

MULTICHOICE GROUP LIMITED  
(incorporated in the Republic of South Africa)  
(Registration number: 2018/473845/06)  
JSE Share Code: MCG  
ISIN: ZAE000265971  
("MultiChoice" or "the Company" or "the Group")

## **MultiChoice enters into an agreement with Comcast's NBCUniversal and Sky to create the leading streaming service in Africa**

MultiChoice Group Limited (MultiChoice) (JSE: MCG) and Comcast's (NASDAQ: CMCSA) NBCUniversal and Sky today announced an Agreement (the "agreement") to form a new partnership that will bring some of the world's best content and technology to streaming customers across MultiChoice's 50-market footprint in sub-Saharan Africa.

Powered by Peacock's leading, globally-scaled technology, the new Showmax group will be 70% owned by MultiChoice and 30% by NBCUniversal. It will build on Showmax's success to date and strive to create the leading streaming service in Africa.

The service will combine MultiChoice's accelerating investment in local content with an extensive pipeline of international content licensed from NBCUniversal and Sky. This will be complemented by third party content from HBO, Warner Brothers International, Sony and others, as well as live English Premier League (EPL) football. In addition, it will offer access to all the best African content such as Showmax Originals and local content from MultiChoice's proprietary channels including Mzansi Magic, Africa Magic and Maisha Magic.

### **Rationale for the Agreement**

The global video media landscape has changed rapidly in recent years, led by broadband adoption and the growth of direct-to-consumer streaming platforms. Although Africa has lagged somewhat, it is now approaching an inflection point in terms of broadband connectivity and affordability. While MultiChoice continues to invest in its linear pay-TV businesses to drive growth and increased penetration, it believes that this is an appropriate time to step up its ambition and investment in the subscription video-on-demand (SVOD) /over-the-top (OTT) segment.

MultiChoice launched Showmax as the first African streaming service in 2015 and it is currently one of the leading streaming platforms on the continent. The Showmax team has been growing both its paying and add-to-bill subscriber bases, delivering strong audience engagement through unique programming. It has delivered several market innovations around content downloads, adaptive bitrates and compression, as well as low-end device support. Through its technology solutions, Showmax is able to accept payments in more local currencies and from more payment platforms than any other streaming service across the continent.

MultiChoice believes the agreement with the Comcast group provides an opportunity to capture the best of both partners' capabilities and competitive advantages to deliver a differentiated SVOD service, that offers world-class, affordable products which can compete with the best in the world. By using

Comcast's global, scalable technology - in particular NBCUniversal's Peacock platform that already has over 20 million paid subscribers in the US - and their significant, international content portfolio, the new Showmax Group will be exceptionally well placed to scale rapidly and become the leading platform in Africa. The partnership also provides the Comcast group with an opportunity to accelerate the global reach of its award-winning content and innovative streaming technology in one of the fastest growing and most vibrant video markets globally.

### **Principal terms and structure of the Agreement**

- MultiChoice has incorporated Earth UK Holdings Limited ("EarthCo"), a new company that has been registered in the UK, which will trade as Showmax.
- MultiChoice will contribute its existing Showmax business for a 70% equity stake in EarthCo. MultiChoice will also provide ongoing business support through its local market expertise, local content production capabilities, its portfolio of general entertainment and sports rights licenses and its back-office support functions.
- Comcast, through its subsidiary NBCUniversal, will inject cash for a 30% equity stake in EarthCo. Comcast will also provide ongoing support through the licensing of both its Peacock platform and content from NBCUniversal, Universal Pictures, Peacock and Sky.
- EarthCo will hold a 100% interest in Showmax SA Pty Ltd ("SA Newco"), which will own all the Showmax rights, assets and liabilities in South Africa, a 79% stake in MSA Limited Nigeria (which will own the Nigerian rights, assets and liabilities, and will result in Comcast owning an indirect stake in MSA Limited Nigeria of 23.7% only) and the rest of the African operations. EarthCo will be supported at launch by MultiChoice's local pay-TV operations.
- EarthCo will provide a streaming service on the African continent, powered by Peacock's leading, globally scaled technology and using the well-known Showmax brand.
- Both MultiChoice and Comcast have committed to provide funding to EarthCo during its investment phase in proportion to their respective shareholdings.
- EarthCo's board of directors will consist of three representatives from MultiChoice initially, with additional appointments to be made in due course.
- The board will appoint an executive management team that will feature representatives from the existing Showmax structures, which will be infused with global talent in the coming months.
- EarthCo's senior leadership team will be based out of the UK and its Dubai branch. Operational teams will be located in major markets (initially South Africa and Nigeria).
- The agreement does not involve the broadband, wireless or cable video or any other of the businesses of either Comcast or Sky, nor the linear satellite, terrestrial and streaming video businesses of MultiChoice (apart from services support), all of which will continue to operate independently and at an arm's length.
- Due to competitive sensitivities, specifics about the unique service offering, how existing subscribers can seamlessly migrate to the new service and detailed pricing will be announced closer to the launch date. Showmax customers will continue to enjoy the existing Showmax service up until the new service is launched.

The completion of the transactions contemplated by the agreement is subject to certain conditions being met and is expected to close in April 2023. EarthCo will have a March year-end to align with MultiChoice as the majority owner.

The transactions contemplated in the agreement do not fall within a category transaction as defined in the JSE Listings Requirements.

## **Randburg**

2 March 2023

### **For further information:**

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#### **Sponsor**

RAND MERCHANT BANK (A division of FirstRand Bank Limited)

### **Important notice**

Shareholders should take note that, pursuant to a provision of the MultiChoice memorandum of incorporation, MultiChoice is permitted to reduce the voting rights of shares in MultiChoice (including MultiChoice shares deposited in terms of the American Depositary Share ("ADS") facility) so that the aggregate voting power of MultiChoice shares that are presumptively owned or held by foreigners to South Africa (as envisaged in the MultiChoice memorandum of incorporation) will not exceed 20% of the total voting power in MultiChoice. This is to ensure compliance with certain statutory requirements applicable to South Africa. For this purpose, MultiChoice will presume in particular that:

- all MultiChoice shares deposited in terms of the MultiChoice ADS facility are owned or held by foreigners to South Africa, regardless of the actual nationality of the MultiChoice ADS holder; and
- all shareholders with an address outside of South Africa on the register of MultiChoice will be deemed to be foreigners to South Africa, irrespective of their actual nationality or domicile, unless such shareholder can provide proof, to the satisfaction of the MultiChoice board, that it should not be deemed to be a foreigner to South Africa, as envisaged in article 40.1.3 of the MultiChoice memorandum of incorporation.

Shareholders are referred to the provisions of the MultiChoice memorandum of incorporation available at [www.MultiChoice.com](http://www.MultiChoice.com) for further detail. If shareholders are in any doubt as to what action to take, they should seek advice from their broker, attorney or other professional adviser.