Irdeto operations

Our Irdeto business services the MultiChoice Group's Video Entertainment subsidiaries and more than 400 external clients. Revenue from the MultiChoice Group accounted for 48% of Irdeto's total revenue (FY24: 52%), which is eliminated on group consolidation.

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Irdeto continued to grow market share and delivered increased revenue with external customers in all three of its market segments, Video Entertainment, Gaming and Connected Transport. As in the previous fiscal year, revenues from group declined primarily on the back of macro-economic headwinds across its main African markets. The associated adverse YoY gross margin effect was partially recovered by another year of disciplined cost and financial management. This helped mitigate the effect of the Group revenue decrease on trading profit and free cash flow, although it has not been possible to fully offset the impact of a 13% YoY revenue decrease from group.

External Video Entertainment revenue was up by 7% YoY. While revenue decreased in the Europe, Middle East and Africa (EMEA) region, last year's strategic wins in Asia-Pacific (APAC) drove YoY revenue growth well above industry levels (most significant competitors and value-chain partners are seeing decreased revenue). Particularly the implementation phase of the transformational project with Astro, the leading video entertainment provider in South-East Asia, contributed strongly to external topline growth. During FY25 we delivered fundamental milestones and have helped Astro to go live with their new OTT platform. This represents the first building block of their end to end, modularly integrated, Video Entertainment platform, referred to as the 'Irdeto Experience'.

Revenue from the Group reduced by 13% YoY, as MultiChoice continued to see reduced set-top box and subscriber volumes across the African continent. Particularly the reduced set-top-box shipment volumes impacted our revenues. This is driven by two correlated effects, the challenging macro-economic environment in which currency fluctuation caused margin deterioration and a decision to reduce subsidy spend and focus on cash flow generation rather than subscriber growth.

Irdeto increased activity to assist the group to counter digital content piracy. We initiated market research to measure and characterise pirate activity across Africa, and ramped up our operational and technology capability to counter it. As part of this initiative, we increased the use of forensic watermarking and online piracy detection to cover all priority events, and deployed payment disruption technology to impede the ability of pirate sites to monetise content. We also worked closely with regulators, governments, and the media to raise awareness of the risks of digital content piracy, and secure cooperation in countering it.

Gaming and Connected Transport segments grew 7% and 25% respectively YoY.

This reflects continued market adoption of our offerings in both segments. In Gaming we expanded revenue from game releases in China and from leveraging our core cybersecurity competencies. In Connected Transport we have equipped UPS' long-haul truck fleet with our digital key solution, which has enabled them to over-achieve on their efficiency targets.

Despite a global decline in legacy video entertainment technologies, Irdeto sees a material opportunity to further increase market share by lowering cost of ownership and by leading customers' transformation towards Internet streaming. Increasing customer adoption in both video games and Connected Transport validates the strategic direction beyond video entertainment and Irdeto

Irdeto operations continued

continues to drive a strategy based on these three core market segments.

Video Entertainment: The first strategic pillar is to increase market share by winning Tier-1 customers. Despite a strong performance in FY25, challenging trends remain in play due to a secular decline in global pay-TV subscriptions, which is expected to persist. The same trend also brings opportunities to support customers in the transition towards streaming. Winning more 'Irdeto Experience' deals on the back of a successful deployment at Astro is a vital component of our three year strategy. Providing anti-piracy solutions to protect valuable content remains critical in OTT. Finally, by leveraging Irdeto's core technology, offerings and expertise we are able to help customers achieve cost efficiencies through managed services.

Irdeto remains a critical partner of MCG and provides encryption, conditional access, and middleware solutions for set-top boxes and streaming services. In addition, the business helps MCG monitor and combat piracy across sub-Saharan Africa, and contributes to the group's solutions for VOD and targeted advertising. Piracy will be a significant focus area for FY26 as it continues to impact group revenues and becomes more complex to control as broadband penetration increases and data costs fall.

Video Games: Securing games and assuring a level playing field in the video gaming segment remains an important part of Irdeto's longer-term strategy. Irdeto has extended its portfolio by adding cyberservices capabilities, forensic watermarking and the ability to identify cheats and takedown bots.

Connected Transport: Irdeto is seeing promising pipeline conversion for the keyless entry solution Keystone in both fleet and construction segments. Particularly Keystone for fleet has gained significant traction, a number of Tier I brands are currently engaged in technical and commercial conversations. In order to remain relevant in the Construction Equipment segment, our Imperto offering required a pivot from a hardware to a software-based keyless rental solution. The Electric Vehicle segment aims to provide a smooth charging experience through a holistic, reliable and secure charging ecosystem through its main offering Crosscharge. As part of the three-year plan, Connected Transport is expected to materially grow revenue and contribute to Irdeto's bottom-line results.

Sustainability Focus: Irdeto continues to focus on people, planet and purpose by championing corporate social responsibility, adhering to international sustainability standards, and integrating ESG principles into all of our programmes and policies.

We are recognised as being in the top percentage of companies for our exceptional focus on sustainability efforts, having won awards and most recently, Irdeto's near and long term emission reduction targets were approved by the Science Based Targets initiative (the SBTi), demonstrating our commitment to reducing our environmental impact in line with globally recognised standards.

Awards and accolades

- Corporate Star Awards - Best ESG Report
- Corporate Star Awards – Best Employee Engagement Programme
- NAB Sustainable Leadership Award for an outstanding ESG report
- 2024 Cybersecurity Excellence Awards for Anti-Piracy
- Innovation in Streaming award at the BroadcastPro ME Manufacturer Awards
- Streaming Media European Innovation Awards – Best Innovation in Streaming – Irdeto Experience
- Irdeto Anti-Piracy shortlisted in the Support category for the IABM BaM Awards 2024