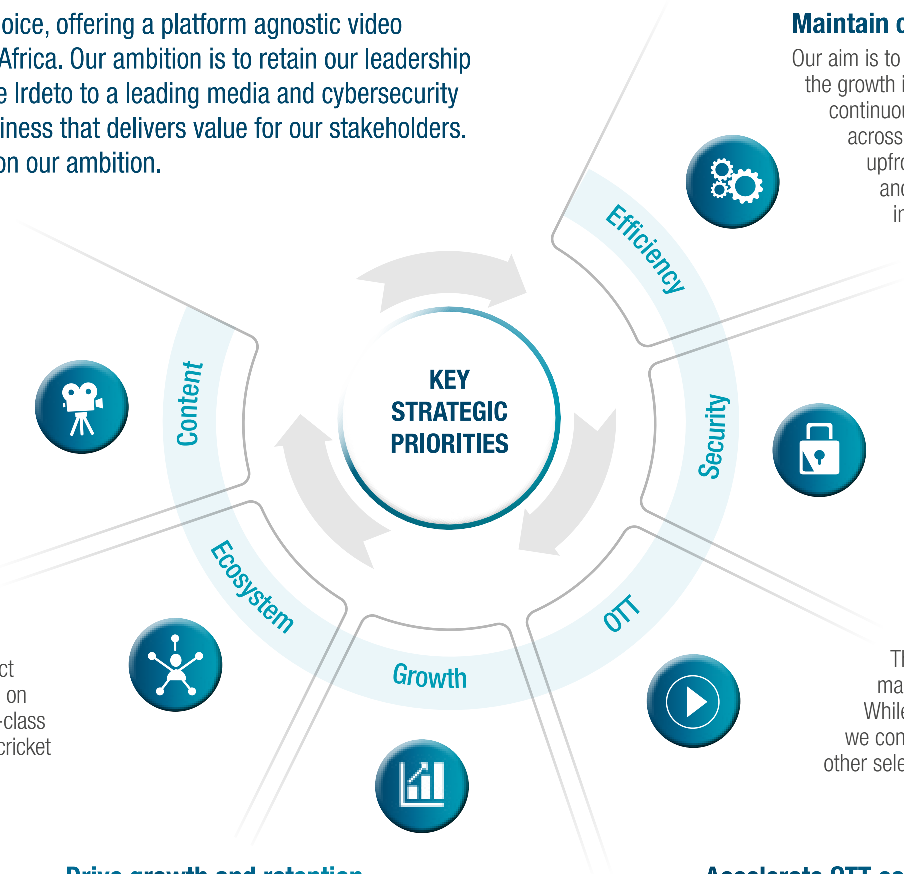
OUR STRATEGIC FOCUS

At our core, we strive to be Africa's content gateway of choice, offering a platform agnostic video entertainment service to consumers across sub-Saharan Africa. Our ambition is to retain our leadership position in video entertainment across the continent, scale Irdeto to a leading media and cybersecurity business globally and continue building a sustainable business that delivers value for our stakeholders. Our strategic priorities are critical to ensuring we deliver on our ambition.

Lead in content and differentiate in local and sport

In an evolving video entertainment industry, a differentiated content strategy is key to remaining relevant. Our strength lies in our local content expertise and our investment in attractive local and international sport offerings. We continue driving these two elements of our content strategy while also maintaining a compelling international general entertainment content portfolio to complete our comprehensive product offering.

Our significant investment in local content sets us apart from international competitors, especially as African viewers love content in their own languages and stories that resonate culturally. In addition, local content is cheaper than international general entertainment content and helps us reduce our exposure to US$ input costs. Owning this content allows us greater control over how we manage and leverage it across our products and services. On the sport front, we remain committed to exciting customers with the best local and international sport while carefully managing the cost of acquiring select sport broadcasting rights. Our sport production capability is unmatched on the African continent as we continue leading in the production of world-class events such as the productions of Super Rugby and international cricket broadcast across the globe.



Maintain operational excellence and sustain cost reduction

Our aim is to deliver positive operating leverage, keeping the growth in costs below the growth in revenue and thereby driving margin expansion for the group. We continuously strive for operating excellence and optimising cost efficiencies across our businesses. From time to time, this may require some investment upfront as we redesign certain critical systems to support our future business and customer needs. Another key element of this strategy is our ongoing initiatives to embed analytics and AI in the organisation, focusing on improving customer experience, driving revenue, enhancing content discovery and reducing costs.

We also remain focused on returning our Rest of Africa business to profitability by driving subscriber growth and retention and by managing costs effectively.

Pursue global digital platform security leadership

Our technology business, Irdeto, is one of the leading companies globally in providing digital platform security, content protection applications and cybersecurity solutions for the media and entertainment industry. Our aim is to drive growth, scale and increased market share through new customer wins and enhanced product offerings.

The world of connected mobility presents endless possibilities for manufacturers, consumers and those with innovative new business ideas. While our initial focus is on providing security solutions in the transport sector, we continue seeing opportunities to create, incubate and grow new business in other selected connected industries.

Leverage scale and enhance ecosystem

The digital world has brought with it fundamental shifts in the video entertainment industry and created new ways for us to engage with our customers. Customers are no longer looking for a single video entertainment service but rather an ecosystem of various entertainment options. The opportunity exists for an aggregator like us to provide a single, seamless interface for the customer. Given our scale, distribution capabilities and core competencies, including our proven track record in content curation and investment in our partnerships with content suppliers, our established payment collection capabilities and our ability to manage in-country nuances, we are well positioned to fulfil such an aggregator role in Africa. We intend to set ourselves up for future success in this regard, and we will continue looking for new opportunities to further expand our existing ecosystem, offering new products to enhance our customers' experiences and increase revenues.

Drive growth and retention

Growing and maintaining a healthy subscriber base has been key to our success in the past and continues to be a critical factor for driving future returns. It is also an essential element of our turnaround strategy for the Rest of Africa segment. Our business is primarily a fixed cost one, meaning growth and scale are imperative for ongoing margin expansion. Leveraging a sizeable subscriber base also brings meaningful opportunities through new product innovation.

We believe Africa offers a large addressable market for our products and is poised for future growth as the prosperity and income levels of African people improve. Our aim is to continue capturing this opportunity with specific focus on markets where we have identified the largest growth potential. At the same time, we remain focused on driving improvements in customer retention and loyalty, which are equally critical to sustaining growth.

Accelerate OTT capabilities

Part of our track record is being innovative in our product and service offerings, and catering for the evolving needs of our customers. Customer behaviour is increasingly moving online. Therefore, it is important that our content is available online and on any device.

While connectivity and the cost of data impact the large-scale adoption of OTT services across a number of our markets, this is changing. We are looking to accelerate the uptake of our OTT products by differentiating and strengthening our content line-up (particularly local content and sport), driving strategic partnerships, improving user experience on our OTT products and platforms, and launching new business models that leverage content assets and serve rapidly changing consumer habits.

OUR STRATEGIC FOCUS continued

Lead in content and differentiate in local and sport

Pursue a differentiated content strategy through significant investment in local content and securing the best of local and international sport while, at the same time, maintaining a compelling international general entertainment content portfolio to complete our product offering

How we performed

- Produced 3 850 hours of local content
- Local content spend accounted for 40% of total general entertainment content spend (41% in constant currency)
- Local content library increased by 8% (now exceeds 56 800 hours)
- Renewed all selected sport broadcasting rights available for renewal this year

Looking ahead

- Substantial ramp up in local content production
- FY22 goal for local content to comprise 45% of total general entertainment spend
- Ongoing renewal of selected sport broadcasting rights

Leverage scale and enhance ecosystem

Establish a multidimensional entertainment ecosystem for our customers, seeking out opportunities to expand our product offering, and building aggregation capabilities and partnerships that will position us as Africa's super content aggregator

How we performed

- Significant research and development of set-top boxes to enhance functionality
- Signed distribution deals with two global SVOD providers to integrate their streaming services onto our platform

Looking ahead

- Continue investigating new product opportunities with a view to launch over the course of the coming year
- Complete integration of third-party OTT services onto Explora decoder

Drive growth and retention

Continue capturing a large addressable market, leveraging subscriber growth to drive further margin expansion and progress towards profitability in the Rest of Africa

How we performed

- Increased (90-day active) subscriber base by 0.9m YoY (5%) to 19.5m
- YoY growth affected by weak consumer environment and some country-specific factors

Looking ahead

- Maintain and grow subscriber base in the context of challenging consumer environment

Accelerate OTT capabilities

Deepen investment in OTT products and platforms, and drive growth, adoption and engagement in key territories

How we performed

- 39% increase in OTT active user base YoY
- 85% increase in play events YoY
- 18% increase in average time spent on platform YoY
- Commencing field trials on new DStv Streaming product

Looking ahead

- Launch of DStv Streaming product
- Ongoing product enhancements
- Targets to grow OTT paying subscriber base and increase in average time spent on platform

Pursue global digital platform security leadership

Become the global leader in content protection/cybersecurity for media and entertainment and a leader in the fast-growing connected industries business

How we performed

- Secured nine tier-one customer wins from competitors in the past 24 months
- Market share in media security increased from 12.7% in FY19 to 13.9% in FY20
- Major OEM shipped first set of vehicles with Irdeto technology and a long-term win with one of the world's largest automotive manufacturers was secured

Looking ahead

- Ongoing new customer acquisition
- Exploring further connected industry opportunities

Maintain operational excellence and sustain cost reduction

Drive ongoing reductions in our cost base and reinvest some savings in critical systems and data capabilities to support customer experience and future operational efficiencies

How we performed

- Achieved ZAR1.4bn cost savings for the year
- Reduced losses in the Rest of Africa by ZAR0.8bn (ZAR1.8bn organic)
- Achieved 5% positive operating leverage (growth in revenue > growth in costs) which drove margin expansion of 2% for the group
- Progress in strategic programmes to enhance critical systems and AI capability

Looking ahead

- Further cost-saving targets in place
- Deliver on key milestones for strategic system and AI programmes

PERFORMANCE

FROM THE DESK OF OUR

CHIEF EXECUTIVE OFFICER

“As Africa’s leading video entertainment company, we create and secure the rights to exceptional content from across the world. Each story we tell is carefully curated to delight and entertain our audiences. Our heart and soul are invested in the continent, and we consistently strive to entertain, inform and empower African communities.”

Calvo Mawela
Chief executive officer

THE PAST YEAR PRESENTED UNIQUE AND EXTRAORDINARY CHALLENGES. HOWEVER, WE DEMONSTRATED RESILIENCE AND DETERMINATION IN DELIVERING A SOLID OPERATIONAL AND FINANCIAL PERFORMANCE.

In South Africa, the Springboks’ victory at the Rugby World Cup and our viral #StrongerTogether campaign renewed a sense of national pride and unity at an important time for the country. Our business in the Rest of Africa experienced several challenges but delivered festive season growth at an eight-year high on the back of promotional campaigns. With Irdeto, our diversification into the connected transport industry started to bear fruit. We celebrate these and many more achievements, which are shared in the detailed reports that follow.

Each of our business units contributes to the group in different ways. As a more mature operation, the South African business is focused on retaining existing customers, while also driving OTT adoption and growth in the mass market.

At the same time, its ambition is to deliver broadly stable profits and cash flows. Cost-saving efforts and digitalisation are essential to ensure the business operates efficiently. In the Rest of Africa, our strategy is to return the business to profitability in the medium term by increasing scale and reducing costs. This should drive continued margin expansion for the group. To protect our income and those of some 400 external clients around the world, our technology business, Irdeto, is focused on delivering critical digital media security solutions and investing in new revenue generating opportunities in a more connected world.

We set challenging targets for ourselves to ensure we create value in the business. In a year that was characterised by external headwinds, I am particularly grateful to my team of highly capable segment CEOs, and their executive teams, for the strong management of their businesses, persistent efforts to deliver results and valuable contributions to the group.

Because of our strategic focus of driving growth and retention, our business in South Africa held up well in a tough consumer environment, adding 0.5m subscribers to total 8.4m. We saw a strong performance by our Compact Plus and Family

I AM PARTICULARLY GRATEFUL TO MY TEAM OF HIGHLY CAPABLE SEGMENT CEOs, AND THEIR EXECUTIVE TEAMS, FOR THE STRONG MANAGEMENT OF THEIR BUSINESSES, **persistent efforts to deliver results** AND VALUABLE CONTRIBUTIONS TO THE GROUP.

We **cater for the evolving needs of our customers** and are successfully adapting to a global move towards OTT services

FROM THE DESK OF OUR CHIEF EXECUTIVE OFFICER continued

packages as part of our upgrade and retention strategy and continued strong growth of the Access package. In the Rest of Africa, we expanded our video entertainment services to reach a new milestone of 11m subscribers, primarily through growing the mid and mass markets. Growth was affected by one-off sport events in the prior year, challenging macroeconomic factors and some country-specific issues, which we discuss in more detail in the segmental performance review on page 108.

Irdeto provided ongoing, valuable support to the group and continued pursuing global security leadership, gaining further share in the media security industry. Irdeto's focus during FY20 was on demonstrating cost discipline to deliver a solid financial performance. Our focus on diversifying our markets also yielded positive returns as we made significant progress in our connected transport division, and we explored opportunities in connected health. Irdeto completed the design and testing of new products for major new pay-TV customers in India, and trialled exciting new gaming security products for anti-cheat and mobile gaming. The first vehicles produced with Irdeto security onboard rolled off the assembly lines.

When it comes to our content strategy, we stepped up our investment in local content. This was not only to support the development of African storytelling, but also to cater for our audience's preference of having content in languages and genres that resonate culturally. The increased investment generates employment opportunities and is further supported by some of our CSI initiatives such as the MultiChoice Talent Factory (MTF), a platform for home-grown productions. During the year, we produced 28 local dramas, 13 telenovelas and 17 comedy series. SuperSport continues delivering a truly world-class sport offering and is the largest funder of sport in Africa. We brought the ICC Cricket World Cup, the Africa Cup of Nations (AFCON) football tournament and the Rugby World Cup to sport lovers across the continent this year.

More details of our local, international and sporting highlights can be found on pages 96 to 105.

We cater for the evolving needs of our customers and are successfully adapting to a global move towards OTT services through innovating our product and service offerings. Our OTT services, Showmax and DStv Now, are gaining traction, and we see positive growth in users and viewing activity. Our recently signed distribution agreements with two major international SVOD providers are an important step in our aggregation journey and our strategy to create an entertainment ecosystem for African consumers.

Attracting and retaining talent is a crucial aspect of our strategy. We are passionate about creating a workplace where people are engaged and feel inspired to develop and refine their skills, and to push the boundaries of innovation. During the reporting period, we had to materially adjust our approach to work to accommodate the restrictions placed on our business by the outbreak of COVID-19, but also to ensure we fulfil our role in providing an essential service to the people of Africa. From an early date, we arranged for people to work remotely where possible. For our onsite/essential staff, we introduced several measures to ensure their safety and wellbeing. We are especially grateful to these employees who displayed loyalty and courage in coming to work and serving our business during this trying time.

Our employees and many of our other stakeholders, including suppliers and customers, were severely impacted by the outbreak. Read about our initiatives to assist them during this time on page 70.

During the year, we produced **28 local dramas, 13 telenovelas** and **17 comedy series**

While the full economic and social impact of the pandemic is uncertain at this stage, I approach the future with a positive mind-set, knowing that I have the support of a strong team willing to face any challenge with tenacity and resourcefulness. Despite the current environment, we remain excited about the long-term prospects of video entertainment services on the African continent. We will continue bringing world-class content to millions of customers across Africa in the most cost-effective way. We will consistently strive to live up to our promise of enriching lives and keep our audiences entertained anytime and anywhere.

Calvo Mawela
Chief executive officer

CONTENT

Content is at our core, and our unparalleled content offering sets us apart from our competitors. From the shows that we produce and the channels we acquire, to our scheduling strategy, our key ambition is to ensure our customers are delighted with great entertainment all year round. We offer a diverse set of channels to cater for the diverse needs of our customer base.

M-NET

Our flagship channel, M-Net, renowned for its high-quality productions, continued treating viewers to only the best international series, blockbuster movies and sleek local versions of big-budget reality shows. Aligning with the company's mission to invest in local content, the channel raised the bar yet again by expanding its local content considerably – a move that secured M-Net's position as the number one channel on DStv Premium.

This year's innovative M-Net local ventures included a landmark coproduction with global TV giants Cinemax (an HBO sister channel) and German public broadcaster ZDF. *Trackers*, the five-part adaptation of a novel by bestselling South African author, Deon Meyer – and M-Net's first drama series in more than a decade – shattered channel viewership records. In its Sunday night slot at 20:00, *Trackers* attracted more viewers than a 30-year-old M-Net institution, the Sunday night movie, and even outperformed established international hits such as *Game of Thrones*.

We embarked on more international coproductions in 2019 that will take African storytelling to the world. In the pipeline is another drama series, *Reyka*, with the UK's Fremantle as our partner, and the development of an original reality show in partnership with Keshet, an Israeli media company.

Paving the way for a locally slanted Thursday night on M-Net, the inaugural season of the big-format reality dating show *The Bachelor SA* boosted YoY ratings for its time slot by 34%. Hot on its heels came *Survivor SA: Island of Secrets*, which increased the show's viewership from season 6 to season 7 by an impressive 36%. It is the most popular season of *Survivor SA* to date.

We continued our local winning spree on Thursdays with the addition of a local drama slot at 20:00. The poignant family drama *Still Breathing* was the first to occupy the slot.

Season 3 of the Sunday night live show, *The Voice SA*, produced its first female winner, and also the youngest winner to date. We also created another propriety reality show format for M-Net, a dating show called *Finding The One*.

CONTENT continued

Our proudly South African premier video entertainment brands, kykNET and Mzansi Magic, had a prolific 2019 showcasing authentic local productions and honing local talent.

SOUTH AFRICAN LOCAL CHANNELS

Both kykNET, which celebrated a milestone 20th birthday, and Mzansi Magic, produced an unprecedented number of engaging and award-winning local productions, which secured them top ranking positions in their audience segments on DStv.

Mzansi Magic cemented its reputation as one of Africa's best loved storytellers with an array of popular reality shows, dramas and telenovelas. Firm favourites such as *Date My Family* and *Our Perfect Wedding* continued trending on social media platforms, and we gave audiences a peek into the lives of colourful celebrities in shows such as *Being Bonang, Living the Dream with Somizi* and *Real Housewives of Johannesburg*. The 15th instalment of *Idols SA* drew a record of more than 186m votes. This is an increase of more than 40m votes YoY. *Idols SA* not only retained the top spot on South African Twitter each week, but also put us on the map on social media trending lists worldwide.

After two decades of top-notch Afrikaans language-specific TV on DStv Premium, kykNET increased its viewership by 10%. The perennial favourite reality show *Boer Soek 'n Vrou* clinched a 37% audience share in its time slot and long-running hit *Binnelanders* reached a terrific milestone with the screening of episode 3 000. Furthermore, we treated our kykNET viewers to eight new drama series.

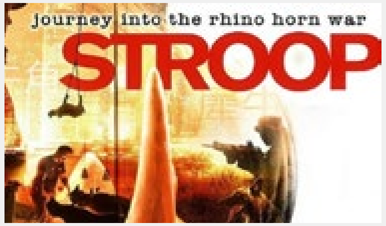
Extending its offering to a wider audience, kykNET introduced a fourth member to its family of channels. kykNET Lekker, a welcome addition curated for our DStv Access audiences, complements music channel kykNET NOU and kykNET & Kie, which are available on the DStv Compact and Family packages.

While the two kykNET & Kie soaps *Suidooster* and *Arendsvlei* have become appointment viewing, another show created with the channel audience in mind, true-life crime doccie *Op Seer se Spoor*, nabbed a SAFTA award.

The volume of productions on our local South African channels reached an all-time high, while maintaining quality of the highest order. Series such as *The Herd* and *The River* received global recognition: an International Drama award win and an International Emmy award in the Best Telenovela category, respectively.

The River also cleaned up at the 2019 SAFTA with 11 gongs from 17 nominations, including Best Achievement in Scriptwriting, Best Actor in a Telenovela and Best Achievement in Directing.

CONTENT continued



Supporting local filmmakers and the South African film industry remains a priority for us.

BOOSTING SOUTH AFRICAN FILMS

In the past year, our M-Net Movies division licensed or invested in more than 50 films. Among these films was the hard-hitting crime drama *Knuckle City*, South Africa's submission to the Best International Feature category of the 92nd Academy Awards, and a drawcard at the Toronto International Film Festival.

We also backed 2019's highest grossing local film, the box office smash hit *The Kandasamys – The Wedding*. Other notable films under our wing were multiple award winners *Die Verhaal van Racheltjie de Beer, Fiela se Kind* and *Poppie Nongena*, all of which premiered at the annual kykNET Silwerskermfees.

Furthermore, M-Net, kykNET and streaming service Showmax partnered to bring our viewers the exceptional wildlife feature documentary, *Stroop*, a harrowing account of rhino poaching that took the world by storm and raked in a long list of international and local kudos.

Our comprehensive third-party international channels deliver on our promise to **bring the biggest and best international brands home**. It includes a wide variety of award-winning content including the best of British channels, leading documentary brands and international channel brands.

THIRD-PARTY INTERNATIONAL CHANNELS

We are observing a trend of international channel brands increasingly investing in local content that resonates with our viewers. This included a South African cast of actors performing alongside the original Indian cast of *Mehek*, featured on Zee World. On the Food Network we aired local talent *Siba's Adventures* and *From the Heart with Jenny Morris*. Comedy Central also invested heavily in local talent with *Laugh in your own Language* – a show that features comedians doing stand-up comedy in their mother tongue.

Other international shows featured South African talent as actors, presenters or celebrities as part of the format. In addition to the brands we feature, we also enhanced our international channels offering by launching a leading US women's lifestyle channel, HGTV, and we introduced the leading documentary brand CuriosityStream. We also successfully replaced the Crime and Investigation channel with the successful launch of the crime documentary channel, CBS Justice, in November 2019. We launched Euronews and Africanews to complement our international news offering with European and African perspectives, and we added Trace Gospel for our loyal music devotees. We added two respected and well-loved children's brands to enhance our leading portfolio of children's content with edutainment channels Da Vinci and PBS kids.

CONTENT continued

NIGERIAN AND WEST AFRICAN CHANNELS

Our Africa Magic brand, which includes three language-specific channels, Africa Magic Igbo, Africa Magic Hausa and Africa Magic Yoruba, represents the best of Nigerian storytelling. Our strong local content slate in the region and an effective windowing strategy contributed to the channels' success in this financial year.

The latest instalment of *Big Brother Naija* was yet another massive hit, generating 240m votes – a 38% increase from the previous season. We also introduced localised versions of reality shows such as *Date My Family*, *Confessions*, *Dr Laser* and *Unmarried* to our West African audiences. During the latter part of the year, we created a new Nigerian reality format called *Ultimate Love*. The final episode yielded the perfect ending; a marriage proposal.

Our investment in the Nigerian creative industry resulted in two brand new telenovelas: *Unbroken*, whose popularity prompted media to call it Nigeria's *Game of Thrones*, and the action-packed *Brethren*.

EAST AFRICAN CHANNELS

In East Africa, we design tailormade channels to speak to the needs of specific audiences. You will find Maisha Magic East and the newly launched Maisha Magic Plus in Kenya, Maisha Magic Bongo in Tanzania and Pearl Magic in Uganda.

These channels continued showing significant growth in FY20. Kenya's locally produced telenovelas *Pete* and *Selina* and Tanzania's *Huba* illustrate our quest to create authentic stories that resonate with viewers.

The local version of the home-grown reality show *Our Perfect Wedding* continued boosting viewership figures in Kenya. Subsequently, we extended the love to Uganda this year with its rendition of the show.

To keep programming in Tanzania fresh and give Tanzanian storytellers a place to call home, we introduced the commissioned drama series *Sarafu* and the Swahili dubbed telenovela *Madhubala*. Due to audience response, both were renewed for second seasons. Another popular addition was the docuseries *Maisha Yangu*. We also secured our first exclusive pay-TV channel licensing deal with Clouds Plus (Tanzania) in September 2019.

In Ethiopia, we launched Amharic commentary on SuperSport's football games to improve our local content contribution in the country.

Our East African content received numerous accolades: Maisha Magic East impressed at the Kalasha International Film and TV Awards. *Selina*, *Our Perfect Wedding, Nyanya Rukia* and *The Turn Up* claimed the honours in six categories.

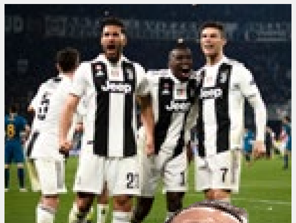
SOUTHERN AFRICAN CHANNELS

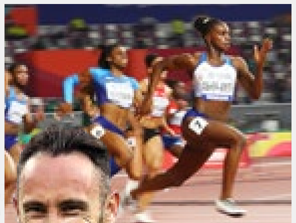
In southern Africa, **the two locally produced telenovelas *Zuba* and *Mpali*** are still the **shining stars of our content offering** on Zambezi Magic, our flagship and top-performing channel in the region.

In the mass market segment on our Access and DTT packages, OneZed, features our wide selection of library content and is resonating well with audiences. We boosted the channel's all-round performance by adding the first season of *Zuba* in October 2019.

When DStv launched a new Portuguese package, called the Familia package in September 2019, it became the number one choice for family viewing in Angola and Mozambique.

CONTENT continued





SPORT

With some 7 500 live feeds a year, and 700 of our own productions, we pride ourselves in being the home of sport on the continent.

This year, we broadcast many great sporting events, including the Cricket and Rugby World Cups and the Africa Cup of Nations (AFCON) football tournament. In addition, leagues such as the EPL and PSL provide appointment viewing and continue to excite our sport fans. Thanks to our streaming services on multiple devices, we will never forget the day many of our Premium subscribers were watching the Cricket World Cup Final Super Over, Wimbledon Final fifth set tie break, and the Silverstone Formula One Grand Prix all at the same time.

The highlight for most South Africans remains the Rugby World Cup, where our Springboks were crowned champions for the third time. An arrangement with the SABC enabled the final match to be broadcast across the country, as we witnessed a remarkable performance by the victorious Springboks.

In addition, SuperSport was appointed as one of four host broadcasters for the Rugby World Cup, with our team producing 10 of the matches broadcast from Japan to the rest of the world. SuperSport was also the production partner for the globally broadcast tennis match-up between Roger Federer and Rafael Nadal from the Cape Town stadium. Super Hero Sunday, a pre-season rugby competition that features the South African franchises participating in the Super Rugby competition, is conceptualised and produced by SuperSport in partnership with the South African rugby union.

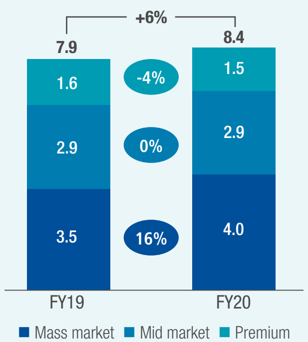
SOUTH AFRICA

OPERATIONS

The MultiChoice Group continues to be the largest benefactor of sport in South Africa and plays a meaningful role in upholding the film and production industry. This year, the group invested ZAR6.2bn in local general entertainment and sport content across the continent, a substantial share of which was spent in South Africa.

OUR CONTRIBUTIONS TO SOUTH AFRICA

- 3 521 fulltime employees (FY19: 3 976)
- ZAR7.4bn total tax contribution (FY19: ZAR6.9bn), paid ZAR3.4bn and collected ZAR4bn
- ZAR211m spent on CSI initiatives[(1)] (FY19: ZAR149m)
- ZAR10.4bn contribution to preferential procurement (FY19: ZAR10.3bn)



[(1)] Includes non-cash advertising donations of ZAR79m in FY20 and ZAR59m in FY19. The CSI spend disclosed in the FY19 integrated annual report related only to cash contributions.

OUR OPERATING PERFORMANCE

In FY20, the South Africa segment accounted for 66.5% (FY19: 67.3%) of group revenues and 43.2% (FY19: 42.8%) of our group 90-day active subscriber base at year-end.

This year was characterised by a tough operating environment for consumer-facing businesses in South Africa, most notably during the second half of the year. While our business has historically been relatively resilient through economic downcycles, we are not immune to their impact. Notwithstanding these macro challenges, we produced solid subscriber growth, adding 0.5m to our subscriber base.

Some of this growth is attributable to COVID-19, with the lockdown in South Africa fuelling increased demand for our product in the last few weeks of the financial year. Nonetheless, we are seeing ongoing underlying demand for both our traditional pay-TV services and OTT products in South Africa, which bodes well for potential growth when the economy turns.

We were pleased to grow our mass market segment by 16%, despite an inflationary price increase at the beginning of the year. This was our first price increase in our Access package since its launch nine years ago.

Our Compact base remained flat for the year, a reflection of the high level of indebtedness and consequent pressure on disposable income in this particular segment of the South African population.

In the Premium segment, our decision not to increase Premium prices, coupled with a strong performance in the Compact Plus package, served to somewhat stabilise the Premium base, with the decline of 4% more muted compared to the prior year's 7%. Retention is just as important as growth. As such, customer satisfaction, and in particular satisfaction with our core content offering, is critical to success. This year, we improved channel satisfaction across all packages and enhanced the catch-up experience with box sets and additional movies; and better VOD compression technology resulted in 30% more on-demand content available on our DStv Explora decoders.

Our intention is to build a loyal customer base that delights in our product and presents future upsell opportunities. This extends to our OTT services such as Showmax and DStv Now. This year we temporarily opened 1Magic, our flagship Compact Plus channel, to the Compact base, which, together with targeted offers successfully enticed customers to upgrade to Compact Plus once the open period ended. Similarly, our Family package exceeded expectations, demonstrating an ability to upgrade Access subscribers into this more complete entertainment offering. As upgrades support an improved ARPU performance, they form an important part of our business strategy. We have a healthy base of 4m mass market subscribers representing a future ARPU uplift opportunity in more buoyant economic times.

This year, ARPU decreased by 4% from ZAR302 to ZAR290, mainly due to our pricing strategies and the ongoing shift in subscriber mix owing to faster growth in lower-tier packages.

Active days, a measure of the proportion of the year that our customers are actively connected to our services, finished on 284 days. This was six days lower than the prior year, indicative of the depressed consumer environment.

In the area of advertising sales, our DStv Media Sales team managed to maintain our market position despite a tough operating environment that saw many customers scaling back on their marketing budgets. Nevertheless, the team continued driving sales, and introduced numerous digital products into their offering that will lessen reliance on traditional linear TV advertising in the future.

These included the introduction of advertising on our digital properties and YouTube channels.

We continue driving operational efficiencies and digital agility. In digital customer service, our efforts continue yielding results. Our WhatsApp self-service platform and DStv self-service application, both launched in FY19, saw strong uptake. Our self-service channels overall account for 66% of all customer interactions, reducing the need for in-person contact. As a result of these changing dynamics, we restructured our customer care division. This was achieved with minimal forced retrenchments.

We embarked on several initiatives to streamline our business, such as discontinuing our printed magazine guides (while providing an improved digital experience instead), discontinuing legacy packages and migrating customers to new ones, closing the VAST Networks business and launching new simplified packages for our business customers. This helped to narrow the focus of the team and reduce complexity, while positioning us well for the future.

We were pleased to **grow our mass market segment** by 16%

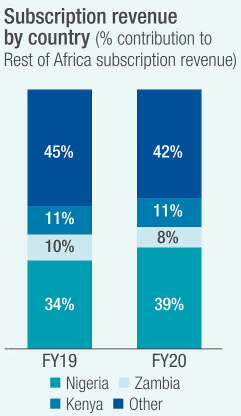
REST OF AFRICA

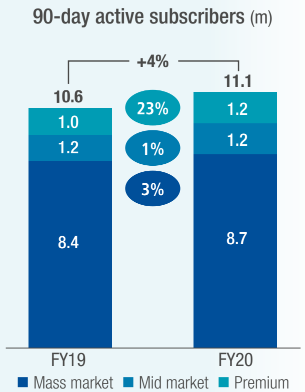
OPERATIONS

We believe our communities represent film producers and sport stars of tomorrow. In FY20, 60 students graduated from our MTF academies, and over 400 filmmakers received online MTF masterclass training across 13 countries. The masterclass training was aimed at transforming passionate youth into skilled filmmakers and storytellers. We also supported local football across the continent.

OUR CONTRIBUTIONS TO OUR REST OF AFRICA MARKETS

- 2 460 fulltime employees (FY19: 2 224)
- ZAR3.8bn total tax contribution (FY19: ZAR2.6bn), paid ZAR1.5bn and collected ZAR2.3bn
- ZAR34m spent on CSI initiatives (FY19: ZAR48m)





OUR OPERATING PERFORMANCE

In FY20, the Rest of Africa segment accounted for 30.1% (FY19: 29.6%) of group revenue, generating reported and organic revenue growth of 4% and 3% respectively YoY. The segment ended the year with 11.1m (FY19: 10.6m) 90-day active subscribers, up 4% YoY (FY19: 18%). The Rest of Africa accounted for 56.8% (FY19: 57.2%) of our group 90-day active subscriber base at year-end. Growth in subscribers was negatively affected by the impact of the drought, electricity shortages and economic distress in Zambia and Zimbabwe. Like in South Africa, we experienced an increase in subscribers at the end of March 2020 due to COVID-19 lockdowns introduced across many of our markets.

Our underlying growth trends per package were somewhat distorted this year by initiatives to incentivise subscribers to upgrade. Our 'step-up' campaign rewarded subscribers for reconnecting by providing temporary access to the package above the one they are subscribed to. As a result, the 23% YoY growth in our Premium segment is not comparable with the 1% and 3% growth rates we showed in our mid and mass market segments.

ARPU decreased by 4% to ZAR110 in FY20 (from ZAR114 in FY19) due to currency weakness, a pick-up in growth towards year-end, lower average engagement levels and specific pricing strategies. Active days declined by 6% YoY on the back of the non-recurring boost from the 2018 FIFA Soccer World Cup in the prior year and a softer consumer environment.

Macroeconomic conditions across sub-Saharan Africa generally remained challenging this year, with numerous country-specific factors impacting our major markets. In certain markets, we are seeing governments pursue additional revenue streams by raising existing taxes (eg using VAT rates) or introducing additional taxes which negatively affect disposable income. Late or non-payment of government employees further exacerbates the problem.

The Angolan economy continued contracting, with lower oil prices and exports resulting in ongoing currency devaluation and high inflation. We implemented cumulative price increases of 38% (ex-VAT) on the back of regulatory approval and in response to the introduction of a 14% VAT rate. Despite this backdrop, our 90-day active subscribers in Angola declined by only 2% YoY.

Droughts in Zambia led to severe electricity shortages (often exceeding 18 hours per day), which materially impacted our subscriber base in the market. Significant increases in electricity prices placed pressure on the disposable income of Zambian consumers. Zimbabwe was also impacted by the drought in southern Africa, which, combined with the general economic collapse and hyperinflationary environment, affected our business significantly. As a result, our Zambian and Zimbabwean 90-day active subscriber bases were down 11% and 41% YoY respectively.

Nigeria experienced a volatile year. Some months experienced record growth and others were negatively impacted by several uncontrollable factors. These included negative sentiment relating to South African companies and their services following xenophobic attacks; rising food inflation in the second half of the year as the government closed borders; and the banning of motorbike taxis in Lagos which resulted in an escalation in travel costs, job losses and longer commuting times. The net effect was a slower 8% YoY growth in our 90-day active subscriber base.

In Kenya, aggressive competitive activity at the lower end of the market initially affected our DTT subscriber growth. However, our price down campaigns stabilised our position and supported strong growth of 16% in our DTH business, resulting in our 90-day active subscribers being flat for the year. These campaigns are aimed at reigniting growth and improving our value proposition.

Despite these varying short-term challenges, we remained focused on capitalising on the significant market opportunity on the continent. Our festive campaign launched in November 2019 achieved higher growth over the holiday period than in any of the preceding eight years, confirming the appeal and demand that exists for our products.

We continued carefully managing and improving the value proposition of our package line-ups, introducing the successful Familia package in Angola, rolling out more tailored packages for the Nigerian market, and selectively introducing price downs in our East African territories. Football events performed well and *Big Brother Nigeria* drove record engagement as demonstrated by voting through the MyDStv and MyGOtv apps.

During FY20, our CSAT score further improved and we achieved a score of 71% for DStv and 70% for GOtv (FY19: 70% and 67% respectively), both ahead of target. We also successfully launched and/or improved our DStv and GOtv websites and dedicated applications, and our WhatsApp self-service and live chat services across several markets. We further improved user login, customer payments, viewer voting and other functionality, an ongoing process to enhance user experience. To improve efficiencies, we streamlined and automated certain processes pertaining to the maintenance of our customer-facing and other technology systems.

Our festive campaign achieved **higher growth** over the holiday period than in any of the preceding 8 years

CONNECTED VIDEO

OPERATIONS

OUR OPERATING PERFORMANCE

Our connected video division is responsible for building and operating online digital video services for the group under DStv Now and Showmax.

DStv Now is a free mobile companion product for DStv subscribers, and Showmax is a paid subscription VOD service offered to everyone. It is offered as a value-added service to DStv Premium subscribers and at a discount to other DStv subscribers (Compact and Compact Plus). Both connected services are available on a wide variety of platforms such as smartphones/smart mobile devices, computers/laptops, gaming consoles, smart TVs and the DStv Explora decoder.

Our strong content identity, focused on addressing local interests and cultural preferences, is what sets us apart from our competitors in the OTT market. We prioritise data privacy as a matter of material concern and regularly monitor our compliance with data privacy legislation such as the General Data Protection Legislation (GDPR) in how we handle customer data.

During FY20, our connected video services continued growing across all three major metrics – unique active users, play events and average viewing time. We also achieved strong growth in subscribers paying for Showmax, benefiting from targeted marketing campaigns and supported by our quality content slate, which now boasts 50% local content. The Rugby World Cup recorded unprecedented usage of the DStv Now service, reaching more than 500 000 unique users during the final match and accounting for 4TB of data consumed per minute.

The COVID-19 lockdown in South Africa drove a 50% spike in active users and a doubling of play events. The ramping up of activity we witnessed this year, even before the COVID-19 uptick, gives us confidence that we are well positioned to capture future growth opportunities in the market. The cost of data and access to connectivity impact the rate of widespread adoption of streaming services in a number of our markets across Africa.

This year we prioritised the rollout of Showmax into the Rest of Africa, launching in Nigeria with locally relevant content and payment methods that resonate with the target audience. In addition, we launched a mobile-only version of the Showmax product in Nigeria, Kenya and South Africa, with mobile now accounting for 20% of new Showmax subscribers. We experimented with a trial of sport highlights, live sport games and magazine and sport shows on Showmax to understand consumer usage and appetite. During the COVID-19 outbreak, we leveraged this technology to add live news and educational content onto the platform to help our consumers stay informed.

On the technical front, we concluded the DStv Now 2.0 rollout during the year, which saw significant improvements in usability and the user experience of customers. This triggered an improvement in average app store ratings to 4.4 stars compared to 2.2 in previous years. DStv Now was declared Ghana's favourite entertainment application for the second consecutive year at the annual MOBEX Africa Awards. Showmax saw a significant enhancement to its Kids section, with the inclusion of curated content for specific age groups, child profiles and parental control functionality.

We believe we have the right assets to succeed and for connected video services to become a meaningful aspect of our business over time.

Usage metrics (% YoY growth)		
Monthly active users	Play events	Average viewing time
+39%	+85%	+18%

IRDETO

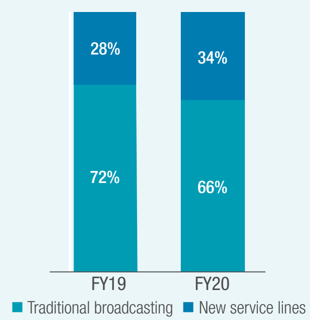
OPERATIONS

OUR OPERATING PERFORMANCE

Irdeto services both MultiChoice Group companies and more than 400 external clients. Revenue from MultiChoice Group companies accounted for 50% of total Irdeto revenue in FY20 (FY19: 52%), which is eliminated on consolidation.

As a key service provider to our group, Irdeto provides encryption and conditional access solutions for our decoders and OTT services. In addition, Irdeto helps us combat piracy across the African continent. This year, Irdeto disconnected 2 192 illegal rebroadcasting and streaming operators, resulting in the elimination of pirated video entertainment services to 0.9m households.

Irdeto revenue by source (%)



We broadly manage our business across two major segments, namely a media security segment and a connected industries business.

In our media segment, the content protection market is fairly mature, typically resulting in low single-digit, industry-level growth. The industry is also affected by traditional pay-TV operators in developed markets coming under pressure due to shifting industry dynamics resulting from growing competition in OTT. However, this provides new business opportunities, either through traditional operators adapting or with new market entrants. Given broadband constraints, emerging markets are less affected and Irdeto completed the design and testing of new products for major new pay-TV customers in India this year. There are also opportunities for us to pursue through other forms of digital content, like gaming. We recently trialled exciting new security products for anti-cheat and mobile gaming through our subsidiary, Denuvo.

Content protection is an industry that has historically been led by a small number of vendors, who subsequently acquired smaller competitors to gain market share. Despite this market consolidation, we successfully increased our market share and are the second largest content protection vendor globally by volume of shipments.

Irdeto remains well positioned to maintain and grow our position in the market, given our differentiated offering, established brand name, long-standing market reputation and partnerships, and consistent focus on innovation. These innovations include the introduction of flexible, software-based conditional access systems for broadcast and internet protocol television (IPTV) operators, advanced multidigital rights management (DRM) support, and extensive cybercrime protection services.

In our connected industries segment, our focus on diversifying our revenue streams continued yielding positive results. We are progressing with embedded security for automotive manufacturing clients and the first vehicles with Irdeto security onboard deployed during the year. We also see opportunities in related industries such as construction equipment leasing and rental fleet management. In the past year, we won our first major industrial IoT customer.

Going forward, we see potential opportunities in other areas where data security is critical.

CHIEF FINANCIAL OFFICER'S

PERFORMANCE REVIEW

"Despite global and country-specific macroeconomic challenges, the group delivered pleasing operational and financial results with subscriber growth of 0.9m, an increase in core headline earnings per share of 39% and free cash flow growth of 59%. We, however, remain cautious on our outlook given the uncertain economic landscape that lies ahead."

Tim Jacobs
Chief financial officer

SUBSCRIBER GROWTH OF
0.9m to 19.5m
SUBSCRIBERS

39% growth
IN CORE HEADLINE EARNINGS PER SHARE

59% growth
IN FREE CASH FLOW

Execution of
PHUTHUMA NATHI SHARE SWAP

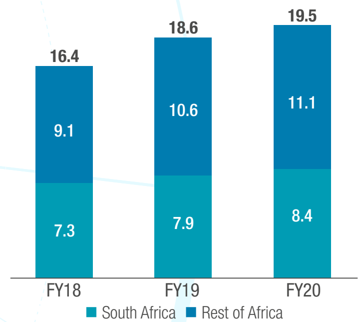
ZAR14.1bn
IN AVAILABLE LIQUIDITY AT 31 MARCH

ZAR1.7bn
IN SHARE BUYBACKS

OPERATIONAL PERFORMANCE REVIEW

Subscriber growth was muted due to challenging market conditions and consumer affordability, with some upside seen at the end of March due to COVID-19 lockdowns driving reconnections.

Subscribers (m)



The group added 0.9m 90-day active subscribers to reach 19.5m households as at 31 March 2020. This rate of growth is somewhat lower compared to the prior year due to:

- Rising consumer pressure in many markets
- Drought-related electricity shortages in southern Africa
- Non-recurrence of specific one-off events (such as the FIFA Soccer World Cup) in the comparative period

The 90-day active subscriber base comprises 11.1m subscribers (57%) in the Rest of Africa and 8.4m (43%) in South Africa.

Declared maiden dividend of **ZAR2.5bn**

Strong business continuity around COVID-19

CHIEF FINANCIAL OFFICER'S PERFORMANCE REVIEW continued

REVIEW OF FINANCIAL PERFORMANCE

Our priority remains growing the top line in a challenging macroeconomic environment while executing on the group's robust cost optimisation programme. A further ZAR1.4bn in costs were removed in FY20, with positive operating leverage maintained. Trading margins expanded to 16% from 14% in the prior year.

	FY18 (ZAR'bn)	FY19 (ZAR'bn)	FY20 (ZAR'bn)	Organic growth FY19 (%)	Organic growth FY20 (%)	Ref
Revenue	47.5	50.1	**51.4**	6	**2**	1
Costs	(41.1)	(43.1)	**(43.4)**	2	**(3)**	2
Trading profit	6.4	7.0	**8.0**	27	**29**	3
Net interest paid	(0.8)	(0.5)	**(0.6)**			
Taxation	(3.7)	(3.8)	**(3.4)**			4
Non-controlling interests*	(1.1)	(1.0)	**(1.4)**			4
Other gains/(losses) – net	0.9	0.1	**(0.1)**			5
Core headline earnings	1.6	1.8	**2.5**	10	**38**	6
Core headline earnings per share (cents per share)	374	410	**569**	10	**39**	6
Trading profit margin	13.4%	14.0%	**15.6%**			3
Effective tax rate*	59%	75%	**65%**			4

**FY19 excludes the impact of the once-off empowerment transaction.*

1. Top-line momentum was affected by modest subscriber growth, the group's strategic decision not to increase Premium prices in South Africa, a reduction of prices in our East African markets, lower hardware revenues and a reduction in sublicence revenues from the South African public broadcaster. Our technology business, Irdeto, increased its contribution to revenue by 12%.
2. A strong focus on cost containment allowed for a further ZAR1.4bn in costs to be eliminated from the base during the year. Overall costs reduced 3% YoY on an organic basis and resulted in positive operating leverage.
3. Trading margins have expanded from 13.4% to 15.6% from FY18 to FY20, with stable margins in South Africa, reduced losses in the Rest of Africa and strong financial performance from the technology segment, Irdeto.
4. The group effective tax rate remains in a range of 60% to 75% driven by losses in the Rest of Africa, which negatively impacts profit before tax and distorts calculations. Non-controlling interests increased in FY20 due to a higher non-controlling interest in South Africa due to the weighted net effect of the additional 5% allocation to Phuthuma Nathi in March 2019 and the Phuthuma Nathi share swap (1.4% impact) in October 2019.
5. Other gains have remained stable in the last two financial years and comprise mainly the adjustment for unrealised foreign exchange included within trading performance.
6. Core headline earnings per share was up 39% on the prior year. When normalising for the impact of the Phuthuma Nathi non-controlling interest movements, growth would have been 57%.

REVIEW OF CASH GENERATION

The group delivered strong growth in free cash flow of 59% which was partially reinvested into Phuthuma Nathi dividends, share buybacks and funding the group share plan.

	FY18 (ZAR'bn)	FY19 (ZAR'bn)	FY20 (ZAR'bn)	FY19 growth (%)	FY20 growth (%)	Ref
Trading profit	6.4	7.0	**8.0**			
Non-cash adjustments	3.9	4.2	**4.4**			1
Working capital investment	(3.1)	(1.7)	**(0.4)**			2
Cash from operations	7.2	9.4	**12.1**	30	**28**	
Capex	(0.8)	(1.0)	**(0.8)**			3
Lease repayments	(1.4)	(1.5)	**(2.1)**			3
Taxation paid	(3.7)	(3.7)	**(4.0)**			4
Other operational cash movements	0.3	0.0	**0.0**			
Free cash flow	1.7	3.3	**5.2**	96	**59**	
Add: Net interest received	0.3	0.2	**0.2**			
Less: Net cash to Naspers	(2.4)	(0.1)	**–**			
Less: Phuthuma Nathi and other non-controlling interest dividends	(1.4)	(1.5)	**(1.6)**			5
Less: Share buybacks	–	–	**(1.7)**			6
Less: Other cash movements	0.0	(0.1)	**(0.1)**			
Retained free cash flow	(1.9)	1.9	**2.1**			
Less: Increase in restricted cash	–	–	**(0.5)**			7
FX translation of foreign cash balances	(0.6)	0.7	**0.8**			8
Increase in cash and cash equivalents	(2.5)	2.7	**2.4**			

1. Non-cash adjustments remain in line with prior years and include depreciation, amortisation, net realisable value adjustments on inventory and non-cash hedge accounting movements.
2. Working capital investment reduced due to the non-recurrence of inventory build-up ahead of the FIFA Soccer World Cup in FY19, limited sport prepayments in FY20 and the timing of creditor payments.
3. Capital expenditure of ZAR0.8bn was slightly down on the prior year and included a ZAR0.2bn investment as part of a multiyear programme to futureproof the group's customer service, billing and data capabilities. The increase in lease repayments was due to the implementation of IFRS 16, the end of the satellite lease payment holiday in southern Africa and an increase due to the ZAR depreciation on US$-based lease payments (these are partially offset by hedging gains reflected in payables within working capital).
4. As one of the largest taxpayers in Africa, the group paid direct cash taxes of ZAR4.0bn, slightly higher than the prior year driven by improved profitability.
5. Dividends to Phuthuma Nathi increased in the current year due to the additional 5% share allocation in South Africa in March 2019.
6. Share transactions are discussed later in this report.
7. Restricted cash relates to initial margin deposits on Nigerian futures of ZAR0.5bn which are used to hedge Naira currency depreciation. This became material for the first time in this financial year and has therefore been disclosed separately.
8. The translation of foreign cash reserves, mainly held in US$, has increased the cash balance in the past two financial years.

CHIEF FINANCIAL OFFICER'S PERFORMANCE REVIEW continued

REVIEW OF FINANCIAL POSITION

We continue to focus on managing the balance sheet and improving cash generation through a disciplined capital allocation approach.

	FY18 (ZAR'bn)	FY19 (ZAR'bn)	FY20 (ZAR'bn)	FY19 growth (%)	FY20 growth (%)	Ref
Non-current assets	24.1	23.7	**25.4**	(2)	**7**	1
Current assets	14.5	17.3	**20.8**	20	**20**	2
Total assets	38.6	41.0	**46.3**	6	**13**	
Non-current liabilities	28.5	15.2	**18.2**	(47)	**20**	3
Current liabilities	16.0	16.0	**18.3**	(0)	**14**	3
Total liabilities	44.6	31.2	**36.5**	(30)	**17**	
Equity	(6.0)	9.8	**9.8**	nm	**0**	
Key ratios						
Liquidity (>1)	0.90	1.08	**1.14**			
Leverage (including leases)	2.57	0.88	**0.85**			4
Return of capital employed	26.2%	29.5%	**30.3%**			5
Interest cover (times)	63.0	33.7	**34.2**			

1 Non-current assets increased from the prior year due to higher derivative assets related to forward exchange contracts and an increase in deferred tax assets due to timing differences primarily relating to unrealised foreign exchange movements on transponder leases (the group has recognised no material deferred tax assets on unutilised tax losses).

2 Current assets increased due to higher cash balances and the current portion of a more favourable derivative mark-to-market position against the US$.

3 The increase in total liabilities is primarily due to the implementation of IFRS 16 and an increase in programme and film rights due to timing of rights payments. Leases and programme and film rights are largely denominated in foreign currency and therefore also increased due to the ZAR depreciation from a closing rate of ZAR14.50 in FY19 to ZAR17.86 in FY20. A change in accounting policy due to the IFRIC 23 interpretation on disclosure of uncertain tax matters resulted in a restatement of the line in which tax provisions are included. As this was all within current liabilities, no key financial ratios or comparisons were affected.

4 The group retains a low level of gearing, which provides financial headroom to navigate both challenges (COVID-19 and other macroeconomic) and opportunities into the future.

5 Measured as trading profit divided by average total assets less average current liabilities. Return on capital employed has seen a steady improvement from 26% in FY18 to more than 30% in FY20, driven by increased profitability and the current cycle of low capital intensity.

COVID-19 AND OIL PRICE

The COVID-19 pandemic has had a significant impact across the world, adversely affecting the lives of the group's customers and its employees. Simultaneously the oil price, which impacts material markets such as Nigeria and Angola, has reduced. The following table outlines the group's early assessment of the impact on the group:

Risk factor	MultiChoice Group application	Short-term impact	Long-term impact	Management's response
Foreign exchange rates	• Local revenues earned in US$ • US$ costs outside of hedging window	Low (hedging in place up to 36 months)	High	• Continue robust hedging programme • Move more costs to local currency • Cost optimisation programme • Contractual currency protection
Economic impact (unemployment)	• Lower GDP growth rates leading to higher unemployment will lead to rising consumer pressure and lower subscriber growth rates	Moderate (lockdowns create priority towards video entertainment)	High	• Deliver on core strategy • Cost optimisation process • Improve value perception to customers • Leverage partnerships
Commercial subscribers unable to trade	• Majority of hotels and pubs/ restaurants are currently unable to operate resulting in churn	Moderate (approximately 2% of group revenue)	Low	• Offer payment relief to commercial subscribers • Manage relationships and reconnect as reopening occurs
Business continuity	• Shift to new ways of working • Ensure no services disrupted • Adhere to government regulations	Low	Low	• Business continuity plans implemented successfully • No disruption to services to date • Continue to manage closely

CHIEF FINANCIAL OFFICER'S PERFORMANCE REVIEW continued

Risk factor	MultiChoice Group application	Short-term impact	Long-term impact	Management's response
Content disruptions	• General entertainment content largely unaffected • Sport events delayed, but starting to recommence	Moderate (mainly downtrading rather than disconnection)	Low	• Continue to deliver quality general entertainment offering • Provide subscriber specials to reduce dormancy • Leverage sport leagues recommencing with marketing drive • Obtain contractual financial relief for events cancelled/ changed (no play, no pay)
Supply chain interruptions	• Delay in set-top box deliveries affecting growth in subscribers • Interruption in supply to technology segment	Low	Low	• Limited delivery interruption seen thus far or expected at this stage

SHARE TRANSACTIONS

Phuthuma Nathi share swap executed in line with prior commitments

The group remains fully committed to BBBEE and transformation. The Phuthuma Nathi share swap, which was a once-off offer, was finalised on 28 October 2019 and resulted in 3.7m shares being issued to Phuthuma Nathi shareholders, while the group acquired 3.8m shares in Phuthuma Nathi in return. Following the conclusion of this share swap, the group's overall interest in MultiChoice South Africa increased from 75.0% to 76.4%.

Share buyback programme commenced

The group identified that there was a mismatch between the share price and the internally calculated intrinsic value of the group. The board approved the repurchase of 10.1m ordinary shares between September 2019 and March 2020 at an average price of ZAR96 per share. These shares are currently held as treasury shares.

Funding of the group share plan

In order to fund the first allocation under the group restricted share plan, 5.5m shares were repurchased in June 2019 at a cost of ZAR0.7bn. These are held in the group share trust until vesting occurs between years three and five from the date of the award. The group's intention remains to limit shareholder dilution by buying back shares in the open market to fund future long-term incentive awards.

MAIDEN DIVIDEND

Dividend declared of ZAR2.5bn in line with previous commitments

The board recommends that a maiden gross dividend be declared at 565 SA cents per listed ordinary share (ZAR2.5bn).

PROSPECTS

The group's focus for the year ahead, subject to a stable regulatory environment and the unknown impact of COVID-19, will be to continue scaling its video entertainment services across the continent (mainly in the mid and mass markets, as well as OTT).

The group will keep exploring new opportunities to further expand our existing ecosystem, offering new products to enhance customer experiences and to increase revenues. It will also look to further increase its investment in local content and accelerate the uptake of OTT products by differentiating and strengthening the product offering. Our ambition is to drive further subscriber growth, scale Irdeto to a leading media and cybersecurity business globally and to continue building a sustainable business that delivers value for our stakeholders. We will also continue to invest in the development of our people and our social initiatives to continue making a meaningful impact in the communities where we operate.

Given the risks associated with a weak macro and consumer environment, and heightened by COVID-19, the group will prioritise cash generation and maintain balance sheet strength.

APPRECIATION

I would like to thank my colleagues on the board and the group executive committee for their support and leadership during the year. I also wish to express my appreciation for the dedication and hard work of our finance teams across the group. Finally, I would like to thank our shareholders for their interest and investment in MultiChoice.

Tim Jacobs
Chief financial officer

10 June 2020

CORPORATE GOVERNANCE

OUR BOARD OF DIRECTORS

Mohamed Imtiaz Ahmed (Imtiaz) Patel (56)

Chair and executive director | HDipEdu | Appointed 6 December 2018 | South African

Imtiaz was the CEO of the Naspers video entertainment segment and was previously CEO of the MultiChoice South Africa Group, MultiChoice South Africa Holdings Limited (MultiChoice South Africa) and SuperSport International. He won the prestigious Naspers Phil Weber award in 2009. Prior to that, he was the director of professional cricket at the United Cricket Board of South Africa. He holds a Higher Diploma in Education from the University of the Witwatersrand, completed the executive PMD programme offered by the University of Cape Town's Business School, and completed the senior executive programme at Harvard Business School.

Jabulane Albert (Jabu) Mabuza (62)

Lead independent non-executive director | DCom (Honoris Causa) | Appointed 5 July 2019 | South African

Jabu currently serves as the chairman of Sun International Limited and Net 1 UEPS Technologies, Inc. He was previously the interim executive chairman and acting group chief executive of Eskom SOC Limited, chairman of Telkom SA SOC Limited, Anheuser-Busch InBev/SABMiller – Africa, Business Leadership South Africa, and the Casino Association of South Africa. He served as the president of South Africa's apex business body, Business Unity South Africa (BUSA) until 2018. Outside of South Africa, he served on the boards of Tanzania Breweries Limited and Castle Brewing Company in Kenya, on the Corporate Council on Africa in Washington DC as a board member, and on the World Travel and Tourism Council (WTTC) in England (UK) as an executive committee member; he was chair of the Regional Business Council for the World Economic Forum; participated in the B20 G20 Delegation to all the B20/G20 Summits and matters over the years; and was appointed to the Concordia Leadership Council based in New York (USA). Jabu holds a Doctorate in Commerce (Honoris Causa) from the University of the Witwatersrand.

Calvo Phedi Mawela (43)

CEO | BScEng (Electrical) | Appointed 6 December 2018 | South African

Calvo was the CEO of MultiChoice South Africa after holding office as the head of stakeholder and regulatory affairs and executive in the chair's office. He previously held positions as an engineer at Sentech and a broadcasting spectrum manager at ICASA. He also served in several ministerial advisory task teams, including the Digital Migration Working Group, Digital Dzonga and the ICT Policy Review Panel. He also serves as a Commissioner to the Presidential Commission on 4IR. He holds a Bachelor of Science in Electrical Engineering from the University of KwaZulu-Natal (previously University of Durban-Westville), a Management Advancement Programme (MAP) Postgraduate Diploma from Wits Business School, and a Postgraduate Diploma Economics for Competition Law from King's College, London.

Timothy Neil (Tim) Jacobs (51)

CFO | HDipAcc and CA(SA) | Appointed 6 December 2018 | South African

Tim was previously the CEO of MultiChoice Africa and CFO of the Naspers video entertainment segment. He previously held positions as the interim CFO of Altron Group, CFO of Nampak Limited and CFO of Transaction Capital Limited. He holds a Bachelor of Commerce, a Higher Diploma in Accounting from Rhodes University and is a chartered accountant (CA(SA)).

Donald Gordon (Don) Eriksson (75)

Independent non-executive director | Certificate in the Theory of Accounting and CA(SA) | Appointed 6 December 2018 | South African

Don served as the chair of the audit and risk committees of MultiChoice South Africa for several years. He serves as an independent non-executive director of the Naspers/Prosus Group and chairs the audit, risk, and social, ethics and sustainability committees of the group. He also serves as chair of Oakleaf Insurance Company Limited and Renasa Insurance Company. He was a trustee/committee chair of Discovery Health Medical Aid and retired in 2017. He was previously a partner at PwC and served as an executive director of the Commercial Union group of companies and the council of the Institute of Directors in South Africa, of which he is an honorary life member. Don holds a Certificate in Theory of Accounting and is a CA(SA).

Francis Lehlohonolo Napo (Nolo) Letele (70)

Non-executive director | BSc (Hons) (Electronic Engineering) | Appointed 6 December 2018 | South African

Nolo joined M-Net in 1990 and pioneered MultiChoice's expansion outside of South Africa. In 1995, he moved to the Republic of Ghana, where he served as West African regional general manager. In 1999, he was appointed CEO of MultiChoice South Africa, and later served as the MultiChoice Group CEO until 2010, when he was appointed executive chair of MultiChoice South Africa. He won several awards including Media Man of the Year in 2001 (Saturday Star – Business Report); Media Owner of the Year in 2003 (Financial Mail Adfocus); won Naspers's prestigious Phil Weber Award in 2004; and received the Lifetime Africa Achievement Prize for media development in Africa (Millennium Excellence Foundation) in 2012. He holds a Bachelor of Science (Honours) in Electronic Engineering from the University of Southampton. Nolo is a non-executive director for MultiChoice South Africa, Naspers and Prosus boards.

OUR BOARD OF DIRECTORS continued

Elias Masilela (56)

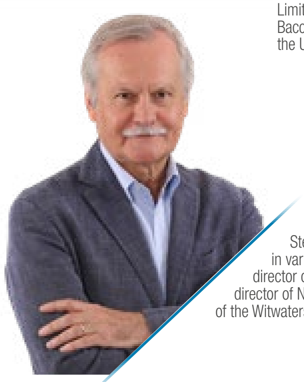
Independent non-executive director | BSocSci (Economics and Statistics) and MSc (Economic Policy and Analysis) | Appointed 6 December 2018 | South African

Elias previously served as the CEO of the Public Investment Corporation Limited, the head of policy analysis at Sanlam Limited and the deputy director general at the National Treasury. He is also chair of Sanlam, Ingagaru Investments and Capital Harvest. He is a member of several strategic boards in South Africa. Elias is a former board member of the South African Reserve Bank, Government Employees Pension Fund and United Nations Global Compact, among others. He holds a Bachelor of Social Science in Economics and Statistics from the University of Swaziland and a Master's in Economic Policy and Analysis from Addis Ababa University.

Adv Kgomotso Ditsebe Moroka (65)

Independent non-executive director | BProc and LLB | Appointed 6 December 2018 | South African

Kgomotso is a senior counsel of the High Court of South Africa, and a trustee of the Nelson Mandela Children's Fund and Hospital and the Apartheid Museum. She is the founder of New Seasons Investments Holdings, serves as chair of the board of directors of Royal Bafokeng Platinum Limited and holds non-executive directorships at Standard Bank Group Limited and Netcare Limited. Kgomotso served as the chair of M-Net's Phuthuma Futhi Trust. She holds a Baccalaureus Procurationis (South Africa) from the University of the North and an LLB from the University of the Witwatersrand.



Stephan Joseph Zbigniew (Steve) Pacak (65)

Independent director | CA(SA) | Appointed 6 December 2018 | South African

Steve is a director of MultiChoice South Africa and previously served in various executive positions in the group. He serves as a non-executive director on the Naspers board and previously served as the financial director of Naspers. He holds a Bachelor of Accounting from the University of the Witwatersrand and is a CA(SA).

Christine Mideva Sabwa (47)

Independent non-executive director | Certified Public Accountant of Kenya (CPA(K)) | Appointed 14 May 2019 | Kenyan

Christine has a strong background in accounting and her experience spans numerous industries, including financial services, telecommunications and insurance. Over the past 21 years, she gained experience in audit, accounting, special investigations, revenue assurance, risk management, banking, governance and digital finance. With a successful career in financial services across consulting, insurance and banking, Christine was one of the first Kenyans to be expatriated to Standard Bank South Africa where she served as senior manager, overseeing the strategic finance and tax function of operations in 15 African countries. She is the managing partner at Sabwa and Associates based in Nairobi, servicing financial advisory needs in Kenya.

Dr Fatai Adegboyega Sanusi (58)

Independent non-executive director | MBBS, FRCOG | Appointed 5 July 2019 | British Nigerian

Dr Sanusi is a senior consultant in the UK National Health service, serving in this position for 19 years at West Hertfordshire NHS Trust. He has many years of experience in governance and risk management at board level. He is active in education and training and served as training director. He was clinical director on many management committees including financial and future planning. He is a Fellow of the Royal college in England.

Dr Sanusi holds a Bachelor of medicine and Bachelor of surgery from the university of Lagos.

Louisa Stephens (43)

Independent non-executive director | BBusSc (Finance), CA(SA) and CD(SA) | Appointed 6 December 2018 | South African

Louisa is the founder of Prime Select Holdings. She serves as a director of Royal Bafokeng Platinum Limited and the Institute of Directors in South Africa. She previously served as chief investment officer of Circle Capital Ventures, director of African Bank Limited and fund manager at the uMnotho Fund at the National Empowerment Fund. She holds a Bachelor of Business Science and Bachelor of Accounting, is a CA(SA) and chartered director (South Africa) (CD(SA)).

John James (Jim) Volkwyn (62)

Non-executive director | CA(SA) | Appointed 6 December 2018 | South African

Jim has been a director of MultiChoice South Africa since March 2007. He previously served as CEO of the Naspers global video entertainment segment. He holds a Bachelor of Commerce (Honours) from the University of Cape Town and is a CA(SA).

OUR APPROACH TO GOVERNANCE

The MultiChoice Group is committed to the highest standards of corporate governance, ethics and integrity, which we believe support our ability to create value for all stakeholders. We continue entrenching the principles of sound corporate governance throughout our multinational organisation, applying appropriate ethics and standards in the conduct of our business affairs. The board understands and accepts its responsibility to safeguard and represent the interests of the group's stakeholders to create a successful and sustainable business that delivers on the group's strategic objectives.

OUR GROUP GOVERNANCE FRAMEWORK

The board is the custodian of the group's corporate governance. The board and its committees, as well as the boards and committees of its subsidiaries, are responsible for ensuring the appropriate principles and practices of King IV are applied and embedded in the governance practices of group companies.

A disciplined reporting structure ensures the board is fully apprised of subsidiary activities, risks and opportunities. All controlled entities in the group are expected to demonstrate good governance as set out in King IV, taking into account proportionality considerations. This means the practices needed to demonstrate the group's governance in terms of King IV are applied across the group as appropriate. The companies within the group are diverse and at different maturity stages and thus a one-size-fits-all approach cannot be followed when implementing governance practices. While good governance principles apply to all types and sizes of organisations, the practices implemented by each organisation to achieve the principles are tailored to each unique entity. Practices are implemented as appropriate to give effect to overarching good governance principles. As part of the internal annual CEO/CFO sign-off process, businesses across the group are requested to confirm that they have aligned their policies to the MultiChoice Group policies which set out the minimum standards across all jurisdictions.

Business and governance structures have clear approval frameworks that are reviewed on an annual basis and aligned to the group levels of authority approved by the board annually. The board is satisfied that the delegation of authority framework contributes to role clarity and the effective exercise of authority and responsibilities. In relation to assessing corporate governance services, the MultiChoice Group has an internal company secretariat function, and an annual assessment of the company secretary's performance, qualifications and skills is undertaken.

OUR KING IV JOURNEY

The board recognises the link between effective governance, sustainable performance and the creation of long-term value for all its stakeholders. The board is committed to the principles of transparency, integrity, fairness and accountability, and recognises the need to implement good corporate governance principles. The board applies the principles of King IV, which forms the cornerstone of our approach to governance. We support the overarching goals of King IV, being:

ETHICAL CULTURE	GOOD PERFORMANCE	LEGITIMACY	EFFECTIVE CONTROL
Page 131	Page 133	Page 134	Page 136

A thorough and comprehensive review was conducted in relation to each principle and underlying recommended practice under King IV. In terms of the JSE Listings Requirements, the MultiChoice Group is required to report against the application of the principles of King IV. In line with the overriding principle in King IV of 'apply and explain', the board, to the best of its knowledge, believes the group satisfactorily applied the principles of King IV, with 100% of the principles being applied and all of the recommended practices which are considered appropriate by the board having been adopted.

For a more detailed review, see the King IV application report on our website https://www.multichoice.com/investors/governance/.

The group continues developing its governance policies, practices and procedures in line with an integrated governance, risk and compliance framework. The board is satisfied every effort was made in the year under review to apply all material aspects of King IV, where appropriate and relevant. The group continues entrenching and enhancing its understanding and application of the practices and principles of King IV.

OUR LEADERSHIP

BOARD

The MultiChoice Group has a unitary board, which provides oversight and control. The board charter sets out the division of responsibilities, providing for delegation of authority and enabling the board to retain effective control. The board delegates authority to established board committees and to the CEO, with clearly defined mandates. The majority of board members are non-executive directors and independent of management. To ensure no one individual has unfettered powers of decision-making and authority, the roles of the chair, lead independent director and CEO are separate and well defined.

The board's responsibilities include providing the group with clear strategic direction, ensuring there is adequate succession planning at senior levels, reviewing operational performance and management and reviewing policies and processes that seek to ensure the integrity of the group's risk management and internal controls. The board is the focal point and custodian of corporate governance, exercising its leadership and oversight role by annually approving the strategy and the business plan and overseeing implementation. Its role, responsibilities, membership requirements and procedural conduct are documented and are set out in the board charter, which it regularly reviews to guide its effective functioning. In addition, it is the board's responsibility to ensure compliance with all statutory and regulatory requirements, and in particular the Companies Act and the JSE Listings Requirements.

For our board's detailed curricula vitae (CVs), see page 122.

BOARD MEETING ATTENDANCE AND APPOINTMENT DETAILS

Name	Designation	Initial appointment date	Attendance
Imtiaz Patel	Executive director	6 Dec 18	7/7
Calvo Mawela	Executive director	6 Dec 18	7/7
Tim Jacobs	Executive director	6 Dec 18	7/7
Steve Pacak	Independent non-executive director	6 Dec 18	7/7
Jabu Mabuza	Independent non-executive director	5 Jul 19	5/5
Louisa Stephens	Independent non-executive director	6 Dec 18	7/7
Adv Kgomotso Moroka	Independent non-executive director	6 Dec 18	7/7
Elias Masilela	Independent non-executive director	6 Dec 18	7/7
Dr Fatai Sanusi	Independent non-executive director	5 Jul 19	5/5
Christine Sabwa	Independent non-executive director	5 May 19	6/6
Don Eriksson	Independent non-executive director	6 Dec 18	7/7
Nolo Letele	Non-executive director	6 Dec 18	5/7[1]
Jim Volkwyn	Non-executive director	6 Dec 18	7/7

[1] Nolo could not attend two consecutive board meetings due to medical reasons and the board chair accepted his apologies accordingly.

Director changes FY20	
Steve Pacak	Stepped down as lead independent director with effect from 3 April 2020; stepped off audit and risk committees with effect from 3 April 2020; and will retire as a director with effect from the day following the April 2021 board meeting.
Louisa Stephens	Appointed as the audit and risk committees' chair with effect from 3 April 2020.
Jabu Mabuza	Appointed 5 July 2019 as director; appointed as nomination committee and remuneration committee member with effect from 9 November 2019; and appointed as the lead independent non-executive director and remuneration committee chair with effect from 3 April 2020.
Elias Masilela	Categorised as an independent non-executive director on 2 April 2020; and appointed as a member of the audit and risk committees from 3 April 2020.
Dr Fatai Sanusi	Appointed 5 July 2019 as director; and appointed as social and ethics committee member with effect from 9 November 2019.
Christine Sabwa	Appointed 14 May 2019 as director; appointed as audit and risk committees member with effect from end-June 2019; and appointed as social and ethics committee member and chair with effect from 3 April 2020.
Don Eriksson	Retired with effect from 11 June 2020.

BOARD COMPOSITION AND SUCCESSION PLANNING

The group recognises that a balanced board supports value creation. The board, supported by the nomination committee, determines its size and composition subject to the company's memorandum of incorporation (MOI), applicable legislation and regulatory requirements, and King IV. Directors are elected by shareholders at the AGM. Non-executive directors bring diverse perspectives and independence to the board's decision-making, and executive directors offer insight into the business's operations. The CEO and CFO (referred to as the financial director by the JSE) are board members. To support the board, where necessary, subject matter experts are available for matters requiring specialised guidance.

As at year-end, the board comprised 13 directors – three executive directors (chair, CEO and CFO) and 10 non-executive directors, eight of whom are independent. No director has served as a director of the MultiChoice Group for longer than nine years. No director has unfettered powers of decision-making.

None of the directors, other than the executive directors, have a fixed term of appointment and one-third of the non-executive directors are subject, by rotation, to retirement and re-election by shareholders at every AGM, in accordance with the company's MOI. The mandatory retirement age for non-executive directors is 75, at which time the director shall vacate office at the end of the financial year in which that director turns 75, unless the board, in its discretion, decides otherwise.

The composition of the board (including board member rotation) is reviewed annually, in accordance with the board charter and the board's diversity policy, by the nomination committee, which makes recommendations to the board. The composition of the board is considered holistically, considering all aspects of diversity (including gender and race) in terms of its diversity policy, and capitalising on differences in the skills, geographical and industry experience of its members.

OUR LEADERSHIP continued

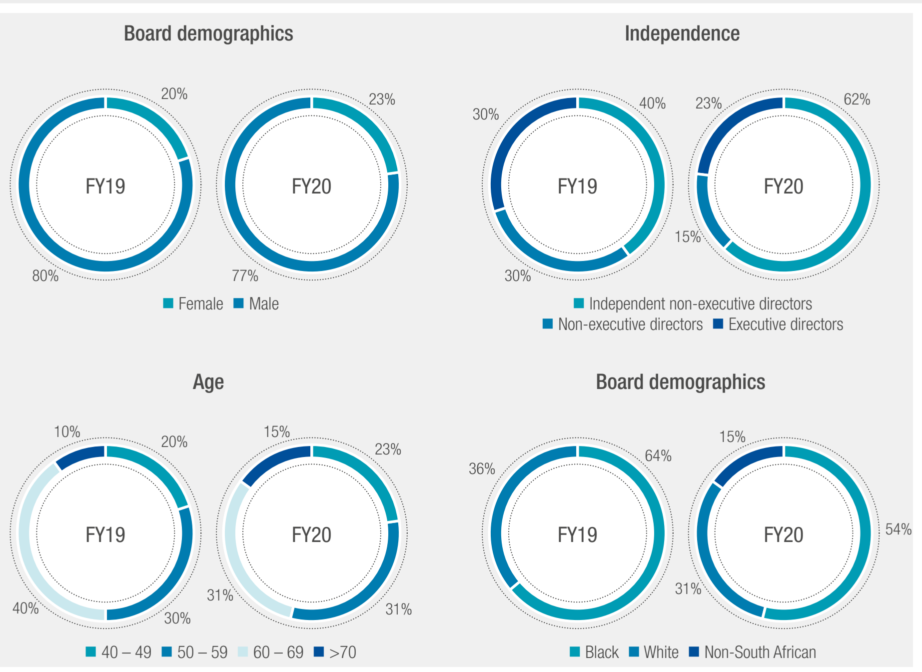
The nomination committee assists the board to identify and select directors. However, recommendations are subject to final approval by the board. All board appointments are made on merit, in the context of the skills, experience, independence and knowledge, which the board as a whole requires to be effective. Furthermore, in terms of the appointment and board diversity policy, in considering the composition of the board, cognisance is taken of the gender and racial mix to represent the demographics of the markets in which it operates and to promote racial and gender diversity at board level.

PERFORMANCE AND FUTURE FOCUS

The board's focus during FY20 was on the group's short and long-term strategy. The board is satisfied it fulfilled its responsibilities in accordance with its charter for the year under review.

Looking ahead, the board's focus will be on:

- Providing strategic direction
- Monitoring management implementation and progress of strategic objectives
- Stakeholder engagement, relationships and activities and business impacts
- Monitoring ethical conduct
- Assessing the impact of the COVID-19 pandemic on the group and management's actions to mitigate these impacts



ENTRENCHING AN ETHICAL CULTURE

The board is committed to entrenching an ethical culture throughout the group and sets the tone by formulating our values and ensuring ethical business standards. The directors, overseen by the chair, hold one another accountable for decision-making and ethical behaviour. Directors, both individually and collectively, seek to demonstrate integrity, competence, responsibility, accountability, fairness and transparency to ensure effective leadership.

It is our policy to conduct business dealings on the basis of compliance with applicable laws, rules, codes, standards and regulation, and proper regard for ethical business practices.

The board has a code of ethics and conduct (the code), which sets out the standards for business conduct throughout the group and is supported by a wide range of group policies.

For more information, refer to https://www.multichoice.com/investors/governance/.

Management teams across the group understand and apply the code and create and maintain awareness of the code and associated policies, such as the whistleblower policy. Reference to the code is included in the contracts of new employees and in their induction process. The code applies to the recruitment, performance evaluation and reward processes. Management teams are required to monitor adherence to the code and apply a zero-tolerance policy to violations. Sanctions are in place and action is taken when necessary, which includes prosecuting to the fullest extent of the law when appropriate. Reference to our code is included in third-party procurement contracts of certain major subsidiaries. Contractors, agents and consultants who work with any group company are expected to follow the same standards of conduct.

Management focuses on policies and procedures addressing key ethical risks, such as conflicts of interest, accepting inappropriate gifts and acceptable business conduct. The social and ethics committee is responsible for overseeing and reporting on business ethics in relation to the group, considering specific disclosures and best practice as recommended by King IV.

ENTRENCHING AN ETHICAL CULTURE continued

As the group conducts business in various countries, the group and our employees are subject to the laws and regulations of those countries. Group policies are supplemented by local policies and procedures. Ensuring group companies adopt appropriate processes and establish supporting policies and procedures is an ongoing process. The board delegated responsibility for regular review of the code and an ethics communication plan to the board's nomination committee.

As a leading company that empowers people and enriches communities, MultiChoice does not tolerate any form of bribery or corruption and aims to prevent any and all unethical business practices. Our group anti-bribery and anti-corruption policy stresses the importance of our commitment to combating these transgressions. We consider any violation of this policy to be extremely serious, and any allegations relating to bribery or corruption are thoroughly investigated. Any non-compliance with the policy results in disciplinary action, including dismissal and/or criminal proceedings.

The risk management function monitors the group's whistleblower facility operated by Deloitte Tip-offs Anonymous, which is available in English, Setswana, IsiZulu, Tshivenda, Sesotho or IsiXhosa. Where appropriate, internal audit and/or external forensic consultants investigate reported matters. Significant allegations and fraud are reported to the audit and risk committees. Furthermore, the social and ethics committee receives reports on whistleblower activity and ethics.

The social and ethics committee assumes responsibility for the governance of ethics by setting the direction of how it should be approached within the group. Internal audit and risk management functions support the social and ethics committee, and the group ethics officer, supported by the segment CFOs acting as ethics officers, reports to the committee regularly. Ethics training is included in onboarding for new employees, who are also introduced to the principles of the code and related policies, and relevant case studies are discussed. Ethics-related eLearning modules on the code and the whistleblower policy are part of the MultiChoice Academy platform, which is available to all employees. The effectiveness of the eLearning training modules is monitored closely.

Performance and future focus

Our key areas of focus during the reporting period were:

- Approval of the code by the board, which was integrated into the group's strategies and operations
- Translating ethics-related policies into Portuguese, including the legal compliance policy, anti-bribery and corruption policy, competition compliance policy and sanctions export controls policy

Going forward we will be focusing on:

- Continually reviewing the adequacy and effectiveness of the group's monitoring activities
- Conducting an opportunity ethics risk assessment, which will culminate in an updated ethics risk profile
- Ensuring ethics are entrenched throughout the business through training and awareness campaigns
- Reviewing our whistleblowing and internal speak-up mechanisms to identify areas of improvement
- The group's ethics performance will be monitored and reported to the social and ethics committee quarterly

DELIVERING GOOD PERFORMANCE

The board is responsible for ensuring good performance, and as such, has a clear strategy to achieve this. The board meets annually with the executive team in November to review the group's specific strategic priorities. In April, the board reviews the group's three-year strategic plans and budgets, and approves the key performance measures and targets of all executives. The board oversees the implementation of the strategic plans throughout the year.

ONGOING TRAINING

On appointment, all directors participate in a formal and comprehensive induction programme. Director training is held to refresh their skills and knowledge. Furthermore, directors are required to attend professional development training and briefings to keep abreast of legal and regulatory risks, developments and changes that could impact the environment in which the group and its subsidiaries operate.

This past year, we published MultiChoice eLearning modules aimed at our directors and senior management. These modules, which were tailored to our internal policies and processes, cover topics such as the JSE Listings Requirements, corporate governance, King IV, trading in securities and the specific duties of our directors.

BOARD EVALUATIONS

The board and all board committees' charters include the onus of annual assessments. Assessments of the performance by the board, individual directors and its subcommittees are conducted every second year. However, performance in general is considered every year as part of the review of the board's composition and its committees. The lead independent director leads the evaluation of the chair.

A peer review was conducted by our directors in March 2020, which concluded that the board comprises a balance of skills with sufficient learning opportunities to aid the development of new directors. This year, we also evaluated the board's subcommittees against their charters, who were found to have materially fulfilled their duties. An online board evaluation concluded in May 2020 considered the board's performance as a whole, and the performance of the chair and CEO. The evaluation did not identify any significant areas of improvement and the board's performance was considered to be satisfactory. Going forward, the board will continue focusing on improving and refining its processes and the nomination committee will review and refine its evaluation practices.

MAINTAINING OUR LEGITIMACY

The board, assisted by the social and ethics committee, ensures the company is, and is seen to be, a responsible corporate citizen by considering not only the financial performance but also the impact business has on the environment and the society within which it operates. The group's purpose, values and strategy are aligned with the principles of responsible corporate citizenship.

RESPONSIBLE CORPORATE CITIZENSHIP

The group's businesses manage numerous corporate citizenship initiatives affecting the workplace, economy, society and environment. These include:

- BBBEE and employment equity performance for South African subsidiaries
- Local employment
- Health and safety laws
- Employee development opportunities
- Responsible tax policy
- Fraud and anti-bribery and anti-corruption initiatives
- Initiatives to minimise impact on the environment
- CSI initiatives

Performance and future focus

Key areas of focus during the reporting period were:

- Ethics policy, management processes and culture
- Reputational risks
- Stakeholder engagements

Going forward the focus will be on:

- Entrenching reporting and monitoring mechanisms to the social and ethics committee
- Enhancing sustainable development policies

ENSURING COMPLIANCE WITH LAWS AND REGULATIONS

The group has a primary listing on the JSE and is subject to the JSE Listings Requirements, the guidelines in King IV and legislation applicable to publicly listed companies in South Africa. The board is responsible for ensuring the group complies with all of its statutory requirements. The directors took steps to ensure, to the best of their knowledge, the group's compliance with all these requirements.

The group has a legal compliance programme led by the group head of legal compliance and legal compliance teams with support from external consultants.

The legal compliance programme includes:

- Legal compliance framework and roadmap, which sets out the legal compliance strategy, goals and objectives. It addresses the requirements of an adequate and fit-for-purpose legal compliance programme and provides for key activities to mitigate the identified legal compliance risks
- Groupwide policies built on the principles in the code of ethics and conduct. The legal compliance, anti-bribery and anti-corruption, sanctions and export controls and competition compliance policies were approved by the board

Future focus areas include continuing to raise awareness of the compliance principles, improving the framework based on emerging risks, incorporating feedback from monitoring activities and focusing on the implementation of enhanced third-party screening.

Each segment is required to provide a quarterly legal compliance report to the group legal compliance function. This report includes an overview of key compliance risk areas and mitigating measures, key compliance regulatory developments and material compliance incidents and investigations.

The group legal compliance function uses these reports to compile a consolidated report provided to the risk committee. Reports on legal compliance from a social and ethics perspective will in future also be provided to the social and ethics committee. Assurance on the effectiveness of compliance management is received through a combined assurance model. These arrangements enable the risk committee and the board to oversee the group's legal compliance holistically in a way that supports good corporate citizenship.

Directors are satisfied that the company has complied with and operates in conformity with:

a. The provisions of the Companies Act and any other applicable laws relating to its incorporation
b. The company's MOI and other relevant constitutional documents

ENSURING

EFFECTIVE CONTROL

The board is the focal point and custodian of corporate governance within the group. To this end, the board ensures corporate governance and good practice are inherent in the fulfilment of its responsibilities.

The board charter sets out its roles and responsibilities. The board holds its directors accountable for their integrity, competence, responsibility, fairness and transparency.

SUCCESSION PLANNING AND PERFORMANCE

The board is satisfied the company is appropriately resourced and its delegation to management contributes to an effective arrangement by which authority and responsibilities are exercised. The board approves the appointment of the CEO and CFO. The remuneration committee is required to consider the performance of the CEO and CFO annually against agreed performance incentive objectives. The audit committee is required to consider the performance of the CFO and the finance function and will report thereon in its report included in the annual financial statements.

Succession plans for the CEO and senior executives are in place and are reviewed annually by the nomination committee.

The board determines and approves, from time to time, the levels of authority for the CEO and the various members of senior management. The audit and risk committees monitor compliance with these predetermined levels of authority. The risk management function supports the audit and risk committees by monitoring and reporting any material non-compliances to the committees. The board meets as often as required, but at least four times annually.

EXECUTIVE CHAIR, LEAD INDEPENDENT DIRECTOR AND CEO

The board is of the view that appointing an executive chair, Imtiaz Patel, is appropriate for the company under the circumstances because he has valuable group, industry and regulatory intellectual capital to contribute to the future development and progression of the business. Imtiaz will step down as executive chair on conclusion of his contract in September 2020. He will continue serving as the board's non-executive chair, but he will no longer be involved in the group's day-to-day management and will not be entitled to any remuneration contingent on the company's performance.

During FY20, Steve Pacak acted as lead independent director in all matters where an actual or perceived conflict could exist and where it would be inappropriate for the chair to deal with the matter concerned. The board satisfied itself that Steve acted with independence of mind and judgement and there was no interest, position, association or relationship likely to unduly influence or cause bias in decision-making in the company's best interests. The board made this determination as to Steve's independence considering several factors, including Steve's historical relationship with the Naspers group (and his interest in Naspers) and his directorship of MultiChoice South Africa. Bearing these factors in mind, the board determined Steve was best placed to fulfil the role as lead independent director given his significant experience in governance within the environment the group operates in. Jabu Mabuza was appointed as lead independent director with effect from 3 April 2020.

The CEO, Calvo Mawela, is responsible for leading the implementation and execution of the approved strategy, policy and operational planning of the group, and ensuring the group's day-to-day affairs are appropriately supervised and controlled.

INFORMATION

Information relevant to a meeting is supplied on a timely basis to the board, ensuring directors can make informed decisions. To ensure directors can competently discharge their duties and effectively carry out their delegated responsibilities as committee members, they have access to information relating to matters associated with the MultiChoice Group, which is governed by an approved policy. The committees have unrestricted access to information that will allow them to act in accordance with its charter, with the process conducted in an orderly manner via the chair of the board.

CONFLICTS OF INTEREST

Potential conflicts are appropriately managed to ensure candidates and existing directors have no conflicting interests between their obligations to the company and their personal interests. All directors are required to declare personal interests on an annual basis. Declaration of directors' interests is a standing agenda point on the board's agenda. Directors who believe there may be a conflict of interest on a matter must advise the company secretary and are recused from the decision-making process. The Companies Act process is applied in this regard. Directors are required to adhere to the group's policy on trading in securities of the company. The trading in securities policy is aligned to the Financial Markets Act and JSE Listings Requirements.

SHAREHOLDER COMMUNICATION

The group is committed to ongoing and transparent communication with its shareholders. In all communications with shareholders, the board aims to present a balanced and understandable assessment of the group's position. This is done through adhering to principles of openness, substance-over-form reporting, and striving to address matters of material significance to shareholders.

This integrated annual report is our primary form of communication with shareholders, in accordance with King IV and the JSE Listings Requirements. We also engage with our shareholders during interim and final results presentations, and investor roadshows periodically. Furthermore, the board encourages shareholders' attendance at general meetings, and, where appropriate, will provide full and understandable explanations of the effects of resolutions to be proposed.

The group is committed to **ongoing and transparent communication** with its shareholders

ENSURING EFFECTIVE CONTROL continued

ASSURANCE

The board, through the audit committee, oversees the group's assurance services and ensures these functions enable effective control and support the integrity of information. The group follows a combined assurance model, which covers key risks through an appropriate combination of assurance service providers and functions. The assurance model includes line functions that own and manage risks, specialist internal audit, risk management support and compliance functions (for the group and significant businesses), as well as external auditors and other relevant parties, such as regulatory inspectors. This model is linked to key risks and an assessment of the effectiveness of our combined assurance model is reported on to the audit and risk committees. Internal audit reports on the internal control environment are submitted to the audit committee. The company secretary, group general counsel and external counsel guide the board on legal requirements. The audit committee appoints the head of internal audit, who has unrestricted access to and meets periodically with the chair of this committee.

COMPANY SECRETARY

The company secretary is responsible for guiding the board in discharging its regulatory responsibilities. Directors have unlimited access to the advice and services of the company secretary who plays a pivotal role in the company's corporate governance policies and processes. She ensures that, in accordance with the pertinent laws, the proceedings and affairs of the board, the company itself, and where appropriate, shareholders, are properly administered. The company secretary monitors directors' dealings in securities and ensures adherence to closed periods. She attends all board and committee meetings. In accordance with King IV, the performance and independence of the company secretary are evaluated annually.

The nomination committee is responsible for recommending a suitable candidate for appointment as the company secretary, reviews the competence, qualifications and experience of the company secretary annually and reports on whether or not it is satisfied therewith. Donna Dickson, who joined the group as company secretary in April 2019, resigned with effect from 30 September 2019. Subsequent to Donna's resignation, Rochelle Gabriels, MultiChoice South Africa's CFO who previously held the position of company secretary, was appointed as interim company secretary until a permanent candidate was identified and appointed. The board was satisfied with Rochelle's competence, qualifications, experience, independence and suitability. Furthermore, Rochelle was not a director of the company and, after due consideration, the board is satisfied that she had an arm's length relationship with the board. Rochelle Gabriels resigned as company secretary when the board appointed Carmen Miller into the permanent position with effect from 11 June 2020.

INFORMATION AND TECHNOLOGY (I&T) GOVERNANCE

The company's I&T executive oversees I&T management in the group. The board is aware of the importance of I&T in relation to the company's strategy and approves and annually reviews the I&T governance charter and cybersecurity policy. I&T governance is integrated into the operations of the group businesses. Management of each subsidiary or business unit is responsible for ensuring effective processes for I&T governance are in place. The risk committee assists the board with overseeing I&T-related matters and I&T governance is a standing point on the risk committee agenda. I&T objectives are included in the risk committee charter. The risk committee considers the risk register, and reports on I&T from internal audit and risk support.

Compliance with relevant laws and ethical and responsible use of I&T are addressed through the group's code of ethics and conduct, legal compliance and data privacy programmes. Data privacy is a high priority. Assurance providers, including external and internal audit, provide assurance to management, the risk committee and board on the effectiveness of I&T governance, based on detailed controls to manage identified risks and reduce vulnerability. These arrangements for governing and managing I&T enable the risk committee, and ultimately the board, to oversee the group's I&T governance.

Performance and future focus

The group is highly dependent on its I&T systems and processes to effectively and timeously enable and support the implementation of its strategic objectives. During the year, the group undertook a detailed monthly review to identify, evaluate and assess I&T risks monthly in six key I&T areas. The results were presented and discussed at the I&T operational forum (chaired by the chief technology officer) that meets monthly. Based on the review, the group developed mitigation plans to address the material risks highlighted.

PENALTIES

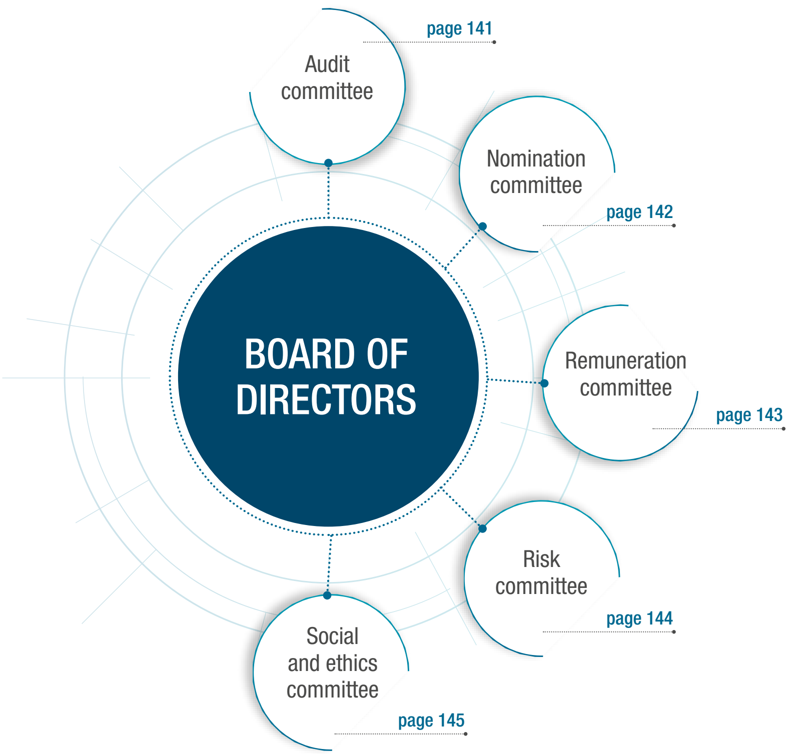
The MultiChoice Group operates in a highly regulated environment making compliance a critical consideration. The company participates in the regulatory processes affecting its industry through various public forums and debates, providing inputs on formulating standards and strategies for the industry.

During the year, there were no significant or repeated fines from regulatory bodies to companies across the group. Furthermore, there were no environmental inspections by environmental regulators, no accidents, nor were any environment-related fines imposed by any government.

BOARD COMMITTEES

As provided for in the company's MOI and the board charter, the board is supported and assisted by the audit committee, nomination committee, remuneration committee, risk committee and the social and ethics committee, which have clear mandates and oversight responsibility for various aspects of the business.

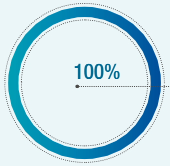
The responsibilities delegated to each committee are formally documented in the terms of reference for that committee, which were approved by the board and are reviewed at least annually. All committees have clear roles and responsibilities as outlined in their committee charters. The board delegates authority to established board committees, as indicated in the following diagram:



AUDIT COMMITTEE

Membership and meeting attendance

Louisa Stephens[1] (chair)	*5/5*
Steve Pacak[1]	*5/5*
Donald Eriksson[2]	*5/5*
Elias Masilela[3]	*0/0*
Christine Sabwa	*4/4[4]*



Roles and responsibilities

During FY20, the audit committee was chaired by Steve Pacak until 3 April 2020 when Louisa Stephens assumed the chair. Elias Masilela was appointed to the committee on 3 April 2020. All members are independent non-executive directors. This committee meets at least three times a year and, when necessary, convenes when a special meeting is requested by the external auditor.

The committee's responsibilities are as follows:

- Monitoring and reviewing the adequacy and effectiveness of accounting policies, financial and other internal control systems and financial reporting processes
- Providing independent oversight of the group's combined assurance functions, including reviews of the independence and effectiveness of external audit, internal audit, non-audit services from auditors, and compliance
- Assessing compliance with applicable legal, regulatory and accounting standards and policies in the preparation of fairly presented financial statements and external reports

The audit committee confirms it received and considered sufficient and relevant information to fulfil its duties.

Focus areas

For more detailed information on the committee's attendees, focus areas and future plans, please refer to the group's audit committee report on pages 3 to 8 of the annual financial statements.

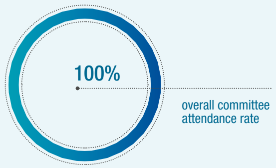
[1] Steve Pacak resigned as member and chair of the committee with effect from 3 April 2020. Louisa Stephens was appointed as chair of the committee on the same date.
[2] Donald Eriksson retired from the committee in June 2020.
[3] Elias Masilela was appointed to the committee with effect from 3 April 2020.
[4] Christine Sabwa was appointed as a member of the committee with effect from end-June 2019.

BOARD COMMITTEES continued

NOMINATION COMMITTEE

Membership and meeting attendance

Adv Kgomotso Moroka (chair)	*4/4*
Louisa Stephens	*4/4*
Jim Volkwyn	*4/4*
Jabu Mabuza[1]	*1/1*



Roles and responsibilities

The nomination committee is chaired by Adv Kgomotso Moroka, an independent non-executive director. Other members include Louisa Stephens, an independent non-executive director, Jim Volkwyn, a non-executive director, and Jabu Mabuza, an independent non-executive director and, from 3 April, the group's lead independent director. Imtiaz Patel (chair of the board) attends by invitation. The nomination committee meets at least twice a year, prior to scheduled meetings of the board.

The committee is responsible for, among other matters:

- Identifying individuals qualified to be elected as members of the board and board committees, and the executive team. These individuals are then recommended to the board for appointment in terms of the company's MOI and the appointment and board diversity policy. The committee is also responsible for establishing procedures to ensure the transparent selection of individuals for recommendation
- Reviewing the structure, size and composition of the board and its committees and making recommendations to the board regarding necessary adjustments to ensure the required mix of skills, experience, other qualities and diversity in maintaining the effectiveness of those bodies and compliance with applicable laws and regulations

The nomination committee confirms it received and considered sufficient and relevant information to fulfil its duties.

Focus areas for the year

- The composition of the boards of both MultiChoice Group and MultiChoice South Africa, considering skills, diversity and appointment processes
- Director independence
- Group policies relating to diversity, appointment and induction processes, director retirement and succession, and board restrictions
- Assessment of performance against the committee charter to evaluate whether the committee carried out its duties during the reporting period

Future focus areas

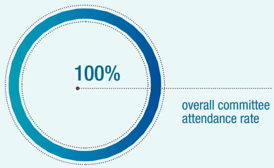
The committee will focus on enhancing the board's effectiveness and skills capabilities, and will conduct skills assessments and performance evaluations of the group's directors in the next financial year. Longer term, the committee will explore and assess diversity targets for the group at board level.

[1] Jabu Mabuza was appointed to the committee with effect from 12 November 2019.

REMUNERATION COMMITTEE

Membership and meeting attendance

Jabu Mabuza[1] [2] (chair)	*1/1*
Adv Kgomotso Moroka[2]	*5/5*
Steve Pacak[3]	*5/5*
Jim Volkwyn	*5/5*



Roles and responsibilities

During FY20, the remuneration committee was chaired by Adv Kgomotso Moroka, an independent non-executive director. From 3 April 2020, the committee was chaired by Jabu Mabuza, an independent non-executive director appointed to the committee on 12 November 2019. Imtiaz Patel (chair of the board), the CEO and chief peoples officer attend by invitation. The committee meets at least biannually, prior to scheduled meetings of the board.

The remuneration committee's responsibilities include:

- Independently reviewing and monitoring the integrity of the group's remuneration policies and implementation thereof
- Ensuring the company remunerates fairly, responsibly and transparently
- Ensuring compliance with the statutory duties of the committee as contained in relevant legislation
- Annually reviewing and making recommendations to the board on the remuneration of non-executive directors, for approval by the shareholders, for a period of two years from the date of the AGM where the remuneration is approved or until such time as non-executive directors' remuneration is amended by way of special resolution of shareholders, whichever comes first

The remuneration committee confirms it received and considered sufficient and relevant information to fulfil its duties.

Focus areas

For more detailed information on the group's approach to remuneration, along with our focus areas for FY20 and future focus areas, please refer to the group's remuneration report on pages 146 to 169.

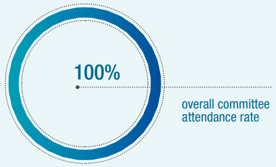
[1] Jabu Mabuza was appointed to the committee with effect from 12 November 2019.
[2] Adv Kgomotso Moroka stepped down as chair of the committee with effect from 3 April 2020. Jabu Mabuza was appointed as chair of the committee on the same day.
[3] Steve Pacak retired as a member of the committee in April 2020.

BOARD COMMITTEES continued

RISK COMMITTEE

Membership and meeting attendance

Louisa Stephens[1] (chair)	*4/4*
Steve Pacak[1]	*4/4*
Donald Eriksson[3]	*4/4*
Imtiaz Patel	*4/4*
Calvo Mawela	*4/4*
Tim Jacobs	*4/4*
Elias Masilela[2]	*0/0*
Christine Sabwa[4]	*3/3*



Roles and responsibilities

During FY20, the risk committee was chaired by Steve Pacak, an independent non-executive director. From 3 April 2020, the committee was chaired by Louisa Stephens. Other members include Imtiaz Patel, Calvo Mawela, Tim Jacobs and Elias Masilela. Regular attendees include business segment risk managers, the head of internal audit, group general counsel and the head of regulatory. The risk committee meets at least biannually, prior to scheduled meetings of the board, and is established to independently review management's recommendations on risk management.

The risk committee's functions include:

- Monitoring and providing recommendations to the board on the group's risk management including the systems, processes, methodologies and tools of risk governance and risk management, and annual operating plans for overall risk management and forensics
- Reviewing, approving and recommending risk measurement methodologies to the board, including methodologies used to identify, assess, measure, monitor and report on risks, including methods used for the calculation of risk exposures
- Monitoring and reviewing the regulatory compliance processes and procedures

The risk committee confirms it received and considered sufficient and relevant information to fulfil its duties.

Focus areas for the year

- Discharging its functions in terms of its charter
- Overseeing insurance programmes to mitigate the risk of sudden losses caused by insurable risks
- Assessing the principles of King IV, and revising the group's processes and policies to ensure implementation thereof
- Evaluating tax provisions, contingencies and risks
- Assessing legal compliance, treasury and regulatory risks
- Key business projects such as the Phuthuma Nathi share exchange offer

Future focus areas

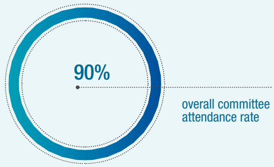
Looking ahead, the committee will continue focusing on its entrepreneurial approach to managing risks that are not easily quantifiable, including the group's approach to risk tolerance and appetite. Strengthening the business I&T systems, structures and processes and monitoring the impacts of COVID-19 on the business will also be key focus areas in the year ahead.

[1] Steve Pacak stepped down as chair of the committee with effect from 3 April 2020. Louisa Stephens was appointed as chair of the committee on the same day.
[2] Elias Masilela was appointed to the committee on 3 April 2020.
[3] Donald Eriksson will retire from the committee in June 2020.
[4] Christine Sabwa was appointed as a member of the committee with effect from end-June 2019.

SOCIAL AND ETHICS COMMITTEE

Membership and meeting attendance

Christine Sabwa[1] (new chair)	*0/0*
Adv Kgomotso Moroka[1] (previous chair)	*4/4*
Steve Pacak[2]	*4/4*
Nolo Letele[3]	*2/4*
Calvo Mawela	*4/4*
Tim Jacobs	*4/4*
Dr Fatai Sanusi[4]	*0/0*



Roles and responsibilities

During FY20, the social and ethics committee was chaired by Adv Kgomotso Moroka, an independent non-executive director. From 3 April 2020, the committee was chaired by Christine Sabwa, an independent non-executive director. Other members include Nolo Letele, Calvo Mawela, Tim Jacobs and Dr Fatai Sanusi. Imtiaz Patel (chair of the board) attends by invitation. This committee meets at least biannually, prior to scheduled meetings of the board.

The primary purpose of the social and ethics committee is to oversee the group's activities regarding sustainable social and economic development initiatives, including CSI, consumer relationships, labour and employment, the promotion of equality, and ethics management. This committee is responsible for ensuring and monitoring compliance with all applicable laws, and relevant codes and standards relating to BBBEE, employment equity, environmental management, health and safety, corporate social responsibility, consumer relationships and human resources.

Additional responsibilities of this committee include:

- Reviewing, at least every second year, the strategies and policies of the group designed to achieve responsible corporate citizenship
- Reviewing and approving the group code of ethics and the group's stakeholder management processes
- Reporting to shareholders as required in terms of the Companies Act

The social and ethics committee confirms it received and considered sufficient and relevant information to fulfil its duties.

[1] Adv Kgomotso Moroka stepped down as chair of the committee with effect from 3 April 2020. Christine Sabwa was appointed as member and chair of the committee on the same day.
[2] Steve Pacak retired as a member of the committee in April 2020.
[3] Nolo Letele sent his apologies for two of the committee's meetings.
[4] Dr Fatai Sanusi was appointed to the committee on 13 November 2019.

Focus areas

For more information, refer to our full social and ethics report available online at https://www.multichoice.com/investors/governance/.

Information on our approach to corporate citizenship is included on pages 126 and 127.

REMUNERATION REPORT

LETTER FROM THE CHAIR OF THE REMUNERATION COMMITTEE

Dear shareholder,

On behalf of the remuneration committee, I am pleased to present our remuneration report for the MultiChoice Group. In alignment with the requirements of King IV, our 2020 remuneration report is divided into three parts:

PART 1:

The background statement

The background statement provides context around the company's performance and how this influenced remuneration decisions.

PART 2:

The remuneration policy

The remuneration policy is a forward-looking section that provides an overview of our remuneration philosophy and design principles and the remuneration policy that will be applicable in FY21.

PART 3:

The implementation report

The implementation report is a backward-looking section that discloses the remuneration and performance outcomes of the employees and how much each relevant executive received, based on the FY20 remuneration policy.

Adv Kgomotso Moroka

PART 1:

The background statement

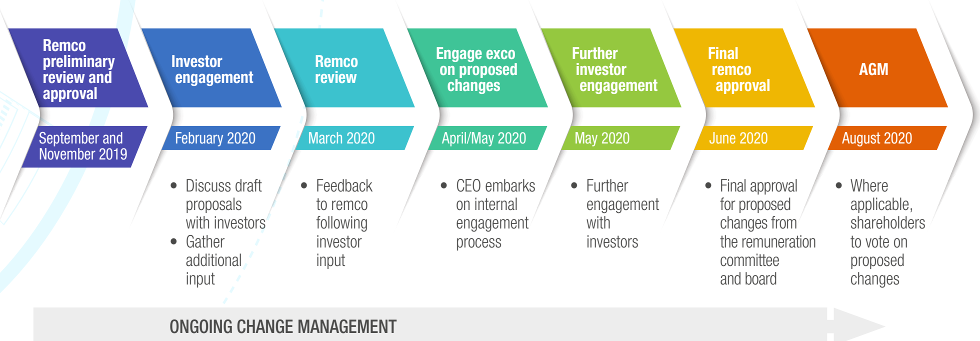
Factors that influenced our remuneration approach

The video entertainment industry is becoming more competitive, notably with the rise of global OTT players. Therefore, it is critically important that we adopt principles that allow us to attract and proactively retain our top talent. In addition, given the growth potential for our business, we also need to ensure our reward practices are aligned with the delivery of desired results and value creation over time.

The listing of the MultiChoice Group and its unbundling from Naspers provided an opportunity to develop a new fit-for-purpose remuneration strategy. We transitioned from the Naspers video entertainment strategy to a MultiChoice Group strategy in April 2019 but faced certain challenges at the time, most notably:

- tight timelines to develop the initial reward strategy (which also limited shareholder interaction at the time), and
- balancing the requirements of the new reward strategy with the need to ensure retention of senior executives following the accelerated vesting of their prior Naspers share awards.

The remuneration policy and implementation report tabled for shareholder vote at the first MultiChoice Group AGM in August 2019 did not achieve the targeted 75% support level. After an engagement process, the board considered the feedback from shareholders and implemented changes which more closely align with a mutually agreeable outcome. The process followed and outcomes are detailed below:



REMUNERATION REPORT continued

Shareholder engagements

We have engaged with a number of our investors in order to receive feedback on the 2019 report. The engagements undertaken were as follows:

Investor	Type of engagement
Public Investment Corporation	Meeting
Allan Gray	Meeting
Prudential Portfolio Managers	Meeting
Comgest	Email exchange
Ninety One (previously Investec Asset Management)	Meeting
Peregrine Capital	Meeting
Sanlam Investment Management	Meeting
Stanlib Asset Management	Meeting
Old Mutual Investment Group	Meeting
Coronation Fund Managers	Meeting
All Weather Capital	Meeting
Visio Capital	Meeting
Nedgroup Securities	Meeting
Aeon Investment Management	Email exchange
Foord Asset Management	Meeting

Feedback from investors was combined under a number of key issues, which is where we focused our efforts this year. These are listed below together with the steps taken to address the concerns.

Issue	Remuneration committee response
• The MultiChoice Group does not have malus and clawback provisions	Malus and clawback provisions were introduced and will be applicable to variable pay for all executives (details on page 152)
• The MultiChoice Group's share scheme cap is too high	The share scheme cap will be reduced from 10% to 5% of issued share capital, subject to shareholder approval at the 2020 AGM
• Minimum shareholding requirement (MSR) should be higher for executives	MSR will be increased for the group CEO (to 3x salary) and group CFO (to 2x salary) to be achieved by July 2024
• Disclosure on performance hurdles does not adequately detail the link between performance and pay	Retrospective disclosure was introduced on a one-year lagged basis for the short-term incentive (STI) and on a one-year lagged and forward-looking basis for the performance share unit (PSU)/LTI hurdles (details on page 156 and page 160)
• The ratio for long-term incentive (LTI) awards is not sufficiently weighted towards performance	The PSU to restricted share unit (RSU) ratio will be increased from 50:50 to 75:25 from 2021 share awards
• Initial vesting of LTIs after two years is too short and not aligned with market	PSUs to fully vest after three years and RSUs will vest 50:50 in years 3 and 4 from the 2021 share awards subject to shareholder approval at the 2020 AGM

Our approach to remuneration

Our people are at the heart of our success. We focus on remuneration structures that help us to attract and retain the best talent in a fair and responsible way. Our approach to remuneration is detailed in Part 2 but we essentially focus on the following:

*We believe in a **pay-for-performance** culture that incentivises achievement of strategic, operational and financial objectives in the short and long term.*

*We continually monitor the level of pay to ensure it is **fair**. This is achieved by using credible benchmark surveys as outlined on page 150.*

*We believe remuneration must be aligned with **shareholder** expectations considering the need to continually balance short and long-term goals.*

*We structure our remuneration to help us **attract and retain** the best talent around the world in a responsible way, which means we pay in line with company and individual performance. Malus and clawback were introduced for executives to ensure there are consequences for inappropriate conduct.*

*We are **consistent** in our remuneration approach. Our guaranteed remuneration package elements are broadly the same across different levels of seniority/employment. Variable pay is tailored to be appropriate for each level of employee with more senior employees typically receiving a higher proportion of variable pay.*

Talent and fairness

We aim to be the preferred destination for candidates and current employees in the video entertainment and digital platform security sectors and be recognised as a leading employer in the markets where we operate. We focus on recruiting experienced talent into critical areas (such as data, digital and content), which are important to scale our business and deliver our strategic and operational imperatives. However, we also provide opportunities for new, young talent to learn and develop.

We always strive to recruit and retain the best calibre of executive talent to lead the organisation and create value for our stakeholders. Balancing the levels of executive remuneration with the demand to remain competitive in attracting global talent in the video entertainment industry has become challenging. However, our internal talent development practices enabled internal leadership promotions to key positions in the business.

Our investments and collaboration with leading educational institutions, industry bodies, partners and subject matter experts enable us to recruit and build young talent to drive our business forward. Spanning our operational footprint in Africa and beyond, we grow local talent through the MultiChoice Talent Factory to seed, incubate and nurture African storytellers. We further develop deep technical TV, film, technology, engineering and data science expertise in partnership with prestigious global institutions like the New York Film Academy, Duke University, Henley Business School and leading local institutions in each country such as the University of Pretoria and University of the Witwatersrand in South Africa. Our flagship executive programme, The Chairman's Top Leaders Programme, is one of our ways to prioritise and solidify our bench strength to create a pipeline for future executive talent. We are being intentional with the talent that will take us forward and drive the sustainability of our organisation. The programme ensures that the delegates' experiences are impactful and mimic real business challenges. We have also partnered with a prestigious global learning institution to ensure we create an African leader with a global context.

Benchmarking and remuneration advisers

We strive to be consistent, offering remuneration structures that help attract and retain the best talent in our market. We consider market practices, the

REMUNERATION REPORT continued

needs of the business and the calibre of the individual in our recruitment processes.

We benchmark our remuneration using the PwC Remchannel Survey in South Africa and the Mercer Total Remuneration Surveys in the Rest of Africa. For executives, who we sometimes recruit globally, we use the LMO Executive Survey and the Willis Towers Watson Executive Survey.

We target our guaranteed salary at the median of the market with exceptions based on performance and critical skills. We appointed Bowman Gilfillan as independent adviser to the remuneration committee, and we are satisfied the advice is objective and independent.

Key focus areas and key decisions taken during the reporting period

The remuneration committee met five times before the financial year-end and is satisfied it achieved its objectives, and complied with its statutory duties. As discussed, a key focus of this year's activity was to address shareholder concerns around the remuneration policy and the implementation thereof. In addition, the following key decisions were made:

- approved the executive committee goals and targets for FY21
- approved the FY21 executive committee increases and the FY20 bonus and share awards
- approved the non-executive director fees, and
- approved the group salary increases, bonuses and share pool for all employees.

Role of the remuneration committee

The remuneration committee's responsibilities are to:

- independently review and monitor the integrity of the group's remuneration policies and implementation thereof
- ensure the company remunerates fairly, responsibly and transparently, and
- ensure compliance with the statutory duties of the remuneration committee as contained in relevant legislation.

In fulfilment of these responsibilities, the remuneration committee's functions include:

- reviewing executive remuneration and benefits and ensuring that the directors and senior management are fairly and responsibly rewarded for their individual contributions to the group's overall performance
- evaluating the group's remuneration and benefit competitiveness
- reviewing and approving the overall annual increase pool awarded to group employees
- approving employment agreements, offers of employment and severance agreements for the CEO and the executive committee
- reviewing and monitoring the implementation of the group's guaranteed and variable pay plans, and making recommendations to the board with respect to new guaranteed and variable pay plans
- reviewing the potential risk in respect of the group's remuneration and benefit programmes and policies
- evaluating and monitoring the group's remuneration philosophy and practices annually, and
- actively engaging with shareholders about concerns raised in the event of the remuneration policy or implementation report, or both, receiving an 'against' vote of 25% or more of the voting rights exercised at any shareholders' meeting.

Non-binding advisory vote on remuneration policy and implementation report

The remuneration policy and implementation report, as set out in Parts 2 and 3 of this remuneration report, will be tabled for separate non-binding advisory votes at the AGM on 27 August 2020. In the event that 25% or more of the voting rights exercised vote against either the remuneration policy or implementation report or both, the board will take steps, in good faith and with best reasonable effort, to do the following as a minimum:

- implement an engagement process to ascertain the reasons for the dissenting votes, and
- appropriately address legitimate and reasonable objections and concerns raised, which may include amending the remuneration policy, or clarifying or adjusting remuneration governance and/or processes.

In addition, in the remuneration report published in the year subsequent to the vote, the background statement will set out with whom the company engaged, and the manner and form of engagement to determine the reasons for the dissenting votes and the nature of steps taken to address legitimate and reasonable objections and concerns.

PART 2:

The remuneration policy

Remuneration philosophy

Our remuneration philosophy underpins the group's strategy and enables us to achieve our business objectives. Our commitment to pay-for-performance aligns with the principle of creating long-term value for our shareholders – it drives our remuneration activities and supports the ownership mentality and spirit of entrepreneurship in our teams around the world. As far as possible, the structure of our pay is similar across the business and it meets the minimum legal requirements in all the jurisdictions in which we operate. We endeavour at all times to balance the need to compete globally for the best talent with the need to pay fairly and responsibly.

When making executive pay decisions, we consider the individual's performance and the performance of the business, the complexity of executives' responsibilities and the growth trajectory and life cycle of the business for which he/she is responsible. Our STIs are aimed at rewarding employees for overperformance and are typically capped at a percentage of an employee's salary. Our approach to LTIs strives to ensure executives are invested in driving sustainable performance of the business over the long term.

The MultiChoice Group remuneration policy can be found at https://www.multichoice.com/investors/governance/.

Our remuneration policy and pay decisions are driven by and linked to the principles below:

Performance

Pay-for-performance is one of the pillars of our reward philosophy. Personal performance is a key factor in determining whether an individual qualifies for an increase in total cost to company (TCTC)/base salary and an annual performance-related incentive.

Our executives are eligible to participate in a performance-related STI programme. This is an annual programme through which, having achieved certain pre-approved business and personal goals, participants may receive an annual performance-related incentive payment. The incentive payments for our executive directors and prescribed officers, based on FY20 performance, are detailed on page 161.

Performance goals are directly aligned with the board-approved business plans. Personal goals are arrived at as an outcome of the annual business planning process. As budgets and operating plans are designed prior to the end of the financial year, so too are the personal performance goals at an individual level. These goals, if achieved, drive the accomplishment of the financial and operating plan of the business and how it is delivered.

We encourage leaders to engage in continuous conversations with their people throughout the year to ensure they remain on track to achieve their personal objectives. At the end of the financial year, the overall performance of the business and the individual's achievement of their personal goals are considered. While we do not force-rank performance scores, we do expect any performance-related incentive payments to reflect the overall performance of the business where appropriate.

Fairness

We continually monitor the level of fair and responsible pay for all our employees. As a starting point, our minimum salary in South Africa is substantially above the minimum wage requirements set by government and, on average, 7% higher than the median salary in the market for the same role. We are proud of the suite of benefits offered to our employees (detailed on page 152), which we believe is highly competitive in our markets.

REMUNERATION REPORT continued

Our remuneration structure

We have outlined the four elements of pay for our executives below. The same principles are applied to employees across the company. Our four-tier remuneration structure provides an appropriate balance between guaranteed remuneration and variable remuneration, which is directly linked to performance that enhances shareholder value.

These are detailed as follows:

Guaranteed pay

In South Africa, we follow the local market practice of TCTC remuneration, which comprises a basic salary plus cash and non-cash benefits. Outside of South Africa, we follow the market practice of base salary plus cash and non-cash benefits. These cash and non-cash benefits are aligned with the market practice and statutory requirements of each country. Personal performance is the primary driver for pay increases but also factors in salary movements in the local market and local economic indicators such as inflation to ensure they are fair, sensible and market competitive.

Guaranteed pay is set at a level that ensures we can attract and retain talent of the required calibre and considers market practice and an individual's contribution. Guaranteed pay is reviewed annually and any increases are typically effective from June each year.

Benefits

We offer a suite of competitive employee benefits, which vary across countries as per market practice. Examples of these benefits are:

- bursaries for employees and families
- a range of wellness benefits such as onsite healthcare and counselling, a gym and a concierge service
- work-life balance leave
- a closed medical aid scheme and retirement scheme with highly competitive benefits
- an early childhood development allowance and an onsite crèche (in Johannesburg), and
- significant DStv discounts for employees and family members.

Malus and clawback

We believe inappropriate conduct should not be rewarded. To protect stakeholders against inappropriate conduct by executives, malus and clawback were introduced on all variable pay (STI and LTI) for the executives. Malus will be applicable prior to the vesting and/or payment of any STI or LTI. Clawback will be applicable for up to three years after the vesting and/or payment of any STI or LTI.

STI

The STI refers to the annual performance-related incentive, which pays out depending on company and individual performance.

The purpose of the annual incentive plan is to ensure executive alignment with and focus on delivering the annual business plan as we believe the achievement of these annual plans will cumulatively drive long-term shareholder value over time.

STI principles for executives

For executives, targets are set for a blend of MultiChoice Group level objectives and business unit level objectives. This ensures that business unit performance is aligned with the overall group outcome. For the level below executive, targets are closely linked to the performance of the specific business unit for which they have responsibility.

The individual performance measures for each executive are tailored to their roles and responsibilities. The incentive plan is agreed annually in advance and based on targets that are verifiable and aligned with the specific business unit's annual business plan.

All eligible employees, including executives, have a target bonus percentage based on their level in the organisation. The target bonus percentage is used to calculate the bonus, based on performance against targets. The remuneration committee ensures these targets are appropriately ambitious using several reference points, including the business plans and historic company performance.

For FY20, the calculation to determine the performance outcome is detailed below:

STI calculation is as follows:

TCTC or base salary X bonus % X performance % outcome

Performance % outcome is calculated as follows:

Performance % outcome
=
company performance % X individual performance %

For FY21, the company performance measures, weightings and their respective targets are set out below:

Performance measure	Weighting %	Performance levels: Threshold (80% payment)	Target (100% payment)	Stretch (120% payment)
Revenue	25	2% below target	On target	2% above target
Core headline earnings	25	10% below target	On target	10% above target
Free cash flow	25	10% below target	On target	10% above target
Subscriber base growth	15	5% below target	On target	5% above target
Online user base growth	10	5% below target	On target	5% above target

Performance below threshold results in a 0% payment for the specific measure. Between threshold and stretch, we apply linear progression of the payment from 80% and 120%. The outcome of each measure is capped at 120% of the weighting.

REMUNERATION REPORT continued

LTI

Following the unbundling of MultiChoice from Naspers, a new RSU scheme was introduced. In 2019, we made a broad-based share allocation to all eligible employees. From 2020, the share awards will be more targeted to specific employee groups.

Qualifying employees below the executive level and other critical employees are eligible to receive LTIs in the form of RSUs in line with the vesting rules. At the executive level, performance conditions are linked to the PSUs to align LTIs with the performance of the group and shareholder value creation. The executive directors and prescribed officers participate in the MultiChoice Group RSU scheme and they retain the MultiChoice Share Appreciation Rights (SARs), which will vest in line with the original rules.

A robust governance process is in place to ensure the LTIs are appropriately awarded and administered. Awards are normally granted annually. Dividends are not payable on unvested shares.

The table below sets out the MultiChoice Group LTI schemes:

Legacy scheme	Current	Current
MultiChoice and Irdeto SARs	**MultiChoice RSUs**	**Irdeto RSUs**
Detail of award		
A right to benefit from any increase in value of the business unit over which an award is made	An award of MultiChoice Group shares registered to the participants subject to an employment condition (continued tenure). For the executive committee, achievement of performance conditions applies	A phantom award of value to the participants subject to an employment condition (continued tenure). For the Irdeto executive committee, achievement of performance conditions applies
Value delivered to participant		
Change in value of business unit between grant and vesting	Full value delivered to the participant	Full value delivered to the participant
Vesting detail		
• No new awards to be made • Current awards will vest in line with current vesting profile • The MultiChoice SARs vest over five years (one-third in years 3, 4 and five) and the Irdeto SARs vest in equal tranches over four years • If there is no change or a decrease in value, there is no gain for the participant • Gains settled in MultiChoice Group shares	• Current scheme vests over five years – awards vest in 4 equal tranches from year 2 (25% vesting in each year) • Executives' awards are split 50:50 between RSUs and RSUs with performance conditions (PSUs) • Quantum of PSU vesting dependent on achievement of performance conditions • Settlement of the awards will take place on the respective vesting date of the awards and at the board's discretion	• Value determined by valuation of Irdeto business • RSUs vest over four years – awards will vest in two equal tranches from year 3 (50% vesting in each year) • PSUs vest 100% after three years • Executives' awards are split 25:75 between RSUs and RSUs with performance conditions (PSUs) • Quantum of PSU vesting dependent on achievement of performance conditions • Settlement of the awards will take place on the respective vesting date of the awards and at the board's discretion

Legacy scheme	Current	Current
MultiChoice and Irdeto SARs	**MultiChoice RSUs**	**Irdeto RSUs**
Changes being made		
None	• Share scheme cap to be reduced from 10% to 5% of issued share capital • Increase MSR to 3 times salary for group CEO and 2 times salary for group CFO from July 2024. Other executives remain on 1 times salary • From the 2021 share awards, the PSU:RSU ratio for executives will increase from 50:50 to 75:25 • From the 2021 awards, introduce full vesting after three years on PSUs with 50:50 vesting in years 3 and 4 on RSUs subject to shareholder approval	None

Performance conditions applicable to executives on the MultiChoice Group RSU scheme

The executives have performance conditions linked to their RSUs in the form of PSUs. The performance measures and weightings are set out below. Performance is measured against group performance on a two-year basis. From the time of the 2021 awards, when the vesting moves to three years for PSUs, it will be measured on a three-year timeframe.

Performance measure	Weighting %	Performance levels		
		Threshold (50% vesting)	Target (75% vesting)	Stretch (100% vesting)
Core headline earnings per share (core HEPS)	25	5% below target	On target	5% above target
Free cash flow	50	5% below target	On target	5% above target
Return on capital employed	25	5% below target	On target	5% above target

Performance below threshold results in a 0% vesting for the specific measure. Between threshold and stretch, we apply linear progression of the vesting from 50% to 100%. The maximum vesting that can take place is 100% of the shares awarded.

REMUNERATION REPORT continued

The measurement of the performance conditions for the 2019 awards will take place in June 2021. Below is an indication of how the business is tracking against the measures on a one-year and two-year view. On the back of weaker macroeconomic conditions in the Rest of Africa, the current year budget reflects all three PSU targets (core headline earnings, free cash flow and return on capital employed) not being achieved at target level. This is primarily due to weaker exchange rates and the potential impact of lower subscriber growth as a result of consumer pressure in the aftermath of COVID-19.

Performance measure	Weighting %	1-year performance view as at FY20	Expected 2-year performance view as at FY21	Expected vesting % as at FY21
Core HEPS	25	○	○	50
Free cash flow	50	○	○	50
Return on capital employed	25	○	○	50

○ On track to achieve target or above ○ On track to achieve between threshold and target

LTI award policy

Employee level	LTI awarded
• Executives	A mix of RSUs and PSUs to create alignment with shareholders' interests – the ratio for the 2020 awards was 50:50 and, from the 2021 award, will be 75% PSUs and 25% RSUs
• Heads of departments	RSUs
• Senior managers/specialists	RSUs for high-potential, scarce and critical skills
• Scarce and critical skills	RSUs for scarce and critical skills

Termination provisions

Termination	RSU
• Death, ill health, disability or other event approved at the board's discretion	All unvested awards will be accelerated and fully vest on the date of termination of employment. If applicable, the outcomes of PSUs are reviewed by the remuneration committee on a case-by-case basis
• Redundancy or termination as a result of a business disposition/ change of control or jurisdictional issue or retirement	Vesting of the awards will be accelerated on a pro rata basis. However, the pro rata portion is only applicable to the next upcoming vesting portion. If applicable, the outcomes of PSUs are reviewed by the remuneration committee on a case-by-case basis
• For other causes	All unvested awards will lapse

Minimum shareholding requirement

The executive committee is required to hold a minimum ratio of 1 times TCTC/base salary in vested shares to align with shareholder interests and best practice. The MSR will increase to 3 times TCTC/base salary for the group CEO and 2 times TCTC/base salary for the group CFO. Other executives will remain on 1 times TCTC/base salary. These MSR requirements are phased in over a period to 2024.

Executive contracts

Service contracts

Executives' service contracts comply with terms and conditions of employment in the jurisdiction in which they are employed. Executives' contracts do not contain guaranteed payments on termination.

Details of the date of appointment and relevant notice period for executive directors and prescribed officers are set out in the table below:

	Executive chair: M I Patel	Group CEO: C P Mawela	Group CFO: T N Jacobs	Group COO: B de Villiers*
Date of appointment	8/11/1999	1/3/2007	1/11/2018	1/12/2015
Notice period	12 months	6 months	6 months	6 months
Restraint period	12 months	12 months	6 months	6 months

*Brand de Villiers was the group COO until 22 October 2019 at which time he returned to the role of CEO: MultiChoice Africa Holdings.

Recruitment policy

On the appointment of a new executive, his/her package will typically be in line with the principles as outlined on page 149. To facilitate recruitment, it may be necessary to 'buy out' remuneration forfeited on exiting the previous employer. This will be considered on a case-by-case basis and may comprise cash or shares.

Termination policy

Payments in lieu of notice may be made to executives for the unexpired portion of the notice period. On cessation, there is no automatic entitlement to an annual performance-related incentive (bonus). However, the committee retains the discretion to award a bonus to a leaver during the financial year considering the circumstances of his/her departure.

Non-executive directors' terms of appointment

The board has clear procedures for the appointment and orientation of directors, and annual self-evaluations are completed by the board and its committees. The nomination committee periodically assesses the skills represented on the board and determines whether or not these meet the company's needs. Directors are invited to give their input in identifying potential candidates. Members of the nomination committee propose suitable candidates for consideration by the board. A fit-and-proper evaluation is performed for each candidate.

REMUNERATION REPORT continued

Retirement and re-election of non-executive directors

All non-executive directors are subject to retirement and re-election by shareholders every three years. Additionally, non-executive directors are subject to election by shareholders at the first suitable opportunity for interim appointments. The names of non-executive directors submitted for election or re-election are accompanied by brief biographical details to enable shareholders to make an informed decision on their election. The reappointment of non-executive directors is not automatic.

Setting non-executive directors' fees

The fee structure for non-executive directors was designed to ensure we attract, retain and appropriately compensate a diverse and experienced board of non-executive directors.

Non-executive directors receive an annual fee as opposed to a fee per meeting, which recognises their ongoing responsibility to ensure effective governance of the company. Remuneration is reviewed annually and is not linked to the company's share price or performance. Non-executive directors do not qualify for share allocations under the group's incentive schemes.

A comprehensive benchmarking exercise is performed using PwC's non-executive director surveys and this is tabled for consideration by the remuneration committee and the board to determine what the proposed directors and committees' fees should be.

Directors on the board have cross-membership on the South African major subsidiary boards: MultiChoice South Africa Holdings Proprietary Limited and MultiChoice South Africa Proprietary Limited. As a result of cross-membership, non-executive directors received director fees from the MultiChoice Group and MultiChoice South Africa. Going forward, non-executive directors with cross-membership on the MultiChoice Group, MultiChoice South Africa Holdings and MultiChoice South Africa boards will receive a single fee at a MultiChoice Group level. Non-executive directors will receive a fee of R725 000 per annum and the lead independent director will receive a fee of R1 087 500. The new non-executive director fee is 31% lower than the previous combined fees for MultiChoice Group and MultiChoice South Africa. Subcommittee fees are paid separately to the board fee.

Non-binding advisory vote on remuneration policy

The remuneration policy, as set out in Part 2, will be subject to a non-binding advisory vote by shareholders at the AGM on 27 August 2020.

PART 3:

The implementation report

This section explains how the remuneration policy was implemented in the reporting year and the resulting payments each member of executive management received (backward-looking). All decisions in relation to executive remuneration were made in line with our remuneration policy for this financial year.

Guaranteed pay (TCTC/base salary) adjustments

In determining any increases for executives, we considered personal performance, business performance, market benchmarks and local economic indicators.

During FY20, group companies made contributions for executive directors to the appropriate pension schemes. These contributions are in line with market norms and constitute a modest portion of the individual's total remuneration. Below we show the guaranteed remuneration of the executive directors and prescribed officers for FY21 as approved by the remuneration committee in June 2020.

	M I Patel		C P Mawela[2]		T N Jacobs[3]	
	Base salary[1] (US$'000)	FY21 increase (%)	Base salary[1] (US$'000)	FY21 increase (%)	TCTC (ZAR'000)	FY21 increase (%)
Guaranteed pay	620	–	649	3	7 503	29

[1] Imtiaz Patel and Calvo Mawela are paid in US$, which is aligned with the MultiChoice Group Dubai-based contracts and considers Dubai's cost of living and typical expatriate benefits for Dubai.

[2] To focus significant time on the MultiChoice Rest of Africa business, Calvo Mawela's employment transferred from South Africa to Dubai. Being based in Dubai enables Calvo to be closer to the MultiChoice Africa management team and to have more accessible travel into the Rest of Africa and with the added focus on returning the Rest of Africa business to profitability. With the move to Dubai, Calvo's remuneration was aligned with the policy as applicable in Dubai and is reflected in US$.

[3] As part of his role, Tim Jacobs is required to spend a significant amount of time off-shore and will move to a dual contract in FY21. The increase includes the portion for the new contract dependent on exchange rates.

REMUNERATION REPORT continued

FY20 STI outcomes

Financial/company goals

In the following tables we outline the actual STI outcomes for each financial performance measure relative to the target set at the beginning of the financial year:

In FY20, the formula for calculating the bonus is set out as follows:

STI = TCTC/base salary x bonus % x performance % outcome

FY20 target	Weighting %	Threshold (80%)	Target (100%)	Stretch (120%)	FY20 outcome	Payout (%)
Revenue (ZAR'bn)	25	53.0	53.6	54.1	51.4	–
Core headline earnings (ZAR'bn)	25	2.3	2.6	2.8	2.5	23.3
Free cash flow (ZAR'bn)	25	3.7	3.9	4.1	5.2	30.0
Subscriber growth South Africa (%)[1]	8.3	5.4	5.7	6.0	5.9	9.6
Subscriber growth Rest of Africa (%)[1]	8.3	6.5	6.9	7.2	2.7	–
Online user base growth (%)	8.4	22.8	29.3	35.7	38.6	10.0
Total company outcome						72.9

[1]Based on active subscribers, defined as all subscribers that have an active primary/principal subscription on the reporting date.

Individual goals

The table below sets out the incentive bonus paid out relative to the TCTC/base salary of the executive director/prescribed officer:

Executive director/ prescribed officer	A FY20 TCTC/ base salary as at 31 March 2020 ('000)	B On-target bonus (%)	C Company/ financial goals achieved weighted outcome (%)	D Personal goals achieved weighted outcome (%)	E = C x D Total performance outcome (%)	F = A x B x E FY20 bonus ('000)	G FY20 remuneration committee discretion[2] ('000)	H = (F + G)/A FY20 bonus as % of TCTC/ base salary
M I Patel (US$)	620	80	72.9	106.8	77.9	386	41	69
C P Mawela (US$)	630	80	72.9	99.8	72.8	367	16	61
T N Jacobs (ZAR)	5 803	80	72.9	95.0	69.3	3 217	800	69
B de Villiers (US$)[1]	362	80	66.8	105.0	70.1	203	–	56

[1]The outcome for Brand de Villiers is based on him holding two different roles within the year.
[2]The remuneration committee applied discretionary STI awards to:
– Imtiaz Patel: To recognise his role in establishing the new board and finalising the corporate structures and processes.
– Calvo Mawela: Has been instrumental in the Naspers unbundling and delivering our performance on core headline earnings and free cash flow.
– Tim Jacobs: To recognise his role in managing costs across the business and delivering on key projects.

REMUNERATION REPORT continued

FY20 LTI vesting outcomes

The table below details the value of unvested share awards as at 31 March 2020:

Name	Share plan	Offer date	Number of shares	Offer price (ZAR)	Release date[1]	Share price as at 31 March 2020 (ZAR)	Fair value per share of vested and unvested SARs as at 31 March 2020 (ZAR)	Fair value per award of vested and unvested SARs as at 31 March 2020 (ZAR)	Intrinsic value of vested and unvested SARs as at 31 March 2020 (ZAR)
M I Patel	MCA 2008 SAR Plan	15 Sep 2015	82 276	113.19	15 Sep 2020	79.59	17.19	1 414 293	–
		01 Sep 2016	58 369	116.30	01 Sep 2020	79.59	18.18	1 061 284	–
		01 Sep 2016	58 370	116.30	01 Sep 2021	79.59	20.40	1 191 029	–
		28 Jun 2017	67 996	94.39	28 Jun 2020	79.59	22.06	1 500 002	–
		28 Jun 2017	67 996	94.39	28 Jun 2021	79.59	26.07	1 772 723	–
		28 Jun 2017	67 996	94.39	28 Jun 2022	79.59	30.01	2 040 671	–
		27 Jun 2018	119 527	77.19	27 Jun 2021	79.59	32.80	3 920 954	286 865
		27 Jun 2018	119 527	77.19	27 Jun 2022	79.59	37.30	4 458 114	286 865
		27 Jun 2018	119 529	77.19	27 Jun 2023	79.59	41.16	4 919 243	286 870
	MultiChoice Group RSU[1]	18 Jun 2019	51 548	–	18 Jun 2021	85.77	85.77	4 421 272	3 315 954
		18 Jun 2019	51 548	–	18 Jun 2022	85.77	85.77	4 421 272	3 315 954
		18 Jun 2019	51 548	–	18 Jun 2023	85.77	85.77	4 421 272	3 315 954
		18 Jun 2019	51 549	–	18 Jun 2024	85.77	85.77	4 421 358	3 316 018

[1] 50% of RSUs issued are subject to performance conditions.

REMUNERATION REPORT continued

Name	Share plan	Offer date	Number of shares	Offer price (ZAR)		Release date[1]	Share price as at 31 March 2020 (ZAR)	Fair value per share of vested and unvested SARs as at 31 March 2020 (ZAR)	Fair value per award of vested and unvested SARs as at 31 March 2020 (ZAR)	Intrinsic value of vested and unvested SARs as at 31 March 2020 (ZAR)
C P Mawela	MCA 2008 SAR Plan	15 Sep 2015	16 242	113.19		15 Sep 2020	79.59	17.19	279 194	–
		01 Sep 2016	13 958	116.30		01 Sep 2020	79.59	18.18	253 789	–
		01 Sep 2016	13 958	116.30		01 Sep 2021	79.59	20.40	284 810	–
		28 Jun 2017	10 594	94.39		28 Jun 2020	79.59	22.06	233 705	–
		28 Jun 2017	10 594	94.39		28 Jun 2021	79.59	26.07	276 196	–
		28 Jun 2017	10 595	94.39		28 Jun 2022	79.59	30.01	317 973	–
		27 Jun 2018	26 119	77.19		27 Jun 2021	79.59	32.80	856 806	539 619
		27 Jun 2018	26 119	77.19		27 Jun 2022	79.59	37.30	974 186	539 619
		27 Jun 2018	26 119	77.19		27 Jun 2023	79.59	41.16	1 074 933	539 619
	MultiChoice Group RSU[1]	18 Jun 2019	61 162	–		18 Jun 2021	85.77	85.77	5 245 865	3 934 399
		18 Jun 2019	61 162	–		18 Jun 2022	85.77	85.77	5 245 865	3 934 399
		18 Jun 2019	61 162	–		18 Jun 2023	85.77	85.77	5 245 865	3 934 399
		18 Jun 2019	61 162	–		18 Jun 2024	85.77	85.77	5 245 865	3 934 399
T N Jacobs	MCA 2008 SAR Plan	03 Dec 2018	151 142	77.19		03 Dec 2021	79.59	35.15	5 312 438	362 741
		03 Dec 2018	151 142	77.19		03 Dec 2022	79.59	39.48	5 966 909	362 741
		03 Dec 2018	151 143	77.19		03 Dec 2023	79.59	43.19	6 527 306	362 743
	MultiChoice Group RSU[1]	18 Jun 2019	15 768	–		18 Jun 2021	85.77	85.77	1 352 421	1 014 316
		18 Jun 2019	15 768	–		18 Jun 2022	85.77	85.77	1 352 421	1 014 316
		18 Jun 2019	15 768	–		18 Jun 2023	85.77	85.77	1 352 421	1 014 316
		18 Jun 2019	15 769	–		18 Jun 2024	85.77	85.77	1 352 507	1 014 380

[1] 50% of RSUs issued are subject to performance conditions.

REMUNERATION REPORT continued

Executive director and prescribed officer single figure remuneration

Element	M I Patel(1)		C P Mawela(2)			T N Jacobs(3)		B de Villiers(4)	
	FY20 (USD'000)	FY19 (USD'000)	FY20 (USD'000)	FY19 (USD'000)		FY20 (ZAR'000)	FY19 (ZAR'000)	FY20 (USD'000)	FY19 (USD'000)
TCTC/base salary	695	648	571	371		5 128	2 352	362	517
Pension	47	42	67	38		756	271	43	63
Benefits(5)	384	339	227	46		319	16	90	153
Short and medium-term incentive(6)	427	434	726	252		4 017	5 810	482	287
Long-term incentive – RSU(7)	–	–	–	–		–	–	–	–
Long-term incentive – SAR(7)	–	–	–	–		–	–	–	–
Total single figure	1 553	1 463	1 591	708		10 220	8 449	977	1 020

(1)Includes officer's fees as a prescribed officer of MultiChoice South Africa.
(2)Calvo Mawela moved to a MCG Dubai-based contract during FY20. The average exchange rate between USD and ZAR has been applied for comparison purposes.
(3)Tim Jacobs was appointed on 1 November 2018 and his remuneration for FY19 reflects his earnings for the five months in the year.
(4)Brand de Villiers was the Group COO until 22 October 2019 at which time he returned to the role of CEO: MultiChoice Africa Holdings. His pay is reported in relation to the time that he was Group COO.
(5)Benefits exclude pension and includes all benefits not included in TCTC/base salary such as medical benefits, fringe benefits, family benefits, travel, long-service and disability benefits.
(6)The STI reflects bonus paid based on the performance of the relevant financial year. During 2017 the MCSA Remco approved a medium-term incentive scheme. This scheme came about in the light of a challenging operating environment which saw a significant decline in the value of the MultiChoice Share Appreciation Rights (SAR) Scheme. This decline created a retention risk in relation to the executives of the business. The scheme was designed to incentivise the delivery of key business results including a multi-year sustainable cost saving deliverable that would be permanently removed from the cost base in FY18 and FY19, with payments taking place in FY20 and FY21.
(7)The LTI value reflects the value of SARs that become exercisable in FY21. RSUs will be reflected when their performance period ends in the financial year – none for FY20 and the first to be reflected in FY21.

LTIs to be awarded during FY21

Executive director/prescribed officer	Award (as a multiple of TCTC/base salary)
M I Patel	–
C P Mawela	2.2
T N Jacobs	1.2

REMUNERATION REPORT continued

Non-executive directors' fees

The fees paid to non-executive directors by the company are set out below:

	Directors' remuneration		Directors' fees		Committee and trustee fees[1][2]		
	Paid for services to the group (ZAR'm)	Paid for services to other group companies (ZAR'm)	Paid for services to the group (ZAR'm)	Paid for services to other group companies (ZAR'm)	Paid for services to the group (ZAR'm)	Paid for services to other group companies (ZAR'm)	Total (ZAR'm)
D G Eriksson	–	–	0.54	0.51	0.34	0.51	1.90
F L N Letele[3]	–	5.69	0.18	0.17	0.03	0.03	6.10
E Masilela	–	–	0.54	0.51	–	0.30	1.35
K D Moroka[4]	0.54	–	0.54	0.51	0.73	0.48	2.80
S J Z Pacak	–	–	0.54	0.51	0.93	0.21	2.19
L Stephens	–	–	0.54	0.51	0.44	0.53	2.02
J J Volkwyn[5]	2.89	–	–	–	–	–	2.89
C M Sabwa[6]	–	–	0.54	–	0.25	–	0.79
J A Mabuza[7]	–	–	0.41	0.38	0.06	–	0.85
FA Sanusi[7]	–	–	0.41	–	0.03	–	0.44
	3.43	**5.69**	**4.24**	**3.10**	**2.81**	**2.06**	**21.33**

[1] *Committee fees include fees for the attendance of the audit committee, risk committee, human resources and remuneration committee, the nomination committee and the social and ethics committee meetings of the board.*
[2] *Trustee fees include fees for the attendance of the various trustee meetings of the group. An additional fee may be paid to directors for work done as directors with specific expertise.*
[3] *Effective 1 October 2019, F L N Letele changed roles from MultiChoice South Africa executive chairman to a non-executive director.*
[4] *In addition to director's fees, emoluments shown are based on a consultancy agreement whereby K D Moroka provides professional advisory services to the company and its subsidiaries.*
[5] *Emoluments shown are based on a consultancy agreement whereby J J Volkwyn provides consultancy services to the group.*
[6] *Appointed 14 May 2019.*
[7] *Appointed 5 July 2019.*

Termination payments

No termination payments were made to executive and non-executive directors on termination of employment or office in FY20.

Consulting arrangements

Adv Kgomotso Moroka

The consultancy agreement entered into between the company and Adv Kgomotso Moroka for professional advisory services to the company and its subsidiaries, is considered immaterial to the wealth of Kgomotso and the board has, after consideration on a balanced and substance-over-form basis, determined the agreement does not affect her categorisation as an independent non-executive director.

The consultancy services agreement was renewed for 12 months effective April 2020.

Jim Volkwyn

The consultancy agreement entered into between the company and Jim Volkwyn for professional advisory services to the chair and CEO, is considered immaterial to the wealth of Jim.

The consultancy services agreement was renewed for 12 months effective April 2020.

Compliance

There were no deviations from the remuneration policy in FY20.

Directors' interest in the MultiChoice Group shares

The directors of the MultiChoice Group (and their associates) had the following beneficial interest in the MultiChoice Group ordinary shares at 31 March 2020:

MultiChoice Group ordinary shares	Direct	Indirect	Total
M I Patel	1 412	–	1 412
F L N Letele[1]	88 836	–	88 836
J A Mabuza[2]	9 850	–	9 850
S J Z Pacak	376 635	291 548	668 183
J J Volkwyn	5 000	–	5 000
T N Jacobs	2 731	–	2 731
Total	484 464	291 548	776 012

[1] *F L N Letele acquired additional MultiChoice Group Limited ordinary shares for no consideration in FY20 as a result of the PN share swap transaction.*
[2] *J A Mabuza acquired MultiChoice Group Limited ordinary shares prior to his appointment on 5 July 2019.*

Non-binding advisory vote on implementation report

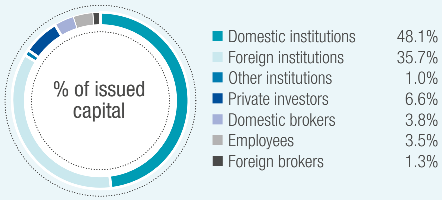
The implementation report, as set out in Part 3, will be subject to a non-binding advisory vote by shareholders at the AGM on 27 August 2020.

SHAREHOLDER INFORMATION

SHAREHOLDERS' ANALYSIS

Shareholder spread	Number of shareholdings	% of total shareholdings	Number of shares	% of issued capital
1 – 1 000	51 246	93.07	14 876 763	3.36
1 001 – 10 000	3 472	6.31	9 307 853	2.10
10 001 – 100 000	164	0.30	6 043 197	1.37
100 001 – 1 000 000	114	0.21	41 368 727	9.35
Over 1 000 000	63	0.11	370 916 138	83.82
Total	**55 059**	**100.00**	**442 512 678**	**100.00**

Shareholders by type	Number of shares
Domestic institutions	212 851 767
Foreign institutions	157 886 186
Other institutions	4 307 318
Private investors	29 229 523
Domestic brokers	16 839 279
Employees	15 657 414
Foreign brokers	5 741 191
Total	**442 512 678**



Directors' holdings	Direct	Indirect	Total	%
S J Z Pacak	376 635	291 548	668 183	0.151
F L N Letele	88 836	0	88 836	0.020
J Mabuza	9 850	0	9 850	0.002
J Volkwyn	5 000	0	5 000	0.001
T Jacobs	2 731	0	2 731	0.001
I Patel	1 412	0	1 412	0.000
C Mawela	0	0	0	0.000
D K Moroka	0	0	0	0.000
E Masilela	0	0	0	0.000
D Eriksson	0	0	0	0.000
L Stephens	0	0	0	0.000
C Sabwa	0	0	0	0.000
F Sanusi	0	0	0	0.000
	484 464	**291 548**	**776 012**	**0.175**

Shareholders >5%	Number of shares	% of issued capital
Public Investment Corporation (Pretoria)	59 445 444	13.4
Allan Gray (Cape Town)	44 490 188	10.1
Prudential Portfolio Managers (Cape Town)	39 822 586	9.0

Public shareholders versus non-public shareholders	Number of shareholdings	% of total shareholdings	Number of shares	% of issued capital
Non-public shareholders	16	0.03	120 376 041	27.20
Directors and associates (direct and indirect beneficial holdings)	6	0.01	776 012	0.18
Major subsidiary directors (direct and indirect holdings)	3	0.01	11 912	0.00
Material beneficial holders >10%	2	0.00	103 935 632	23.49
Treasury shares	1	0.00	10 100 364	2.28
Share schemes	4	0.01	5 552 121	1.25
Public shareholders	55 043	99.97	322 136 637	72.80
Total	**55 059**	**100.00**	**442 512 678**	**100.00**

Non-public shareholders excluding directors	Number of shares	% of issued capital
Public Investment Corporation (PIC)	59 445 444	13.4
Allan Gray (Cape Town)	44 490 188	10.1
Material beneficial shareholders (>10%)	103 935 632	23.49
Share schemes	5 552 121	1.25
MultiChoice Africa No. 2 Proprietary Limited SA	5 666	
MultiChoice Balancing Accounts	30	
M-Net Share Trust	1 111	
The MultiChoice Group Restricted Share Plan	5 545 314	
MultiChoice Group Treasury Services (treasury shares)	10 100 364	2.28
	119 588 117	

SHAREHOLDERS' ANALYSIS continued

Trading data	
Closing price 29 March 2019 (ZAR)	120.70
Closing price 31 March 2020 (ZAR)	85.77
Closing high for period (ZAR)	137.65
Closing low for period (ZAR)	75.07
Volume traded during period	473 930 160
Ratio of volume traded to shares issued (%)	109
Rand value traded during period	55 505 828 870
Price/earnings ratio at 31 March 2020	20.9
Earnings yield at 31 March 2020	4.8%
Dividend yield at 31 March 2020	0%
Market capitalisation at 31 March 2020 (ZAR)	37 954 312 392
Weighted average shares in issue	435 021 069
Issued share capital	442 512 678

SHAREHOLDERS' DIARY

GENERAL

Financial year-end	31 March 2020
Year-end results announcement on SENS	10 June 2020
IAR publication	29 July 2020
Shareholders eligible to receive AGM notice	19 June 2020
LDT to vote at AGM	18 August 2020
Voting record date	21 August 2020
Annual general meeting	27 August 2020
Interim results announcement	12 November 2020

CASH DIVIDEND

Cash dividend declaration date	10 June 2020
Finalisation date (as the dividend is subject to MultiChoice South Africa Holdings Proprietary Limited's dividend being approved by its shareholders)	27 August 2020
Last day to trade cum dividend	8 September 2020
Ex-dividend date	9 September 2020
Record date	11 September 2020
Payment date	14 September 2020

GLOSSARY OF TERMS

4IR	fourth industrial revolution
AFCON	Africa Cup of Nations football tournament
AGM	annual general meeting
AI	artificial intelligence
AIML	artificial intelligence and machine learning
ARPU	average revenue per user
AVOD	advertising video on demand
AWF	African Wildlife Foundation
B2B	business-to-business
BBBEE	broad-based black economic empowerment
Capex	capital expenditure
CEO	chief executive officer
CFO	chief financial officer
CSI	corporate social investment
DTH	direct to home television
DTT	digital terrestrial television
EESE	Equity Express Securities Exchange
EPL	English Premier League
ESG	environmental, social and governance
FTA	free to air
FY19	the financial year from 1 April 2018 to 31 March 2019
FY20	the financial year from 1 April 2019 to 31 March 2020
GDPR	General Data Protection Regulation
GE	general entertainment
the group	MultiChoice Group Limited and its subsidiaries
HD	high definition
ICASA	Independent Communications Authority of South Africa
ICT	information and communication technology
IFRS	International Financial Reporting Standards
IT	information technology

JSE	Johannesburg Stock Exchange
LTI	long-term incentives
MTF	MultiChoice Talent Factory
MultiChoice South Africa	MultiChoice South Africa Holdings Proprietary Limited and its subsidiaries
MultiChoice, the MultiChoice Group	MultiChoice Group Limited and its subsidiaries
Naspers/Naspers Group	Naspers Group Limited
NQF	National Qualifications Framework
OEM	original equipment manufacturer (automotive context)
OTT	over the top media services
Phuthuma Nathi	Phuthuma Nathi Investments (RF) Limited (MultiChoice SA's broad-based black economic empowerment share scheme)
PSL	Premier Soccer League
SABC	South African Broadcasting Corporation
SMMEs	small, medium and microenterprises
STB	set top box
STI	short-term incentives
SVOD	subscription video on demand
Telcos	telecommunications companies
TPRM	third-party risk management
TV	television
TVOD	transactional video on demand
UI	user interface
US	United States
US$	United States Dollar
VAT	value added tax
VOD	video on demand
WHO	World Health Organization
YoY	year-on-year
ZAR	South African Rand

ADMINISTRATION AND CORPORATE INFORMATION

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Transfer secretaries
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FORWARD-LOOKING STATEMENTS

This report contains forward-looking statements as defined in the United States Private Securities Litigation Reform Act of 1995. Words such as 'believe', 'anticipate', 'intend', 'seek', 'will', 'plan', 'could', 'may', 'endeavour' and similar expressions are intended to identify such forward-looking statements but are not the exclusive means of identifying such statements.

By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances and should be considered in light of various important factors. While these forward-looking statements represent our judgements and future expectations, a number of risks, uncertainties and other important factors could cause actual developments and results to differ materially from our expectations.

The key factors that could cause our actual results, performance or achievements to differ materially from those in the forward-looking statements include, among others, changes to IFRS and the interpretations, applications and practices subject thereto as they apply to past, present and future periods; future acquisitions, changes to domestic and international business and market conditions such as exchange rate and interest rate movements; changes in the domestic and international regulatory and legislative environments; changes to domestic and international operational, social, economic and political conditions (including the potential impact of COVID-19); the occurrence of labour disruptions and industrial action; and the effects of both current and future litigation.

We are not under any obligation to (and expressly disclaim any such obligation to) revise or update any forward-looking statements contained in this report, whether as a result of new information, future events or otherwise. We cannot give any assurance that forward-looking statements will prove to be correct and investors are cautioned not to place undue reliance on any forward-looking statements contained herein.

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