PRIMEDIA BROADCASTING

MEDIA AND DIGITAL PLATFORMS

Market Inquiry | Oral Presentation

20 March 2024

OPENING REMARKS

Primedia has no objection to digital platforms and social media. We understand their importance to the process of providing access to information, creative process and human connection.

Primedia recognises the need to adapt to the changing digital environment

Primedia distributes content through various digital platforms and makes use of the adtech technology as there are no alternatives in the digital advertising landscape

The dependency content creators have on these platforms, distorts the market whereby various digital platforms are able to exercise their market power over content creators

Primedia cannot fully monetise its digital content on these platforms given the uneven revenue share agreements and distortions in the adtech market

For the above reasons, Primedia is beholden to these digital platforms and there needs to be a change, through accurate and transparent reporting of traffic statistics, data, revenue legislation and regulation

ABOUT PRIMEDIA

Primedia Broadcasting is an African media company comprising of four radio stations and a news service, namely:

- **947**
- **702**
- **KFM**
- **Cape Talk**
- **Eye Witness News (EWN)**

The content types that Primedia publishes is audio content, video content and text content

The content is distributed through various means, such as via terrestrial signal (radio and television distribution), web, application, and through third-party applications.

The business model is solely advertiser-led and works as follows:

1. **Primedia creates and publishes content and distributes it via multiple channels.**
2. **The content is consumed by audiences made up of listeners, viewers, readers, streamers, users. And, they access this content via radio signal, web, app, television distribution and through multiple devices.**
3. **Advertisers seeking exposure - to the audiences - for their brands, products and services procure advertising space in and around the content.**

THE HISTORY OF RADIO & PRIMEDIA IN SOUTH AFRICA

1964 | 1980 | 1990 | 1997

RADIO STARTS IN RSA

3 ALS STATIONS LAUNCHED

PAY TV LAUNCHES

COMMUNITY STATIONS ARE LAUNCHED

RADIO IND – 6 STATIONS ARE SOLD BY SABC

INTERNET RADIO BEGINS

1995 MULTICHOICE EXPANDED PAY TV

1998 INT. FREE-TO-AIR STARTS - ETV

AUDIO INNOVATION ERA

MUSIC STREAMING
SMART SPEAKERS
AUDIO BOOKS
PODCASTING

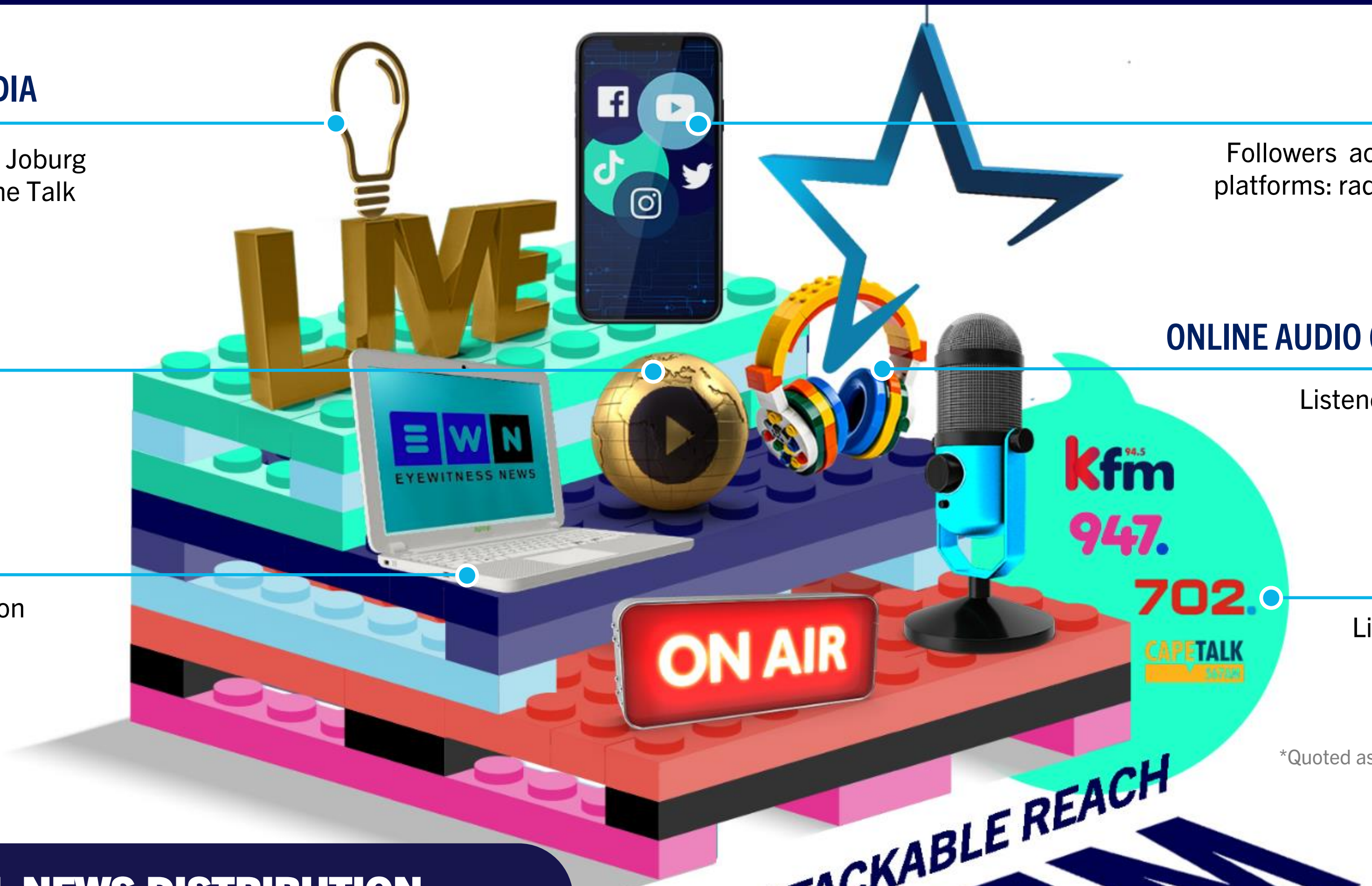
RADIO TURNS 100!

1923 | 1936 | 1986 | 1990 | 1994 | 1995 TO 1998 | 2000's | 2019 TO 2024..... AUDIO EXPLOSION

2005
2006
2006
2007 APP
2010
2010
2018 Spotify
TV

THE EXPLOSION OF DIGITAL PLATFORMS AND AUDIO BECOMES BORDERLESS

PRIMEDIA'S VIEWS ON THE TRENDS IN NEWS MEDIA



EVENTS RUN BY PRIMEDIA

Annual attendees including Joburg Day, KDay, and 702 Walk the Talk

80 000

ONLINE VIDEO

YouTube subscribers

649 030

DISPLAY

Audience including all station websites and EWN website

14.3 MILLION

SOCIAL MEDIA

Followers across all social media platforms: radio stations and EWN

7 MILLION

ONLINE AUDIO (LIVE & PODCAST)

Listenership across all four radio stations

1.5 MILLION

LIVE RADIO

Listenership across all four stations

12.8 MILLION

*Quoted as per PrimeX Footprint Diary

TOTAL STACKABLE REACH

36.5M

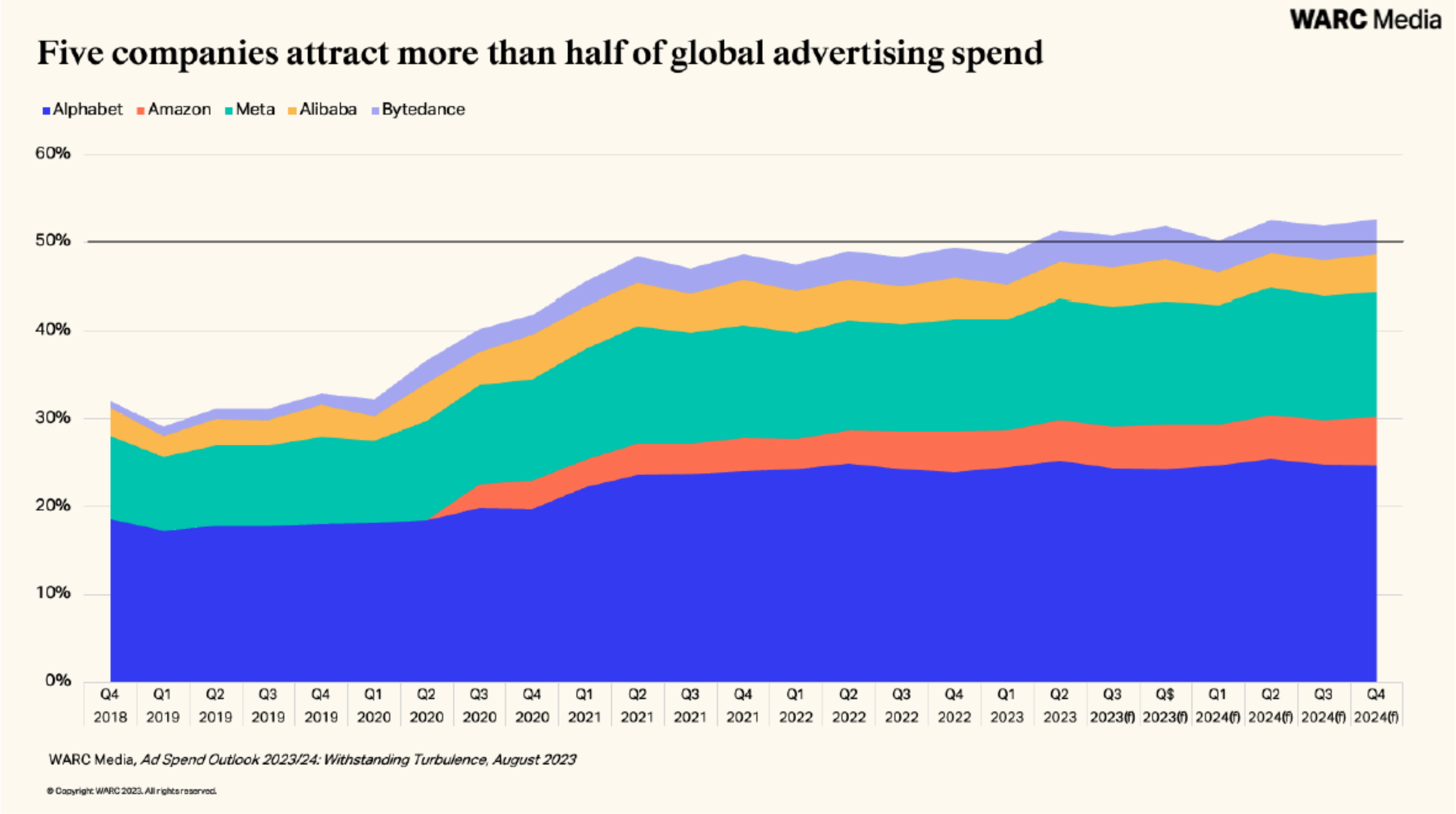
THE EVOLUTION OF DIGITAL NEWS DISTRIBUTION

Primedia Broadcasting is a multimedia company that publishes and distributes to over 36 million consumers of content across multiple channels. At the core of the content that Primedia publishes is News. The firm views news, and especially credible news as a public right and imperative. Eye Witness News prides itself as a very credible and trusted source of news leveraged by many other news providers online. Something that is of profound importance in the advent of fake news.

* Based on RAMS

Sources: Footprints Diary, SimilarWeb, YouTube, Google Analytics, Meta, TikTok, Twitter. Statistics may include some duplications. Numbers based on average browser visit.

THE DOMINANCE OF ONLINE PLAYERS IN ADVERTISING



THE EVOLUTION OF DIGITAL NEWS DISTRIBUTION

Alphabet is the world's largest media owner by ad revenue, accounting for a quarter of advertiser spend across a portfolio including Google Search, the Google Display Network and YouTube. This figure is before traffic acquisition costs (TAC) – money paid to publishers for hosting Google ads – and includes revenue from DoubleVerfiy, an ad tech component which does not make share calculations truly like-for-like. But, however sliced, the company's influence on modern advertising practice is apparent and unwavering.

Meta follows with a share of 13.5% of global spend, up markedly from 12.3% last year and set to grow to 14.0% next year as its ad business recovers strongly from an uncharacteristic period of decline during the second half of last year (due in part to Apple's introduction of its ATT framework). With a share of 4.7%, Amazon has now grown to become the third-largest media owner globally thanks to the rapid growth of its retail media business, broken out of our dataset for the first time this edition.

Further, Amazon's share is forecast to reach 5.0% next year and should continue to tick upwards thereafter. These three companies, combined, are set to account for 43.2% of the global advertising market this year, rising closer to 48% when excluding countries where their platforms are banned.
This is a trend that we are witnessing in South Africa.

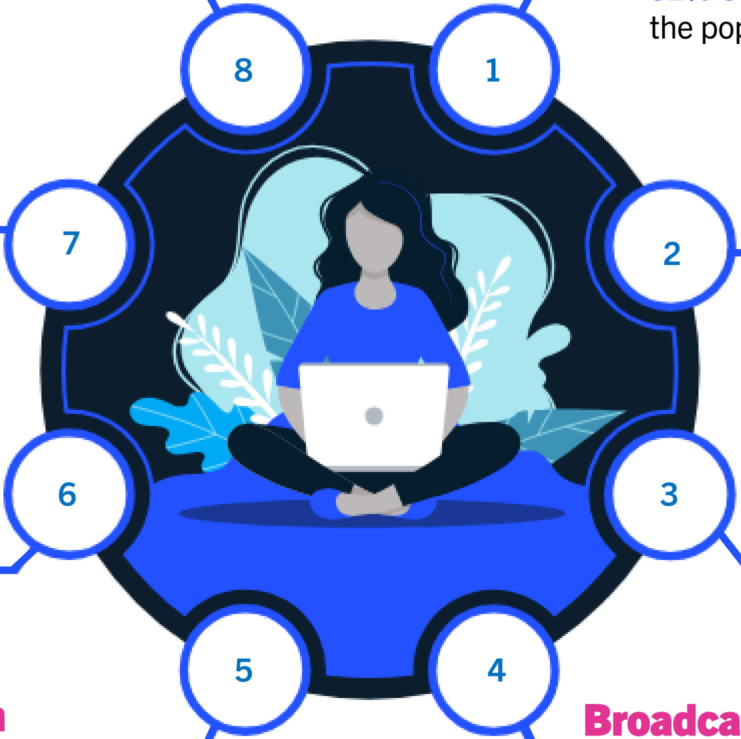
MEDIA SPEND BY MEDIA TYPE

WARC	USD millions, Nominal			Year-on-year % change			Share of total		
	2022	2023(f)	2024(f)	2022	2023(f)	2024(f)	2022	2023(f)	2024(f)
Social Media	180,630.0	201,389.7	227,220.2	2.0%	11.5%	12.8%	19.6%	20.9%	21.8%
Search	197,966.1	210,006.9	229,233.6	8.3%	6.1%	9.2%	21.5%	21.8%	22.0%
Retail Media	116,370.3	128,271.3	141,705.7	12.0%	10.2%	10.5%	12.6%	13.3%	13.6%
Online Display	76,385.0	78,048.3	85,086.7	2.9%	2.2%	9.0%	8.3%	8.1%	8.2%
Online Classified	21,862.7	21,980.8	22,800.2	-6.0%	0.5%	3.7%	2.4%	2.3%	2.2%
Pure Play Internet	**593,214.1**	**639,697.1**	**706,046.4**	**5.7%**	**7.8%**	**10.4%**	**64.3%**	**66.4%**	**67.7%**
Linear TV	166,378.0	157,415.2	162,995.4	-5.4%	-5.4%	3.5%	18.0%	16.3%	15.6%
CTV	26,463.8	29,477.0	33,041.3	39.2%	11.4%	12.1%	2.9%	3.1%	3.2%
Premium Video	**192,841.8**	**186,892.1**	**196,036.6**	**-1.0%**	**-3.1%**	**4.9%**	**20.9%**	**19.4%**	**18.8%**
Newsbrands	36,490.2	34,581.3	34,013.3	-6.6%	-5.2%	-1.6%	4.0%	3.6%	3.3%
Magazines	15,694.2	14,926.5	14,559.5	-10.8%	-4.9%	-2.5%	1.7%	1.5%	1.4%
Publishing	**52,184.4**	**49,507.8**	**48,572.8**	**-7.9%**	**-5.1%**	**-1.9%**	**5.7%**	**5.1%**	**4.7%**
Radio	29,461.8	28,740.9	29,366.8	7.7%	-2.4%	2.2%	3.2%	3.0%	2.8%
Online Audio	6,245.4	6,670.2	7,227.3	18.5%	6.8%	8.4%	0.7%	0.7%	0.7%
Audio	**35,707.3**	**35,411.1**	**36,594.1**	**9.5%**	**-0.8%**	**3.3%**	**3.9%**	**3.7%**	**3.5%**
Cinema	2,460.3	2,739.2	2,881.6	-2.7%	11.3%	5.2%	0.3%	0.3%	0.3%
Out of Home	46,097.5	49,223.2	52,800.3	1.7%	6.8%	7.3%	5.0%	5.1%	5.1%
Total	**922,505.4**	**963,470.6**	**1,042,931.8**	**3.3%**	**4.4%**	**8.2%**	**100.0%**	**100.0%**	**100.0%**

WARC Media, *Ad Spend Outlook 2023/24: Withstanding Turbulence, August 2023*

THE SOUTH AFRICAN VIEW

CONSUMER INSIGHTS



Employment

32% Unemployment which shows that a large part of the population can only access free services

Streaming

26 million South Africans have YouTube accounts (the most penetration for any VoD Service) and spend >2hrs on music streaming

Income

37.3% earn less than $3.20 per day (Circa R50)

Broadcasting interest

44% of South Africans listen to radio online and 40% have listened or watched Podcasts

Population

Our Population is fairly Youthful with 33.6%: Under 17 | 43.6%: 18 – 44 | 22.8% - 45+

Press Media

1hr 24minutes daily time spent on Press Media

Social Media

45% have some form of Social Media and spend 3hrs 43 minutes of their daily time across various platfroms

Internet Access

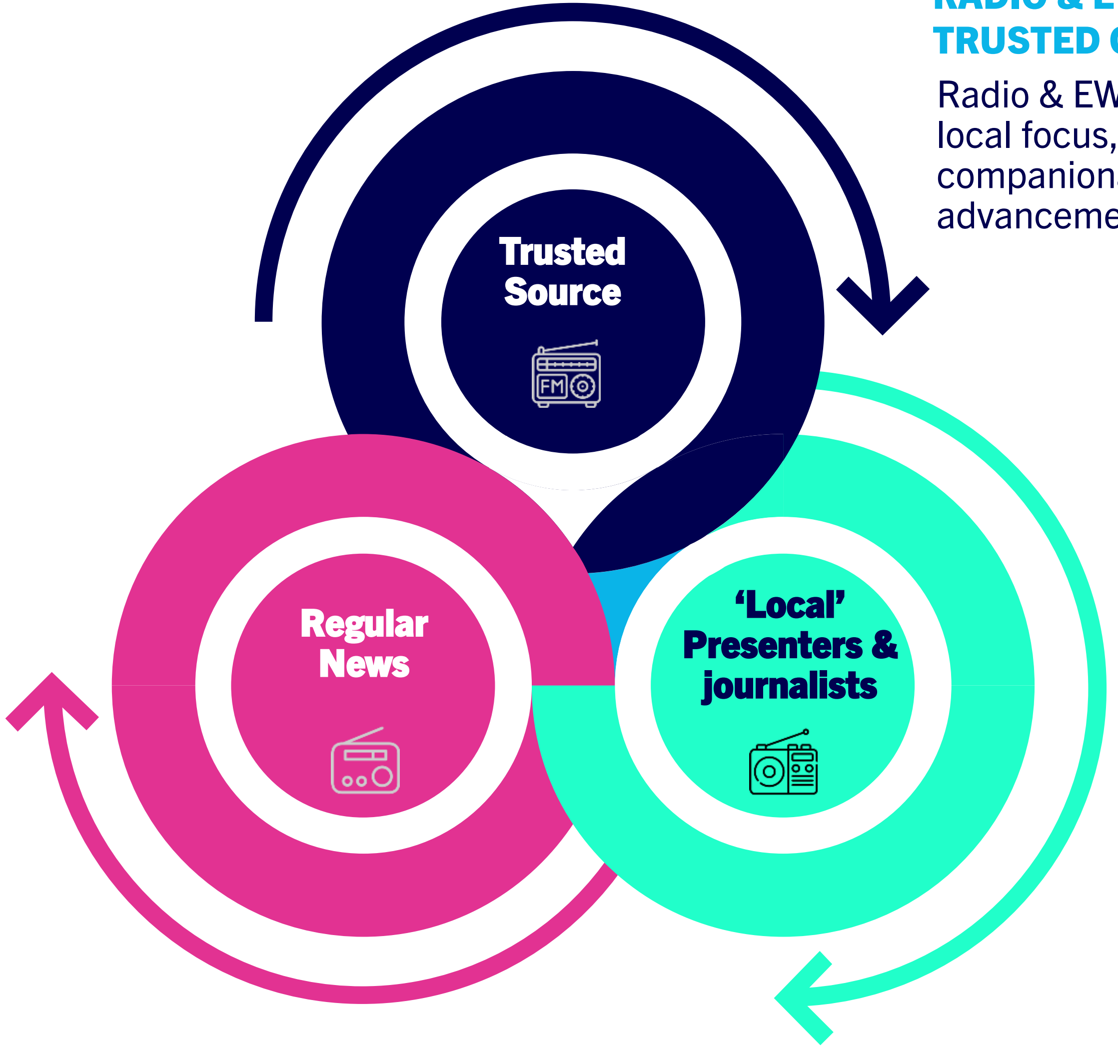
41 million internet users with 96% accessing the internet via mobile

THE SOUTH AFRICAN MEDIA CHALLENGE

LET'S BE EQUITABLE

- Approximately R21.9 million rands leave the pockets of South Africa every day and never returns
- The reason that this is important is because before the advent of social media this R21.9 million per day was invested in South African content creators and journalists. Now it no longer is, despite the fact that content creators and journalists are expected to compete on a global scale and with increased volumes and much higher quality requirements.
- The grip of the digital giants on local market revenue could have been defended had a significant portion of that money be reinvested in journalism and the content creators of South Africa.
- In contrast, a significant amount of the adspend that Primedia receives gets reinvested in the South African journalist and content creator market.
- While the digital giants spend almost zero.
- The digital giants use and distribute our content with adtech technology and algorithms and charge our advertisers for it.
- All of this has an adverse effect on journalism and the local content creators, culture and economy.

PRIMEDIA'S VIEWS ON THE TRENDS IN NEWS MEDIA



RADIO & EWN IS MORE THAN RELEVANT IT IS THE TRUSTED COMPANION AND NEWS SOURCE

Radio & EWN remains relevant due to its accessibility, portability, local focus, immediacy, diverse programming, cost-effectiveness, companionability, and resilience in the face of technological advancements.

Radio & EWN is a trusted source of news

Radio & EWN allows for immediacy and listeners/users to relate to their 'local' presenters and journalists

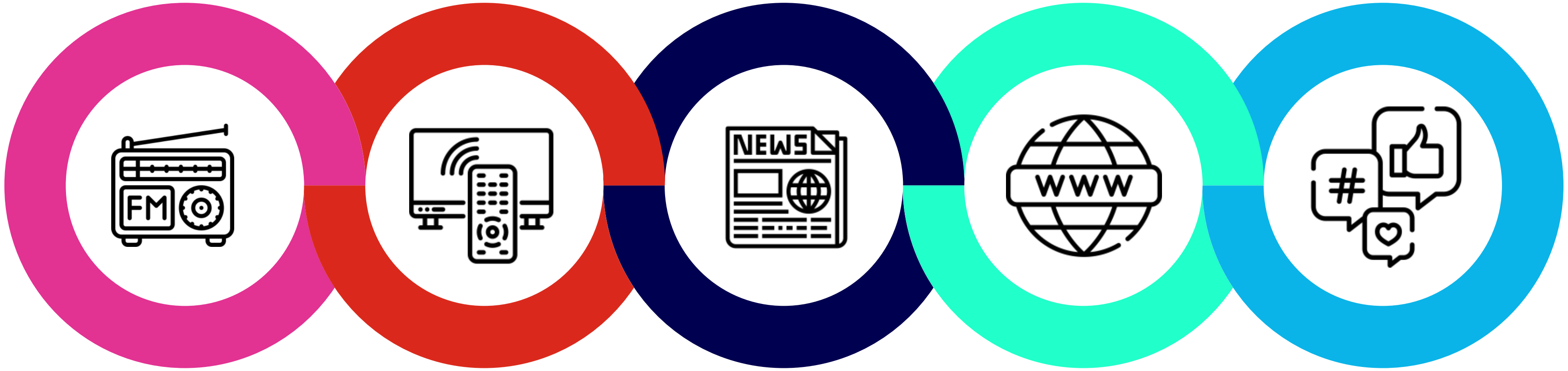
Popular source for regular news updates

IMPORTANCE OF RADIO IN SOUTH AFRICA

IN RESEARCH RADIO IS THE MOST TRUSTED MEDIUM

TELEVISION
74%

NEWSPAPER WEBSITES/APPS
45%



RADIO
77%

PRINT NEWSPAPERS
48%

SOCIAL MEDIA
15%

*Source: radiocentre.org

PRIMEDIA'S VIEWS ON THE TRENDS IN NEWS MEDIA

VIEWS ON THE DISTRIBUTION OF RADIO NEWS IN SOUTH AFRICA

- Immediacy and accuracy in news is paramount to maintaining the trust of our readers, listeners, viewers and users.
- A vibrant news and journalistic sector is crucial to support of any democracy particularly across our continent that we call home.
- We invest daily in the resourcing of journalists and support staff, hard costs in terms of operational and broadcast.
- Digital allows:
  - ❖ the message to be made available on the fly and to repurpose the message.
  - ❖ a greater level of accessibility to the message, making traditional radio borderless.
- However, digital uses our content but doesn't compensate us fairly or indeed at all.

THE YOUTH CONSUME OUR CONTENT THROUGH SOCIAL MEDIA

Independent voices are critical to the youth of this country and our democracy. If we as South African journalists can no longer afford to publish news - because our adspend has been lost to social media - the only voice that would remain would be the voice of social media themselves.

WATCH OR LISTEN TO ONLINE MUSIC VIDEO	LISTEN TO MUSIC STREAMING SERVICES	LISTEN TO ONLINE RADIO SHOWS OR STATIONS	LISTEN TO PODCASTS	LISTEN TO AUDIO BOOKS
62.2%	52.2%	27.1%	33.4%	10.2%
YEAR-ON-YEAR CHANGE -3.3% (-210 BPS)	YEAR-ON-YEAR CHANGE +12.0% (+560 BPS)	YEAR-ON-YEAR CHANGE +6.9% (-200 BPS)	YEAR-ON-YEAR CHANGE +9.9% (+300 BPS)	YEAR-ON-YEAR CHANGE -10.5% (-120 BPS)

27.1% of internet users aged 16 – 64 stream radio each week

Source: Meltwater – We are social

PRIMEDIA'S BUSINESS MODEL AND SOURCES OF REVENUE

ADVERTISER-LED MODEL

01

Primedia creates content and distributes it via multiple channels.

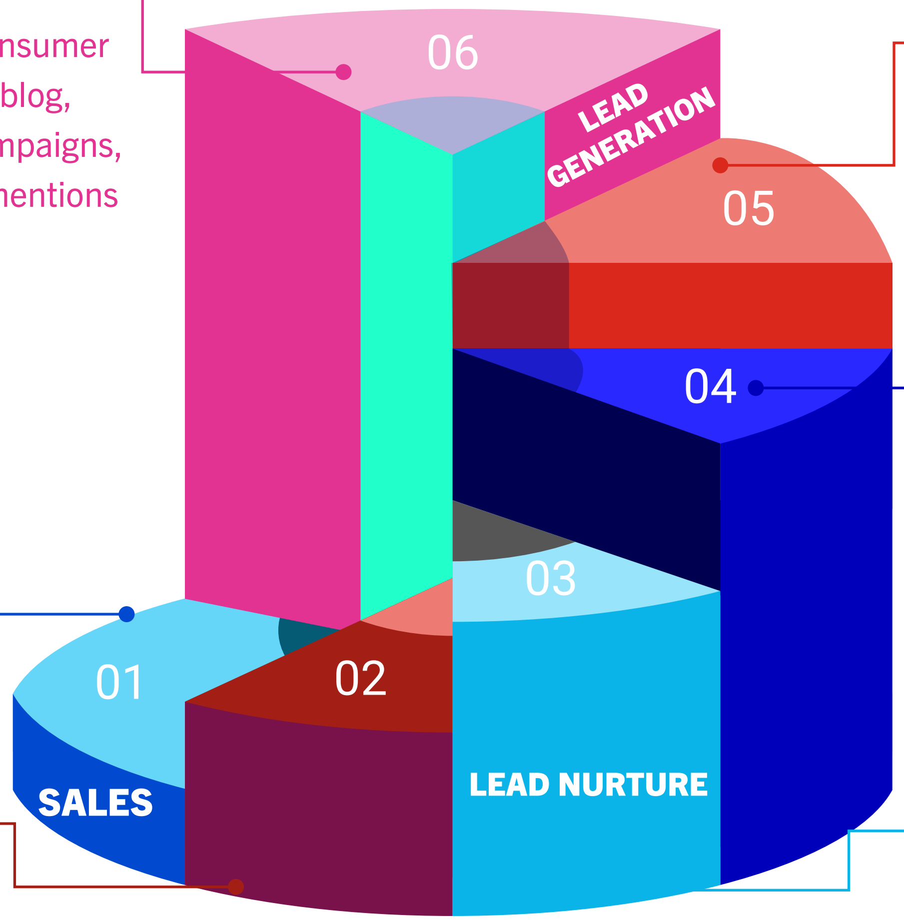
02

The content is consumed by audiences made up of listeners, viewers, readers, streamers, and users. And, they access this content via radio signal, web, app, television distribution, and through multiple devices.

03

Advertisers seeking exposure - to the audiences - for their brands, products, and services procure advertising space in and around the content.

THE MARKETING FUNNEL



Awareness

- Marketing campaigns and consumer
- Events, advertising, trade, blog, webinars, direct mail, viral campaigns, social media, search, media mentions and more

Interest

- Engagement and introduction to positioning
- Emails, targeted content, classes, newsletter, and more

Purchase

- Sales transaction is completed

Consideration

- Product information and specials
- Automated email campaigns, case studies, free trials, and more

Evaluation

- Marketing and sales work to prove their product is best

Intent

- Product demos and shopping carts
- Sales, free trails, and more

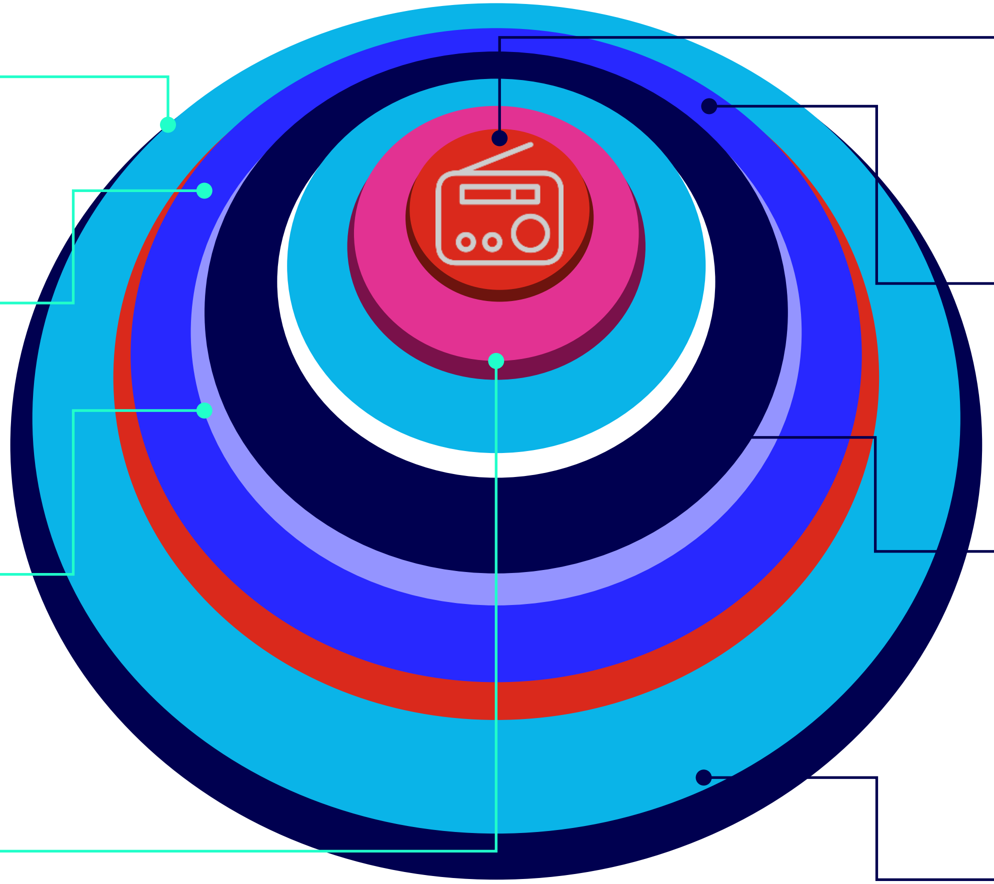
SEARCH VS SOCIAL MEDIA

Google says that they intend to **"make it easier to stay informed by using technology to organize and help people access information about current issues and events."**

While this may be true, it is to the detriment of the producers of the information that Google organises and disseminates. In the process of making it "easier to stay informed", Google earns revenue as a result of this utility.

In October 2023, 43% of visitors to Primedia sites would have been potentially exposed to Google-generated snippets (Source: Similar Web Stats).

In a best-case & very conservative view, the CTR (click-through rate) of a top result on a Google search is in the region of 20% - just to be clear, this is an exceptional case. *This means, at an absolute minimum, 1 out of every 5 EWN searches (for example) result in the user clicking through to our website.*



This is seen with the emergence of the creator economy which Goldman Sachs estimates to be valued at over $250 billion today.

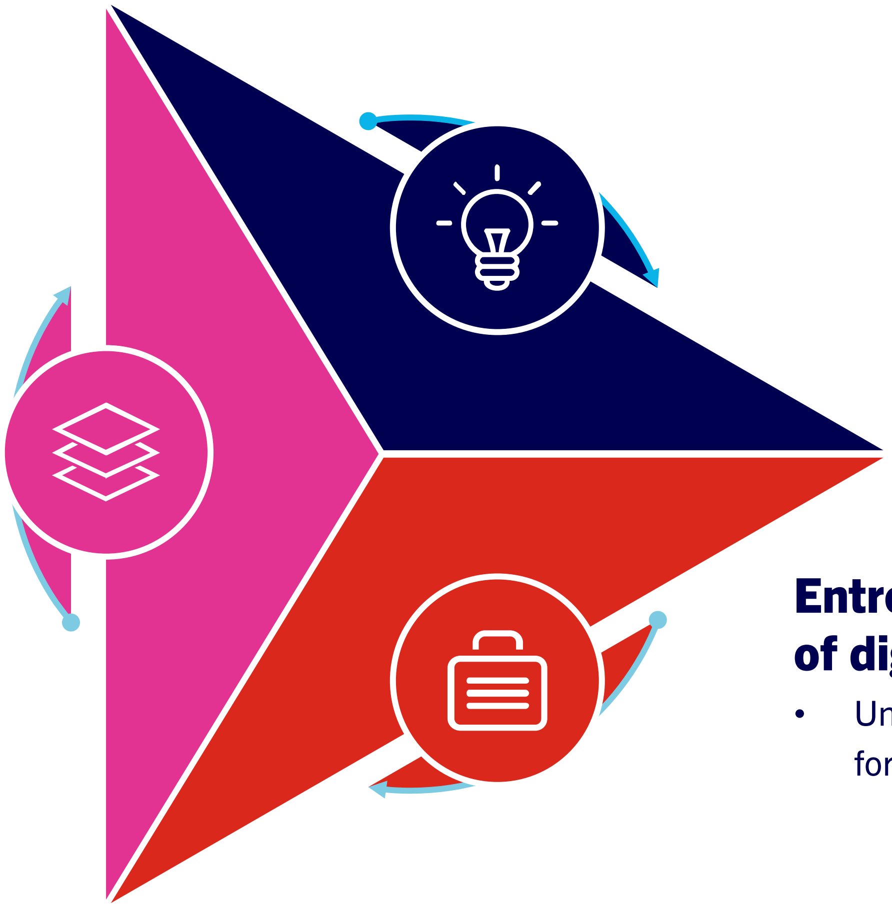
While this does not specifically include news and media content, it is a clear indication that there is revenue earned when content is distributed on social media platforms.

Opportunities and challenges when monetising on online platforms, including how rate cards work and the effectiveness thereof.

Social media products from tech platforms have created communities on the backs of originally produced content.

TRANSPARENCY

ROLES AND IMPORTANCE IN THE PLATFORM AND ADTECH MARKETS



Lack of transparency

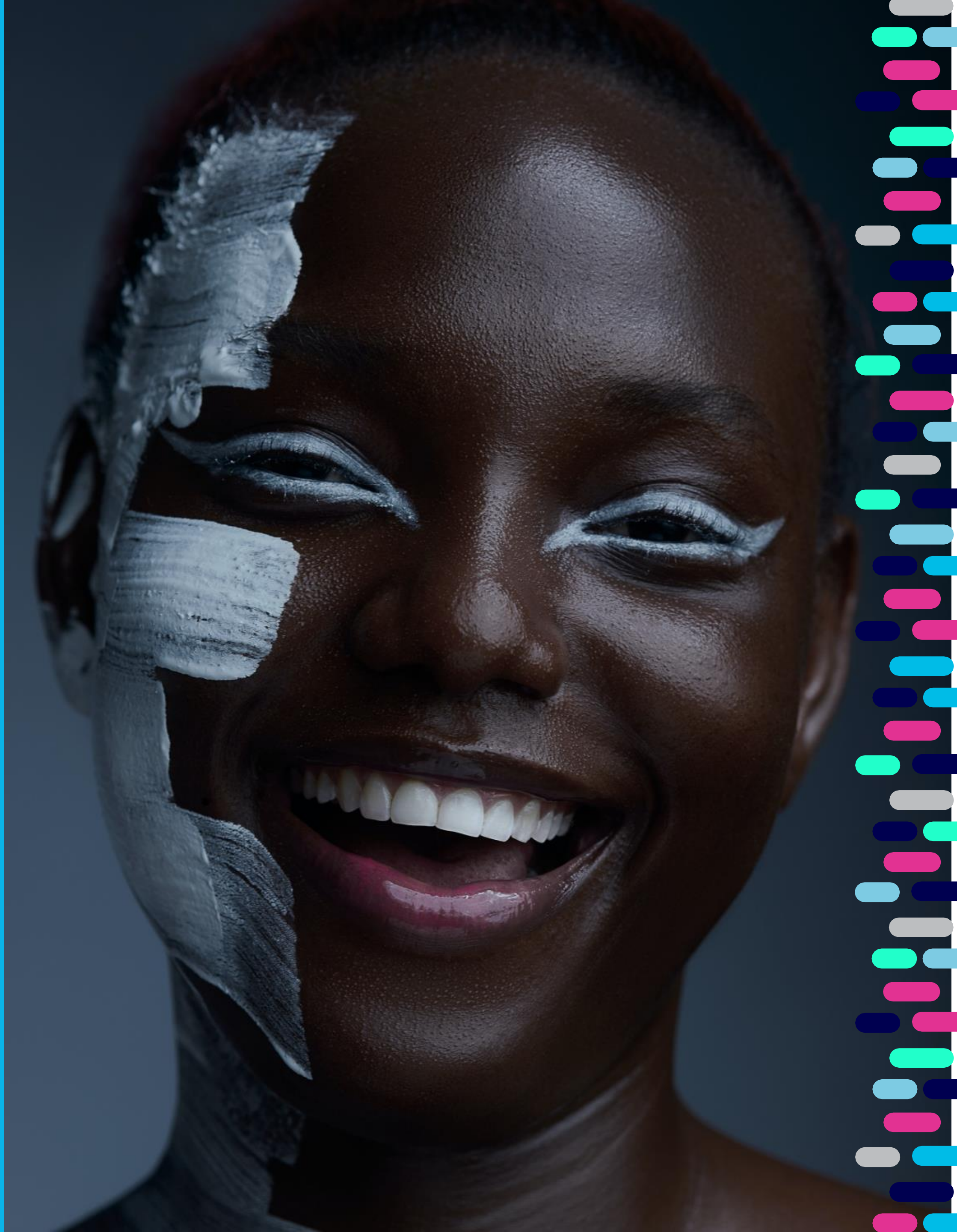
- Data
- Algorithms
- Revenue/Profit
- AdTech Stack
- Asymmetric relationship

Market failure

- No transparency
- Potential excessive pricing
- Free riding
- Abuse of dominance

Entrenched dominance of digital platforms

- Unsustainable business model for media businesses



PROPOSED OUTCOMES

Equity in share of adspend revenue and transparency of measurement.

Attribution of revenue for content utilised in search, display, programmatic, and streaming.

Retrospective and on-going

Establishing a fair and governed content producer, distributor & advertiser relationship.

Create fair and appropriate revenue share agreements.

These are the proposed steps to addressing the disparity of economics in the South African digital economy between news and local content providers, and international digital media players. Something that has extensively impacted Primedia's commercial position as a news publisher and as a local content provider.

Q&A Session

PRIMEDIA BROADCASTING

THANK YOU

Tel: +27 (0)11 506 3200

+27 (0)21 446 4700

www.primediabroadcasting.co.za

AUDIO | VIDEO | DIGITAL