

MULTICHOICE GROUP LIMITED  
(Incorporated in the Republic of South Africa)  
(Registration number: 2018/473845/06)  
JSE Share Code: MCG  
ISIN: ZAE000265971  
(“**MultiChoice**”, “MCG” or “the MCG group”)

SANLAM LIMITED  
(Incorporated in the Republic of South Africa)  
(Registration number: 1959/001562/06)  
JSE & A2X Share Code: SLM; NSX Share Code: SLA  
ISIN: ZAE000070660  
(“**Sanlam**”)

SANLAM LIFE INSURANCE LIMITED  
(Incorporated in the Republic of South Africa)  
(Registration number: 1998/021121/06)  
LEI: 378900E10332DF012A23  
Bond Issuer Code: BISLI  
(“**Sanlam Life**”)

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## **JOINT ANNOUNCEMENT REGARDING THE ACQUISITION BY SANLAM LIFE OF 60% OF MULTICHOICE’S INSURANCE BUSINESS**

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### **1. INTRODUCTION**

1.1. MultiChoice and Sanlam entered into agreements in terms of which:

- 1.1.1. Sanlam Life, a wholly-owned subsidiary of Sanlam (the “**Purchaser**”), will acquire a 60% shareholding in MultiChoice’s insurance business, NMS Insurance Services (SA) Limited (“**NMSIS**”), from MultiChoice (Pty) Ltd, a South African subsidiary within the MCG group (the “**Seller**”), for an upfront cash consideration of R1.2 billion and a potential performance based cash earn-out, measured at 31 December 2026, of up to a maximum consideration of R1.5 billion (the “**Sale of Shares Agreement**”); and
- 1.1.2. A long-term commercial arrangement has been entered into to expand insurance and related financial service offerings into MultiChoice’s extensive subscriber base of 21 million households across 50 countries on the African continent (the “**Co-operation and Services Agreement**”),

collectively the “**Transaction**”.

- 1.2. NMSIS, a registered South African composite micro-insurer and authorised financial services provider, is licensed to underwrite both non-life and life insurance products. It has been writing insurance for the past 20 years under the DStv brand of MultiChoice focussing on device, installation, funeral, subscription waiver and debt waiver insurance products.

## **2. RATIONALE FOR THE TRANSACTION**

### **2.1. MultiChoice Strategic Rationale:**

- 2.1.1. MultiChoice is Africa's leading entertainment platform and has made significant progress in its strategy to grow into a broader ecosystem of tech-enabled consumer services. NMSIS, which forms part of MultiChoice's fintech vertical, has demonstrated substantial growth and profitability in South Africa, but its growth ambitions to expand its product offering locally and geographic presence across Africa requires a step-up in resources, expertise and technology.
- 2.1.2. After careful evaluation of available options, MultiChoice found the opportunity to collaborate with Sanlam particularly compelling. Sanlam's extensive presence and expertise across the African continent, coupled with its track record of success in insurance ventures with non-insurers, positions it strongly for a strategic venture with MultiChoice and NMSIS.
- 2.1.3. Through the strategic relationship with Sanlam, MultiChoice gains access to unparalleled insurance expertise, comprehensive financial services resources and access to Sanlam's financial services operations across Africa to address MultiChoice client needs.
- 2.1.4. Furthermore, the Transaction enables MultiChoice to retain a substantial 40% interest in NMSIS and 40% in the broader commercial venture with Sanlam, allowing MultiChoice to continue benefiting from the high-growth potential of this segment while maximising value for its shareholders.

### **2.2. Sanlam Strategic Rationale:**

- 2.2.1. Founded in 1918, Sanlam is the largest non-banking financial services group in Africa and is listed on the JSE Limited ("JSE"), Namibian Stock Exchange and A2X Markets Limited. Sanlam operates in 31 countries, including eight of the top ten largest African economies. Sanlam offers a wide range of financial solutions, including life and general insurance, health, financial planning, retirement, investments, wealth management and credit to both institutional and retail clients.
- 2.2.2. The Transaction enables Sanlam, through its Sanlam Fintech cluster, to advance its strategy of utilizing technology to expand access to financial services across Africa. This strategic initiative aligns with Sanlam's core purpose of helping Africans achieve financial confidence.
- 2.2.3. MultiChoice's extensive subscriber base offers Sanlam, and its affiliates, a unique platform and attractive opportunity for cross-selling and cost-effective marketing to an actively engaged subscriber base.
- 2.2.4. The Transaction provides Sanlam with an opportunity to further scale its insurance and financial services offering across Africa by leveraging MultiChoice's and Sanlam's leading market positions. Opportunities outside of South Africa will be facilitated through SanlamAllianz.

- 2.2.5. MultiChoice's integrated payments collection platform presents a solid foundation for offering affordable value-added financial services to drive financial inclusion sustainably through frictionless bundling of payments for services.
- 2.2.6. The commercial venture's combined market presence and technology will enhance growth and market penetration, providing synergies that benefit all stakeholders.

### **3. TRANSACTION CONSIDERATION**

- 3.1. Under the terms of the Sale of Shares Agreement, MultiChoice will receive:
  - 3.1.1. An upfront cash payment of R1.2 billion for 60% of its interest in NMSIS.
  - 3.1.2. A potential earn-out payment of up to R1.5 billion, in respect of MultiChoice's 60% interest sold to Sanlam Life, that is contingent upon the total gross written premium ("**GWP**") generated by NMSIS for the year ending 31 December 2026.
- 3.2. A pre-acquisition dividend of R59.0 million will be declared by NMSIS of the assets held in excess of its minimum solvency capital requirement as at its financial year ended 31 March 2024.

### **4. FINANCIAL INFORMATION**

- 4.1. NMSIS has demonstrated robust growth in recent years, increasing its in-force policies by 19% to 3.3 million for the financial year ended 31 March 2024. Life products, introduced three years ago as NMSIS diversified beyond device insurance, experienced rapid growth and account for 30% of in-force policies.
- 4.2. NMSIS's key financials for the year ended 31 March 2024, audited and prepared in terms of IFRS, were as follows:
  - 4.2.1. GWP increased 36% year-on-year to R970 million.
  - 4.2.2. Profit after tax increased 51% to R296 million.
  - 4.2.3. The net asset value of NMSIS was R277 million.

### **5. APPLICATION OF PROCEEDS**

- 5.1. The proceeds received from the Transaction will be utilised within the MultiChoice group for working capital purposes.

### **6. EFFECTIVE DATE**

- 6.1. The Transaction will be effective on the last day of the month following the date on which the last of the suspensive conditions are fulfilled, if such date is before the 25th of the month, and the last day of the following month if such date falls after the 25th of the month.

## **7. MATERIAL TERMS AND CONDITIONS PRECEDENT**

- 7.1. The agreements provide for customary warranties, indemnities, events of default, interim period and other undertakings that are normal for a transaction of this nature, including the obtaining of necessary regulatory approvals from the South African competition and regulatory authorities by no later than 31 January 2025 (or such later time as agreed between the parties).
- 7.2. The shareholders' agreement between Sanlam and MultiChoice in respect of their shareholding in NMSIS and the proposed Co-operation and Services Agreement contain exit mechanisms which are triggered in certain circumstances and exercisable at the discretion of either MultiChoice or Sanlam, as the case may be ("**Exit Mechanisms**"). The monetary amount payable by either Sanlam or MultiChoice pursuant to the Exit Mechanisms is capped.

## **8. CATEGORISATION OF THE TRANSACTION**

- 8.1. The Transaction, including the Exit Mechanisms, are deemed to be Category 2 transactions for both Sanlam and MultiChoice in terms of the JSE Listings Requirements. Accordingly, neither Sanlam nor MultiChoice requires shareholder approval.
- 8.2. Given that NMSIS will become a subsidiary of Sanlam, the provisions of NMSIS' memorandum of incorporation and shareholders' agreement will not frustrate Sanlam in any way from compliance with their obligations in terms of the JSE Listings Requirements.

Randburg  
18 June 2024

### **MultiChoice Enquiries:**

MultiChoice Investor Relations  
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JSE Sponsor  
Rand Merchant Bank (a division of FirstRand Bank Limited)

Financial Advisor to MultiChoice  
Marsden Advisory (Pty) Ltd

Legal Advisor to MultiChoice  
Webber Wentzel

### **Sanlam Enquiries:**

Sanlam Investor Relations  
Email: [ir@sanlam.co.za](mailto:ir@sanlam.co.za)

JSE Equity Sponsor to Sanlam Ltd  
The Standard Bank of South Africa Limited

JSE Debt Sponsor to Sanlam Life Insurance Limited  
Rand Merchant Bank (a division of FirstRand Bank Limited)

Legal Advisor to Sanlam  
ENSAfrica

**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.

Shareholders are further referred to the ruling issued by the Takeover Regulation Panel on 27 February 2024, which deals with the MultiChoice memorandum of incorporation. The ruling can be accessed on MultiChoice's website at <https://www.investors.multichoice.com/regulatory.php>.

If shareholders are in any doubt as to what action to take, they should seek advice from their broker, attorney or other professional adviser.