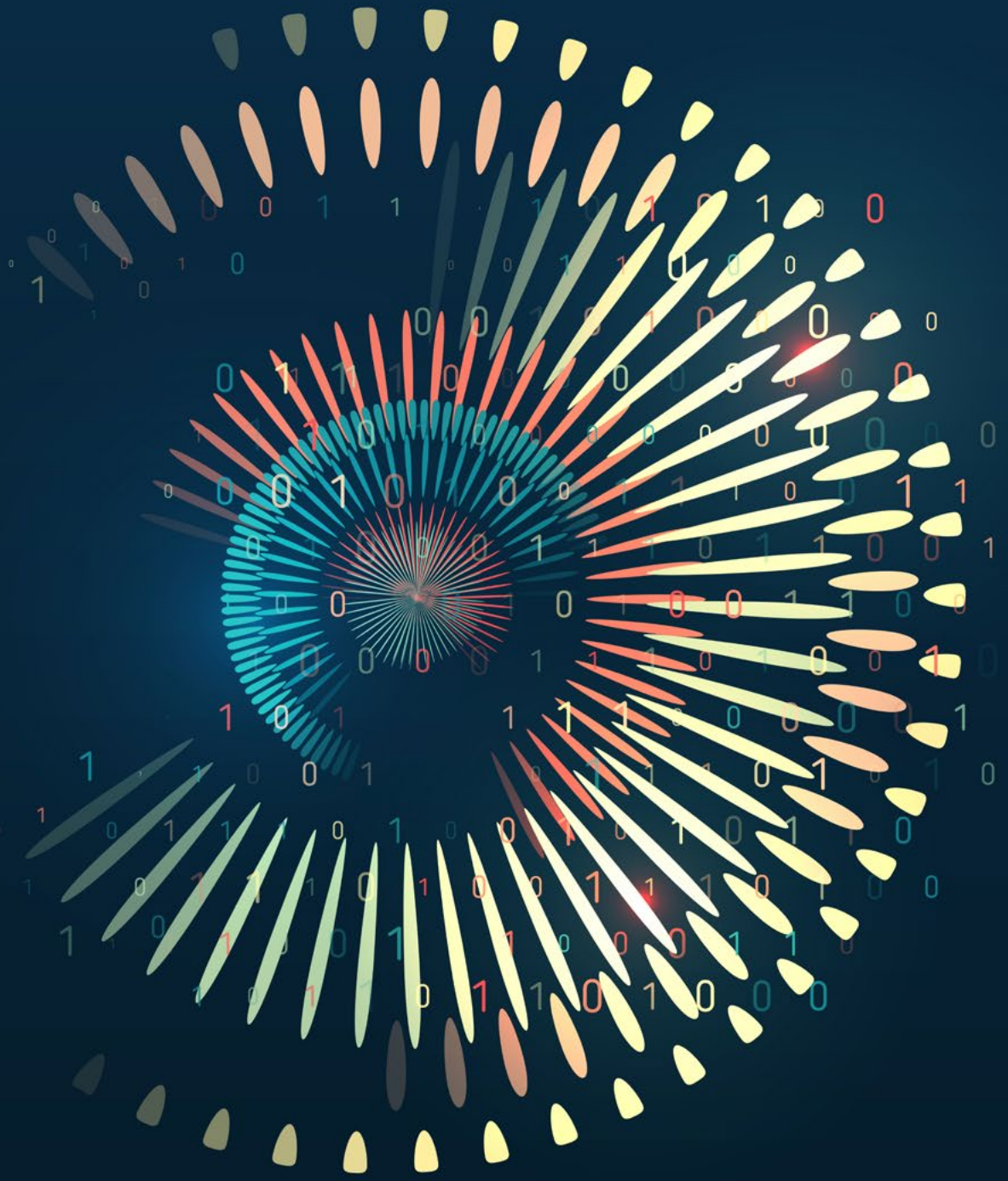
SAMRO

INTEGRATED REPORT

2026



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"**We**", "**our**" and "**SAMRO**" mean Southern African Music Rights Organisation NPC. "The group" means SAMRO together with its two subsidiaries. See *Section 1.2*

How to read this report

The playback-to-payback chain comprises five activities through which we create value: registering members and their works, licensing music users, collecting licence fees, matching reported music use to rights holders, and distributing royalties.

We explain a term the first time it appears, and the glossary at the back of the report lists them all.

- **Members** are the composers, authors (lyricists) and music publishers who have entrusted their performing rights to SAMRO.
- **Music** users, or **licensees**, are the businesses and broadcasters that pay a licence fee to use music in public.
- **Sister societies** are music rights organisations in other countries that perform a similar role to SAMRO and have reciprocal agreements with SAMRO to facilitate the administration of performing rights across territories.
- **Licence and royalty income** is the licence fees we earn in South Africa together with the royalties we receive from sister societies.
- **Royalties** are allocated for distribution from the income attributable to the relevant financial year, in accordance with SAMRO's applicable distribution arrangements. The amounts allocated for distribution, distributions processed and royalties actually paid in cash are distinct measures and may relate to different reporting periods. These amounts are reported separately.
- **Undocumented works** are royalties that we hold because we cannot yet match them to an owner. Our financial statements call them distributions in progress.

A YEAR OF RESILIENCE AND CONTINUED MOMENTUM

Resilience, the theme of this year's Integrated Report, reflects the demands placed on SAMRO throughout 2026. The organisation navigated significant headwinds, including heightened scrutiny of its governance, leadership transitions, and sustained adverse media coverage. These challenges underscored the importance of accountability, institutional stability and maintaining the trust of members and stakeholders.

The strain was significant, but the organisation remained resilient. Effective governance was maintained despite considerable changes to the Board and its Committees, while the expertise, dedication and commitment of employees ensured operational continuity. Throughout this period, we continued to strengthen our systems and processes, and improved the quality of service to our members.

Resilience meant safeguarding SAMRO's core mandate amid challenging circumstances while continuing to strengthen the organisation's capacity and capabilities for the future. We continued to create, protect and distribute value for the members who depend on us. Licence and royalty income reached a record R769.3 million; we made 37 distributions, up from 23 in FY2025, and royalties awaiting identification of a rights holder fell by 9.2%.

Resilience is not the same as an unblemished record. We are frank about where our chain remains vulnerable, the challenges that persist and the actions we are taking to strengthen it.

What the chain delivered

Group revenue
R777.3 million
13.1%
(2025: R687.2 million)

Cost-to-income ratio
21.4%
0.2 pcb
(FY2025: 21.6%)

Licence and royalty income
R769.3 million
13.1%
(R680.4 million)

Undocumented works
R265.1 million
9.2%
(FY2025: R292.1 million)

Distributions made
37
14
(FY2025: 23)

Total members at 30 June 2026
161 293
8 198
(FY2025: 153 095)

Set aside for social and cultural purposes
R29.6 million
14.9%
(FY2025: R25.7 million)

Number of licensed music users at 30 June 2026
11 962
12.9%
(FY2025: 13 751)

Royalties paid in cash to members and sister societies
R485.3 million
15.6%
(FY2025: R419.7 million)

Cleared undocumented royalties
R23.3 million
23.6%
(FY2025: R30.5 million)

Royalties set aside for distribution in the following year
R 708.3 million
12.4%
(FY2025: R630.2 million)



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ABOUT THIS REPORT



This report's purpose, scope and approach

This is SAMRO's Integrated Report for the financial year ended 30 June 2026. It is our account to our members, industry partners and other stakeholders active in South Africa's creative economy of how we created value during the year, where we fell short and what we intend to do next.

1.1 Scope and boundary

The period: This report covers the financial year from 1 July 2025 to 30 June 2026 (FY2026). Where an event occurring after 30 June 2026 is relevant to understanding the reporting period or the organisation's performance, it is disclosed separately, with the date clearly indicated.

The organisation: The report covers the Southern African Music Rights Organisation NPC (SAMRO) and its two wholly owned subsidiaries, SAMRO House Holdings (Pty) Ltd and SAMRO House (Pty) Ltd. Together, these entities form the SAMRO group, which has the same reporting boundary as our financial statements. The report focuses primarily on SAMRO's operations and activities. Ownership of the building occupied by SAMRO rests with its subsidiary. (*See Section 2.6*).

Beyond SAMRO: The administration and distribution of royalties is a shared responsibility involving SAMRO, its members and various external stakeholders. While SAMRO manages the licensing, royalty administration and distribution processes, members play a role by registering their musical works and keeping their personal and banking details up to date.

Music users are responsible for obtaining the appropriate licences, paying applicable fees and submitting accurate music usage reports. Sister societies also contribute by collecting and remitting royalties arising from the use of SAMRO members' musical works in other territories. The effectiveness of the entire value chain therefore depends on the contribution and cooperation of all parties involved.

Who we serve: SAMRO has no shareholders. We publish this report first for our members: the composers, authors and music publishers who entrust their performing rights to us. We also recognise businesses and broadcasters as important stakeholders whose licence fees contribute to the royalties distributed to our members. This report provides insight into how these fees are collected, administered and translated into royalty distributions. We recognise, too, the interests of our employees, sister societies, policymakers and partners across the music industry.

Our members come from all walks of life, and many are creators rather than accountants. We have therefore tried to write plainly, explain technical terms when they first appear, and clearly account for how each link in our value chain performed during the year.

Why we publish it: We publish this report voluntarily because it is an important way of demonstrating accountability to our members. Our membership of the International Confederation of Societies of Authors and Composers (CISAC) requires us to publish an annual report. This report goes further by explaining how SAMRO creates value through its royalty value chain and how we govern and steward the organisation. It also describes how we are strengthening our ability to deliver long-term value.

Where the financial indicators come from: The financial results are taken from our audited financial statements for the group and for the company, a summary of which is in *Chapter 10*.

1.2 Frameworks we applied

This report has been prepared with reference to the following statutory requirements, financial reporting standards, corporate governance principles and integrated reporting frameworks, as applicable to SAMRO and the reporting period:

- Integrated Reporting Framework
- International Financial Reporting Standards (IFRS)
- King Report on Corporate Governance™ for South Africa 2016 (King IV™)[1]
- The Companies Act, 71 of 2008 (as amended) (the Companies Act)
- CISAC Professional Rules for Musical Societies

King V™, a new governance code for South Africa, was published on 31 October 2025. It applies to financial years that begin on or after 1 January 2026, which for SAMRO is our 2027 financial year. This means that King IV™ was the applicable governance framework for our FY2026 Integrated Report while King V™ will apply for our FY2027 year.

[1] *Copyrights and trademarks are owned by the Institute of Directors in South Africa NPC and all rights are reserved.*



1.3 How we decided what to include

This report concentrates on the material matters that could substantively affect our ability to create value for our members and other stakeholders in the short, medium or long term. We call these our material matters.

By the short term, we mean the 2027 financial year. The medium term runs to 30 June 2028, when Strategy 2028 ends, and the long term lies beyond that date.

Identifying our material matters

We gathered the matters that might be material.

We considered media coverage and public discussion of SAMRO and music rights, direct stakeholder feedback, our strategy and risk assessments, alongside written submissions from every division and interviews with the Interim Chair, CEO, interim committee chairs and managers.

We judged how important each one is.

This reflects management's role and the Board and Committees' existing oversight responsibilities without implying that a separate formal materiality assessment was approved by the Board.

Management considered the information gathered from the divisions, stakeholder feedback, strategic priorities and risk assessments to identify the matters most relevant to SAMRO's ability to create value for its members and other stakeholders.

The assessment was informed by the Board and its Committees' ongoing oversight of strategy, risk, performance and governance. Further development of the materiality assessment process remains a priority for FY2027.

Six matters emerged.

Section 4.3 explains why each one matters and how they link to our strategy and our risks.

Double materiality. In considering the matters relevant to this report, SAMRO has sought to reflect both the factors that affect its ability to create value and the effects of its activities on members and other stakeholders. The assessment of material matters remains an area for further development. As part of its transition preparations for FY2027, SAMRO will consider the relevant King V™ reporting principles and the implications for its future materiality assessment and reporting processes.

What is not in this report. Some information is missing because the law, or a process that is still underway, limits what we may publish. Other information is missing because we do not yet measure it: what our members and licensees think of SAMRO, for example, and what our social investment programmes produce for the members they support (*Read more Sections 7.6 and 7.7*). Where information is missing, we say so, and we say what we are doing about it.

1.4 Assurance

Readers are entitled to know which parts of this report have been checked by someone independent of SAMRO and which have not. We ensure the accuracy and integrity of our financial and non-financial data through a combination of management control and oversight, internal audit and external assurance providers. The Board, supported by the Audit and Risk Committee, fosters an effective control environment that ensures the integrity of our information through internal reporting processes that are supported by various levels of oversight.

Part of the report	Assurance
The summary financial statements (*Chapter 10*)	These are extracted from our full financial statements, which our external auditors, SizweNtsalubaGobodo Grant Thornton Inc., audited. The auditors' report on the summary is in *Chapter 10*.
Financial figures elsewhere in the report	Most are taken from the audited financial statements. The value-added statement (*Section 3.4*) and the cost-to-income ratio are calculated by our Finance department from those statements.
Our B-BBEE level	An independent verification agency verified this and issued our certificate.
All other information	The non-financial information was prepared from submissions by the responsible divisions and reviewed by management. The relevant governance disclosures were considered through the applicable Board Committee processes before the Integrated Report was approved by the Board. This information was not independently assured.

Our internal audit is carried out by PwC. The Audit and Risk Committee oversees the work of the external auditors, the internal auditors and our risk function and how they fit together.

1.5 Board responsibility and approval

The Board of Directors (the Board) acknowledges its responsibility for the integrity of SAMRO's Integrated Report and for ensuring that it presents a balanced account of the organisation's performance, governance and ability to create value over time.

Management coordinated the preparation of the report using information provided by the relevant divisions and the organisation's financial and governance records. The report was considered through the applicable governance review processes before being submitted to the Board for approval.

The Board has considered the information presented in this report and is satisfied that it provides a balanced account of SAMRO's performance, achievements, challenges and material matters for the financial year ended 30 June 2026.

The Board approved the Integrated Report on 9 November 2026.

Sisa Mayekiso
Interim Chair

Annabell Lebethe
Chief Executive Officer (CEO)



Report navigation

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Our strategic pillars

- Increase revenue
- Improve systems and processes
- Cost management
- Improve reputation
- Future focus and innovation

Feedback

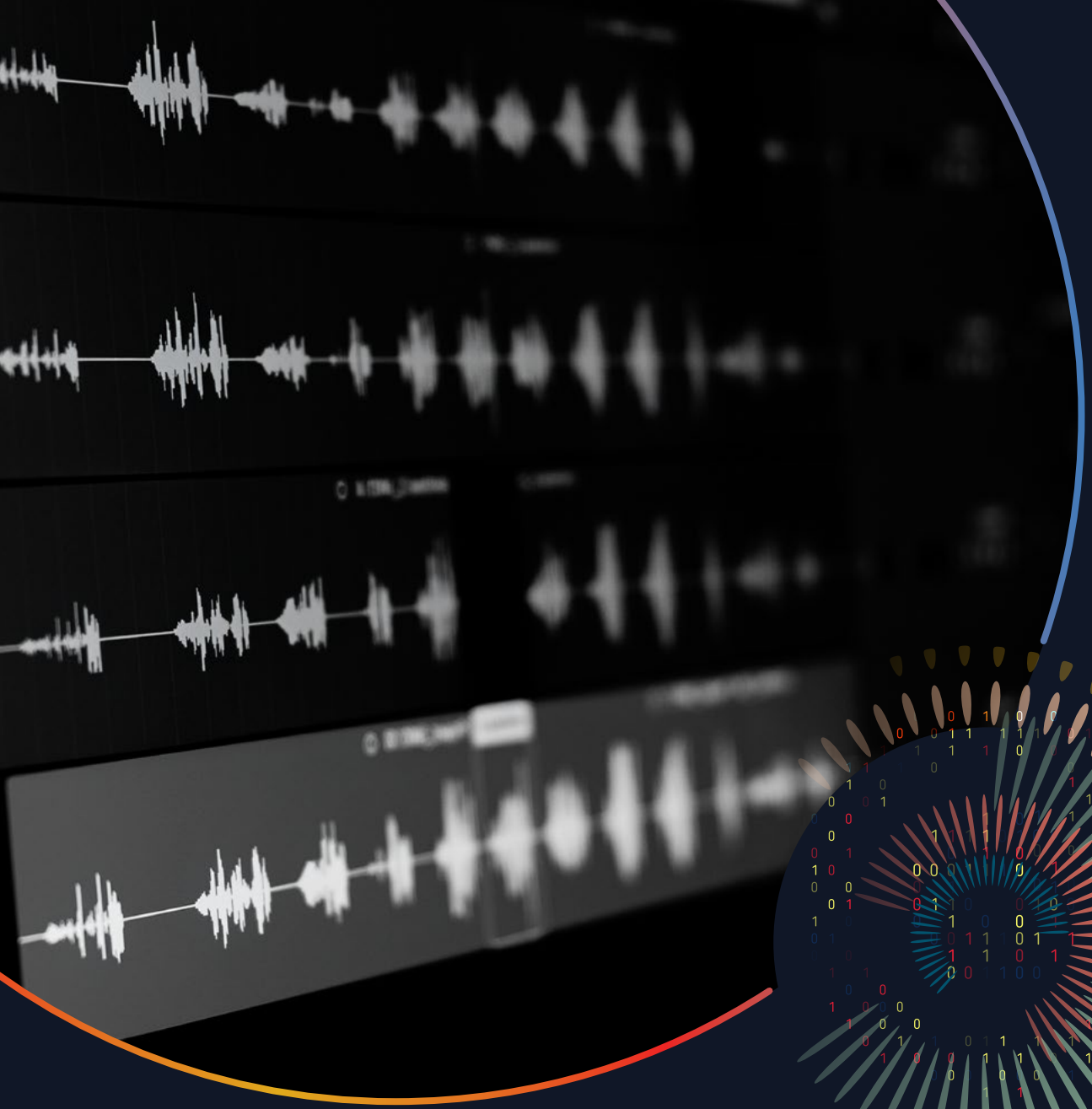
We welcome members' feedback on this report. Please e-mail comments and queries to the Company Secretary. You can also engage with us on the following social media platforms:

SAMRO

@SAMROMusic and

@SAMROmusic

Or visit our website:
www.samro.org.za



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WHO WE ARE

Understanding SAMRO: What We Do and What We Don't

Whenever music is performed in public, whether on air, online, in a shop or on a stage, the composers, authors and music publishers who hold the rights in that music are entitled to royalties. Our role is to administer the performing rights entrusted to us, collect the applicable licence fees and distribute royalties to the entitled rights holders in accordance with our distribution rules and applicable rights information.

SAMRO, the Southern African Music Rights Organisation, has served music creators since 1961. We are a non-profit company with members, not shareholders. These members include the composers, authors and music publishers who entrust their performing rights to us. Three things have sustained that mandate over 65 years and continued to support SAMRO through a turbulent FY2026. The first is our membership, whose musical works make up the repertoire we license. The second is the businesses and broadcasters that obtain the appropriate licences and pay for the use of music. The third is our worldwide network of sister societies, which collect royalties for our members in other territories and entrust us with administering their members' performing rights in South Africa.

2.1 Our purpose, vision, mission and values

Our purpose

SAMRO exists to ensure that music creators and the publishers who represent them are fairly compensated whenever their music is performed in public.

The four commitments that help us achieve our purpose:

Create value

To create value for the creators and users of music.

Promote value

To actively promote the value of copyright.

Protection

To protect the intellectual property rights of writers, composers and music publishers by licensing music users.

Royalties

To ensure that members whose works are broadcast and played commercially are paid their royalties from licence fees collected by SAMRO.

Our vision

A leading and most admired collective management organisation in Africa, respected by the global community and members.

Our mission

Efficiently administer music rights on behalf of our members: music composers, authors and publishers.

Our values

In June 2026, we launched a new set of values to our employees.

Our values

FAIRNESS	Treating all individuals with equity, impartiality, and respect.
TRANSPARENCY	Open and honest communication that fosters trust and accountability.
RELIABILITY	Consistently delivering on commitments and earning trust through dependability.
ACCURACY	Producing precise, error-free work that upholds high-quality standards.
INNOVATIVE	Embracing creativity and continuous improvement to drive progress.
AGILE	Adapting quickly and effectively to change with resilience and flexibility.

Section 7.5 reports on our culture and values.

2.2 What we do

No composer, author or music publisher can monitor every broadcaster, retailer, restaurant, festival and streaming service that uses their work, let alone negotiate with each of them. Our members therefore assign their performing rights to SAMRO and entrust us to administer those rights collectively, with care and integrity. On behalf of our members, we license businesses and broadcasters that use music, collect licence fees and receive music usage reports from licensees. We use these reports to match reported music usage to registered works and calculate the royalties due to members. Royalties are then distributed in accordance with applicable rules and procedures, after deducting administration costs.

An organisation that works in this way is known as a collective management organisation, or CMO. The rights we administer are set out in the Copyright Act 98 of 1978. They apply when music is performed in public or broadcast, not when it is played in private.

What falls outside our mandate

People often assume SAMRO is responsible for everything that happens in the music industry. In fact, our mandate is specific. Music carries several distinct rights, each administered by a different organisation, and SAMRO administers one of them: the performing right.



Music Rights in South Africa: Who Administers Each Right?

Right	What it covers	Administered by
Performing right	The right to perform music in public or to broadcast it, whether on television, on radio or on a digital platform. It belongs to the composers, authors (lyricists) and music publishers of the work, who earn a royalty when the music is performed in public.	SAMRO
Mechanical right	The right to reproduce a musical work: for example, to make commercial copies such as CDs and MP3s, and to copy it for streaming, broadcast and ringtones.	CAPASSO (the Composers, Authors and Publishers Association)
Needletime right	The right in the performance of a sound recording. It entitles performers and record companies to be paid when their recorded performances are played in public or broadcast, whether or not they wrote the music or the lyrics.	SAMPRA (the South African Music Performance Rights Association)

A single use of music can involve more than one right. Each time a song is streamed, for example, both a performing right and a mechanical right are exercised: we administer the first, and CAPASSO the second.

Four further points mark the edges of our mandate.

- **We do not record or promote music.** Promoting a member's music is the work of publishers and music promoters.
- **We do not represent performers or record companies.** Our members are composers, authors and music publishers. A company that both records and publishes music is our member only in its role as a publisher.
- **We do not issue synchronisation licences.** A business wishing to synchronise music with an advertisement or other audiovisual production generally requires separate permission from the relevant copyright owners. A SAMRO performing rights licence does not, on its own, authorise that use. Separate performing rights licensing requirements may also apply when the resulting production is broadcast or communicated to the public.
- **A SAMRO royalty is one source of income among several.** The royalties we pay are only one of several income streams available to a composer or an author. A member earns a SAMRO royalty only when a licensed music user performs or broadcasts their work, and that use is reported to us.

2.3 Our members

SAMRO represents composers, authors (lyricists) and music publishers, and provides for successor membership following a member's death.

Applicants must submit the prescribed application documents and a Deed of Assignment, through which they assign their performing rights to SAMRO for administration. Publisher applicants must also provide company registration documents and agreements confirming their authority to represent the relevant musical works.

First-time applicants pay a once-off, non-refundable application fee of R100 for composers and authors or R500 for publishers. No annual membership fee is payable. These fees are separate from the administration costs associated with collecting and distributing royalties.

Three tiers of membership

SAMRO has three membership tiers: prospective, associate and full. Prospective members are approved applicants who may register their musical works and receive royalties subject to usage, applicable rules, payment thresholds and verification. They do not have voting rights or access to membership benefits. Associate and full members are entitled to attend and vote at general meetings and access applicable membership benefits, subject to the relevant rules. Full members may also stand for election to the Board, subject to the eligibility requirements.

Three tiers of membership	How a member reaches it	What it brings
Prospective	When joining, the once-off application fee is R100 for composers and authors and R500 for publishers. Then once the application and required documentation have been approved, the applicant is registered as a Prospective Member. Members do not have voting rights and are not eligible for the SAMRO Retirement Annuity Fund, Funeral Benefit Scheme or SAMRO's social investment programmes.	A unique **SAMRO Business Relations (BR) number** is issued, which members use to access the SAMRO member portal to notify their musical works. **Identifying members and their works internationally** SAMRO uses international identification systems to support the administration of music rights: • **Interested Party Information (IPI) number:** An internationally recognised identifier for a composer, author, publisher or other party with an interest in a creative work. It helps societies identify the correct rights holder when administering royalties. • **International Standard Musical Work Code (ISWC):** A unique, permanent international identifier for a musical work. It distinguishes the composition from other works, including those with similar titles; it identifies the work rather than a particular recording. • **CIS-Net:** An international network of databases through which participating societies share and search information about musical works and associated rights, supporting licensing and royalty distributions.
Associate	A composer or author qualifies for Associate Membership after earning at least R100 in royalties during the preceding three years, subject to the applicable membership requirements. The corresponding threshold for a publisher is R1 000. Admission is subject to meeting the applicable requirements and election by the Board.	• Associate members benefit from full participation in royalty distributions. Payment is subject to SAMRO's distribution rules, applicable payment thresholds and verification requirements, including valid, up-to-date banking details and, for publishers, current company registration and compliance with CIPC requirements. • The right to attend and vote at general meetings, including the AGM, and to receive SAMRO's annual reports and regular communications. • For qualifying composer and author members, eligibility for the SAMRO Retirement Annuity Fund and Funeral Benefit Scheme, subject to the applicable fund and scheme rules. These benefits do not extend to publisher members. • Eligibility to apply for education and funding opportunities through SAMRO's social investment programmes, subject to each programme's criteria.
Full	Associate Members may qualify for Full Membership through the points system prescribed in SAMRO's Membership Rules. The system considers qualifying membership activity and royalty earnings, with criteria applicable to the relevant membership category.	The rights and benefits applicable to Associate Members, including participation in the nomination and election of Member Directors and eligibility for election to the Board, are subject to the requirements and procedures prescribed by SAMRO's Memorandum of Incorporation.

Our membership in numbers

Members at 30 June

Prospective
129 223
(FY2025: 123 857)
(FY2024: 121 295)

Associate
30 502
(FY2025: 28 308)
(FY2024: 24 943)

Full
1 568
(FY2025: 930)
(FY2024: 930)

Total members at 30 June 2026
161 293
(FY2025: 153 095)
(FY2024: 147 168)

Membership brings responsibilities and benefits. Whether a royalty reaches a member depends in part on the works that the member registers with us and on the details that the member keeps up to date. *Section 7.3* reports on our service to members and on member benefits in 2026. In February 2026, the Board established a task team to review our Memorandum of Incorporation (MoI), including the membership categories and the rights attached to them; *Section 8.4* reports on its work.

2.4 The businesses that use music

Businesses, broadcasters and other music users that publicly perform, broadcast or otherwise use musical works in ways covered by the performing rights administered by SAMRO are generally required to obtain the appropriate licence. The licence fees collected are used to fund royalty distributions, subject to the applicable administration costs and authorised allocations.

A SAMRO licence gives a music user lawful access not only to our members' works but also to the repertoire of sister societies worldwide, so a broadcaster or shop does not have to seek permission for each work. In return, the law and the licence agreement require the music user to pay the fee and to tell us which music it used.

Where our licence and royalty income comes from

Stream	Who pays	How the fee is set	2026 income	Share of total
Broadcast	Television and radio broadcasters	A percentage of the broadcaster's revenue	R386.5 million	50.2%
General	Businesses that play background music, among them shops, restaurants, gyms, hotels and clubs	A set of tariffs for different kinds of business, most of them based on floor area	R163.5 million	21.3%
Live	The organisers of live music events	A percentage of ticket income or a rate for each person the venue can hold, whichever is greater	R24.2 million	3.1%
Digital	Video-on-demand services, music streaming services and platforms that carry content uploaded by their users	Mostly a percentage of revenue. Some platforms pay a fee for each work, which we must claim from the usage reports they send us	R160.7 million	20.9%
Foreign	Sister societies, which license the use of our members' music in their own countries and pay the royalties over to us	Collected by the sister society in each country, under our agreement with it	R34.4 million	4.5%
Total licence and royalty income			R769.3 million	100.0%

Broadcasting remains our largest income source, and digital use is growing fastest. Because a broadcaster's fee is a percentage of its revenue, our income from broadcasting rises and falls with the broadcaster's own income from advertising and subscriptions. *Section 4.1* describes how these markets are changing, and *Section 7.1* reports on licensing in 2026.

2.5 Our place in the global network

Sister societies and CISAC

Music crosses borders, and we could not license its use in every country ourselves. We have reciprocal agreements with sister societies in other countries. When our members' music is performed abroad, the relevant society collects the licence fee and pays the royalty to us for distribution to our members. Conversely, when music from a sister society's repertoire is performed in South Africa, we collect the fee and pay the royalty to that society. Each society deducts its own administration fee.

Through these agreements, we serve creators worldwide as well as our own members. In FY2026, we received R34.4 million from sister societies for the use of our members' music abroad (FY2025: R31.2 million).

SAMRO is a member of CISAC and applies CISAC's Professional Rules for Musical Societies, which establish standards for governance, financial transparency and the administration of royalties. International co-operation also runs through our day-to-day work. Our members' registered works are uploaded to CIS-Net. In FY2026, we brought the international works database, about 31 million works, into our own systems. In May 2026, the Board adopted CISAC's guidance on registering works that involve artificial intelligence as an interim measure.

Our role in Africa

South Africa plays an important role in Africa's music rights administration landscape, and SAMRO contributes to regional cooperation through its participation in CISAC structures.

We have been a member of CISAC's African Committee since 1994, and have a seat on the CISAC Board.

We support small and new collective management organisations elsewhere in Africa with set-up and guidance. We do not yet provide back-office services to any other society. SAMRO is exploring the potential to make its internally developed CAPS rights administration and distribution system available to other collective management organisations, including the feasibility of licensing the system as a service. These explorations are in the preliminary stage and will need to undergo rigorous management and Board review before any commercialisation stage is considered.

2.6 Group and operating structure

Three legal entities

The SAMRO group consists of three legal entities.

Entity	What it is	What it does
Southern African Music Rights Organisation NPC (SAMRO)	A non-profit company, registration number 1961/002506/08. The head office and the ultimate holding company of the group.	Administers the copyright in the works created by its members and by the other rights holders it represents.
SAMRO House Holdings (Pty) Ltd	A wholly owned subsidiary of SAMRO NPC.	An investment holding company, established to hold interests in property companies.
SAMRO House (Pty) Ltd	A wholly owned subsidiary of SAMRO House Holdings (Pty) Ltd.	A property investment company. It owns the building at 20 De Korte Street, Braamfontein, which is our registered office and from which it earns rent.

As a non-profit company, SAMRO has no share capital and declares no dividends. SAMRO has members rather than shareholders and operates on a non-profit basis. Our income is applied towards fulfilling our mandate, including the administration of performing rights, royalty distributions and permitted member benefits, in accordance with its governing instruments and applicable legal requirements. SAMRO's public benefit organisation approval took effect on 25 February 2021. The applicable tax treatment remains subject to the requirements and conditions governing its approved public benefit organisation status.

Because the group includes a property company, two revenue figures appear in this report. SAMRO's own income from licence fees and from royalties received from sister societies was R769.3 million in 2026. Group revenue was R777.3 million, which also includes R7.9 million of rental income earned by SAMRO House (Pty) Ltd. The building was 94% occupied, and the Board is considering its position.

The SAMRO Retirement Annuity Fund is a separate fund with its own trustees. Our social investment programmes are no longer managed by a separate entity (the former SAMRO Foundation). Instead, an internal SAMRO team runs them directly.

How we are organised

The Chief Executive Officer reports to the Board. The organisational structure below summarises the principal management functions and their reporting arrangements as at 30 June 2026.

Reports to the CEO	Departments and teams
CFO	Finance, including credit control and licensing administration. Human Resources. Legal Services. Group Shared Services, including SAMRO House.
Chief Operating Officer (COO) (vacant at year end)	Member Services: writer services, publisher services and queries. Distributions: documentation, music usage and post-distribution. Information Technology. Group Marketing, including Corporate Social Investment.
General Manager: Licensing	Key accounts. New business. Stakeholder relations and digital.
General Manager: Risk	Risk. Quality control.
Company Secretary	The Company Secretary reports administratively to the CEO and has direct and unrestricted access to the Board and its Committees.

Chapter 3 shows how these parts work together to turn a licence fee into a royalty.



How we create value

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HOW WE CREATE VALUE

How does a licence fee become my royalty, and where does the money go?

Every musical work begins with the people who created it. This has been our mandate since 1961, grounded in the belief that music is not only a cultural asset but also an important source of economic value.

3.1 Our value creation story

Why we exist

Our promise to members is simple: playback time is payback time. **Every performance sets a chain in motion**, linking music users, licensees, usage data, royalty collections and distributions. Our role is to keep that chain strong, so that the value generated by music returns to the people who create it.

How the chain works

We uphold that commitment through a five-step chain.

01 We register members and their works.

02 We license the businesses and broadcasters that use music.

03 We collect the licence fees.

04 We match the music that was used to the works in our records and to the people who own them.

05 We distribute and pay the royalties that are due.

Two further activities run alongside the chain. We support our members and the wider music industry through the SAMRO Retirement Annuity Fund, a funeral benefit, social investment and education, and we speak up for our members when laws and policies affecting their rights are made.

Each link depends on the one before it. Accurate and timely royalty distributions depend on the identification of musical works and rights holders, reliable music usage information, effective licensing and collections, and the application of SAMRO's Distribution Rules.

Governance, risk management and technology

Underneath the chain lie the governance, risk management and technology that hold it together.

The resources and relationships we rely on

Our ability to create value depends on five resources and relationships.

The repertoire. The works our members entrust to us, together with those of rights holders around the world whose societies mandate us to represent them in South Africa. A single SAMRO licence covers this combined repertoire, and that breadth is what gives the licence its value.

Accurate data. Reliable information about who created each work, who owns which share of it, and where and when it was used. Without it, a royalty cannot be matched to its owner.

People and systems. Our 175 employees and their specialist knowledge, supported by the CAPS (Composers, Authors, Publishers, Sub-Publishers) system, the rights and distribution system our team developed.

Relationships. With our members, with the businesses and broadcasters that pay for music, with sister societies in other countries through CISAC, and with policymakers.

Trust. We administer money that belongs to other people. Members, licensees and employees must be able to rely on us to do so carefully, fairly and transparently.

When we cannot match a work to its owner

Where SAMRO cannot identify a musical work or establish the rights holders and their respective shares, the associated royalties may remain undistributed pending further identification or supporting documentation. The Distribution Rules prescribe the treatment of these amounts, including the evidence required to substantiate claims and the circumstances in which unmatched royalties are returned to the distribution pool. The applicable periods and redistribution arrangements differ according to the nature of the royalty and the relevant distribution category

Section 7.2 provides further information on undocumented royalties and the revised Distribution Rules approved by the Board on 18 February 2026.

When the money is paid

SAMRO determines the amounts available for royalty distributions in accordance with its financial and distribution processes and the applicable Distribution Rules. Amounts allocated for distribution from FY2026 income will be distributed during FY2027 in accordance with the relevant distribution schedules.

SAMRO distributes royalties to eligible members according to a set schedule called a distribution cycle. This schedule is released at the start of every financial year and is reviewed quarterly. The distribution schedule on our website shows the month in which each payment is expected.

3.2 Our value creation model

Our model shows what we rely on, what we do with it, and the value delivered to those who depend on our work. We report the outcomes that fell short alongside those that went well.

What we rely on

Resource (capital)	What it is	2026 in numbers
Money held on behalf of rights holders (financial capital)	Licence fees and royalties from abroad, the income earned on money awaiting distribution, and the cash and investments we hold until royalties are paid.	• **R769.3 million** licence and royalty income (2025: R680.4 million) • **R63.3 million** investment income (2025: R65.8 million) • **R807.5 million** cash (2025: R838.2 million) • **R351.9 million** investments (2025: R322.7 million)
The music and the data (intellectual capital)	The repertoire, the data that identifies works and their owners, our Distribution Rules, and CAPS.	• **31 million** works added to our international works database. More than **5 million** recording codes added to our works database • Revised Distribution Rules approved by the Board on 18 February 2026
Our people (human capital)	Specialist skills and institutional knowledge in licensing, distribution and member services.	• **175** employees • **R1.6 million** spent on training (2025: R1.8 million) • **No** material employee turnover
Relationships and trust (social and relationship capital)	Our members; the businesses and broadcasters that use music; sister societies and CISAC; our employees and their union; policymakers; the media.	• **129 223** prospective members • **30 502** associate members • **1568** full members • **161 293** total members • **11 962** licensed music users
Systems and premises (manufactured capital)	Our technology infrastructure and SAMRO House.	• **R6.2 million** in capital expenditure (FY2025: R4.2 million), including upgrades to IT equipment (servers, switches and data storage) and the replacement of vehicles used by the licensing team • Upgraded CAPS, our rights and distribution system • SAMRO House is **94%** occupied
Natural resources (natural capital)	SAMRO's operations use office premises, electricity, water and other resources. Although natural resources are not a principal input into SAMRO's royalty administration activities, their responsible use remains relevant to the organisation's operations.	• No separate natural capital performance indicator is presented for FY2026

What we do, and what it produced in 2026

Section 3.1 provides an overview on the chain.

Link in the chain	What we do	What it produced in 2026
Register members and their works	Record who created each work and who owns which share.	• Total membership increased from 153 095 in FY2025 to 161 293 in FY2026, a net increase of 8 198 members (5.4%), across the prospective, associate and full membership tiers. • First Service Week held from 25 May to 5 June 2026
License music users	License businesses and broadcasters to use the combined repertoire.	• **R769.3 million** in licence and royalty income, comprising domestic licensing income and royalties received from foreign sister societies, an increase of **13.1%** from FY2025
Collect licence fees	Invoice and collect what is due.	• Trade and other receivables amounted to **R347.5 million** at 30 June 2026 (FY2025: R183.3 million), highlighting the importance of timely collection and effective debtor management.
Match usage to works	Identify the work, its rights holders and their shares.	• Royalties not yet matched to an owner down **9.2%** to **R265.1 million**
Distribute and pay royalties	Calculate, pay and account for royalties.	• **37** distributions (FY2025: 23) • **R485.3 million** paid in cash, up **15.6%** • **R708.3 million** set aside for distribution in FY2027, up **12.4%**
Alongside the chain: **support members and the industry**	The retirement annuity fund, the funeral benefit, social investment and education.	• **R17.7 million** for the retirement annuity fund and funeral benefit and **R11.8 million** for social investment • **120** members supported with **R3 million** from the Music Creation Support Fund Bursaries
Alongside the chain: **speak up for our members**	Take part in the making of laws and policies that affect our members' rights.	• SAMRO actively represented members' interests in discussions on legislative, regulatory and policy developments affecting copyright and intellectual property rights.
Underneath the chain: **governance, risk management and technology**	Oversight, controls and systems.	• Risk Department operationalised • Board-approved policies on disaster recovery, information security and changes to technology • The Board established the MoI Review Task Team on 18 February 2026 to review SAMRO's constitutional arrangements and facilitate member consultation and recommendations. The review remained ongoing at year end.

What it meant for the people who depend on us

For whom

Members

- **R485.3 million** paid in cash to members and sister societies during FY2026 through 37 distribution cycles
- **R708.3 million** allocated from FY2026 income for royalty distributions during FY2027
- **R17.2 million** allocated to the retirement annuity fund

Undocumented royalties amounted to R265.1 million at 30 June 2026, representing approximately 34% of licence and royalty income. These amounts relate to works or ownership shares that could not yet be sufficiently identified or documented for distribution. The balance remains above SAMRO's longer-term target of 15% of licence and royalty income.

Approximately half of reported television music usage could not be matched to the relevant works and rights holders, reflecting continuing challenges with incomplete cue sheets and music identification information.

Strengthening member confidence remains an ongoing priority, supported by improved communication, engagement and transparency.

Value created or preserved

Music users

- **One licence** gives lawful use of local and international repertoire
- An explanation of how SAMRO applies the income it receives (*Section* 3.3)

Many businesses regard a music licence as a cost they would rather avoid, and some do not know that the law requires one.

Three accounts make up more than 76% of overdue licence fees, and the average time taken to pay rose from 66 to 125 days.

SAMRO as an organisation

- **The highest licence income on record**
- A cost-to-income ratio of **21.4%** (2025: 21.6%)
- The group's assets exceed its liabilities by **R76.6 million**

Cash fell by R30.6 million as collections from key licensees slowed and royalty payments rose.

At 30 June 2026, the Board had one independent non-executive director, below the level of independence recommended by King IV™. This reduced the extent of independent oversight relative to recommended governance practices. The Board has prioritised the recruitment of additional independent non-executive directors to strengthen its composition and independence.

Value eroded or at risk

Employees

- **R129.5 million** in salaries, wages and benefits paid across the SAMRO Group
- **R1.6 million** spent on training
- **A hybrid way of working**

Concern for the safety of employees at member events and at SAMRO House.

Sister societies and the industry

- **R34.4 million** received from sister societies for South African music used abroad, up **10.5%**
- Guidance for small and new African collective management organisations
- SongHubs Africa; **302** concerts supported through Concerts

Tax documentation requirements delay some payments between societies.

3.3 How value was shared in 2026

SAMRO generates financial value primarily through licence and royalty income, together with other income earned in the course of its operations. This value is applied towards royalty distributions, employee remuneration, authorised member benefits, social investment, statutory obligations and the resources required to sustain SAMRO's operations.

Value-added statement for the SAMRO Group

The total value available to share was R870.5 million (2025: R774.0 million). The value-added statement summarises the financial value generated by SAMRO during FY2026 and how that value was allocated among rights holders, employees, member benefits, social investment, statutory obligations and amounts retained within the organisation. Income from investments in the value-added statement includes investment income of R63.289 million, gains on disposal of investments of R3.748 million and fair value gains on unit trusts of R5.526 million. The total is reported as R72.564 million, based on the underlying unrounded figures.

R'000	2026	2025
Revenue generated		
Music and royalties	769 328	680 350
Administration and other fees	10 074	8 539
Cost of generating revenue	(73 235)	(70 711)
Value added	**706 167**	**618 178**
Income from investments	72 564	81 660
Distribution adjustments	91 763	74 163
Total value created	**870 494**	**774 001**
How it was shared		
Music royalty distributions set aside for members and sister societies	708 315	630 167
Employees: salaries, wages and benefits	129 509	113 316
Members: retirement annuity fund and funeral benefit	17 744	15 476
Corporate social investment (CSI) allocation	11 829	10 256
Finance costs	-	-
Tax	585	692
Value retained within the organisation		
Depreciation and amortisation	6 154	8 537
Retained earnings	(3 642)	(4 443)
Total value allocated	**870 494**	**774 001**

3.4 The trade-offs we manage

SAMRO must balance competing priorities in fulfilling its mandate, including timely and accurate royalty distributions, cost efficiency and investment, effective licence fee collection, and the responsible use of technology. These considerations influenced the organisation's operational priorities during FY2026 and remain relevant to its future performance.

Chapter 4 provides further context on the external factors affecting these priorities.

Paying sooner and paying accurately

Members want their royalties as soon as possible. However, every additional distribution must be checked for errors, duplicate payments and fraud. We made 14 more distributions than in FY2025, and we strengthened quality control within the Distributions department and through a separate quality control function.

Keeping costs low and investing in the chain

SAMRO must manage its administration costs carefully while investing in the systems, controls and capabilities necessary to improve royalty identification, distribution accuracy and member service. Our cost-to-income ratio was 21.4% in FY2026, and we aim to bring it down to 18% by FY2028. Better matching, stronger information protection and better service require investment.

Effective collections and sustainable licensing relationships

SAMRO must recover licence fees due from music users to protect rights holders' interests while maintaining constructive, sustainable relationships with licensees.
This requires appropriate credit management, engagement with licensees and, where necessary, legal enforcement. The concentration of overdue amounts among a small number of licensees reinforces the importance of effective collection strategies and credit risk management.

Automation and workforce capability

Investment in automation enables SAMRO to process increasing volumes of music usage data more efficiently and accurately. As these technologies develop, the organisation must also consider their implications for employee roles, skills and ways of working. Appropriate training, skills development and change management will be important in supporting employees as SAMRO continues to modernise its operations.



The world we operate in

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THE WORLD WE OPERATE IN

What is changing around SAMRO, who depends on it, and what could go wrong?

The chain from playback to payback does not operate in isolation. This chapter describes the conditions in which we operate, the people and organisations who depend on us, the matters that are most important to our ability to create value, and the risks and opportunities we face.

4.1 Our operating context

07 **Seven major developments shaped our operating context in 2026.**

01 The economy

South Africa's economy grew slowly during the year, with the International Monetary Fund anticipating real GDP for calendar year 2026 to be approximately 1.0%. Economic pressures, including a volatile currency and inflation, continued to weigh on consumer spending, limiting growth across many sectors, and advertisers spent less on traditional media.

What it means for us. Challenging economic conditions can affect businesses' willingness and ability to meet their music licensing obligations, particularly where licensing costs compete with other operating expenses.

In FY2026, new business acquisition in general licensing achieved slightly more than half of its budgeted target, reflecting the challenges of expanding the licensing base in a constrained economic environment.

Where broadcasting licence fees are linked to broadcaster revenue, reductions in advertising or subscription income may negatively affect SAMRO's licensing income.

Investment returns are also affected by market conditions. Gains on SAMRO's unit trust investments were 59.8% lower than in FY2025, against a backdrop of volatility in offshore financial markets and exchange rates.

How we are responding.

Retaining our licensees has become as important as finding new ones. We plan to pilot an outsourced sales service to reach businesses in sectors that are not yet licensed. Despite the economy, licence and royalty income grew 13.1% in 2026.

02 The shift from broadcast to digital

More people are listening and watching online, and advertisers are following them. Our own income shows the same pattern. Over the past ten years, our income from public television has fallen by an average of 7% a year because traditional television audiences and advertising spending have declined as viewers migrate to streaming and digital platforms, and because financial constraints have affected broadcasters.

What it means for us. In most cases, broadcasting licensing fees are tied to a percentage of revenue. When audiences and advertisers move elsewhere, we earn less, even though the broadcaster uses as much music as before. Digital use is different in kind. It is high-volume and low-value per use, and some digital services pay only for the works we can match and claim. The income is there to be earned, but only by a society that can process very large quantities of usage data accurately.

How we are responding.

Digital licensing is an area of focus and investment. In FY2026, we settled with a video-on-demand service over its past use of music and received back-dated adjustments for audio streaming. Together, they contributed to a 61.6% rise in digital income, to R160.7 million. We upgraded the digital module of CAPS, our rights and distribution system, so that matching and claiming can be automated. And we ran our first in-house digital distribution for Disney+ in FY2027. Because part of the year's digital income relates to earlier periods, 61.6% should not be read as the rate at which digital income will grow from here (*Section 7.1*). In FY2027, we expect income from broadcasting to decline and growth to come from digital services, general licensing and new business.

03 Regulation and the Copyright Amendment Bill

SAMRO operates within an established legal and regulatory framework, including the Companies Act, 71 of 2008, and the Copyright Act, 98 of 1978. Proposed copyright law reforms could introduce additional regulatory requirements and affect the administration and protection of the rights represented by SAMRO.

What it means for us. If the Bill becomes law as it is drafted, it will change our operating environment. Our concerns are for our members' rights and earnings, and for the practical consequences for SAMRO. SAMRO's concerns include the potential effect of proposed copyright exceptions on rights holders' earnings, the scope of additional regulatory powers and the compliance obligations that may arise under the proposed legislation.

The educational exceptions in the Bill have contributed to uncertainty around school licensing. Following engagement with the Department of Basic Education, some schools suspended licence payments, citing the proposed educational exceptions.

How we are responding.

How we are responding. We continued to put our members' case to policymakers, both directly and through the Copyright Coalition of South Africa. We are also preparing for closer oversight, whatever form it takes.

Section 7.8 reports on legal and regulatory affairs.

04 Late payment by large licensees

Outstanding receivables increased during FY2026, while licence fee collections took longer. Trade and other receivables amounted to R347.5 million at 30 June 2026 (FY2025: R183.3 million). The average collection period for licensees increased from 66 days to 125 days, with three accounts representing more than 76% of overdue licence fee balances.

What it means for us. A licence fee that has been invoiced but not paid cannot be distributed (*Section 3.2*). Slower collections, together with record royalty payments, also left less cash on deposit: cash fell by R30.6 million during the year, and investment income by 3.8%. The concentration of what is owed to us in a small number of accounts is a key financial risk.

How we are responding.

In negotiating licensing terms, SAMRO takes account of outstanding amounts and seeks appropriate arrangements for the settlement of arrears.

We are putting payment arrangements in place with broadcasters whose accounts are in arrears, and we take legal action where it is necessary. The Audit and Risk Committee monitored the concentration of debtors and its effect on our cash resources and on the funding of royalty distributions.

Sections 6.3 and *7.1* report on collections in detail.

05 Artificial intelligence (AI)

AI use accelerated in 2026 and became a Board matter. A 2024 CISAC/PMP Strategy study estimated that 24% of music creators' revenues could be at risk by 2028 due to generative AI, equivalent to an estimated €4 billion in annual losses by that year.

What it means for us. AI creates competition through royalty-free catalogues and AI-generated music, while raising concerns about authorship, copyright and rights administration. It also complicates work registration, human creative contribution assessments and royalty allocation, particularly as AI-generated content is difficult to detect.

SAMRO's 2026 fraud risk assessment identified AI exposure as a high risk, including confidential information disclosure through public platforms and fraudulent submission of AI-generated music.

How we are responding.

The Board adopted CISAC's guidance on registering works that involve AI as an interim measure while SAMRO-specific guidelines are developed. Members can declare the use of AI in a work. Employees have interim guidance on acceptable use, and a full internal governance framework is being developed. We have created the position of Manager: AI and Data Analytics within the risk function. We also use the technology ourselves: we built AI and machine learning into CAPS during 2026.

Section 7.4 describes that work.

06 Direct licensing

The administration of performing rights is evolving as technology enables rights holders and music platforms to explore direct licensing arrangements and alternative rights administration models. These developments may affect the repertoire administered by collective management organisations and the licensing income available for distribution. The practical and legal implications depend on the rights concerned and the applicable contractual arrangements.

What it means for us. Our risk assessment identified direct licensing as a key risk for FY2026. Music is licensed outside SAMRO; we collect less. Our costs are then spread over a smaller income, leaving less for distribution, the SAMRO Retirement Annuity Fund and social investment. The repertoire our licence covers may also come to be seen as less valuable. Our members also have a choice and could place their works elsewhere.

How we are responding.

During FY2026, SAMRO developed its capability to process digital distributions in-house. The first distribution using this capability was completed in FY2027, matching more than 80% of reported usage.

Sections 7.2 and *7.4* give the details.

07 The African market

According to CISAC's Global Collections Report 2025, royalty collections for creators in Africa increased by 14.2% in 2024, compared with global growth of 6.6%. South Africa remained the largest contributor to African royalty collections, accounting for more than half of the regional total. Separately, IFPI's Global Music Report 2025 reported growth of 22.6% in Sub-Saharan Africa's recorded music market during 2024.

What it means for us. Our members' music is earning more abroad: royalties received from sister societies, which license its use in other countries, rose by 10.5% to R34.4 million. One aim of Strategy 2028 is for SAMRO to become a gateway for collective management in Africa, providing back-office services to other societies.

How we are responding.

We support small and new collective management organisations, as societies such as SAMRO are known elsewhere in Africa, with set-up and guidance, and we are studying whether CAPS could be licensed to other societies. We also concluded licence agreements with businesses in Mozambique.

Sections 2.5 say more.

4.2 Our stakeholders

We create value with and for other people. Two groups are at the centre of the chain: our members, whose rights we administer, and the music users who pay for the use of music. Our employees do the work. Around them are the sister societies, policymakers, industry bodies, suppliers and media, whose confidence in SAMRO affects what we can do.

The Social Ethics and Governance Committee monitored the development of the Stakeholder Engagement Strategy during FY2026 and will review it in FY2027 before recommending it to the Board for approval. At year-end, management reviewed this Strategy, and it was approved by the Board post the reporting period.



Our members

Who they are	The composers, authors (lyricists) and music publishers who have entrusted their performing rights to us. In FY2026, we admitted 790 new members.
What they need from us	• Royalties that are accurate, fair and paid on time. • A clear account of how SAMRO is governed and how their money is handled. • Support for their careers and wellbeing. • A voice to defend their rights. • Above all, to trust us with their works.
How we worked with them in 2026	• The annual general meeting of 12 December 2025 was adjourned due to the absence of a quorum, as required in terms of the MoI, and was reconvened on 26 March 2026. • The MoI Review Task Team, on which four composers and four publisher representatives chosen by members serve. The four composer and four publisher representatives were elected by members and formally appointed by the Board, in accordance with the approved Terms of Reference. • Our first 'The State of Your Music: Service Weeks' initiative, held at SAMRO's Braamfontein offices from 25 May to 5 June 2026, recorded 162 visits over the two-week period. Members received individual consultations and education on royalty administration, work notifications, split sheets, banking details, registration matters and contractual obligations.
What they raised	• How SAMRO is governed, and how openly, including the release of a forensic report. • The composition of the Board, how directors are appointed and removed, voting rights and how members are represented. • The fairness, accuracy and timing of distributions. • Some members expect services that fall outside our mandate, such as promoting their music.
How we responded	• The Board approved the release of the redacted forensic report on 1 December 2025, and the report was distributed to members on 12 December 2025. • The review of the MoI continues in FY2027; the Board will present the new MoI to members at an extraordinary general meeting for approval once it has been drafted and consulted on. • The Board approved the Ethics Management Strategy and Plan in November 2025. • We made 37 distributions, compared with 23 in 2025. • Service Week will go to other provinces in FY2027, and we are testing a WhatsApp and web chatbot.
The state of the relationship	Relationships with members came under strain, especially during the beginning of our financial year. While we have made progress, rebuilding members' trust remains a top priority for Board and management. Our members took a closer interest in SAMRO's affairs, which we welcome.

Music users

Who they are	• Broadcasters, digital services and businesses that use music in public, including shops, restaurants, hotels, gyms, venues and event organisers.
What they need from us	• SAMRO simplifies music licensing by providing music users with a single licence for the lawful use of local and international musical repertoire for which it administers performing rights, offering users a convenient way to meet their relevant licensing obligations. • A clear explanation of what the licence is for and where the fee goes. • Confidence that the fee reaches the people whose music they use. • Many are under economic pressure and watch every cost.
How we worked with them in 2026	• Through our licensing team, which calls on businesses and manages our key accounts. • Events for licensees, public relations and advertising. • A licensing workshop for music users. • An agency agreement with Federation of Governing Bodies of South African Schools (FEDSAS) to reach school governing bodies.
What they raised	After reading negative coverage of SAMRO, some licensees asked for assurances before paying. The Copyright Amendment Bill has created confusion about licensing obligations and music users, including schools, municipalities, and some event organisers, disputed whether they still need a licence.
How we responded	• We provided the requested explanations and assurances. • We are putting payment arrangements in place for accounts in arrears, and taking legal action where necessary. • During FY2027, SAMRO plans to extend chatbot functionality to music users to support licence applications, renewals, payments and statements, while resuming marketing initiatives aimed at licensees.
The state of the relationship	• Mixed. Renewals by our key accounts ended slightly ahead of budget. • The average time licensees take to pay rose from 66 to 125 days; however, a small number of large accounts are substantially in arrears.

Our employees and their union

Who they are	• 175 employees at 30 June 2026, of whom 131 are permanent and 44 on contract. • 96 unionised employees are represented by the Communication Workers Union (CWU).
What they need from us	• Fair pay and recognition. • A safe place to work. • Clear and regular communication. • Security of employment in an unsettled period. • Fair and ethical leadership.
How we worked with them in 2026	• The CEO held quarterly townhall meetings, with separate briefings for union representatives, and smaller "Coffee with the CEO" sessions every six weeks. • Briefings with the union as and when required. • An employee survey was conducted early in the year to gauge employee satisfaction. An ethics survey was conducted as part of SAMRO's ongoing efforts to strengthen ethical conduct and prevent fraud. • Wage negotiations and consultation with the union. • The launch of new SAMRO values.
What they raised	• Pay increases and the individual performance incentive. • The safety of employees who deal with the public, at events and at our offices. • Uncertainty about their jobs.
How we responded	• The Board approved a revised allocation of the individual performance incentive in February 2026. • Salary adjustments for the July 2025 to June 2026 period were implemented in Oct 2025. • We completed threat assessments given the potential safety threats employees experience. A Workplace Violence Prevention Policy has been drafted for Board approval. • We kept our hybrid way of working and our wellness programme.
The state of the relationship	• Our relationship with the union is cordial and professional, and there was no material employee turnover. • Wage negotiations for FY2027 had not been concluded at year end.

Sister societies and CISAC

Who they are	The societies in other countries with which we have reciprocal agreements, and CISAC, the international confederation to which we belong.
What they need from us	• Accurate identification of, and prompt payment for, the use of their rights holders' music in South Africa. • Adherence to CISAC's Professional Rules. • A stable and trusted partner.
How we worked with them in 2026	• We integrated our system with the Works Information Database (WID), the international works database, of about 31 million works. In addition to ingesting 31 million works, we also continuously publish our members' works to the WID. • The Board adopted CISAC's guidance on registering works that involve AI as an interim measure while SAMRO-specific guidelines are developed. We also consulted with other sister societies to understand their perspectives on AI. • We held the SongHubs Africa songwriting camp with APRA AMCOS, among others. • We guided small and new societies elsewhere in Africa.
What they raised	Some countries require tax documentation, including our members' tax numbers, before royalties can be paid over to us.
How we responded	We are asking members whose music is used abroad to keep their contact and tax details up to date.
The state of the relationship	Royalties received from sister societies rose by 10.5% to R34.4 million. We maintain a strong and mutually beneficial relationship with our sister societies

Other stakeholders

SAMRO maintains active and collaborative relationships with a wide range of stakeholders across the public and private sectors. These include government departments, legislative bodies, music industry organisations, CMOs and other institutions that support the creative economy. We engage regularly with rights administration entities such as SAMPRA, CAPASSO and DALRO. Our engagements also extend to sectoral bodies, including the Music Publishers Association of South Africa (MPA SA), Music Creators South Africa (MCSA), Business and Arts South Africa (BASA), and the National Arts Council.

We contract with suppliers across the organisation, including information and communication technology service providers, investment managers and banks. We strive to maintain transparent, responsive and proactive relationships with members of the media.

4.3 Our material matters

A matter is considered material if it could substantively affect our ability to create value in the short, medium or long term.

We considered the themes that emerged alongside what our stakeholders raised with us directly (*Section* 4.2), our strategy (*Chapter* 5) and our risk assessments (*Section* 4.4). *Section* 5 shows how our strategy responds to each material matter.

01 Governance, ethics and transparency

Why it matters. We administer money that belongs to rights holders. In 2026, members and the media questioned how SAMRO is governed, and the Board ended the year with only one independent non-executive director.

6.1; *Chapter* 8

02 Stakeholder trust and reputation

Why it matters. When confidence in SAMRO falls, some licensees pay less or not at all, and less is available for distribution. Members who lose confidence could place their works elsewhere. We maintain resilient technology platforms and invest in cybersecurity and data governance to protect the members and other stakeholders' trust.

3.5; 4.2; 7.6

03 Fair, accurate and timely royalty distribution

Why it matters. This is what we exist to do. Accurate distribution depends on resilient systems, efficient internal controls and processes and up-to-date data from our members and music users.

3.2; 6.3; 7.2; 7.4

04 Copyright protection and policy advocacy

Why it matters. The law determines what our members can earn. The Copyright Amendment Bill would change how we are regulated, and AI raises new questions about human creative contribution.

4.1; 7.8

05 Member support and industry development

Why it matters. Our stakeholders expect us to help develop a sustainable and inclusive music sector, beyond the administration of royalties. In FY2026, we set aside R29.6 million for the retirement annuity fund, the funeral benefit and social investment.

7.3; 7.7

06 Sustainable organisational performance

Why it matters. Efficient management of administrative costs enables SAMRO to maximise royalty distributions while sustaining the systems, controls and capabilities required to administer rights effectively and ensure accurate, timely payments to members. Our income is shifting from broadcasting to digital services, and a few key accounts account for much of the overdue amount.

4.1; *Chapter* 5; 6.3; 7.1; 7.5

4.4 Our risks and opportunities

How we identify and manage risk

Risk management is the discipline of identifying, assessing and responding to uncertainty before it undermines the organisation's ability to create value.

SAMRO assesses four categories of risk: strategic, operational, fraud and ethics. Strategic and operational risks are assessed by executives and general managers, with strategic risk assessment workshops facilitated by Internal Audit and operational risk assessments facilitated by the General Manager: Risk. Management remains responsible for evaluating risks and controls and determining appropriate mitigation actions. Internal Audit maintains its independent assurance role.

Participants consider whether identified risks remain relevant, assess the effectiveness of existing controls and evaluate the residual risk exposure. The outcome is a risk register that assigns mitigation actions, timelines and accountability. The Risk Department monitors implementation and follows up on actions as they fall due.

Our strategic risks

#	Strategic risk	Description	Material matter (4.3)	Risk movement in 2026
01	**Inability to optimise revenue streams**	We do not earn all the licence income that music use should generate.	6; 2	
02	**Competition to our service offering**	Music users or rights owners license outside SAMRO, or turn to royalty-free music or music generated by AI.	4; 6	
03	**IT infrastructure or project failure (data, cybersecurity)**	Our systems fail, our data is lost or compromised, or a technology project does not deliver.	3; 2	
04	**Positioning of the SAMRO value proposition**	Members and music users do not see the value of what SAMRO does.	2; 6	
05	**Adverse increase in the cost-to-income ratio**	Costs rise faster than income, leaving less to distribute.	6	
06	**Systems, processes and internal controls not optimised**	Weak processes or controls cause errors or delays in licensing and distribution.	3; 2	
07	**Fraud and corruption**	Dishonest conduct, inside or outside SAMRO, diverts money from its owners.	1; 3	
08	**Uncertainties in the economic environment**	Economic conditions reduce what music users can pay.	6	
09	**Non-compliance with legislation**	We fail to meet a legal or regulatory requirement.	1; 2;4	
10	**Ineffective stakeholder management**	We fail to understand, or to respond to, those who depend on us.	1;2	
11	**Failure to harness SAMRO data for the benefit of the music industry**	We do not make full use of the data we hold.	6	
12	**No single licensing user model**	Music users must obtain separate licences from SAMRO and other rights organisations, making licences harder to sell.	6	

Responsibility for risk

SAMRO's dedicated Risk Department coordinates and monitors the management of enterprise, fraud and ethics risks, as well as quality assurance processes. Management remains responsible for identifying, managing and mitigating risks within their respective areas, with the Risk Department providing oversight and support to promote a consistent, organisation-wide approach to risk management.

Risk management is a shared responsibility across several levels of the organisation. Several key governance instruments, including the Risk Management Policy, the Ethics Management Strategy and Plan, the Risk Appetite Statement and the Risk Management Committee Charter support risk governance. The development of a third-party risk management framework commenced in FY2026 and will be operationalised in FY2027.

Responsibility	Role
The Board	Has ultimate responsibility for risk governance and oversight of the system of internal control across financial, operational, compliance, information technology and other material risk areas.
Audit and Risk Committee	Oversees risk management, internal controls, assurance activities and the effectiveness of risk mitigation on behalf of the Board.
CEO	Overall responsibility for implementing the risk management framework and maintaining an effective system of internal control.
Risk Management Committee	A management committee chaired by the CEO that oversees enterprise risk, business continuity, compliance, insurance, occupational health and safety, and emerging risks. It reports to the Audit and Risk Committee.
Risk Department	Coordinates annual risk assessments, maintains risk registers and follows up on agreed mitigation actions.
Management	Each material risk has an assigned owner who is responsible for implementing actions to reduce or manage that risk.

Emerging risks for 2026

Several risks emerged during the year that the initial assessment had not anticipated. These were recorded in the Crisis Risk Register, reported to the Risk Management Committee and Audit and Risk Committee, and assigned responsible owners and mitigating actions. The risks were subsequently incorporated into the FY2027 risk registers. These risks were as follows:

- Direct licensing by platforms and rights owners ("carve-outs").
- Erosion of stakeholder trust and associated reputational risks.
- Changes in the composition of the Board that affected its stability and level of independence.
- The possible loss of key people and difficulty in recruiting while SAMRO was under public scrutiny.
- Concern for the safety of employees who serve members at events and at our offices.

Fraud and ethics risks

Because we administer money that belongs to rights holders we pay particular attention to fraud. Our fraud risk register for 2026 lists 40 risks. The highest-rated risks are exposure to AI, false copyright claims, collusion to release royalties held for undocumented works, and deliberate incorrect matching. We appointed a Senior Fraud Risk Specialist during the year. This enhanced fraud risk monitoring and improved the timeliness of investigations and corrective actions.

Fraud prevention relies on a combination of controls, monitoring and independent review processes. Our Quality Assurance team reviews works registrations on an ongoing basis, while specialist fraud risk processes provide additional assurance through verification activities and targeted investigations.

Risk assessments also identified licensing and procurement as areas requiring increased fraud-awareness initiatives and targeted control activities. The team continued strengthening these areas during the year. In addition, the organisation began developing a third-party risk management framework during FY2026. The Framework is intended to strengthen oversight of suppliers, service providers and other external relationships where fraud, ethics or governance risks may arise.

Priorities for FY2027

The Risk Department will embed the FY2026 approved policies and frameworks into daily operations, strengthen third-party due diligence, and integrate ethical conduct into the organisational culture. Priorities also include finalising business continuity plans, strengthening compliance and third-party risk management, and implementing a centralised risk management system to replace separate spreadsheets.

SAMRO will monitor the five organisational strategic opportunities identified through the risk assessment process, with the relevant business functions responsible for progressing and implementing the associated initiatives. These opportunities include:

- **Digital licensing:** Grow income from digital services that use claims-based payment models.
- **AI licensing:** Explore licensing opportunities with platforms that use copyrighted music.
- **Unlicensed music users:** Pilot outsourced sales targeting gyms, retailers and motor dealerships.
- **Proprietary technology:** Developing the enhanced member portal and enhanced query management system.
- **Member data and services:** Consolidate member data and enhance the portal with balances, query tracking and information on where members' music is used.

Trade Receivables, Credit Risk and Concentration Risk

Trade and other receivables increased materially (84%) during the reporting period, largely as a result of growth in amounts outstanding from the organisation's three largest licensees. Year-on-year, balances owing from these licensees increased by 127.6% in total. Collection delays experienced during the period resulted in a higher proportion of receivables remaining outstanding at year-end.

The organisation's debtor portfolio exhibits a significant concentration risk, with the three largest debtors representing over 76% of total trade receivables at the reporting date. Consequently, the organisation is exposed to heightened counterparty credit risk and cash flow risk, as any deterioration in the financial position or payment behaviour of these licensees could have a material impact on the recoverability and timing of cash collections.

Management continuously monitors ageing profiles and also implemented targeted collection strategies to mitigate credit risk exposure and to ensure that royalty distributions are not affected. This includes legal action.

Based on the information currently available, management believes the outstanding balances remain recoverable.

	Prior year balance	Current Year Balance	% Increase	% of Total Debtors Book
Top 3	R125.2 million	R284.9 million	127.6%	76%

Total debtor profile:

	Top 3 debtors	The remaining debtors book
Share of the book	76%	24%
Collection Speed	Severe lag increasing the average to 125 days	Consistent cyclical collections at an average of 81 days
Risk profile	Extreme Concentration Risk	Highly Diversified
Management focus	Strategic Key Account Management	Automated / Volume Collections
Number of accounts	3	1882

Conclusion: The Board and management continue to monitor debtor concentration levels and collection performance closely. Although SAMRO maintains strong relationships with its key accounts and does not currently expect significant credit losses, the concentration of receivables among a small number of counterparties remains a key financial risk area and is subject to ongoing oversight and management intervention.



SAMRO's strategy

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SAMRO'S STRATEGY

Where is SAMRO going and is it getting there?

Strategy 2028 is our roadmap for strengthening the chain from playback-to-payback and positioning SAMRO for a digital future.

In FY2026, we continued to advance the strategy. Although progress against our long-term objectives was mixed, we are focused on closing the gap between current performance and our 2028 ambitions.

5.1 Strategy 2028 at a glance

We developed Strategy 2028 by considering changes in our operating environment, feedback from members and other stakeholders, and our evolving risks and opportunities. As music consumption shifts online, we need to diversify and grow our licensing income and invest in the technology required to manage the rights entrusted to us by our members more effectively.

The strategy aims to optimise our business model by improving the performance of the playback-to-payback chain as it operates today while building the capabilities required for a digital future.

These objectives are supported by five strategic pillars, each measured through one or more target outcomes that we aim to achieve by the end of the 2028 financial year.

Strategy 2028 at a glance

Optimisation of the business model

Increase revenue

What the pillar is for: To widen the base of our licence income.

The outputs we aim for by 2028: Licence and royalty income of R1.2 billion.

Strategic progress in 2026: Licence and royalty income grew by 13.1% to R769.3 million, passing R700 million for the first time in our history. Revenue growth in digital and under-licensed sectors accelerated, with digital income rising 61.6% to R160.7 million, including revenue from earlier periods.

Improve systems and processes

What the pillar is for: Upgrade our systems so we can process and distribute as much as possible to rights holders.

The outputs we aim for by 2028: R1 billion a year allocated to distributions to rights holders.

Strategic progress in 2026: During FY2026, R708.3 million was allocated to distributions to rights holders. We continued developing AI and machine-learning capabilities within CAPS and strengthened the system's capacity to process digital distributions in-house. The member dashboards scheduled to go live in FY2026 did not, and they are a priority for FY2027.

Improve reputation

What the pillar is for: To build trust through transparency, fewer undocumented works and regular communication.

The outputs we aim for by 2028: Undocumented works, which are royalties we hold because we cannot yet match them to an owner, of no more than 15% of licence income. More frequent distributions to members.

Strategic progress in 2026: We focused on rebuilding and strengthening stakeholder trust through transparent, consistent communication. Governance-related issues and increased member scrutiny contributed to a peak in negative media coverage sentiment during the financial year. However, reputation management efforts resulted in a notable improvement towards year-end, with sentiment shifting to 95% positive and neutral, and only 5% negative. We held our first Service Week, the Board released a redacted version of a forensic report to members, and members chose representatives to the task team that is reviewing our MoI. Strengthening member confidence remains an ongoing priority, supported by improved communication, engagement and transparency.

At R265.1 million, our undocumented works balance is still well above our long-term objective. While we have made progress, we still need to improve matching and data quality.

Cost management

What the pillar is for: Keep the cost of running SAMRO low relative to our income through disciplined spending.

The outputs we aim for by 2028: A cost-to-income ratio of 18%.

Strategic progress in 2026: We achieved a cost-to-income ratio of 21.4% (FY2025: 21.6%).

Ambitions beyond 2028

Future focus and innovation

What the pillar is for: To enable SAMRO to compete in the market and the industry of the future.

Our longer-term ambitions: Next-generation technology, including AI and machine learning, processes royalties and tracks intellectual property faster and more accurately.

Raw collection data is transformed into high-value insights for members and internal strategy.

SAMRO is the premier supplier of back-office services for collective management across the entire African continent.

Executing our strategy

The strategy is cascaded through planning, performance management and accountability. The Board approves annual business plans and budgets that give effect to the strategy. In October 2025, it approved the business plan for 2026 to 2028, and in May 2026, the business plan and budget for FY2027. The Board also approves organisational performance measures derived from the strategic pillars. The organisation communicates these measures and incorporates them into individual performance agreements, aligning employee objectives with SAMRO's strategic priorities.

In *Chapter 6*, our Interim Chair, CEO and CFO reflect on the year's performance.



Our leadership

06

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6.1 Interim Chair's Review

The theme of this report is resilience. Resilience is not tested in easy times. It is revealed when an organisation faces pressure, uncertainty and disagreement, yet continues to fulfil its purpose.

The organisation experienced significant governance challenges, intense public scrutiny and difficult conversations among stakeholders. Yet it also delivered record financial performance, distributed more value to members than ever before, strengthened key organisational capabilities and continued implementing its strategy.

Not everything worked as it should have. It did not. Resilience includes the willingness to acknowledge shortcomings honestly and address them. This review therefore reflects on both the progress made and the work that remains to be done.

A Board under pressure

The year began with SAMRO's governance under strain. Directors left the Board, others were removed and reinstated, the Board had to reconvene an annual general meeting, and information that belonged within governance structures entered the public domain.

A Board cannot lose directors at that rate, nor lose control of its own information, and still conclude that its governance arrangements were functioning as they should. The remaining directors, together with those who subsequently joined the Board, stabilised the organisation and ensured continuity of governance. The Board met 13 times during the year, including nine special meetings convened to address urgent governance, organisational and membership matters.

Alongside these urgent issues, the Board continued to perform its core responsibilities. We approved business plans and budgets, strengthened our governance framework, adopted an Investment Strategy, approved an Ethics Management Strategy and Plan, strengthened technology governance and released a redacted version of forensic report to members. Most importantly, we continued to provide oversight of an organisation that was still delivering for its members.

Today, the Board functions effectively. New directors have brought fresh perspectives and energy, while longer-serving directors have provided continuity and institutional memory. This gives me confidence in the Board's ability to continue strengthening its effectiveness.

Board renewal and independence

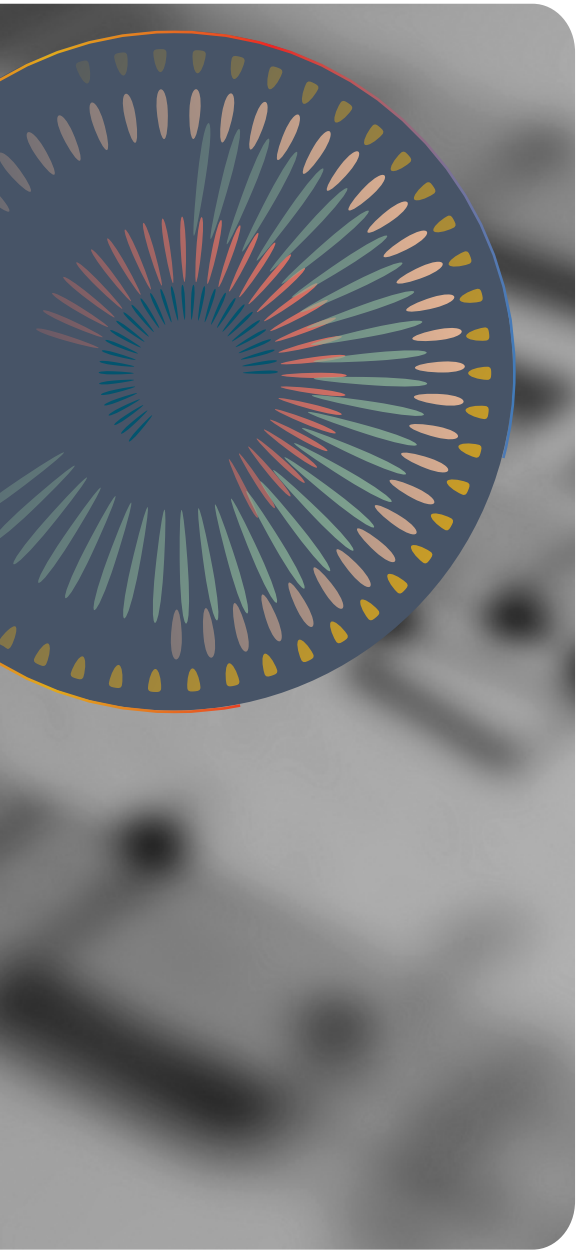
While important progress has been made, Board renewal remains incomplete. At 30 June 2026, I was the Board's only independent non-executive director. This falls short of the independence level recommended by King IV™ and is not a position the Board regards as satisfactory.

As a result, some Board committees have operated through interim combined structures. This arrangement allowed the Board to continue functioning effectively but was never intended to be permanent.

Recruiting additional Independent non-executive directors is one of our highest priorities. We seek individuals with expertise in finance, audit and risk, technology and digital transformation. Strong governance depends not only on commitment but also on independence, diverse perspectives and a willingness to challenge constructively. Restoring that balance remains a priority for FY2027.



Sisa Mayekiso
Interim Chair



Our members and our future governance model

SAMRO belongs to its members. Members want to play a more active role in conversations about how the organisation is governed. This is positive. At the same time, disagreements must remain respectful.

The past year showed that strong views, if not managed constructively, can damage relationships and unnecessarily strain employees, directors and stakeholders. Healthy debate strengthens governance. Personal attacks and intimidation do not.

Members' questions deserve careful consideration, which is why the Board established the MoI Review Task Team. Its work considers Board composition, independence, voting arrangements, member representation and the respective roles of members and the Board. The MoI Review Task Team continues its review of the current MoI and will submit its findings and recommendations to the Board. Any proposed amendments arising from this process will be considered by the Board and, where appropriate, submitted to members for approval in accordance with the applicable requirements.

Performance and progress

Against this backdrop, SAMRO delivered one of the strongest financial performances. This demonstrates that the chain from playback to payback continued to function despite considerable organisational pressure.

One of SAMRO's most important achievements in recent years has been developing CAPS, our in-house rights administration and distribution platform. The system places SAMRO in a stronger position as music consumption continues to shift towards digital services, where efficient licensing, data management and matching are critical.

I am equally encouraged by improvements in risk management. This year, SAMRO established a dedicated Risk function and enhanced oversight of organisational risks. These are important foundations for the future.

The challenges we must address

Two issues concern me most.

The first is collections. The value of outstanding licence fee debt increased significantly in 2026, with a substantial proportion concentrated among a small number of large licensees. A royalty cannot be distributed until the underlying licence fee has been collected. Improving collections is therefore one of the most direct ways in which we can create additional value for members.

The second is reputation. For too long, SAMRO has responded to narratives rather than communicating its own story effectively. That must change.

There is much to be proud of: stronger matching capability, better technology, improved risk management, record revenues and growing distributions. We need to communicate those achievements more effectively while remaining transparent about our shortcomings and the actions we are taking to address them.

Looking ahead

The Board's priorities for FY2027 are clear:

- Complete the review of the MoI in consultation with members.
- Appoint additional independent non-executive directors and restore the Board's committee structures.
- Improve collections and reduce outstanding debtor balances.
- Grow revenue in high-potential areas, particularly digital licensing and under-licensed sectors.
- Strengthen collaboration with other African collecting societies.
- Implement the Board's Investment Strategy.
- Continue to advocate for creators' rights as copyright reform evolves.
- Prepare SAMRO's governance framework for King V.

SAMRO's resilience rests on four foundations: financial strength, effective governance, capable technology and trusted relationships. In 2026, our finances and technology demonstrated considerable resilience. Strengthening governance and rebuilding trust now require much of the Board's attention.

Appreciation

I thank our members, whose rights and interests we serve. I thank our employees, who continued to perform under challenging circumstances and delivered exceptional results in many areas of the organisation.

I thank my fellow directors, both those who served during the year and those who joined us. I thank Annabell Lebethe, Leanne Thomas and the management team for their commitment and leadership. I thank our internal and external assurance providers for their professionalism and independence. And I thank the licensees who pay for the music they use. Their compliance with copyright law is what ultimately allows value to flow back to music creators.

Sisa Mayekiso

Interim Chair

6.2 Chief Executive Officer's Review

The first half of 2026 was one of the most challenging periods in SAMRO's recent history. Our response was straightforward. We focused on what matters most to our members: licensing music users, collecting licence fees, matching usage to rights holders, and paying royalties accurately and efficiently.

We did not let the disruption distract us and we remained focused on our purpose. The results we achieved in FY2026 are testament to this resilience.

Delivering where it matters

SAMRO exists to collect licence fees and to distribute royalties. Every year we judge ourselves on three measures above all others: how much licence income we collect, how efficiently we operate, and how much value we return to rights holders. 2026 was our strongest year ever against all three measures.

Licence and royalty income grew by 13.1% to R769.3 million, passing R700 million for the first time in our history. Our cost-to-income ratio improved to 21.4%, while cash distributed to members and sister societies increased by 15.6% to R485.3 million through 37 distribution cycles. We also set aside R708.3 million for distribution in FY2027. These results reflect the commitment of our Board, management and employees, who continued to focus on creating value for members.

Not every area performed as expected. Broadcast and general licensing both ended the year below budget, and new business acquisition in general licensing fell short of target. Nonetheless, strong digital performance, disciplined execution, and an increase in total collections enabled SAMRO to deliver record overall results. However, receivables increased significantly, and debtor payment periods deteriorated. This will demand a concerted effort to rectify.

Technology and data

Strategy 2028 recognises that SAMRO's future would depend on technology, data and innovation. SAMRO is fundamentally a data-driven organisation. Every royalty payment depends on knowing who created a work, who owns which share of it and where that work has been used.

In collective management, higher match rates mean higher royalty payments. Our ability to create value therefore depends heavily on the quality of the data we receive and how effectively we process it.

In 2026, we processed every distribution through CAPS, the rights management and distribution platform. The platform has strengthened our ability to manage rights, process usage data, and execute distributions efficiently. This year, we incorporated international repertoire data, activated millions of work records, allocated hundreds of thousands of international work identifiers, improved automated matching, and completed our first in-house digital distribution. We also automated the processing of audiovisual cue sheets, significantly reducing the time required to process large volumes of usage information.

The most important outcome for members is that more royalties can be matched to rights holders and paid out. As data quality and processing improved, undocumented works declined, and our ability to identify rights holders continued to improve.

Technology is no longer simply a support function for SAMRO. It is becoming one of our most important enablers of future value creation.



Annabell Lebethe
Chief Executive Officer

Trust and stakeholder relationships

Trust is rebuilt through performance, transparency and consistent delivery. In 2026, we increased our engagement with members, licensees, employees and the media. We launched our first Service Week, providing members with direct access to specialists and helping many bring their records up to date. Members elected representatives to participate in the review of the MoI. The Board approved releasing a redacted forensic report to members, and we strengthened our risk management capability by establishing a dedicated Risk Department.

Media sentiment improved significantly over the year. However, improved media sentiment is not the same as restored confidence. Trust takes longer to rebuild than headlines take to change. Our focus remains on demonstrating, through our actions, that SAMRO deserves the trust placed in it by members, licensees and other stakeholders.

Where we fell short

We must be honest about the challenges that remain.

Undocumented works remain too high. At R265.1 million, the balance is still well above our long-term objective. While we have made progress, we still need to improve matching and data quality.

Collections also remain a concern. At year end, receivables stood at R347.5 million, almost double the prior year's balance, while average payment periods increased significantly. Improving collections remains one of the most important opportunities to create additional value for members.

Several important technology initiatives, including enhancements to member-facing digital services, remained incomplete at year end and have been prioritised for FY2027.

Priorities for FY2027

Our priorities for the year ahead are clear.

- Growing collections and widening our revenue base: We will focus on recovering outstanding licence fees, concluding payment arrangements where appropriate, strengthening collections disciplines and expanding revenue from digital services. We will also test new approaches to licensing sectors that remain under-served and under-licensed.
- Matching more and paying sooner: We will improve match rates, particularly in television, reduce undocumented works and strengthen the quality of the data that supports royalty distributions. We will enhance the member experience through new digital services, including expanded member portal functionality and a WhatsApp and web-based chatbot.
- Rebuilding trust through engagement and transparency: Reviewing the MoI, extending Service Week to additional provinces, and completing our Stakeholder Engagement Strategy will strengthen relationships with members and other stakeholders.
- Preparing for the future of rights management: We will develop SAMRO's approach to AI, build our data and analytics capability, and assess opportunities to extend the value of our technology, including the CAPS platform.
- Strengthening leadership capacity: Recruiting a COO and developing leadership capability will support the execution of Strategy 2028 and help SAMRO maintain operational resilience.

In closing

SAMRO's purpose is simple: we collect, and we pay. In a year that tested the organisation in many ways, we collected more, distributed more and created more value than at any point in our history. We also learned important lessons about governance, trust and the importance of listening to our stakeholders.

We should not ignore the challenges of FY2026. Nor should we ignore the progress we made despite them.

I thank our members for entrusting us with their rights, our Board for its support and guidance, and our employees for their professionalism, resilience and commitment during a difficult year. Above all, I thank them for keeping their attention where it belonged: on the creators we exist to serve.



Annabell Lebethe

Chief Executive Officer

6.3 Chief Financial Officer's Review

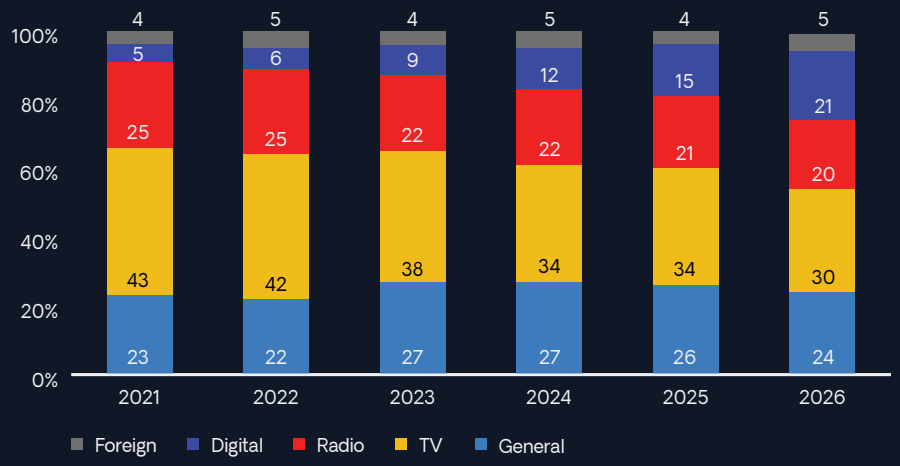
FY2026 tested and proved SAMRO's financial resilience. Despite a challenging operating environment, licence and royalty income exceeded R700 million for the first time, reaching R769.3 million. We improved our cost-to-income ratio, increased both accrued and cash distributions to rights holders, and reduced the balance of undocumented works. These outcomes demonstrate the resilience of our business model and the benefits of our investments in people, systems and processes.

Not all indicators moved in the right direction. Amounts owed by licensees increased significantly, while cash balances declined. Although these movements partly reflect the timing of collections and distributions, longer debtor payment periods and the concentration of outstanding receivables heighten liquidity and collection risks, requiring close monitoring and proactive management.

Licensing revenue

Licence and royalty income grew by 13.1% to R769.3 million, an increase of R89.0 million over FY2025 and the highest level in SAMRO's history. Digital services drove growth, while broadcasting remained our largest source of local income. The composition of our income continues to change.

The results we achieved in FY2026 are testament to this resilience.



Total licence and royalty income exceeded budget by 0.9%. Digital revenue performed significantly ahead of expectations, while foreign royalty income also exceeded budget. Broadcast and general licensing revenue ended the year below budget, reflecting structural pressures.



Leanne Thomas
Chief Financial Officer

General licensing

General licensing covers businesses that use music in public, including retailers, shopping centres, restaurants, hospitality venues and entertainment facilities. Income increased by 6.8% to R187.7 million, supported primarily by contract renewals, including several significant retail accounts. New business contributed R34.2 million and increased modestly year on year.

Broadcasting

Broadcasting contributed 53% of South African licensing revenue. Income from radio increased by 5.1%, with private radio stations accounting for most of the growth. Television revenue grew by 2.3%, largely reflecting inflation-linked increases on key contracts.

Revenue from this segment continues to face structural pressures as audiences migrate to streaming services and broader economic conditions are eroding advertising expenditure. The financial difficulties facing the public broadcaster also continue to constrain growth. Broadcasting is unlikely to be the primary driver of future growth.

Digital

Digital revenue increased by 61.6% to R160.7 million and now accounts for 20.9% of total licence and royalty income, compared with 14.6% in FY2025. Part of this increase relates to settlements and collections relating to prior periods, and the growth rate should therefore not be regarded as indicative of future performance. However, the broader trend is unmistakable. Digital licensing is becoming an increasingly important income source for SAMRO and our members. This is where we expect much of our future growth to come from.

Local and international revenue

Local licensing income increased by 13.2% to R734.9 million and represented 95.5% of total licence and royalty income. Royalties received from sister societies for the use of SAMRO members' music abroad increased by 10.5% to R34.4 million. These payments demonstrate the value of our international reciprocal agreements and the growing global use of South African music.

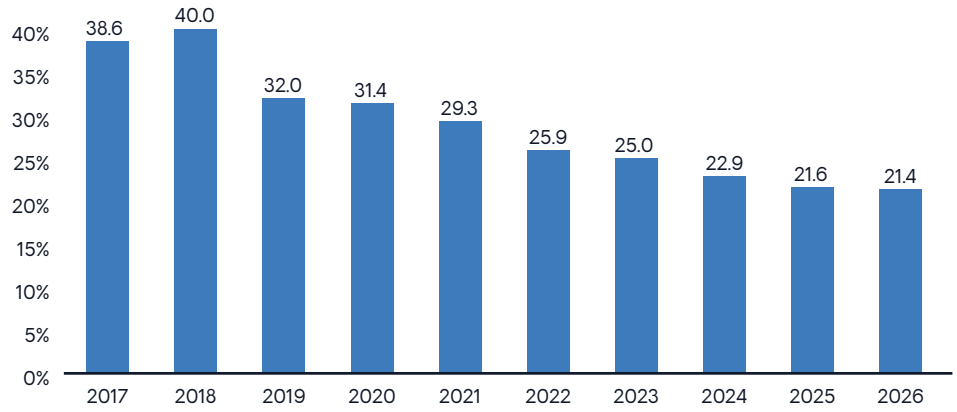
Managing costs

One of the clearest indicators of financial efficiency is our cost-to-income ratio, which measures our operating efficiency by showing how much we spend on operating costs for every rand of income generated. A lower ratio generally indicates greater cost efficiency, as operating costs consume less of the income. However, this should be considered alongside service quality, investment in systems and controls, and our ability to administer rights and distribute royalties effectively.

Our cost-to-income ratio improved from 21.6% to 21.4%, the lowest level recorded in more than a decade. This progress reflects sustained discipline in managing costs while continuing to invest in strategic priorities. Our target under Strategy 2028 remains a cost-to-income ratio of 18%.

Employee costs remain our largest expense, followed by technology, professional services, security and legal costs. Total operating expenses increased by 9.6%, driven mainly by increases in employee and security costs. We continue to balance prudent cost management with the need to invest in systems, capabilities and people that support long-term growth.

Cost-to-income ratio (%)



What we are owed, and why it matters

Trade and other receivables increased to R347.5 million at 30 June 2026 (FY2025: R183.3 million). This increase highlights the importance of effective debtor management, particularly in relation to outstanding amounts owed by major licensees. Average payment periods increased from 66 days to 125 days. Licence fees cannot be distributed until they have been collected.

A relatively small number of large licensees account for a significant proportion of these receivables, creating concentration risk within the debtor portfolio. Management monitors these accounts closely and reports regularly to the Board on collection performance and recovery actions.

Improving collections remains one of the most important opportunities to create additional value for members.

Cash and liquidity

Higher receivables and record distributions both affected cash balances. Although operating activities generated R435.9 million in cash, SAMRO paid a record R485.3 million in royalties and R30.2 million toward social and cultural initiatives. As a result, cash and cash equivalents declined to R807.5 million at year-end.

While this reduction reflects timing differences between collections and payments rather than financial weakness, it reinforces the importance of improving collections and maintaining strong liquidity management.

Distributions and undocumented works

The most important measure of our success is the value returned to rights holders. The amount allocated for royalty distributions during FY2027 increased by 12.4% to R708.3 million. Actual payments remain subject to matching, verification and the application of SAMRO's Distribution Rules. Cash distributions increased by 15.6% to R485.3 million.

Equally encouraging was the continued reduction of undocumented works. These are royalties that cannot yet be paid because the ownership of a work has not been sufficiently identified. Following changes to the Distribution Rules and improvements in our matching capability, the balance of undocumented works fell by 9.2% to R265.1 million.

Although this is meaningful progress, the balance still represents about 34% of annual licence income, well above our long-term objective of 15%. Improving data quality, increasing match rates and reducing undocumented works therefore remain strategic priorities.

The funds we hold on behalf of rights holders

The largest balance on SAMRO's statement of financial position is "distributions payable and in progress", which amounted to R1.418 billion at year-end. The balance consists of royalties that have been allocated and are awaiting distribution, together with royalties that remain in progress because ownership information is incomplete.

Each year we add newly accrued royalties, reduce the balance through cash payments and write back amounts that have prescribed under the Distribution Rules.

Understanding this balance helps explain why efficient collections, accurate matching and timely distributions are so important. They determine how quickly money moves from music users to music creators.

Technology expense and investment

Information technology expenses were R5.4 million (FY2025: R5.7 million), and R3.3 million was invested in servers, network infrastructure and data storage. We did not capitalise any development costs. We budgeted R8.6 million for technology projects but incurred R2.5 million. We decided to defer certain projects (such as the mobile app) to focus on improving royalty distribution and data quality, in-house digital distribution, stronger matching and automated cue-sheet processing. For FY2027, we anticipate allocating R6.8 million, including R2.9 million of capital expenditure, to the member portal, mobile application and further system improvements.

Financial outlook

The financial outlook remains positive, although not without challenges. Traditional broadcasting income is expected to remain constrained, while digital services, general licensing and new business opportunities are expected to contribute a greater share of future growth.

This year demonstrated the resilience of SAMRO's financial model and the value of our strategic choices. Our financial objectives under Strategy 2028 remain unchanged: to grow revenue, reduce the cost-to-income ratio to 18%, reduce undocumented works to no more than 15% of licence income and increase the value distributed to rights holders. We are investing in systems, processes and capabilities that will help us achieve these goals while improving the efficiency and frequency of distributions.

Collections performance, debtor concentration and the continued reduction of undocumented works remain important priorities. As music consumption continues to shift towards digital platforms, we must also strengthen the systems, data and processes that support accurate and timely royalty distributions.

We enter FY2027 with financial stability, clear priorities and a strong platform for future growth. I thank our members for the trust they place in SAMRO, the Board and the combined Audit and Risk Committee and Innovation and Technology Committee for their guidance, and my colleagues for their dedication and commitment throughout a demanding year. We remain committed to strengthening the playback-to-payback chain and delivering sustainable value for our members.

Leanne Thomas

Chief Financial Officer



6.4 Chair of the Combined Audit and Risk Committee and Innovation and Technology Committee

Two factors underpinned SAMRO's progress in FY2026: transforming the organisation through innovation and technology and the governance framework that supports it. This joint-committee structure addresses both. Members deserve a clear and balanced account of where we have made progress, where challenges remain and where the committee's attention is focused.

Combined committee oversight

The Audit and Risk Committee and the Innovation and Technology Committee each retain distinct mandates. However, in FY2026, they met as a combined committee due to Board changes. This arrangement provided stable, continuous oversight. This is temporary and will end once the Board appoints additional independent non-executive directors and restores its full committee structures. This will include restoring appropriate levels of independent oversight for the two committees.

This review should be read together with the Audit and Risk Committee report on page 61 and the Innovation and Technology Committee report on page 62.

Financial resilience and concentration risk in receivables

Licence and royalty income increased by 13.1% to a record R769.3 million. Digital income rose 61.6% to R160.7 million, mainly from a settlement with Disney+ over historic music usage and backdated adjustments from audio streaming services. The settlement is significant. It demonstrates SAMRO's ability to conclude agreements of this nature with international digital services, and we continue to pursue similar opportunities.

The cost-to-income ratio improved to 21.4% and compares favourably with 40.0% in FY2018. This consistent reduction clearly indicates improved operational discipline. The target under Strategy 2028 remains 18%.

Our most significant short-term financial risk relates to outstanding debtors. The committee therefore closely monitored both the concentration of these debts and their impact on cash flow and the funding of distributions. We prefer to reach practical payment arrangements with the broadcasters concerned, and management continues to engage constructively. However, if those arrangements fail, SAMRO considers pursuing legal remedies to protect members' interests and recover funds due.

In reviewing the FY2027 budget, the committee rigorously challenged management's assumptions relating to revenue, expenditure and the anticipated benefits of strategic investments before recommending an amended budget to the Board. We also recommended the investment strategy and investment policy statement, which were subsequently approved by the Board.

Quality and control

SAMRO completed 37 distributions in FY2026, up from 23 the previous year. More frequent distributions should be balanced against the need to maintain accuracy. SAMRO implemented substantial changes to processes, workflows and accountability structures to strengthen data integrity and quality assurance.

Ryan Hill
Interim Chair: Audit and Risk Committee and Innovation and Technology Committee



The Risk Department now includes a dedicated quality-control function responsible for reviewing works registrations and distribution data.

Internal audit findings reflect similar progress, along with areas requiring further attention. Of the 30 actions reviewed during the fourth quarter, 20 were resolved, one was accepted as a management risk, and nine were partially resolved, representing a resolution rate of approximately two-thirds. These matters will remain firmly on the committee's agenda during FY2027.

External auditor

The Audit and Risk Committee considered the independence declaration submitted by the external auditor and the nature and extent of services provided. Based on this assessment, the committee is satisfied that the external auditor, SizweNtsalubaGobodo Grant Thornton Inc., remained independent throughout the audit period and that its objectivity was not impaired.

Finance function

The Audit and Risk Committee reviewed the effectiveness, experience and capacity of the finance function during the year. Based on this assessment, the committee is satisfied that the finance function has the appropriate expertise, resources and leadership to fulfil its responsibilities. The committee is also satisfied with the CFO's competence, experience and performance.

Undocumented works: Addressing the root cause

Undocumented works decreased by 9.2% to R265.1 million, the lowest year-end balance in five years. Even so, this balance still represents approximately 34% of licence and royalty income and is significantly above our target level of 15%.

Television reporting remains our biggest challenge. For various reasons, SAMRO can currently match only about half of the music usage reported by broadcasters. Large balances tied to hard-to-verify claims also increase the risk of inappropriate or fraudulent claims. For this reason, effective claims management controls are now as important as matching performance data itself.

This challenge spans the broadcasting, production, advertising, and music sectors, and SAMRO also helps address it. No single stakeholder can resolve the issue independently. Sustainable improvement will require coordinated action across the entire value chain.

The value of our technology

SAMRO is proud of the CAPS system, which was built in-house and based around the realities of SAMRO's operations and is designed to address our unique operational challenges.

This technology approach has delivered tangible results. In FY2026, we incorporated approximately 31 million works from the international Works Information Database and added more than five million recording codes to our systems. Approximately 80% of reported radio usage is matched automatically during the initial matching process. Following additional manual intervention, the overall matching rate increases to more than 90%.

In May 2026, SAMRO implemented a new CAPS module for automated cue-sheet processing. During its first three months of operation, including the period following the FY2026 year-end, the module processed approximately 135 000 cue sheets. The full impact of this functionality on television undocumented works has not yet been assessed and will be reported after the next television distribution cycle.

The committee challenged management to demonstrate clearly the impact of these data improvements on both historical and future distributions and requested additional analysis where conclusions could not yet be supported by sufficient evidence. Ultimately, our objective is straightforward: members should be paid accurately and on time when their music is used. Reliable data is what makes that possible.

SAMRO makes use of machine-learning capabilities within CAPS, subject to human oversight, to apply employee corrections to similar records. However, AI does not determine royalty distributions or payment outcomes.

This is a different issue from the concerns many creators have about generative AI and the use of creative works in AI systems. The committee continues to consider the two separately.

Important work remains outstanding. Business continuity and disaster recovery plans are not yet complete, and the committee has asked that the organisation prioritise them. Penetration testing and a review of general IT controls have been carried forward into FY2027. The Business System Replacement Project has not yet been formally closed, and will receive further focus in FY2027.

Committee statement

The Audit and Risk Committee and the Innovation and Technology Committee are satisfied that they effectively discharged their respective statutory and governance responsibilities in accordance with their terms of reference, the Companies Act and the principles and recommended practices of King IV™.

Appreciation

The committee thanks its fellow members, management, and the internal and external auditors, PwC and SizweNtsalubaGobodo Grant Thornton Inc., for their professionalism and commitment throughout a demanding year. It also acknowledges the contribution of SAMRO's employees, whose collective efforts support the organisation's continued service to its members.

Ryan Hill

Interim Chair: Audit and Risk Committee and Innovation and Technology Committee

6.5 Chair of the Combined Nominations, Human Resources and Remuneration Committee and Social, Ethics and Governance Committee

Governance depends not only on structures and policies but also on people: the directors who lead SAMRO, the employees who carry out its work and the members it serves. The committees I chair oversee all three. In FY2026, each area faced significant challenges and remained a key focus of our oversight.

Committee structure and governance arrangements

The Nominations, Human Resources and Remuneration Committee and the Social, Ethics and Governance Committee each retain distinct mandates. During this period of transition, however, they met as a combined committee to ensure continuity of oversight and effective governance. At year end, neither committee included an independent member. The combined structure is temporary and will end once the Board is restored to full strength, at which point the committees will resume meeting separately.

This review should be read together with the Nominations, Human Resources and Remuneration Committee report on page 63 and the Social, Ethics and Governance Committee report on page 64. The statutory report of the Social, Ethics and Governance Committee will be presented to members at the annual general meeting.

Board renewal and effectiveness

The Board underwent significant changes in its composition during FY2026. At 30 June 2026, it had one independent non-executive director.

The Nominations, Human Resources and Remuneration Committee oversaw the process to fill vacancies in the Composer/Author Director category, and the Board appointed Harrison Crump and Oscar Mlangeni on 18 May 2026. Recruiting two independent non-executive directors has taken longer than we would have liked. The Board initially approved appointing an external recruitment agency but later reconsidered that approach after assessing the associated costs. In May 2026, the Board approved recruitment through the Institute of Directors in South Africa. The focus remains on securing expertise in finance, audit and risk, and technology and digital capability.

SAMRO's Board comprises representatives of both composers and publishers, whose interests do not always align. Once directors enter the boardroom, however, they owe SAMRO the same fiduciary duties. Over the past year, the Board has had candid discussions about its challenges and the changes required to address them.

The most recent independent Board evaluation, conducted in FY2025, produced an overall score of 2.9 out of 5 and identified Board cohesion, role clarity and directors' understanding of their fiduciary duties as areas for improvement. The next evaluation will take place during FY2027 and will provide an opportunity to assess our progress.



Dr Lesley Luthuli
Interim Chair: Nominations, Human Resources and Remuneration Committee and Social, Ethics and Governance Committee

Our people

Our employees experienced a challenging year as SAMRO's integrity was called into question. Despite these challenges, SAMRO did not experience material employee turnover. This matters because the knowledge required to administer collective rights is highly specialised and cannot be easily replaced.

The committee therefore maintained close oversight of employee morale and wellbeing. Mental wellbeing will be a central pillar of the Human Resources Strategy in FY2027. We also monitored employee safety initiatives, including threat assessments for employees who engage directly with members and the public, and the development of a workplace violence prevention policy.

As Chair, I have encouraged an environment in which employees can raise concerns openly and honestly. Organisations improve when people can speak openly about problems rather than feeling obliged to present only good news.

The committee recommended a Succession and Career Management Policy and a Job Evaluation and Grading Policy, both approved by the Board. Our people priorities for FY2027 include preparing employees for the impact of AI and automation, building leadership capability and strengthening succession pipelines in technology, Legal Services and Risk.

Automation, digital licensing and AI are reshaping the skills that we require. We need people who can work confidently with digital usage data, apply emerging technologies responsibly and protect members' rights in a complex legal and regulatory environment. This includes strengthening capacity within Legal Services. As technology changes how music is used and monetised, this function's demands will continue to grow.

Remuneration and performance incentives

SAMRO did not meet its organisational performance measures for FY2025 and, in accordance with the approved remuneration framework, declared no short-term incentive.

The committee nevertheless faced an important question. Employees had worked through an exceptionally difficult period, and many had made significant individual contributions despite the organisational challenges. To recognise those efforts and support morale, the Board approved, on the committee's recommendation, a discretionary individual performance incentive outside the normal remuneration framework.

Following the union's concerns about the allocation methodology, the committee referred the financial implications to the Audit and Risk Committee. The Board subsequently approved a revised allocation in February 2026. This was an exceptional decision. It does not indicate that organisational performance targets were achieved and should not be regarded as creating an entitlement to similar awards in future years.

More details about this and other remuneration arrangements can be found in *Chapter 9*.

Ethics, governance and stakeholder trust

The committee devoted considerable attention during the year to ethics, culture and stakeholder relationships. The committee oversaw the development of an Ethics Management Strategy and Plan, informed by an ethics risk assessment, which the Board approved in November 2025. We also oversaw the development of a Stakeholder Engagement Strategy, which the Board will review and approve in FY2027.

We received regular reports on whistle-blowing matters and investigations and requested enhanced reporting on trends, outcomes and resolution times. Understanding patterns in reported concerns helps us understand the health of the organisation's culture.

Members raised questions about governance structures and constitutional matters, which the committee referred to the ongoing MoI review.

Social investment and corporate citizenship

SAMRO allocated R29.6 million to social and cultural initiatives in FY2026. This funding supported the SAMRO Retirement Annuity Fund, funeral benefits and social investment programmes, including grants awarded to 120 members through the Music Creation Support Fund. These programmes reflect a long-standing commitment to creators, who work in an increasingly challenging environment.

The committee reviewed a CSI policy to strengthen oversight in this area, which the Board approved. We recognise that we have not always communicated these programmes and their impact as effectively as we should have. As members gain access to a growing range of rights-management options, we need to articulate more clearly the value these initiatives create.

More work is required to define what social and environmental responsibility should mean for SAMRO. Although our direct environmental footprint is limited, we are still determining how best to measure and report our environmental responsibilities. This remains an area for further consideration.

Committee statement

The Nominations, Human Resources and Remuneration Committee and the Social, Ethics and Governance Committee are satisfied that they effectively discharged their respective statutory and governance responsibilities in accordance with their terms of reference, the Companies Act and the principles and recommended practices of King IV™.

Having discharged its responsibilities in terms of Regulation 43(5) of the Companies Regulations, 2011, the Social, Ethics and Governance Committee is satisfied that SAMRO has, in all material respects, complied with the social, ethics and corporate citizenship requirements applicable to the organisation during FY2026. The committee did not identify any material instances of non-compliance within its statutory oversight scope.

Appreciation

I thank my fellow committee members, the executive team and SAMRO's employees for their continued commitment during a year of considerable change and uncertainty. I also acknowledge our members, whose trust and livelihoods remain central to our work.

Dr Lesley Luthuli

Interim Chair: Nominations, Human Resources and Remuneration Committee and Social, Ethics and Governance Committee



Our performance along the playback-to-payback chain

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OUR PERFORMANCE ALONG THE PLAYBACK-TO-PAYBACK CHAIN

How did each part of SAMRO perform?

7.1 Sales and licensing performance

Broadcast licensing

Broadcasting remains our largest source of licensing revenue, contributing R386.6 million in FY2026. However, its share of total licensing revenue continues to decline, from 67.7% in FY2022 to 50.2% in FY2026. Broadcaster income grew by 3.4% during the year, after a 2.1% decline in FY2025. Radio revenue rose 5.1% to R152.0 million, with private stations accounting for more than 60% of the growth. Television revenue rose 2.3% to R234.6 million, driven largely by inflation-linked increases on some of our major accounts.

Community radio remains a small part of the broadcast portfolio, contributing R3.0 million in FY2026. We nevertheless gave it greater attention during the year, and revenue from community stations increased by 13.2%. Its importance lies not only in the revenue it generates, but in the audiences it serves. Many of our members hear their music played on community stations, and when those stations are licensed, some members earn a royalty for the first time.

General licensing

General licensing covers businesses that play music for their customers, including shops, malls, restaurants, bars, clubs, hotels, gyms and music venues. Income grew 6.8% to R187.7 million, recovering from a 2.8% decline in FY2025. Renewals drove the result, particularly licence renewals with major retailers in the third quarter. Revenue from key accounts ended the year slightly ahead of budget.

New business performed less well. It contributed R34.2 million, 2.4% more than in FY2025, but only a little more than half of budget. Economic pressure continued to affect many businesses, and some reduced their spending on entertainment and music services.

Behind these figures lies a change in the market itself. Some businesses are replacing licensed music with lower-cost, royalty-free catalogues, and we lost licensees to them this year. AI-generated music is beginning to compete with licensed music in a similar way.

Digital and online licensing

Digital income rose by 61.6% to R160.7 million, representing 20.9% of total licence and royalty income, compared with 14.6% in FY2025. We license three types of digital services: video-on-demand platforms, music streaming services and platforms that host content uploaded by their users. We concluded a settlement with Disney+ covering its past use of music. We also received backdated adjustments from audio streaming services for the period from July 2024 to December 2025.

Section 7.4 describes this work.

Foreign royalties collections

Royalties received from sister societies for the use of our members' music outside South Africa grew by 10.5% to R34.4 million, exceeding budget by 6.9%. We attribute much of this growth to continued international demand for South African music, particularly Amapiano.

Foreign royalties are recognised as income only once they reach SAMRO. Societies in two European countries held royalties due to our members because the required tax documentation, including members' tax numbers, was incomplete. This highlighted the importance of maintaining accurate member information and supporting the efficient cross-border flow of royalties.

New business and regional expansion

The licensees that joined us in FY2026 included FNB, The Rooms Network, the SA Rugby Union, Joburg City Theatres, the South African National Biodiversity Institute, Red Bull Events, GNG Events and Choice Clothing.

To reach schools more efficiently, we concluded an agency agreement with FEDSAS, which could cover up to 1 900 school governing bodies.

We also expanded our licensing activities beyond South Africa. Through a targeted licensing drive in Mozambique, we concluded agreements with five large businesses. These agreements broaden our regional licensing footprint and support our objective of growing revenue from new markets.

Collection and compliance challenges

In FY2026, collection challenges intensified as a small number of large debtors accounted for most outstanding balances.

Public sector collections remained challenging. Uncertainty surrounding proposed educational exceptions in the Copyright Amendment Bill contributed to licensing and collection challenges in the education sector. Disputes over proof of infringement also delayed licensing agreements with major municipalities, including Johannesburg and Cape Town, representing significant unrealised opportunities. In the live events sector, attempts to avoid licensing requirements increased demands for enforcement and engagement.

Some businesses view music licences as an avoidable cost or do not understand when they are required, including for employee events. Licensing consultants explain the purpose of licensing, its benefits to creators and publishers, and how collections are distributed.

Our priorities for FY2027

- Recover broadcaster revenue: Establish payment arrangements, recover overdue amounts and conclude outstanding licensing agreements.
- Grow digital income: Increase revenue from digital services, particularly through claims-based licensing and reporting.
- Retain and expand licensees: Pilot outsourced sales in sectors such as gyms, retail and motor dealerships to complement SAMRO's licensing team.
- Resolve licensing disputes: Seek legal certainty on contested obligations and pursue licensing agreements with municipalities and other non-compliant users.

Section 7.2 follows the licence fee to the next links in the chain: matching the music used to its owners and distributing royalties.



7.2 Distributions performance

Links in the chain: match usage to works, and distribute and pay royalties

We distributed royalties more frequently in FY2026 than in FY2025, paid royalties in more months of the year, and reduced the amount of revenue that could not be matched to members. Matching remains the weakest link in the chain from playback to payback, particularly in television, where usage data is still difficult to identify and allocate accurately.

We made 37 distributions in FY2026, compared with 23 in FY2025. We paid royalties in 11 of the 12 months, up from eight months the previous year.

How much of the music we could match

The identification rate measures how much of the music reported to us we can match to a work and its owners. The higher the rate, the more royalties can be paid to rights holders, and the less must be held back. It is therefore one of our most important performance measures. Technology should improve matching across multiple revenue streams over time.

Radio: Matching rates are high and improving. We added more than five million recording codes to our works database. These codes link sound recordings to the musical works they contain. Approximately 80% of reported radio usage is matched automatically during the initial matching process. Following additional manual intervention, the overall matching rate increases to more than 90%.

Television: Television remains the largest source of undocumented royalties. We can match only about half of reported television usage. Much of the problem lies in missing or incomplete cue sheets, while advertising and promotional content is often identified only by broadcaster reference codes rather than by the music used. Improving television matching will require collaboration between broadcasters, producers, agencies, composers and SAMRO.

Digital: Digital matching rates are improving. We began automating the processing of cue sheets received through international society networks. In its first three months, the new module processed 135 000 cue sheets.

Section 7.4 describes the technology that supports this work.

Undocumented works

When we cannot match a work, or a share in a work, to its owner, the royalty is held as an undocumented work, which our financial statements describe as a distribution in progress. At year end, the balance was R265.1 million (FY2025: R292.1 million), the lowest year-end balance recorded in the past five years.

The improvement reflects better matching and continued efforts to identify rightsholders. Royalties relating to completely unidentified works declined by 14.2% to R213.6 million. Royalties relating to works that were identified but had one or more unidentified owners increased by 19.7% to R51.6 million.

In FY2026, we cleared R23.3 million in undocumented royalties. We also returned R91.8 million in royalties from earlier years to the distribution pool and redistributed it. Despite the improvement, the balance remains significant, equal to 34% of licence and royalty income (FY2025: 43%).

Changes to the Distribution Rules

The Board approved revised Distribution Rules on 18 February 2026 to improve certainty, reduce undocumented royalties and support fairer, more efficient distributions. Any further amendments to the Distribution Rules will be subject to the applicable Board approval process.

Key changes include:

- **Unidentified music:** Where identification thresholds are met, unmatched royalties are redistributed to identified rightsholders rather than added to undocumented works.
- **Undocumented claims:** Rights holders have three years to claim royalties and must provide supporting evidence, such as songwriter agreements, split sheets or cue sheets. Proof of ownership may also be required before payment.
- **Non-member royalties:** Royalties owed to rightsholders who do not belong to SAMRO or another collecting society are held for three years before returning to the distribution pool.
- **Digital royalties:** Unmatched digital royalties return to the distribution pool after two years and are redistributed among identified rightsholders for the same service and period. Default ownership shares are no longer applied where ownership information is missing; royalties are held until ownership is confirmed.
- **Public-domain arrangements:** Royalties from new arrangements are split equally between the arranger and SAMRO's social and cultural fund.
- **Live performances:** Performance details must be submitted through the member portal by 31 December, within six months of year-end, to qualify for the relevant distribution.

Quality control

More frequent royalty distributions must not come at the expense of accuracy. We strengthened quality control during FY2026. Controls are designed to detect errors, duplicate payments and unusual outcomes before a distribution is released. For larger distributions, staff review and approve calculations at key stages and confirm that the amounts allocated and paid are consistent with those approved.

The Risk Department introduced a dedicated quality-control function to review works registrations and distribution data, supported by fraud-risk reviews and spot checks. The Distribution Rules also strengthen control by defining the evidence required for claims and allowing us to exclude abnormal or unverified usage information.

Section 4.4 addresses our fraud-related risks.

What this means for members

Members were paid more frequently in FY2026; we distributed more royalties, and we held back less money because we could identify a work or rights holder. Matching remains our biggest challenge. While identification rates are high for radio and improving for digital services, television remains difficult to match accurately. A member whose music is used mainly on television still has only about an even chance that a reported use will be matched to a work and paid correctly. Improving that rate is one of our most important priorities.

The distribution schedule on our website shows when each payment is expected.

Priorities for FY2027

Our priorities are to:

- Improve identification rates, particularly in television.
- Reduce undocumented works further, towards our Strategy 2028 target of no more than 15% of licence income.
- Maintain and strengthen distribution accuracy.
- Improve digital distributions, so that royalties are distributed more quickly, and a greater proportion reaches identified rightsholders.

We are also considering a shorter distribution cycle, which would allow us to pay royalties more frequently.

Section 7.3 reports on member service, on which the quality of every distribution ultimately depends.

7.3 Member services performance

Supporting members from playback to payback

Accurate member records, correctly notified works and accessible support are essential to effective rights administration. In FY2026, Member Services focused on helping members address administrative barriers and access their royalties and benefits.

As of 30 June 2026, SAMRO's membership stood at 161 293, comprising 129 223 Prospective, 30 502 Associate, and 1 568 Full members. Associate and Full members together accounted for 32 070 members, while Prospective members represented approximately 80% of the membership base.

Access to services and member support

Members accessed assistance through our Braamfontein offices, call centre, email and digital channels. The member portal provided access to musical works notifications, royalty statements, and live-performance submissions, supported by consultants who assisted with membership, repertoire, royalty and benefit enquiries.

Our service priorities extended beyond responding to individual enquiries. They included improving the accuracy of member information, supporting the administration of publishing agreements, and coordinating with Distribution, Legal, Finance and IT to resolve matters requiring specialist intervention.

Accurate, up-to-date records remain central to this work. Missing or outdated contact, banking, tax and beneficiary information can affect communication, delay payments and complicate access to benefits.

Service Week and member education

We introduced The State of Your Music: Service Weeks at our Braamfontein head office from 25 May to 5 June 2026. The initiative provided direct access to consultants and specialists through walk-in support, individual consultations and educational sessions.

Members could review their records, receive assistance with musical works notifications and ownership information, raise outstanding queries, and obtain guidance on royalties, publishing agreements, live-performance submissions and member benefits. The initiative brought these services together to help members understand and manage the administrative requirements associated with their music rights.

We also worked with industry partners to provide workshops on copyright, musical works registration, royalty calculations, split sheets, Board eligibility and foreign royalties. Our FY2027 priority is to expand The State of Your Music engagement programme beyond Gauteng, with member support and education sessions planned for KwaZulu-Natal, the Western Cape, Eastern Cape, Free State and other provinces.

Section 7.7 outlines the additional training and support delivered through our social investment programmes.

Retirement and funeral benefits

SAMRO supports qualifying composer and author members through the SAMRO Retirement Annuity Fund and the SAMRO Funeral Benefit Scheme. These benefits are available to eligible Associate and Full members, subject to the applicable rules and do not extend to publisher members.

The SAMRO Retirement Annuity Fund is a separate legal entity with its own trustees. SAMRO makes annual contributions on behalf of qualifying members who have earned royalties, helping them accumulate retirement savings. Members are not required to contribute but may make additional voluntary contributions to grow their retirement savings. In FY2026, SAMRO contributed R17.2 million (FY2025: R15.0 million).

SAMRO also funds the Funeral Benefit Scheme, with no contribution required from members or deduction from their royalties. The scheme covers qualifying Full and Associate members, their spouses and up to four qualifying children. It provides R25 000 on the death of the member or spouse. Children's benefits range from R5 000 to R25 000, depending on age. Children are generally covered until age 21, with provision for continued cover up to age 24 for those in full-time study, subject to the scheme's conditions.

Family cover terminates when the member dies. Eligible beneficiaries may be reinstated once designated as the late member's first-generation heirs, subject to the scheme's requirements.

Member Services assists members and beneficiaries with benefit enquiries, information updates and claims documentation. Keeping contact, tax and beneficiary records current enables SAMRO to administer these benefits efficiently and provide timely support to members and their families.

Both benefits are supported through SAMRO's social and cultural allocation, which increased by 14.9% to R29.6 million in FY2026.

Section 7.7 reports on the portion allocated to social investment programmes.

Reconnecting rights holders with unclaimed royalties

Royalties may remain unpaid where banking details are invalid or supporting information is incomplete. These amounts remain payable to the relevant rights holders once the applicable requirements have been met.

During FY2026, we released R12.17 million in previously unclaimed royalties (FY2025: R8.19 million). This exceeded our R10 million target by approximately 21.7%. Since the initiative began in April 2021, cumulative releases have reached R58.09 million.

This work combines tracing and direct engagement with the verification of member, publisher and estate records. It requires ongoing coordination across Member Services, Finance and other specialist teams. New unpaid amounts can arise after each distribution, making the maintenance of accurate records an ongoing priority.

Priorities for FY2027

Our focus is to make services easier to access, strengthen query management and improve the information on which member servicing depends. Priorities include:

- Extending The State of Your Music engagement programme to additional provinces.
- Introducing the first phase of the member chatbot through WhatsApp and the website, following testing, to support routine enquiries and access to member information, including membership status and Business Relations (BR) numbers.
- Progressively enhancing the member portal to support profile updates and completeness of member records.
- Strengthening query allocation, tracking and escalation, supported by clearer service standards and opportunities for automation.
- Improving the administration and monitoring of publishing agreements and the accuracy of associated ownership records.
- Continuing to trace rights holders with unclaimed royalties and assist members and beneficiaries with outstanding payment and benefit requirements.

In memory

During the year, we lost several members whose work helped shape South Africa's musical heritage.
We remember them with gratitude and extend our condolences to their families, friends and colleagues.

Abiel Tebatso Lethola
Agnes Sibongile Dupont Nkotsoe
Aphiwe Ayabulela Jojo
Andries Gerhardus Nel
Andries Lucas Pelo
Arthur Tshabalala
Blake Wilken
Bevhula Kennedy Ndlovu
Brian Thaluki Molele
Bukhulubakhe Mchunu
Caven Masetla
Clinton Basil Cunningham
Cornelius Johannes Jacobs
Elizabeth Noelene Clarke
Enock Zakhele Nkosi
Ezekiel Ramakgolo
Fezile Faku
Gabriel Jack Mogale
Gordon Achmat Martin
Guillaume Bernard Masters
Heath Clive Fouche
Isaac Sake Chiloane
Isaac Setati
Ismail Mahomed Jan
Jacoba Adriana Elizabeth Ackermann
Johannes Jacobus Oberholzer
Jolbone Richard Siluma
Josias Johannes Reinecke
Joseph Vusumuzi Nhlapo
Khanyisa Boto
Khethiwe Lucia Likuwane
Krishna Pillay
Leslie John Moller
Lisema Alphons Rantsane
Luyolo Khwezi Sondiyazi
Mafole Teboho Mopedi
Martha Francina Driessen
Martha Magdalena Brouwer
Melvyn Michael Matthews
Mhlupheki Petrus Mbongo
Mmatludi Solomon Mathosa
Moleseng John Moriri
Mokonyane John Tabane
Muziwamadoda Pearls Jafta
Mqwakuza Phineas Mazibuko
Mluleki Ninela
Nonhlanhla Patricia Gama
Nicolaas Barend Labuschagne
Nkosinathi Isaac Makabeni
Oscar Thandazani Nyathi
Owenkosi Wisdom Mangele
Phoutso Casswell Ramothwala
Phumelele Dlamini
Pindi Cacharel Jiaoo
Pfananani Julia Mphelo
Pukubye Petleck Mhangwana
Pule Ephraim Lecholo
Pule Neville Malepe
Samuel Stephen Chakane Moripe
Sandile Godfrey Moloi
Sesi Martha Sithole
Stompie Ernesta Manana
Tsakani Margaret Mogopodi
Tsakani Mavis Mathebula
Tshepo Arnold Mathiba
Vuyelwa Luzipho
Vuyisile Osca Mgudhlwa
Winifred Smithies
Ziphozenkosi Mpumelelo Ngongoma

7.4 Technology and data performance

Underneath the chain: The systems and data on which every link depends

Technology sits beneath the entire chain from playback to payback. Every work is registered in our systems, every licence is invoiced through them, every usage report is processed by them, and every royalty depends on their ability to match music to its owners.

As music consumption becomes increasingly digital, usage data keeps growing. Matching at this scale cannot be done manually. Whether a royalty reaches the right person, and how quickly, depends on the quality of our data and the effectiveness of our systems.

The Information Technology department develops and maintains these systems and the infrastructure that supports them. The Board's Innovation and Technology Committee oversees this work.

In FY2026, our technology work focused on four objectives: improving the identification of musical works, automating high-volume processes, processing digital distributions in-house, and strengthening information security and resilience. Most of this work was done by our own team. We made the greatest progress on the first three objectives; information security and business continuity remain areas of ongoing work.

This section explains the systems, data and controls behind the licensing and distribution results reported in *Sections* 7.1 and 7.2.

Our CAPS system

CAPS is used to manage our repertoire, process usage data and run distributions. Owning the system benefits members in three ways. It lets us trace and explain how royalties are calculated, improve the system as our requirements change, and reduce our dependence on external vendors.

CAPS is also faster. A distribution run that previously took about a week now takes around two hours. We expanded CAPS, so our team could process digital distributions directly. The first distribution completed in this way in FY2027, for Disney+, matched more than 80% of reported usage.

Processing digital distributions in-house gives us visibility into every stage of the process, from incoming usage data and matching rules to the final allocation of royalties. This improves transparency, enables faster problem-solving and allows us to respond more effectively to member queries.

Accurate repertoire data is essential for matching reported music usage to registered works. In FY2026, SAMRO strengthened data quality and coverage by integrating international repertoire information from the Works Information Database and automatically sharing members' registrations with the network. This improves identification of international works used in South Africa and royalty collection for members' music used abroad.

SAMRO also added more than five million International Standard Recording Codes from digital services, improving automated matching. Approximately 80% of reported radio usage is matched automatically during the initial matching process. Following additional manual intervention, the overall matching rate increases to more than 90%. Further human intervention is required to improve matching rates and resolve unmatched usage. In addition, the system activated more than eight million works and assigned over 600 000 International Standard Musical Work Codes, increasing the proportion of active works from approximately 30% to more than 70%.

Bulk registrations are now processed automatically on receipt, with more than 900 000 works processed this way in the fourth quarter.

Automated cue-sheet processing

Television remains our most difficult environment for matching music usage because it depends heavily on cue sheets, many of which arrive late or require manual capture. Automating the processing of these local cue sheets is therefore a focus area for FY2027.

In May 2026, we implemented a CAPS module that processes cue sheets automatically using the international formats exchanged between collecting societies. It has already improved digital matching, although we are still assessing its full impact on television distributions, with improving television identification rates remaining a priority.

Cybersecurity and resilience

Protecting members' personal and banking information, and the systems that hold it, is SAMRO's most significant technology risk. In FY2026, the Board approved an IT governance framework, IT Strategy and revised information security and incident response policies. The Innovation and Technology Committee oversaw security awareness initiatives, assessments and simulated exercises.

SAMRO is developing a cybersecurity framework built around five functions: identify, protect, detect, respond and recover. This framework will translate policy into practical controls to strengthen the prevention, detection and response to threats such as phishing, malware and insider attacks. Full implementation is planned for FY2027, alongside continued efforts to address control weaknesses.

Business continuity and disaster recovery plans also remain in development, with further work requested by the Innovation and Technology Committee.

AI

AI could automate manual matching, but SAMRO is proceeding cautiously. Data quality must be improved first, and royalty calculations must remain transparent and explainable to members.

CAPS currently uses supervised learning, applying employee corrections to similar records. AI does not make matching decisions that directly determine royalty payments. SAMRO will assess AI applications that can safely support operations, starting with tasks that do not directly affect payments, while retaining human oversight and control of member data.

Sections 4.1 and 8.5 discuss the implications of artificial intelligence for music rights and copyright administration.

What this means for our members

For members, the test of our technology is simple: does it help us identify more music, pay royalties sooner and explain payments more clearly? In FY2026, we made progress on all three.

We distributed royalties more frequently, improved our ability to identify works and recordings, and processed digital distribution in-house for the first time.

Some challenges remain. A member whose music is used primarily on television still has only about an even chance that a reported use will be matched correctly. The tools members use to interact with us directly, including the enhanced portal, chatbot and mobile application, also remain under development.

Priorities for FY2027

We will measure progress through improved identification rates, faster processing times, increased use of self-service tools, quicker resolution of member queries and evidence that our security and recovery controls operate effectively in practice. Our priorities are:

- **Improve identification rates:** Automate PDF cue-sheet processing, expand in-house digital processing and develop automated claims processing for digital services.
- **Improve member access to information:** Launch the AI-enabled member chatbot and WhatsApp platform, expand the member portal, introduce query tracking and consolidate member data for better analysis and decision-making.
- **Strengthen security and recovery:** Implement the cybersecurity framework, finalise business continuity and disaster recovery plans, conduct security testing and formally close the Business System Replacement Project.
- **Enable responsible AI use:** Evaluate AI models that operate within SAMRO's environment and finalise the AI governance framework.
- **Explore external opportunities**: Assess the potential to license CAPS to other collective management organisations.

Section 7.5 discusses what this means for our people.

7.5 Our people performance

Underneath the chain: the people who do the work at every link

No other organisation in South Africa administers performing rights the same way, and when experienced employees leave, they take that knowledge with them. Retaining and developing our people is therefore one of our most important responsibilities.

Our employees read the same headlines as our members, faced uncertainty, and, in many cases, worked under intense pressure. The strain was real. Morale suffered and our employees deserve to work for a stable and safe organisaton.

This section reports on our people, how we develop and support them.

Chapter 9 reports on remuneration.

Our people at a glance

At 30 June 2026, we employed 175 people. More than half worked in Licensing, Distributions and Member Services, the departments that carry the chain from playback to payback. Women lead SAMRO at the most senior level. Our CEO and CFO are both women, and six of the nine senior management members are women.

	2026	2025
Employees at 30 June	**175**	176
Permanent	**131**	133
On fixed-term contracts	**44**	43
Interns	**None**	5
Women, as a share of employees	**62.3%**	64.2%
African, Coloured and Indian employees as a share of employees	**91.5%**	
Employees promoted or moved into new roles	**8**	26
Salaries, wages and benefits	**R128.7 million**	R112.7 million
Spending on training	**R1.6 million**	R1.8 million
B-BBEE level on our certificate	**Level 4**	Level 4

Employment equity and transformation

In FY2026, we developed a new five-year Employment Equity Plan for 1 September 2025 to 31 August 2030 to align with amended legislation, including revised sector targets and expanded reporting and assurance requirements.

Broad-based black economic empowerment (B-BBEE)

Our B-BBEE certificate for the period from 8 September 2025 to 7 September 2026 rates SAMRO as a level 4 contributor. We monitor our scorecard quarterly to identify areas requiring attention. The most recent scorecard indicates a weaker outcome of 71.98 points, equivalent to level 6 and, after discounting, level 7.

The main weakness is skills development, where we scored 2.08 points. Twelve points in this element depend on internships, and our internship programme has ended. Our management control score also declined following changes to the Board and the termination of certain employees. These factors will require attention in FY2027.

Skills development

What we spent on developing our people

	2026	2025
Bursaries	**R963 377**	R873 969
Learnerships and internships	**–**	R195 300
Work-integrated learning	**R255 648**	–
Informal training	**R214 378**	R442 973
Related costs	**R29 083**	R29 655
Total	**R1 462 486**	R1 541 897

We spent R1.46 million on training (FY2025: R1.8 million). About two-thirds of this expenditure benefited women, and more than 80% benefited African employees.

Bursaries remain our largest investment in development. We support employees studying in fields relevant to SAMRO's operational requirements, with bursary recipients undertaking to remain with the organisation for a period after completing their studies. Bursary spending increased during the year.

Training is aligned with business needs. In FY2026, employees received training in areas including customer service, health and safety, deceased-estate administration, retirement fund taxation, accounting standards, payroll tax, employment equity reporting, ethics management, AI governance and advanced spreadsheet skills. We identify training needs through performance reviews and discuss them regularly with departmental managers.

The Board approved a succession and career management policy. We identified 44 critical roles and have begun identifying successors for these positions. The next step is to develop and implement structured development plans for those successors.

SAMRO's expertise has been built over many years and cannot easily be recruited elsewhere. We continued documenting key processes, business rules and work instructions and made them available through our intranet, so knowledge depends less on individual employees.

Wellness

Employee feedback identified mental wellbeing as the greatest concern. Mental wellbeing will become a key pillar of the Human Resources Strategy in FY2027.

Employees, their partners and household members have access to a confidential employee assistance programme offering emotional, financial, physical and legal support. In FY2026, wellbeing initiatives addressed mental health, stress, burnout, alcohol awareness, physical health and financial wellbeing, including health screenings, diabetes awareness, blood donation drives and debt-management support.

In September 2026, post the FY2026 reporting period, an employee assistance programme psychologist addressed staff on trauma, its signs and where to seek support.

We provide permanent employees with four months of fully paid maternity leave. Employees may elect to extend this period through a further two months of unpaid leave or return to work gradually on a half-day basis.

Safety

The events of FY2026 heightened our concern for employees' safety, particularly those in public-facing positions. We completed threat assessments and developed measures to reduce identified risks. We are developing a workplace violence prevention policy. We have a low tolerance for any threat to the health, safety or wellbeing of our employees and remain committed to providing a safe working environment as required by the Occupational Health and Safety Act.

Culture and values

Hearing it from us first

Employees should hear what is happening from SAMRO before they hear it from the media. The CEO briefed employees on developments as they occurred and held separate sessions with union shop stewards to ensure everyone received the same information. Smaller "Coffee with the CEO" sessions were held every six weeks.

New values

During the fourth quarter, we introduced a new set of organisational values. The CEO launched them and embedded them through a network of employee change champions, helping ensure colleagues adopted the values rather than feeling they were imposed from above. The values are now incorporated into performance agreements.

Performance

Every employee has a performance agreement aligned with SAMRO's objectives. Performance is reviewed twice a year through assessments by both the employee and manager, with moderation by a more senior manager. Employees who disagree with a rating may request a review. Organisational performance measures are shared across the business so that all employees understand what SAMRO is working towards.

Ways of working

Since July 2024, SAMRO has operated a hybrid working model, with employees generally expected to work from the office at least two days a week, depending on departmental requirements. All employees attend CEO briefings and strategy sessions in person, balancing flexibility with collaboration and organisational cohesion.

Employee feedback remains positive, with 76% reporting productivity when working remotely and 81% preferring hybrid work. Challenges include system connectivity, team communication and coordination, work-life boundaries and isolation. Managers remain accountable for performance and may require more frequent office attendance where additional support is needed. In the fourth quarter, SAMRO introduced organisation-wide meeting-free Mondays to support focused work and reduce meeting fatigue.

Changing work

We recognise that automation will change how some roles are performed. Where tasks become automated, SAMRO's first priority will be to identify opportunities elsewhere in the organisation where employees can apply their skills and to provide retraining where appropriate. This approach reflects our commitment to supporting employees through change and preparing them for emerging roles and new ways of working.

Periods of transition can create uncertainty for employees. Open communication, workforce planning and skills development will therefore remain important priorities as SAMRO advances its digital transformation journey.

What this means for members

Most members experience SAMRO through its people, whether at the reception desk, through a telephone enquiry, at a member workshop or when seeking assistance on a rights-related matter. Employees remained committed to supporting members and ensuring the continuity of core operations, contributing to improved royalty distribution performance.

Employee costs also represent the largest expense funded from licence revenue before royalties are distributed. The effectiveness with which SAMRO recruits, develops, supports and deploys its people therefore has a direct impact on service quality, operational efficiency and, ultimately, on the value returned to members.

Priorities for FY2027

Our digital transformation depends on developing, retaining and supporting the people who keep the chain operating, equipping them with the skills and confidence to adapt and continue delivering value for members. Our priorities are:

- **Support employee wellbeing:** Prioritise mental wellness, resilience, engagement and work-life balance in the HR Strategy.
- **Create a safer workplace:** Finalise the workplace violence prevention policy and address outstanding safety and threat assessment actions.
- **Secure critical skills and leadership:** Implement succession plans, focusing on scarce technology skills and future leaders in Legal Services and Risk.
- **Prepare for AI and automation:** Develop the approach to AI and automation while equipping employees with the necessary skills and support.
- **Advance employment equity:** Implement the 2025–2030 Employment Equity Plan across departments through workforce planning and recruitment.
- **Resolve key organisational matters**: Finalise FY2027 wage negotiations and appoint a COO.

7.6 Reputation and communication performance

Underneath the chain: the confidence of our members and of the businesses that pay for music

We earn reputation through sound governance, accurate and timely royalty distributions, responsive service, and consistent delivery on our mandate. Through proactive communication, we help stakeholders understand what we do, how we do it and the value we create.

This work is led by our Marketing and Communications team, which supports the organisation through stakeholder engagement, reputation management, digital communications and industry partnerships.

Improving reputation and public relations

FY2026 began amid sustained negative media coverage of governance matters, leadership changes, information leaked from a forensic audit and member protests. Negative coverage peaked at 55.0% in the first quarter, intensifying public scrutiny and influencing perceptions of SAMRO.

Communication in the first half of the year was largely reactive, addressing events and stakeholder concerns while increasing transparency around SAMRO's actions and decisions. As the environment stabilised in the second half, we shifted to proactive engagement and rebuilt confidence through clear communication of the value we create for members.

Trust among members, licensees and other stakeholders underpins the effective operation of the entire chain, from licensing and collections to royalty distribution.

Media coverage of SAMRO

Media sentiment improved significantly during the year, although rebuilding stakeholder confidence remains a priority. Reputational pressures had broader implications:

- Stakeholder confidence: Sustained negative coverage risked undermining trust among members, licensees and industry partners.
- Licensee relationships: Perceptions of SAMRO's stability and credibility affected engagement, with potential implications for licensing compliance, collections and commercial relationships.
- Revenue sustainability: Weakened confidence and licensing relationships could ultimately affect collections and the royalties available for distribution to members.

In the first half of the year, some licensees sought additional assurance before making payments, resources shifted to stakeholder engagement, and planned licence-holder marketing was deferred. These challenges highlighted how reputational pressures can disrupt the processes underpinning licensing, collections and royalty distributions.

Innovation and digital transformation

AI-enabled chatbot and WhatsApp platform

SAMRO progressed the implementation of an AI-enabled chatbot across its website and WhatsApp channels to provide 24/7 self-service support, reduce routine enquiries and improve member communication.

The first phase focuses on music creators, with planned functionality including work notifications, set-list registration, access to unclaimed royalties and royalty and retirement annuity statements, updating personal and banking details, membership status checks, BR number retrieval and FAQs. WhatsApp will also enable direct distribution of targeted updates and important information to members.

Implementation is phased to allow testing and refinement before broader deployment. In FY2027, the second phase will extend the platform to music users, supporting licence registrations and renewals, account payments and statement enquiries. The initiative is expected to improve accessibility, response times and service efficiency while strengthening engagement with members and licensees.

SAMRO content and broadcast partnerships

SAMRO invested in original content to showcase music creators and strengthen industry engagement. In FY2026, we produced a three-part documentary series about the SongHubs Africa songwriting camp held in Johannesburg in October 2025, in partnership with APRA AMCOS, CAPASSO and the African Music Academy. The series highlights creative collaboration, professional development and the value of international industry partnerships.

These initiatives broaden the exposure of participating creators, raise awareness of SAMRO's development programmes and partnerships, and strengthen industry connections. They support SAMRO's broader role in creator development and the sustainable growth of the music ecosystem beyond royalty administration.

Industry partnerships and sponsorships

SAMRO approved FY2026 sponsorships and partnerships aligned with the organisation's strategic objectives, member value and industry development priorities. Initiatives were assessed against member benefit, strategic relevance, governance requirements and implementation readiness.

SAMRO sponsored the Basadi in Music Awards, KZN Music Imbizo, Metro FM Music Awards and South African Music Awards, and participated in ACCES25 and the Africa Rising Music Conference. Activities included copyright and licensing workshops, competitions, masterclasses, networking opportunities and industry forums, promoting creator development, visibility and engagement across the music value chain.

These initiatives strengthened relationships with creators, publishers, music users and other industry stakeholders while expanding access to knowledge, professional development and industry opportunities. They support SAMRO's broader role in fostering a connected, sustainable and growing music ecosystem.

Priorities for FY2027

To strengthen stakeholder confidence, improve engagement and support the effectiveness of the chain from playback to payback, SAMRO has identified the following priorities:

- Build on FY2026 reputational gains through proactive media engagement, positive visibility and consistent stakeholder communication.
- Launch the AI-enabled member chatbot and WhatsApp platform following testing and optimisation, and begin phase two for music users.
- Expand direct member engagement through Service Week in additional provinces and broader education, support and outreach initiatives.
- Resume licence-holder marketing through public relations, stakeholder engagement and targeted campaigns to strengthen relationships, improve compliance and attract new licensees.
- Expand member training and development through workshops, education and social investment programmes.
- Finalise and implement the Stakeholder Engagement Strategy to strengthen relationships, improve communication and formalise engagement across SAMRO.

Section 7.7 reports on our social investment.

7.7 Social investment performance

Alongside the chain: support for our members and the music industry

SAMRO's social investment supports music creators, industry development and the preservation of South Africa's musical heritage. Previously delivered through the SAMRO Foundation, these activities are now managed within SAMRO and focus on equipping members to understand intellectual property, manage their rights and navigate the commercial aspects of creative careers.

In FY2026, the portfolio continued across four pillars: music business skills; advocacy and outreach; thought leadership and legacy preservation; and organisational support. Since its inception in 2021, the Music Creation Support Fund has supported 660 members and allocated more than R16.5 million. The SAMRO Music Archive continued to preserve more than 100 000 musical scores.

SAMRO set aside R29.6 million from licence income for social and cultural purposes (FY2025: R25.7 million). Of this, R17.7 million went to the Retirement Annuity Fund and funeral benefit, leaving R11.8 million for social investment. Total social investment expenditure increased by 39.6% to R14.9 million (FY2025: R10.6 million), supporting member development, industry capacity-building and ecosystem sustainability.

Independent adjudication, eligibility checks, phased grant payments, programme monitoring, and recovery of funds where delivery obligations were not met underpin accountability and help ensure social investment delivers value for members and the wider music industry.

A full list of all SAMRO CSI beneficiaries is available in Annexure A.

Annexure A: Full List of CSI Beneficiaries

Impact at a glance

Measure	Reported result	Impact
Music Creation Support Fund	**120** recipients **R3 million**	Enabled members to create new works and content with the potential to generate royalties and build catalogues.
Music Creation Support Fund since 2021	**660** members More than **R16.5 million**	Demonstrates sustained investment in member-led music creation over successive cycles.
Music Business Skills	**150** annual bursaries	Expanded access to business, entrepreneurship, publishing and rights-management learning.
Soul Candi cohort performance	**74%** distinctions **79%** class average	Shows strong learning outcomes and an improvement in programme performance.
Concerts SA Festival Enterprise Catalyst	**101** SAMRO members **302** concerts	Expanded live performance and market access in South Africa, Botswana and Mozambique.
SAMRO Music Archive	More than **100 000** scores	Preserves music heritage and supports access to historically significant South African works.

Pillar one: Music Business Skills

Purpose: Equip members with the knowledge and skills needed to manage their rights, careers, enterprises and music catalogues more effectively.

As part of SAMRO's shift toward member-centred social investment, this pillar strengthens creators' ability to participate successfully in the music economy. Through accredited and non-accredited learning opportunities delivered in partnership with the Soul Candi Institute of Music, the Academy of Sound Engineering and the Music Business Lab, SAMRO provided members with practical education in music business management, entrepreneurship, publishing and rights administration. The portfolio maintained annual bursary capacity for 150 participants.

Programme delivery and results

The Soul Candi Institute of Music delivered its online Music Business Entrepreneurship and Management programme to members across South Africa. Learning outcomes improved significantly, with 74% of participants achieving distinctions and the cohort recording an average mark of 79%. These results suggest that structured tuition, accessible online delivery and ongoing learner support are producing stronger educational outcomes.

The Academy of Sound Engineering continued to deliver its Music Business Masterclass, with the 2025 cohort achieving a 100% completion rate. The programme gave participants practical exposure to the commercial, operational and professional realities of the music industry, while attendance and participation requirements helped protect the value of the bursary investment.

The University of Pretoria-accredited Music Business Lab advanced its Publisher Development Programme, with a particular focus on supporting women-owned publishing businesses. The programme also created stronger links between training and industry participation through a graduation showcase featuring recipients of the Music Creation Support Fund.

By helping creators understand, manage and protect their rights, the music business skills portfolio supports one of the key conditions required for the chain from playback to payback to function effectively: informed and empowered rights holders.

Selection and oversight

To ensure fairness and accountability, bursary recipients were validated against SAMRO membership records and existing CSI databases. Independent adjudication supported transparent selection processes, while the programme monitored attendance, assessment and completion data throughout delivery. A three-year cooling-off period across CSI programmes promotes equitable access to development opportunities among members.

Pillar two: Advocacy and Outreach

Purpose: Improve members' access to resources, audiences, markets and performance opportunities while strengthening the live music ecosystem on which creative careers depend.

Music Creation Support Fund

The Music Creation Support Fund is SAMRO's principal grant programme supporting the creation of new musical works. In FY2026, the Fund awarded 120 members grants totalling R3 million, with individual awards of up to R25 000. Funding supported the development of albums, compositions, music videos, scores and other creative outputs capable of generating future royalty income.

Since inception in 2021, the Fund has supported 660 members and allocated more than R16.5 million. Beyond financial assistance, the programme helped members grow their catalogues, encouraged collaboration among creators and industry professionals, and supported members in bringing new works to market.

The Fund's governance framework incorporated formal recipient agreements, phased payments linked to delivery milestones and ongoing guidance on implementation, reporting and compliance requirements, helping to ensure accountability for the use of funds.

Concerts SA and the Festival Enterprise Catalyst

Through Concerts SA, SAMRO supported the live music value chain, including artists, venues, promoters and cultural enterprises, strengthening opportunities for live performance and regional collaboration. Through the Festival Enterprise Catalyst initiative, this support reached 101 SAMRO members through 302 concerts in South Africa, Botswana and Mozambique, creating platforms for members to showcase their work, connect with audiences and Concerts SA operates as a live music ecosystem catalyst rather than solely a grant disbursement mechanism. It combines mobility support, market access, job creation, enterprise and audience development, and sustainability initiatives. Its contribution extends beyond artists to the wider network of creative and non-creative workers supporting live performances pursue income-generating opportunities.

Concerts SA also advanced the development of a Best Practice for Live Music Venues Handbook. Drawing on international research and African industry experience, the handbook aims to support venue operators, promote compliance with music licensing requirements, strengthen live music infrastructure and provide policymakers with practical guidance to support the sector's growth and sustainability.

Concerts SA's contribution was recognised internationally when it received the 2026 Music Cities Award for Music-Led Placemaking in Hull, United Kingdom. The award recognised the programme's role in developing live music ecosystems and supporting artistic mobility, highlighting music's value in activating cultural spaces, connecting communities and supporting local economic activity. Together, these achievements demonstrate how SAMRO's investment extends beyond individual performers to strengthen the networks, spaces and enterprises that sustain the live music sector.

Member and sector engagement

SAMRO continued to engage members and industry stakeholders through the Music Business Network, Music Exchange, Music Imbizo, workshops, panel discussions and media platforms. These engagements created opportunities to improve understanding of music rights, strengthen dialogue across the sector and contribute to discussions on artist development, live music, venue sustainability, safety, public policy and the night-time economy.

Pillar three: Thought Leadership and Legacy Preservation

Purpose: Generate knowledge that supports a stronger music sector while preserving the creative heritage entrusted to SAMRO.

SongHubs International Partnership

In October 2025, SAMRO partnered with APRA AMCOS and CAPASSO to deliver SongHubs Africa in Johannesburg. The programme brought together songwriters, composers, artists and producers from South Africa, Republic of Congo, Zambia, Australia and New Zealand to develop original music through collaborative songwriting sessions.

he initiative strengthened international creative networks, facilitated skills exchange and supported the creation of new repertoire with commercial and royalty-generating potential. It also reinforced SAMRO's role in connecting members to global platforms for collaboration and professional growth. The SongHubs partnership was captured in a documentary that has been licensed to DStv/M-Net and is scheduled for broadcast across Africa in 2027.

Research and Sector Knowledge

Concerts SA continued to build sector knowledge through research aimed at strengthening the live music industry's sustainability and inclusiveness.

During the year, A Changing Soundscape: Overview of Concerts SA and Associated Music Research 2010-2025 consolidated 15 years of research and identified priorities relating to mobility and touring, digital platforms, enabling infrastructure and equitable access to live music opportunities.

Concerts SA also advanced the development of a Best Practice for Live Music Venues Handbook. Drawing on international research and African industry experience, the handbook aims to support venue operators, strengthen live music infrastructure and provide policymakers with practical guidance to support the sector.

Music Archive and Heritage Preservation

The SAMRO Music Archive continued to preserve and facilitate access to a collection of more than 100,000 musical scores. The archive strengthened relationships with cultural preservation institutions, advanced digitisation and transcription initiatives, and expanded engagement with the archive network.

These activities improve access to South African musical heritage while supporting researchers, performers, educators and future generations of music creators. They also help ensure that historically significant works remain available for continued performance and study.

Golden Legacy Programme

During FY2026, preliminary planning commenced for the Golden Legacy Programme, aimed at full and associate members aged 55 and above. The proposed programme will focus on income sustainability, legacy planning, digital inclusion, wellbeing, mentorship and catalogue preservation. The initiative reflects SAMRO's recognition that supporting creators extends beyond active earning years to include the preservation of knowledge, experience and creative legacies.

Pillar four: Organisational Support

Purpose: Strengthen organisations, platforms and initiatives that expand opportunities for learning, visibility, collaboration and professional growth in the music sector.

SAMRO provided targeted support to organisations and industry platforms that aligned with its social investment objectives and demonstrated clear value for members and the broader music ecosystem. Supported initiatives included the Music Business Network, the South African Music Awards, KZN Music Imbizo, the Free State International Music Conference, Africa Rising Music Conference and selected heritage, educational and community music programmes.

The Music Business Network remained a fully subscribed platform for knowledge-sharing, professional development and peer engagement, connecting members with expertise and networks to support their careers. Sessions provided direct access to key SAMRO staff, music industry leaders, finance and legal professionals, and legislators, enabling members to deepen their understanding of the industry, engage on issues affecting their livelihoods and explore opportunities for collaboration. The platform also delivered tangible career outcomes, with four members signed by major publishers through the Music Business Network A&R Showcase, demonstrating its value in connecting creative talent with commercial opportunities.

Support for conferences, industry gatherings and awards programmes increased opportunities for member visibility, professional networking and sector learning. These initiatives also enabled SAMRO to contribute to broader discussions on industry development and the future sustainability of the music ecosystem.

Applications for support were assessed against member benefit, strategic alignment, governance requirements and implementation readiness. This process helped ensure social investment resources went to credible initiatives capable of delivering measurable outcomes and clear value to members.

How social investment is governed

Members have asked who benefits from SAMRO's social investment activities and how funding decisions are made. To ensure that social investment delivers value fairly, transparently and in line with its purpose, SAMRO applies a governance framework covering policy oversight, eligibility, independent decision-making, accountability and performance monitoring.

Policy and oversight

The Board approved a CSI policy that formalises the principles, objectives and governance arrangements for social investment activities. The Social, Ethics and Governance Committee reviewed the policy and received regular updates on bursaries, partnerships, outreach initiatives and educational programmes. Through this oversight, the committee helps ensure that social investment remains aligned with member interests, organisational priorities and sound governance practices.

Eligibility

Social investment opportunities are generally available to full and associate members, subject to the specific eligibility requirements of each programme. To promote equitable access to limited opportunities, members who have received support through a CSI programme may not receive further support from any CSI programme for a period of three years.

Independent selection

Applications for grants from the Music Creation Support Fund and for bursaries are assessed by independent adjudicators drawn from fields including law, education, journalism and music. SAMRO employees do not participate in the selection of successful applicants.

Before any award is confirmed, applicant details are verified against membership records and previous CSI allocations to ensure compliance with programme criteria and funding rules.

Financial controls and accountability

All recipients are required to enter into formal funding agreements that specify the intended use of funds, reporting requirements and delivery obligations.

Grant funding is generally released in phases. For example, Music Creation Support Fund recipients receive an initial payment on approval, with a final payment linked to the successful completion of agreed deliverables. Where recipients fail to fulfil contractual obligations, agreements provide for the recovery of funds, including, where appropriate, recovery through royalty payments.

These controls safeguard member funds and ensure social investment resources are used for their intended purpose.

Monitoring and evaluation

SAMRO monitors programme performance through attendance registers, assessment results, completion rates, grant reporting and feedback from implementing partners. SAMRO uses performance information to assess programme effectiveness, identify opportunities for improvement and strengthen future investment decisions.

The growing body of programme data also enables SAMRO to evaluate longer-term outcomes and better understand the impact of social investment on member development and industry sustainability.

Openness and transparency

To promote transparency, SAMRO publishes the names of grant and bursary recipients through its communication channels. For the first time, recipient information is also included in this Integrated Report, providing members with greater visibility into how social investment resources are allocated.

Managing risk

The social investment portfolio is supported by SAMRO's broader risk management framework. Key risks include conflicts of interest in project and sponsorship decisions, as well as the possibility of benefits being directed to individuals who do not meet programme eligibility requirements.

Independent adjudication processes, membership verification procedures, eligibility checks and funding controls are designed to mitigate these risks and strengthen confidence in the integrity of the allocation process.

Priorities for FY2027

To strengthen impact, improve accessibility and support more effective programme delivery, SAMRO has identified the following priorities:

- Continue the Music Creation Support Fund, with independent adjudication, phased funding and accountability.
- Advance the 2026–2028 Festival Enterprise Catalyst programme through Concerts SA to support live music development.
- Develop a POPIA-compliant online application and adjudication portal to improve accessibility, administration and record-keeping.
- Launch the Golden Legacy Programme to support older members through sustainability, legacy planning and knowledge transfer.
- Expand music business education in rights management, publishing and music entrepreneurship to increase member participation.
- Strengthen impact measurement by tracking works created and completed, live performances, business development and, where possible, royalty earnings.
- Continued implementation of approved CSI programmes and initiatives in line with SAMRO's CSI Policy, ensuring transparent and accountable investment that advances members' interests.

Section 7.8 reports on legal and regulatory affairs.

7.8 Legal and regulatory affairs performance

Alongside the chain: speaking up for our members' rights. Underneath it: the law on which every licence rests

Legal and Regulatory Affairs support the chain in three ways. They help enforce the rights underpinning licensing and collections and protect the legal environment in which creators earn royalties. They also ensure that SAMRO complies with the laws and regulations governing its operations.

The Copyright Amendment Bill

The Copyright Amendment Bill is intended to modernise South Africa's copyright framework. On 26 June 2026, the Constitutional Court handed down judgment on the Copyright Amendment Bill and the Performers' Protection Amendment Bill. The judgment was on the basis of a narrow referral by the President and leaves uncertainty about many provisions that directly impact SAMRO and its members. Legal Services expects a complex operational future during which legislative, regulatory and operational requirements will continue to evolve.

SAMRO focuses on protecting members' rights and earnings while ensuring that any new legal obligations can be implemented effectively in practice. We participate in industry discussions, including through the Copyright Coalition of South Africa, and are reviewing our licensing models, operational processes and risk management framework to prepare for the evolving legislative environment.

The proposed copyright reforms may introduce additional regulatory requirements for collective management organisations, depending on the final legislative framework. SAMRO will continue to engage with policymakers and industry stakeholders to ensure members' interests remain protected throughout implementation.

Enforcing our members' rights

When music users refuse to obtain a licence or fail to pay the fees due, SAMRO turns to the courts to enforce the rights our members entrust to us. In FY2026, Legal Services pursued enforcement actions against non-compliant music users in sectors including commercial broadcasting, retail and hospitality. These actions resulted in a mix of default judgments and negotiated settlements, reinforcing SAMRO's authority to license music use on members' behalf.

The division also contributed directly to revenue protection through debt recovery initiatives and enforcement action against long-outstanding licence fee debtors.

Defending SAMRO

Defending the organisation protects operational stability, allowing SAMRO to remain focused on serving members and delivering its mandate. SAMRO successfully opposed matters brought by former service providers, resulting in a favourable outcome. The courts awarded costs in SAMRO's favour and removed applications seeking interdictory relief from the roll.

Compliance

Legal Services supports compliance with company law, data-related legislation and other regulatory requirements. As regulatory scrutiny of privacy and data governance increases, SAMRO strengthened its governance processes and internal controls relating to the management of member information. These efforts support the protection of the contact, banking, tax and other personal information entrusted to the organisation.

The organisation has identified strengthening organisation-wide compliance management arrangements as a priority for FY2027, and the Audit and Risk Committee and the Board continue to provide oversight.

Speaking up for our members' rights

SAMRO's role includes helping shape the environment that protects creators' rights. Through participation in industry forums and collaborative initiatives, SAMRO contributed to discussions on copyright reform, intellectual property protection, digital piracy and emerging technology risks.

Particular attention was given to the implications of AI for copyright holders. SAMRO advocated for frameworks that support fair compensation, recognise original authorship and protect against the unauthorised use of protected works in AI systems.

What this means for members

The law is what entitles our members to be paid when their music is performed in public. Our legal work protects that entitlement in three ways. Enforcement helps ensure that licence fees are collected and available for distribution. Advocacy ensures that creators' interests are represented when copyright laws are reviewed or amended. Compliance helps protect the personal information and rights that members entrust to SAMRO.

Priorities for FY2027

By enforcing rights, supporting compliance and advocating for a legal framework that recognises and protects creators, Legal Services safeguard the foundation on which every royalty paid by SAMRO depends. As copyright law evolves, we will remain focused on protecting member value. Our priorities are:

- Prepare SAMRO for the implementation of copyright reform, including any operational, policy and governance changes required by the evolving legislative framework.
- Extend enforcement and debt recovery activities to strengthen collections and protect member rights.
- Address disputed licensing areas and pursue greater certainty in the application of licensing requirements.
- Strengthen SAMRO's compliance management framework and embed compliance practices across the organisation.
- Develop SAMRO's approach to AI and copyright, ensuring that creators' rights remain protected in a rapidly changing environment.





Governance

08

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GOVERNANCE

Who is in charge, and how are they held to account?

Governance provides the structure through which members exercise their rights, the Board fulfils its oversight responsibilities and management is held accountable for performance. During a year marked by significant Board changes and governance challenges, these mechanisms helped ensure continuity of decision-making, oversight and accountability across the organisation.

The year highlighted both the importance of strong governance and the consequences when governance structures come under strain. While progress was made in a number of areas, significant work remains. This chapter reports on what we achieved during the year, the governance matters that remain unresolved, and the steps we are taking to address them.

8.1 Our Board and management

Our Board at 30 June 2026

At 30 June 2026 the Board had nine directors: one independent non-executive director, six non-executive directors drawn from our membership (three music publishers and three composers or authors) and two executive directors.

Director	Category	Appointed	Committees in 2026
Sisa Mayekiso	Independent non-executive director. Interim Chair of the Board from 30 October 2025; before that, Lead Independent Director	18 September 2019	Audit and Risk; Innovation and Technology
Louise Bulley	Non-executive director, publisher	7 December 2023	Nominations, Human Resources and Remuneration; Social, Ethics and Governance
Ryan Hill	Non-executive director, publisher	11 December 2018	Audit and Risk (Interim Chair); Innovation and Technology (Interim Chair)
Rowlin Naicker	Non-executive director, publisher	10 December 2021	Audit and Risk; Innovation and Technology
Dr Lesley Luthuli	Non-executive director, composer	7 December 2023	Nominations, Human Resources and Remuneration (Interim Chair); Social, Ethics and Governance (Interim Chair)
HE Crump Jr	Non-executive director, composer or author	18 May 2026	None in FY2026. Appointed to the combined Innovation and Technology and Audit and Risk committees on 19 August 2026
TO Mlangeni	Non-executive director, composer or author	18 May 2026	None in FY2026. Appointed to the combined Nominations, Human Resources and Remuneration and Social, Ethics and Governance committees on 19 August 2026
Annabell Lebethe	Executive director and CEO	1 January 2023, as CEO	–
Leanne Thomas	Executive director and CFO	1 July 2023, as CFO	–

Board diversity

The Board at 30 June	2026	2025
Directors	**9**	12
Women	**3 (33.3%)**	5 (41.7%)
Men	**6 (66.7%)**	7 (58.3%)
Independent non-executive directors	**1**	4

Board skills

The Board has identified the skills it most needs to add. In recruiting two further independent directors, it is prioritising finance, audit and risk, and technology and digital capability. Expertise in copyright, intellectual property and law has also been identified as relevant to the Board's needs in the longer term.

Our executive and management team

The CEO and CFO serve as executive directors on the Board. The management team also comprises eight general managers and the Company Secretary. Of these nine management positions, six are held by women and three by men.

Position	Held by
CEO	Annabell Lebethe
CFO	Leanne Thomas
Company Secretary	Marianne Fourie
General Manager: Distributions	Clinton Hornett
General Manager: Human Resources	Grace Khambane
General Manager: Information Technology	Mxolisi Zimu
General Manager: Legal Services	Chola Makgamathe
General Manager: Licensing	Karabo Senna
General Manager: Marketing and Communications	Kgomotso Mosenogi
General Manager: Member Services	Nobambo Goduka
General Manager: Risk	Balungile Jakeni, from 1 November 2025

8.2 How SAMRO is governed

Governance framework

Our governance framework is intended to balance member representation, Board oversight and executive management accountability. Members retain authority over key constitutional matters, the Board provides strategic direction and oversight, management implements the approved strategy, and the Company Secretary supports the effective functioning of the governance system as a whole.

The MoI

The MoI provides for a Board comprising no fewer than four and no more than fourteen directors. It also requires that at least three directors are not connected to one another and provides for the appointment of independent non-executive directors as part of SAMRO's governance framework.

At 30 June 2026, the Board remained within the limits prescribed by the MoI but had only one independent non-executive director. As discussed in *Section 8.3*, this position arose after significant Board changes during the year and remained a focus at year-end.

The delegation of authority framework

In November 2025, the Board approved a revised delegation of authority Framework. The framework clarifies authority and accountability across members, the Board, its committees, management and specific organisational roles. It also distinguishes between those who recommend, review, endorse, approve or are informed of decisions, promoting clear accountability and efficient decision-making.



Who decides what

Members	Exercise the powers reserved to them by the Companies Act and the MoI. These include approving non-executive directors' remuneration by special resolution, appointing external auditors and approving amendments to the MoI. Full Members also nominate and elect directors to the Board.
The Board	Provides leadership, strategic direction and oversight, and is accountable for SAMRO's governance, performance and long-term sustainability. The Board takes decisions reserved to it under the MoI, Board Charter and delegation of authority framework.
Board committees	To support effective oversight, the Board operates through four committees: • Audit and Risk Committee • Nominations, Human Resources and Remuneration Committee • Social, Ethics and Governance Committee • Innovation and Technology Committee The committees support the Board by considering matters within their respective mandates in greater detail and making recommendations to the Board. While committees are delegated certain responsibilities, the Board remains accountable.
Management	Implements the strategy, policies and budgets approved by the Board and is responsible for the day-to-day management and operation of SAMRO.
The Company Secretary	Advises the Board and individual directors on their duties and responsibilities, supports the Board's governance processes, its committees and members' meetings, and maintains the organisation's formal governance records. The Company Secretary facilitates decision-making but does not exercise authority reserved to members, the Board or its committees. Marianne Fourie, an admitted attorney, serves as Company Secretary. The Company Secretary is appointed by and accountable to the Board, while maintaining independence to provide objective governance advice. She advises directors on their duties and responsibilities, coordinates member meetings and maintains SAMRO's formal governance records. In accordance with the Board Charter, directors may also obtain independent professional advice at SAMRO's expense where required to discharge their duties effectively.

Governance of the group

The Board oversees the group as a whole, comprising the three legal entities outlined on page 56. It remains responsible for ensuring that governance, risk management and strategic decision-making are applied consistently across all entities.

Compliance

The Board, supported by the Audit and Risk Committee, oversees compliance with the laws, regulations, codes and standards applicable to SAMRO. Management implements and maintains the processes and controls necessary to identify, manage and monitor compliance obligations. SAMRO submitted all returns and notices required under the Companies Act, 71 of 2008.

In FY2026, SAMRO strengthened its compliance arrangements as part of a broader governance renewal programme. The development of a formal compliance framework is a priority for FY2027.

Applying King IV™ and transitioning to King V™

SAMRO applied the principles of King IV™ during FY2026 as part of its commitment to ethical leadership, effective governance, accountability and transparency towards its members and stakeholders.

King V™ applies to financial years commencing on or after 1 January 2026 and will therefore apply to SAMRO from the commencement of FY2027 on 1 July 2026.

In preparation for FY2027, SAMRO has commenced a preliminary review of its governance arrangements against the King V™ principles. A comprehensive assessment of SAMRO's application of King V™ has yet to be completed and will form part of the organisation's King V™ transition and ongoing governance improvement priorities for FY2027. To prepare for this transition, SAMRO is reviewing its governance framework, policies, Board and committee arrangements, and governance practices against the requirements and recommendations of King V™. The transition is part of the organisation's broader governance improvement programme and will inform continued strengthening of governance practices and disclosures during FY2027.

Conflicts of interest and confidentiality

Directors must declare conflicts of interest and recuse themselves where appropriate. In FY2026, the lead independent director, prior to his appointment as Interim Chair on 30 October 2025, chaired discussions on matters where the Board Chair had declared an interest, supporting objective decision-making and good governance.

No material contracts involving director interests were entered into during FY2026.

The year also highlighted the importance of information governance and confidentiality. After internal information entered the public domain, the Board strengthened its approach to confidentiality and reinforced expectations for responsible handling of Board information, while continuing to support appropriate communication with members.

8.3 Board changes and renewal

The composition of the Board changed materially during FY2026 following the resignations of several directors, including three independent non-executive directors, and the subsequent removal of a non-executive director. These changes significantly reduced independent representation on the Board. Although the Board remained quorate and continued to exercise its oversight responsibilities, restoring an appropriate balance of independence became an important governance priority.

Despite this instability, the Board maintained oversight of the organisation and made the decisions needed to support SAMRO's operations and strategic priorities.

Board changes during FY2026

Date	Change
11 September 2025	Independent non-executive directors Veronica Motloutsi and Dr Sibongile Vilakazi resigned from the Board.
1 October 2025	Nicholas Maweni, independent non-executive director and Board Chair, and Gabriel le Roux, non-executive director (Composer), resigned.
30 October 2025	The Board appointed Sisa Mayekiso, previously the lead independent director, as Interim Chair.
18 March 2026	The Board removed Dan Nkosi, non-executive director (Composer), from the Board.
18 May 2026	The Board appointed HE Crump Jr and TO Mlangeni as non-executive directors in the Composer/Author category.
After year-end (19 August 2026)	The Board assigned the newly appointed directors to committees.



Interim leadership

Sisa Mayekiso served as lead independent director at the start of the year and chaired Board discussions as required, including matters in which the Chair had declared an interest. Following the resignation of Nicholas Maweni as Board Chair, the Board appointed Mayekiso as Interim Chair with effect from 30 October 2025.

The arrangement remained in place at 30 June 2026 and provided leadership continuity during a period of significant change in Board composition and governance structures.

Board independence

King IV™, the governance code applicable to SAMRO during FY2026, recommends that the governing body comprise a majority of non-executive directors, most of whom should be independent.

At 30 June 2026, seven of SAMRO's nine directors were non-executive directors. However, only one director, Sisa Mayekiso, was formally classified as an independent non-executive director. This did not meet King IV™'s recommended level of independence or achieve an appropriate balance.

Independent non-executive directors contribute objective judgement and independent oversight, particularly where decisions involve competing interests or matters affecting different membership constituencies. Restoring independent representation is therefore important to strengthening the Board's collective decision-making, oversight and governance effectiveness.

The reduction in independent representation also affected the composition of the Board's committees. At 30 June 2026, Sisa Mayekiso was the only independent non-executive director serving on the Audit and Risk Committee and the Innovation and Technology Committee. Neither the Nominations, Human Resources and Remuneration Committee nor the Social, Ethics and Governance Committee included an independent non-executive director.

During FY2026, the four committees operated through two combined meeting arrangements, namely the Combined Audit and Risk Committee and Innovation and Technology Committee, and the Combined Nominations, Human Resources and Remuneration Committee and Social, Ethics and Governance Committee. Each committee continued to exercise its responsibilities within its approved mandate.

Restoring Board independence remains a priority for FY2027. Recruitment is underway to fill two independent non-executive director vacancies, with a focus on strengthening the Board's collective expertise in finance, audit and risk, technology and digital capability, and legal and intellectual property matters.

The review of SAMRO's MoI also considers Board composition, member representation, the role and tenure of independent non-executive directors, and the allocation of authority between members and the Board. The Board had not approved any amendments relating to these matters by 30 June 2026. Recruitment and the review of the longer-term governance framework will continue during FY2027.

Director induction, development and evaluation

The Company Secretary coordinated the appointment and onboarding of the two newly appointed directors. The Board has begun strengthening arrangements for director induction and ongoing development.

The Board deferred work on a formal succession framework pending greater certainty about Board composition, terms of office and the outcome of the review of the MoI. Succession planning and director development have become increasingly important governance priorities.

The Board's most recent independent evaluation took place in FY2025 and produced an overall score of 2.9 out of 5. Areas identified for improvement included Board cohesion, role clarity and directors' understanding of their fiduciary responsibilities.

The next independent Board evaluation is scheduled for FY2027 and will assess progress against the improvement areas identified in FY2025, including Board cohesion, role clarity and directors' understanding of their fiduciary responsibilities.

8.4 Member governance and the MoI review

As a membership-based non-profit company, SAMRO operates within a governance framework that provides members with defined rights and responsibilities under the Companies Act and its MoI. Member engagement on governance matters increased during FY2026, highlighting the importance of reviewing SAMRO's constitutional arrangements. The Board accordingly initiated a comprehensive review of the MoI to assess and strengthen the organisation's governance framework.

Meetings of members

Members exercised their governance rights through a series of meetings held during the year.

At the extraordinary general meeting held on 29 August 2025, members approved a special resolution authorising the continued payment of non-executive directors' remuneration in accordance with the existing fee structure.

The annual general meeting convened on 12 December 2025 was adjourned after quorum was lost before the statutory business had been completed. The AGM was subsequently reconvened on 26 March 2026. At the reconvened meeting, members approved the appointment of the external auditors and the related signing authority.

Outside formal meetings, SAMRO engaged members through virtual sessions and the nomination and voting process used to select member representatives for the MoI review.

Review of the MoI

Events during FY2026 highlighted governance questions relating to Board composition and independence; director nomination, appointment, removal and rotation; member representation and voting rights; the allocation of authority between members and the Board; membership categories and associated rights; and the alignment of the MoI with SAMRO's wider governance framework.

The review considers these matters holistically. It does not imply that the current MoI is invalid or that amendments have been predetermined, but provides a structured process to assess and, where appropriate, modernise SAMRO's governance arrangements.

On 18 February 2026, the Board established the MoI Review Task Team and approved its terms of reference. The Task Team is an advisory structure accountable to the Board. It is not a Board Committee and does not exercise the Board's statutory, fiduciary or decision-making authority.

The Task Team comprises ten members: an independent external Chair, four composer representatives, four publisher representatives and the Company Secretary, who serves as a member in a governance-advisory capacity. The Company Secretary does not represent any member constituency. Composers and publishers have equal representation, including full and associate members. The Task Team began work on 1 April 2026.

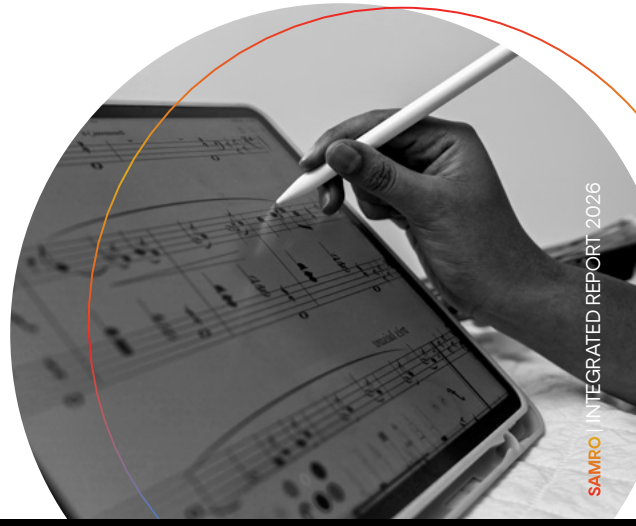
At year end, the Task Team was still considering stakeholder input and had not finalised its recommendations. No MoI amendments had been approved by the Board or members, and matters under discussion did not constitute agreed positions. The MoI review is intended to provide a structured and inclusive process through which members can contribute to the consideration of SAMRO's constitutional arrangements. Following the consultation process, the Task Team will consolidate the proposals received, assess their legal and governance implications, and submit its recommendations to the Board.

What this means for members

The MoI review provides members with an opportunity to contribute to SAMRO's future governance arrangements. Through their elected representatives and the consultation process, members can raise concerns, propose changes and contribute to the Task Team's recommendations.

The Task Team will consider the input received from members and submit its recommendations to the Board for consideration. In considering these recommendations, the Board will take account of members' views and fulfil its statutory and governance responsibilities. The review does not predetermine the outcome, and no proposed amendments have been agreed or approved at this stage.

Any proposed amendments will be progressed in accordance with the Companies Act and SAMRO's MoI, including the applicable requirements for member approval. Where member approval is required, members retain their right to vote on the proposed amendments, and neither the Task Team nor the Board can replace a decision that the law or the MoI reserves for members.



8.5 What the Board focused on

Meetings and attendance

The Board held 13 formal meetings during FY2026, comprising four scheduled meetings and nine special meetings convened to address matters requiring urgent consideration. This compares with 12 meetings in FY2025. Despite changes in Board composition, attendance remained strong. Most directors attended all meetings they were eligible for, reflecting strong commitment during a period of significant organisational change.

Director	Meetings eligible to attend	Meetings attended	Attendance
Mr DN Maweni	4	4, including 1 partial attendance	100%
Mr LS Mayekiso	13	13, including 1 partial attendance	100%
Ms VM Motloutsi	3	3, including 1 partial attendance	100%
Dr SD Vilakazi	3	3, including 1 partial attendance	100%
Ms LA Bulley	11	11	100%
Mr RDW Hill	11	9	82%
Mr R Naicker	11	11	100%
Mr GP le Roux	4	4, including 2 partial attendances	100%
Dr LT Luthuli	13	12, including 1 partial attendance	92%
Mr MD Nkosi	12	11, including 3 partial attendances	92%
Mr HE Crump JR	–	–	Not applicable
Mr TO Mlangeni	–	–	Not applicable
Ms A Lebethe	13	13, including 2 partial attendances	100%
Ms L Thomas	13	13, including 2 partial attendances	100%

Attendance is reported with reference to each director's period of service during FY2025/26. Partial attendance is identified in the table. A recusal from an individual agenda item has not been treated as non-attendance at the meeting.

Non-executive directors are remunerated in accordance with the fee structure approved by members. Board remuneration is structured on an annualised basis and administered through quarterly fees, with a maximum of four remunerated meetings per year for the Board. Special Board meetings do not incur an additional meeting fee each time they are convened. Committee fees are separate from the Board fee and differentiated between Committee Chairs and members. Attendance at Board meetings is considered when paying the applicable fees. Further information on director remuneration is provided in *Chapter 9*.

How the Board spent its time

In FY2026, the Board focused on:.

- Setting organisational strategy and overseeing strategic initiatives and their implementation.
- Monitoring organisational performance, challenging management on delivery and promoting greater agility, innovation and commercial sustainability.
- Overseeing financial stewardship, resource allocation and the long-term sustainability of the organisation.
- Monitoring material risks, risk appetite and the effectiveness of internal controls.
- Reviewing operational and departmental performance, strategic direction and management reporting.
- Overseeing internal and external assurance programmes, audit findings and the resolution of identified deficiencies.
- Safeguarding members interests through oversight of licensing, royalty collection, distribution and member services.
- Promoting ethical leadership, organisational culture, accountability and transparency.
- Maintaining effective governance, Board and committee composition, performance and succession.
- Overseeing material stakeholder relationships and the organisation's standing within the broader industry.

Priorities for FY2027

The Board made progress on most of the priorities identified in FY2025, particularly in governance, ethics, policy development, financial oversight, risk management and technology governance. The Board's priorities for FY2027 are to oversee organisational reform and transformation to strengthen innovation, operational agility, commercial sustainability and SAMRO's long-term resilience. This includes:

- Complete the MoI review and member consultation process.
- Strengthen Board independence through the appointment and induction of additional independent non-executive directors.
- Oversee implementation of the approved business and investment plans.
- Strengthen executive leadership capacity, including the recruitment and appointment of a COO.
- Determine the future position of SAMRO House.
- Strengthen governance of member and stakeholder relationships.
- Oversee implementation of the FY2027 technology strategy and SAMRO's AI governance framework.
- Review governance instruments against the King V™ Code applicable from FY2027.

8.6 Committee reports

Audit and Risk Committee

Mandate

The Audit and Risk Committee assists the Board in overseeing financial reporting, external and internal audit, internal controls, combined assurance, risk management, compliance, financial sustainability and investment matters.

Membership and attendance

The committee comprised three members during FY2026 and met four times. Three meetings were held jointly with the Innovation and Technology Committee, and one special meeting was convened to consider the annual financial statements.

Member	27 October 2025	6 November 2025	4 February 2026	5 May 2026
Ryan Hill (Interim Chair)	Present	Present	Present	Present
Sisa Mayekiso	Present	Present	Present for part	Present for part
Rowlin Naicker	Present	Present	Present	Present

Areas of focus during FY2026

The committee's work during the year focused on five areas: financial reporting and audit, financial sustainability, internal control and assurance, risk oversight and investment governance.

Financial reporting and external audit

SizweNtsalubaGobodo Grant Thornton Inc. served as the external auditor for FY2026. Members approved the auditor's appointment at the annual general meeting held in March 2026. The committee oversaw the audit tender and appointment process.

The committee reviewed the FY2025 annual financial statements and recommended them for Board approval. It considered the external auditor's findings, independence declaration and management control recommendations. The most recent audit opinion issued on the FY2025 annual financial statements was unmodified. The committee monitored management's response to matters identified during the audit, including information technology general controls and weaknesses in manual accounting and retention tracking.

Financial sustainability

The committee monitored licensing income, collections, cash resources, expenditure, debtor concentrations and the funding of royalty distributions. Particular attention was given to the concentration of outstanding debt in a relatively small number of large licensees and the effect this has on cash flows and collections performance.

In reviewing the FY2027 budget, the committee challenged management's assumptions regarding revenue growth, expenditure levels and the expected benefits of strategic investments. Following this review, the committee recommended an amended budget to the Board.

The committee regards collections risk, particularly the concentration of debt among a small number of significant licensees, as one of SAMRO's most important short-term financial risks.

Internal controls and assurance

PwC has provided SAMRO's internal audit services since FY2023. The committee monitored the internal audit plan and progress in addressing current and historical audit findings. A portion of the FY2026 internal audit plan was revised or deferred following changes in risk priorities, governance developments and an additional quality review. The committee requested further information regarding the revised scope, timing and cost of the planned work.

Post-year-end internal audit reporting as at 30 June 2026 recorded four completed activities: the Q3 and Q4 follow-up reviews, enterprise risk management work and the strategic risk assessment. Eight other planned activities were deferred for consideration as part of the FY2027 internal audit plan.

Progress was made in addressing previously reported findings. Of the 30 actions included in the Q4 follow-up cycle, Internal Audit assessed 20 as resolved, one as risk-accepted and nine as partially resolved. At year end, 20 actions remained either not due or open and in progress. Eleven of these related to observations originally assessed as having a significant impact, while three related to matters first raised in FY2021. Several control and governance initiatives remained under development, including aspects of business continuity, compliance management, third-party risk management and the remediation of certain technology and financial-control findings.

The committee monitored audit findings and corrective actions, with progress made in addressing historical issues. However, several findings remained open at year end, including matters previously assessed as high impact. These will receive management and Board attention during FY2027.

SAMRO's internal control framework provides reasonable assurance over the reliability of financial reporting, the safeguarding of assets and compliance with applicable laws and policies. Key controls include delegated authorities, segregation of duties, defined approval processes and financial control procedures.

Based on management's assurances, the directors are satisfied that the internal control system provides reasonable assurance regarding the reliability of the financial records used to prepare the annual financial statements. However, no system can eliminate risk entirely or provide absolute assurance. Priorities for strengthening the control environment include business continuity planning, reviewing IT general controls and implementing a third-party risk management framework.

Risk oversight

The committee oversaw both strategic and operational risk management activities. The committee monitored management's implementation of the planned strategic and operational risk mitigation actions. Particular attention was given to governance, collections, liquidity, compliance, technology and organisational risks arising from the events of FY2026. At year end, 83% of the strategic risk actions and 81% of the operational risk actions had been completed, with the outstanding actions carried into FY2027.

Investment governance

The committee reviewed and recommended an investment strategy and investment policy statement, which the Board subsequently approved. The proposed statement seeks to balance the need to safeguard funds held on behalf of rights holders, support cash flow requirements and maintain SAMRO's ability to make distributions when due.

Combined assurance

The committee oversaw the respective contributions of external audit, internal audit, risk management and Management's control-remediation activities. The committee monitored the progress of assurance activities and outstanding remediation through its quarterly reporting.

Priorities for FY2027

The committee's priorities for FY2027 are:

- Annual financial reporting and oversight of the external audit process.
- Monitoring collections, cash flows and royalty distributions.
- Implementing the approved investment framework.
- Oversight of risk appetite, risk management and compliance.
- Completion of deferred internal audit work and outstanding control improvements.
- Strengthening combined assurance arrangements.
- Enhanced oversight of third-party risk management.
- Business continuity and disaster recovery planning.
- Oversight of materiality assessment processes.

Committee conclusion

FY2026 required the committee to devote increased attention to financial resilience, collections risk, governance-related control improvements and organisational stability. While progress strengthened oversight and control processes, collections performance, debtor concentration, compliance and resolving outstanding audit findings will remain key focus areas in FY2027.

Innovation and Technology Committee

Mandate

The Innovation and Technology Committee assists the Board in overseeing technology governance, digital transformation, technology strategy, major technology initiatives, cybersecurity, information governance, technology-related risks and emerging technologies.

Membership and attendance

The committee met three times during FY2026, with all meetings held jointly with the Audit and Risk Committee.

Member	27 October 2025	4 February 2026	5 May 2026
Ryan Hill (Interim Chair)	Present	Present	Present
Sisa Mayekiso	Present	Present for part	Present for part
Rowlin Naicker	Present	Present	Present

Areas of focus during FY2026

The committee focused on four principal areas during the year: technology strategy, data and distribution systems, cybersecurity and resilience, and AI.

Technology strategy and modernisation

The committee reviewed SAMRO's IT governance framework and Technology Strategy and recommended both to the Board for approval. The strategy will support the gradual stabilisation, improvement and modernisation of SAMRO's technology environment. Progress varied across individual initiatives, with some projects fully operational, others under development and testing, and some deferred to future periods. The committee did not conclude that all planned technology initiatives were complete or that the technology programme had realised its full benefits by year-end.

Data quality and distribution capability

The committee focused on data quality, rights administration and distribution processes. This included monitoring the import and enrichment of works data, the allocation of international identifiers, the automation of matching processes and the development of digital distribution capabilities. Particular attention was given to the quality, completeness and reliability of the data that underpins royalty distributions.

The committee challenged management on the implications of data improvements for both historical and future distributions and requested further analysis where the impact could not be determined conclusively.

As automation increased, the committee emphasised the importance of strong governance over source data, appropriate quality controls and clear legal foundations for collecting, storing and using recordings and associated metadata.

Systems and digital transformation

Progress continued on several important technology initiatives. SAMRO incorporated international works data into its systems, automated processing of audiovisual cue sheets became operational, and successfully executed distribution processing for certain digital services through CAPS, SAMRO's rights and distribution platform.

Other initiatives remained in progress at year-end, including further digital distribution functionality, the WhatsApp chatbot and member self-service initiatives, and adjusted distribution functionality.

The Business System Replacement Project also remained active at year-end. As a result, the committee could not yet conclude that the programme had achieved all intended benefits or that the project could be formally closed.

Further information on technology, data and digital transformation is provided in *Section 7.4*.

Cybersecurity and operational resilience

Cybersecurity and resilience remained important areas of focus. The committee reviewed and recommended a revised IT Security Policy and Computer Security Incident Response Policy and Plan, both of which were approved by the Board. It also monitored employee security awareness initiatives, security testing activities and management's response to technology-related audit findings.

Business continuity and disaster recovery planning require further attention, and the committee requested that outstanding plans, supporting frameworks and policy updates be completed. At year-end, several technology control improvements remained in progress. Planned vulnerability assessments, penetration testing and reviews of general IT controls were carried forward to FY2027.

AI

The committee monitored the development of SAMRO's AI approach, considering its implications for the music industry and the governance of AI use within the organisation. Key areas of focus included copyright protection, the registration and treatment of AI-generated works, licensing, data privacy, operational use and the potential impact of generative AI on production music and royalty distributions. Engagement with members, affiliated societies and industry bodies informed SAMRO's position, while the committee called for further analysis of industry and regulatory developments and emphasised the need for appropriate oversight, internal controls, risk management, data protection and responsible use. On 14 May 2026, the Board adopted CISAC guidance on registering works involving AI as an interim measure, pending the development and approval of SAMRO-specific guidelines. At year end, the comprehensive internal framework remained in development, with Legal Services and the Board responsible for copyright and regulatory interpretation, and relevant governance and management structures addressing ethical and employee-use considerations.

Priorities for FY2027

The organisation made significant progress in strengthening technology governance, improving data management and expanding automation. The committee's priorities are:

- oversight of the FY2027 technology strategy and roadmap;
- completion and formal closure of the Business System Replacement Project;
- further development of digital distribution and member service capabilities;
- strengthening data quality, governance and automated matching processes;
- enhancement of cybersecurity, vulnerability management and IT controls;
- finalisation of business continuity and disaster recovery arrangements; and
- development of SAMRO-specific governance arrangements for AI, including the registration, licensing and distribution treatment of AI-assisted works.

Committee conclusion

The committee's work during FY2026 reflected a common theme: the effectiveness of the chain from playback to payback increasingly depends on the quality of the data, systems and technology that support it. While meaningful progress was made in modernising these capabilities, completing the transformation programme, strengthening cybersecurity and establishing governance for AI remain key priorities.

Nominations, Human Resources and Remuneration Committee

Mandate

The Nominations, Human Resources and Remuneration Committee assists the Board in overseeing Board composition, nominations, succession planning and director development. It also oversees executive succession, senior executive recruitment, remuneration governance, performance and incentives, and policies relating to people and organisational capability.

The committee considers non-executive director remuneration and makes recommendations, through the Board, for member approval.

Membership and attendance

The committee met three times during FY2026, with meetings held jointly with the Social, Ethics and Governance Committee.

Member	15 October 2025	30 January 2026	22 April 2026
Dr Lesley Luthuli (Interim Chair)	Present	Present	Present
Louise Bulley	Present	Present	Present
Dan Nkosi (until 18 March 2026)	Present	Present	No longer a member

Areas of focus during FY2026

The committee's work focused on four areas: Board renewal and succession, executive leadership, remuneration governance, and organisational capability.

Board composition and succession

Significant changes to Board composition highlighted the importance of succession planning across both governance and executive structures. The committee oversaw the nomination and eligibility processes for recruiting independent non-executive directors and appointing directors to fill vacancies, as per the Companies Act and SAMRO's MoI. Directors appointed by the Board to fill vacancies must retire at the next AGM and, if they wish to continue serving, stand for election by members, preserving members' right to elect directors. Other areas of focus included Board succession planning, induction and director development, and preparing for future Board evaluations.

As discussed in *Section 8.3*, significant changes in Board composition during FY2026 increased the importance of succession planning, skills renewal and the restoration of Board independence.

Executive leadership

The committee considered the organisation's executive leadership requirements and recommended initiating the recruitment of a COO. The committee also considered executive development and leadership capability, and recommended a CEO development programme for Board approval. The Board approved the CEO's development programme on 14 May 2026, subject to approved repayment and work-back conditions and the approval of implementation arrangements. These initiatives formed part of a broader effort to strengthen leadership capacity and organisational resilience.

Remuneration and performance

The committee reviewed remuneration governance, performance management and incentive arrangements. The committee sought to ensure remuneration and performance arrangements remained aligned with organisational objectives, affordability and member expectations. Members did not vote on the proposed revised non-executive director remuneration structure at the reconvened annual general meeting. Therefore, the existing member-approved remuneration arrangements remained in force as at 30 June 2026.

Further information is provided in *Chapter 9*.

Organisational capability and people

SAMRO's effectiveness depends on its employees' specialist expertise. Retaining critical skills, supporting employee wellbeing and ensuring leadership continuity therefore remained key governance priorities.

The committee continued to monitor workforce matters including employment equity, labour relations, employee wellbeing, learning and development, succession planning and talent management.

The committee reviewed and recommended a succession and career management policy and a job evaluation and grading policy, both approved by the Board. The committee paid particular attention to retaining critical skills and institutional knowledge. Collective management requires specialist expertise that is difficult to replace, making workforce capability and employee wellbeing key to SAMRO's long-term sustainability.

Section 7.5 reports further on our people.

Priorities for FY2027

The committee's priorities for FY2027 are:

- Completing the recruitment and induction of additional independent non-executive directors.
- Advancing the recruitment of a COO.
- Strengthening induction, training and development programmes for directors.
- Developing succession plans for the Board, executives and critical organisational roles.
- Overseeing implementation of the Human Resources Strategy and people-related policies approved during FY2026.
- Reviewing remuneration governance against updated governance requirements.
- Monitoring performance management, incentive arrangements and wage negotiations.
- Overseeing employment equity, labour relations, workforce wellbeing and organisational capability.

Committee conclusion

Governance effectiveness depends not only on structures and policies, but also on the quality, continuity and capability of the people responsible for leading the organisation. The committee devoted significant attention to Board renewal, leadership succession and talent retention, all of which remain important priorities as SAMRO continues to strengthen its governance framework and organisational resilience.

Social, Ethics and Governance Committee: Report to members

This section constitutes the Social, Ethics and Governance Committee's report to members in accordance with the Companies Act, 71 of 2008. The committee Chair will present this report at the annual general meeting.

Mandate

The Social, Ethics and Governance Committee performs the statutory functions of a social and ethics committee in accordance with section 72 of the Companies Act, 71 of 2008, as amended, read with Regulation 43 of the Companies Regulations, 2011.

The Committee monitors SAMRO's social and economic development, including employment equity, broad-based black economic empowerment and relevant international principles; good corporate citizenship, including equality, anti-corruption, community development and charitable giving; environmental responsibility, health and public safety; consumer and stakeholder relationships, including public relations and applicable consumer protection requirements; and labour and employment matters, including working conditions, employment relationships and employee development. It also oversees broader ethics and governance matters in accordance with its Terms of Reference.

Membership and attendance

The committee met three times during FY2026, with meetings held jointly with the Nominations, Human Resources and Remuneration Committee.

Member	15 October 2025	30 January 2026	22 April 2026
Dr Lesley Luthuli (Interim Chair)	Present	Present	Present
Louise Bulley	Present	Present	Present
Dan Nkosi (until 18 March 2026)	Present	Present	No longer a member

Areas of focus during FY2026

The committee's work during FY2026 focused on ethics and integrity, stakeholder relationships and corporate citizenship, social and economic development, labour and employment matters, occupational health, safety and security, and environmental responsibility.

Ethics, integrity and whistle-blowing

In FY2026, a formal ethics risk assessment identified opportunities to strengthen SAMRO's approach to ethics management. The Board approved an Ethics Management Strategy and Plan to identify and manage ethics risks, raise awareness and strengthen accountability.

The Social, Ethics and Governance Committee oversaw the strategy's development and monitored a third-party risk management framework covering suppliers, service providers and other external relationships.
The framework aims to better integrate procurement governance, fraud prevention, anti-corruption controls, risk management and whistle-blowing processes.

Employees and stakeholders are encouraged to report suspected unethical conduct, fraud and other wrongdoing through confidential whistle-blowing mechanisms designed to protect those who raise concerns. The committee received reports on whistle-blowing matters, investigations and corrective actions. The committee requested enhanced ethics reporting to provide greater insight into emerging trends, investigation outcomes, resolution timeframes and the effectiveness of controls introduced in response to reports.

Management is responsible for implementing the ethics strategy, with oversight by the committee. Embedding ethical behaviour, awareness and accountability and strengthening the management and reporting of ethics matters are priorities for FY2027.

Stakeholder relationships and corporate citizenship

The committee monitored member services, communication effectiveness, public relations, media coverage and stakeholder perceptions of SAMRO. It reviewed matters relating to membership administration, member data quality, digital service delivery and efforts to improve stakeholder understanding of SAMRO's role and processes. It discussed the need for coordinated organisational communication, consistent leadership messaging and structured responses to stakeholder and reputational matters.

The committee also oversaw the development of a Stakeholder Engagement Strategy, recognising that trust, transparency and effective communication are critical to our long-term sustainability.

The committee considered governance questions arising from member conduct, representation and accountability through the lens of fairness, due process, employee safety and stakeholder interests. Broader governance questions requiring constitutional consideration were referred to the MoI review process.

Social and economic development

The committee monitored social investment, support for music creators, employment equity, transformation and responsible procurement initiatives. The Board approved the CSI Policy following the Committee's review and recommendation. The committee monitored progress on employment equity reporting and transformation initiatives. The committee also received reports on supplier participation, procurement processes and supplier onboarding and vetting arrangements.

Further information on these matters is provided in *Sections 7.5 and 7.7.*

Labour and employment

The committee considered reports relating to workforce wellbeing, labour relations, employment equity, training and staff development. The committee's oversight focused not only on statutory employment obligations but also on workforce wellbeing and sustainability during a period of significant organisational pressure and change.

Health, safety and security

Occupational health and safety remained a standing agenda item. The committee monitored safety incidents, emergency preparedness, security arrangements, fire protection measures and the effectiveness of safety governance structures. The committee paid particular attention to the safety of employees who interact directly with members and the public. The committee oversaw threat assessments and monitored management's implementation of actions designed to reduce safety and security risks.

Environmental responsibility

The committee monitors environmental matters as part of its statutory monitoring mandate as per Regulation 43 of the Companies Act. SAMRO's activities have a relatively limited direct environmental impact compared with organisations operating in resource-intensive sectors.

Priorities for FY2027

The committee's priorities for FY2027 are:

- Implementing the Ethics Management Strategy and Plan and overseeing ethics, anti-corruption, whistle-blowing and responsible corporate citizenship initiatives.
- Implementing the CSI policy.
- Completing the third-party risk management framework.
- Monitoring employment equity, transformation and responsible procurement.
- Completing and implementing the Stakeholder Engagement Strategy.
- Strengthening stakeholder relationships and reputation management.
- Monitoring labour and employment matters within its statutory mandate.
- Continuing oversight of occupational health, safety and security.

Committee conclusion

FY2026 demonstrated that governance is not only about structures, policies and compliance. It is also about trust, relationships and organisational behaviour. The committee devoted significant attention to ethics, stakeholder confidence, employee wellbeing and responsible corporate citizenship. These will remain critical themes as SAMRO strengthens the foundations that support the playback-to-payback chain.

King IV™ application index

This index identifies the sections of the Integrated Report in which matters relevant to the 17 principles of King IV™ are discussed. It is intended to assist readers in navigating the report and should be read together with the relevant governance disclosures.

Index of the 17 King IV™ principles

No.	King IV principle	Report section(s)	Relevant disclosure
1	Ethical and effective leadership	6.1, 6.2, 8.1, 8.3, 8.5	Leadership, Board oversight, governance practices and the conduct expected of the governing body.
2	Governance of ethics	4.4, 7.5, 8.5, 8.6	Ethics-related risks, ethical conduct and oversight of ethics matters.
3	Responsible corporate citizenship	2.1, 7.5, 7.7, 8.6	SAMRO's responsibilities and its social, economic, environmental and broader citizenship-related activities.
4	Strategy, performance and sustainable development	3.1–3.4, 4.1–4.4, 5.1, 6.1–6.3	Strategy, operating context, material matters, risks, performance and sustainable value creation.
5	Reporting	1.1–1.5	Basis of preparation, materiality, reporting frameworks, performance and governance disclosures.
6	Governing body as the focal point and custodian of corporate governance	*Chapter 8*	The Board's role, governance structures, responsibilities and committee oversight.
7	Composition of the governing body	8.1, 8.3, 8.6	Board composition, independence, skills, diversity, succession and committee membership.
8	Committees of the governing body	8.2, 8.6	Board committee structures, mandates, responsibilities and reports.
9	Evaluation of the performance of the governing body	8.3, 8.5	References to preparations for future Board evaluations.
10	Appointment and delegation to management	2.6, 8.2, 8.5, 8.6	Management responsibilities, delegated authority and the relationship between the Board, its committees and management.
11	Risk governance	4.4, 8.5, 8.6	Risk management framework, Board accountability, committee oversight and management responsibilities.
12	Technology and information governance	2.5, 4.4, 7.4, 8.5, 8.6	Technology, information, data, cybersecurity and innovation oversight.
13	Compliance governance	4.1, 7.8, 8.2, 8.6	Regulatory and compliance environment and Board and committee oversight of compliance.
14	Remuneration governance	*Chapter 9*; 8.5–8.6	Remuneration policy, implementation, performance considerations and committee oversight.
15	Assurance	1.4, 6.4, 8.6, *Chapter 10*	Reporting assurance approach, internal control and assurance-related committee responsibilities.
16	Stakeholder-inclusive approach	3.1–3.4, 4.2–4.3, 6.1–6.2, 7.3, 7.6, 8.6	Stakeholder relationships, engagement activities, material stakeholder interests and oversight of stakeholder matters.
17	Responsible investment	Not applicable	This principle is directed at institutional investors and is not applicable to SAMRO.



Remuneration report

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REMUNERATION REPORT

How do we pay people, and is it fair?

As the largest component of SAMRO's operating costs, employee expenditure reflects both the specialised expertise required to administer performing rights and the commitment needed to support members, licensees and rights holders across the value chain.

SAMRO seeks to balance responsible cost management with the need to attract and retain the specialist skills required to administer rights effectively and deliver value to members. We recognise the importance of transparency and accountability in remuneration, including how pay decisions are made, who is responsible for them and the remuneration paid.

9.1 Background statement

The Board oversees SAMRO's remuneration framework, supported by the Nominations, Human Resources and Remuneration Committee, which assists by overseeing remuneration, performance and incentives governance and making recommendations to the Board. Members approve the fees paid to non-executive directors by special resolution at the annual general meeting. Management, with oversight from the Nominations, Human Resources and Remuneration Committee, negotiates wages for bargaining-unit employees with our union, the CWU.

What influenced pay decisions in FY2026

- **Retaining critical skills:** The loss of specialist knowledge poses a risk, compounded by challenges in recruiting suitably skilled employees. The risk assessment identified this as an emerging risk during the year.
- **What SAMRO can afford:** Our remuneration policy links pay to managing the cost-to-income ratio. In approving a 6% salary increase for FY2026, the Board considered market competitiveness, internal equity, affordability and 2025 inflation of 4.4%. The FY2027 wage negotiation limit reflects affordability, inflation, organisational performance and income uncertainty.
- **Performance in FY2025:** SAMRO did not meet its organisational performance measures for FY2025, and under our policy, no short-term incentive is declared in such a year.
- **A new governance code:** King V™ applies to SAMRO from FY2027, and the committee will review the governance of remuneration against it.

Key decisions

- Members approved the non-executive director remuneration structure by special resolution at the extraordinary general meeting held on 29 August 2025, applicable to FY2026, FY2027 and FY2028 unless amended or rescinded by members.
- The Board approved a 6% salary increase for FY2026, paid to bargaining unit employees in October 2025.
- The committee reviewed FY2026 organisational performance measures and recommended them to the Board.
- The Board agreed to submit an independently benchmarked revised non-executive directors' fee structure to members, but the proposal was later removed from the reconvened AGM agenda.
- The Board approved a discretionary individual performance incentive for FY2025 outside the remuneration framework, paid in December 2025, and approved a revised allocation on 18 February 2026.
- On the committee's recommendation, the Board mandated management to negotiate an FY2027 increase of no more than 5%.

Advisers

We used two advisers during the year: 21st Century on our approach to senior management salary increases, and Willis Towers Watson on job grading. The revised fee structure for non-executive directors was independently benchmarked.

Union engagement regarding remuneration

The CWU represents our employees in the bargaining unit. Our relationship with the union's representatives is cordial and professional. Established processes and structures enable constructive engagement and dispute resolution, culminating, where necessary, in referral to the Commission for Conciliation, Mediation and Arbitration. In FY2026, we engaged with the union on the following matters:

- **The FY2026 salary increase:** The Board approved a salary increase offer of 6% in September 2025. The union initially sought a 7% increase, but after negotiations, the parties agreed on 6%. The increases took effect for unionised employees in October 2025, along with back pay.
- **The FY2025 incentive:** SAMRO did not achieve its organisational performance measures for FY2025. The SAMRO Board considered and approved a discretionary, once off Individual Performance Incentive for Employees.
- **The FY2027 salary increase:** The union initially tabled a demand for a 12% increase and subsequently revised its position to 8%. After considering affordability, inflationary pressures, organisational performance and uncertainty around future revenue streams, the Board directed management to negotiate within a 5% ceiling. Negotiations remained underway at year end.

9.2 Remuneration policy

Our remuneration policy and practices aim to reward superior performance aligned with the long-term business strategy, which aims to deliver more value to our members. The policy applies to every SAMRO employee, from the CEO to the newest recruit; only interns are exempt. The policy aims to attract, keep and reward the people SAMRO needs, at a cost SAMRO can afford. The policy objectives include:

- Encouraging and rewarding high performance.
- Focusing employees' efforts on critical business objectives.
- Maintaining a credible remuneration strategy.
- Achieving the most effective returns for employees.
- Where a skill is in short supply, we may pay a premium to attract and retain these. Premiums are reviewed every year.

Guaranteed pay

Each employee has a total guaranteed package, set on a cost-to-company basis. It includes membership in a medical aid scheme, contributions to our pension fund, cover for death, disability, and funeral costs, and a cash salary. Executives and other employees have packages with the same structure.

Guaranteed pay is reviewed every July. The review takes account of expected inflation, fairness among employees, comparisons with the market, the performance of the individual and of SAMRO, and what SAMRO can afford.

Pay that depends on performance

Permanent employees take part in our short-term incentive, as do employees on fixed-term contracts where their contracts provide for it. The incentive is discretionary and is not a condition of employment. The incentive exists to improve financial performance. SAMRO pays the short-term incentive only if it meets its organisational performance measures; employees receive it only if they meet performance expectations. The exceptional discretionary incentive approved during FY2026 was a separate Board-authorised decision outside this framework, as explained in *Section* 9.3.

The Board decides whether to declare a financial-performance-based incentive, and payment follows in November or December. An employee who resigns before the incentive is paid forfeits it.

Non-executive directors' fees

In accordance with clause 18.1 of SAMRO's Memorandum of Incorporation, the remuneration of directors and members of Board committees is subject to approval by members through an ordinary resolution, together with the applicable requirements of the Companies Act. SAMRO directors' remuneration is reviewed annually against competitors and companies of similar size through an independent benchmarking process. Non-executive directors' remuneration is not directly related to SAMRO's performance.

Members approved the present fee structure for non-executive directors by special resolution on 29 August 2025. It applies to the three financial years from FY2026 to FY2028, unless members amend or rescind it.

Priorities for FY2027

The committee and management will focus on the following.

- Concluding the wage negotiations for FY2027.
- A new approach to salary increases for executives, managers and specialists. We are exploring a model that would link each increase to inflation, to the individual's performance and to what SAMRO can afford.
- Retaining critical skills, including technology skills, which are at the highest risk of attrition.
- Considering the implications of introducing a long-term incentive arrangement to support retention and alignment with organisational objectives. This would be subject to affordability assessments, the applicable governance processes and the required approvals, and no such arrangement has been approved at this stage.
- Reviewing the governance of remuneration against King V™.
- Overseeing performance and incentives, including the organisational performance measures for FY2027.



9.3 Remuneration implementation report

Note 81 of the summary annual financial statements sets out the remuneration of directors, executives and senior management for the reporting period. Salaries, wages and benefits for all our employees came to R128.7 million (FY2025: R112.7 million), an increase of 14.3%. Our headcount did not grow: we had 175 employees at 30 June 2026, one fewer than a year earlier. The increase was attributable to annual salary and wage adjustments and a higher bonus provision in FY2026. The FY2025 bonus provision had been largely reversed because the applicable organisational performance targets were not achieved, whereas the FY2026 provision reflected the achievement of organisational goals and stretch targets. We paid R24.4 million to our non-executive directors, executive directors and other key management personnel (FY2025: R25.5 million). Fees paid to non-executive directors fell to R1.2 million (FY2025: R2.6 million).

Detailed remuneration disclosures are contained in the full annual financial statements, which may be accessed upon request via the Company Secretary. This ensures transparency and accessibility in accordance with Principle 14 of King IV™.

A discretionary incentive, outside our remuneration policy

The Nominations, Human Resources and Remuneration Committee monitored the implementation of SAMRO's remuneration policy during FY2026. While remuneration decisions generally followed the approved policy and considered performance, organisational affordability and internal equity, the Board approved a discretionary individual performance incentive outside the remuneration framework.

To recognise individual effort and maintain morale, management proposed an interim, performance-based incentive. It was outside our remuneration framework, and the Board gave special approval on the committee's recommendation. R3.4 million was paid to qualifying employees on 12 December 2025. The union was dissatisfied with the allocation and put forward its own proposal. The committee considered the proposal and referred its financial implications to the Audit and Risk Committee. On 18 February 2026, the Board approved a revised allocation, which was paid that month. In reaching its decision, the Board considered its committees' recommendations, the available provision and the case for recognising our employees.

The discretionary incentive was an exceptional, Board-approved decision and should not be interpreted as confirmation that the organisation's normal performance requirements had been met or as establishing an ongoing entitlement to similar payments in future. The Committee will continue to monitor the consistent application of the policy and the appropriate approval and documentation of any exceptions.





Summary consolidated annual financial statements

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DIRECTORS' RESPONSIBILITIES AND APPROVAL

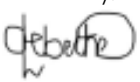
The directors are required by the Companies Act of South Africa to maintain adequate accounting records and are responsible for the content and integrity of the summary consolidated annual financial statements and related financial information included in this report. These summary consolidated annual financial statements have been prepared in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board (IASB®) and it is their responsibility to ensure that the summary consolidated annual financial statements satisfy the financial reporting standards with regards to form and content and present fairly the consolidated and separate statement of financial position, results of operations and business of the group, and explain the transactions and financial position of the business of the group at the end of the financial year. The summary consolidated annual financial statements are based upon appropriate accounting policies consistently applied throughout the group and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the directors set standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the group and all employees are required to maintain the highest ethical standards in ensuring the group's business is conducted in a manner that in all reasonable circumstances is above reproach.

The focus of risk management in the group is on identifying, assessing, managing and monitoring all known forms of risk across the group. While operating risk cannot be fully eliminated, the group endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the summary consolidated annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss. The going-concern basis has been adopted in preparing the financial statements. Based on forecasts and available cash resources the directors have no reason to believe that the group will not be a going concern in the foreseeable future. The summary consolidated annual financial statements support the viability of the group.

The summary consolidated financial statements set out on pages 74 to 84 which have been prepared on the going concern basis, were approved by the directors and were signed on 11 November 2026 on their behalf by:



A Lebethe
Chief executive officer



S Mayekiso
Interim Chair of the Board



DIRECTORS' REPORT

The directors present their report for the year ended 30 June 2026.

1. Incorporation

The company is incorporated in the Republic of South Africa under the South African Companies Act as a non-profit company.

2. Nature of business

Southern African Music Rights Organisation NPC (SAMRO) carries on the business of administering the copyright in the works created by its members and other rights holders it represents.

3. Operating and financial review

The financial results of the group and company are set out on pages 74 to 84.

SAMRO's tax treatment is determined in accordance with the applicable provisions of the Income Tax Act and the conditions governing its approved Public Benefit Organisation status.

4. Going concern

As at 30 June 2026, the group's total assets exceed its liabilities by R76.6 million, and as at 30 June 2025, the group's total assets exceeded its liabilities by R60.2 million.

As at 30 June 2026, the company's total assets exceed its liabilities by R163.4 million, and as at 30 June 2025, the company's total assets exceeded its liabilities by R148.7 million.

The group made a loss of R3.6 million for the year (2025: loss of R4.4 million). The company made a nil profit/loss for the year (2025: nil profit/loss for the year).

The company's current liabilities exceed its current assets by R361.3 million (Group: R374.2 million), indicating a net current liability position as at 30 June 2026. However, the company has considered this position in its going concern assessment and has implemented various mitigating measures to manage liquidity risks and ensure that the company remains able to meet its financial obligations as they fall due. These measures include the continued implementation of cash management policies aligned with the distribution rules, which are intended to ensure that cash resources are appropriately managed and allocated in accordance with the company's distribution requirements. Furthermore, the company holds long-term investments which management considers to be readily convertible into cash, should the need arise. These investments therefore provide an additional source of liquidity and financial flexibility to meet the company's obligations as they fall due.

The directors have reviewed the company and group's cash flow forecast for the year to 30 June 2027 and, in light of this review and available credit facilities, including other liquid assets, they are satisfied that the company and group has access to adequate resources to continue in operational existence for the foreseeable future.

5. Dividend

SAMRO has no share capital and thus does not declare dividends.

6. Directors

The directors of the company during the year and up to the date of this report are as follows:

R Hill

S Mayekiso

R Naicker

A Lebethe

L Thomas

LA Bulley

LT Luthuli

TO Mlangeni (Appointed 18 May 2026)

H Crump (Appointed 18 May 2026)

N Maweni (Ceased to be a director on 1 October 2025)

S Vilakazi (Ceased to be a director on 11 September 2025)

G Le Roux (Ceased to be a director on 01 October 2025)

VM Motloutsi (Ceased to be a director on 11 September 2025)

MD Nkosi (Ceased to be a director on 18 March 2026)

Directors' interest in contracts

No material contracts involving directors' interests were entered into in the year under review.

7. Secretary

The group's designated secretary is Marianne Fourie.

8. Independent auditors

SizweNtsalubaGobodo Grant Thornton Inc. were the independent auditors for the year under review.

9. Royalty distribution

Distributions for the company for the year, after taking into account social and cultural deductions and amounts transferred from reserves, was determined at R708.3 million (2025: R630.2 million), an increase of R78.1 million or 12.4%.

CERTIFICATE BY THE COMPANY SECRETARY

I hereby confirm, in my capacity as company secretary of SOUTHERN AFRICAN MUSIC RIGHTS ORGANISATION NPC, that for the financial year ended 30 June 2026, the company has filed all required returns and notices in terms of the Companies Act, 2008, with the Companies and Intellectual Property Commission and that all such returns and notices are to the best of my knowledge and belief true, correct and up to date.



Marianne Fourie
SAMRO
Company Secretary
Johannesburg

11 November 2026

SNG Grant Thornton

Independent Auditor's Report on the Summary Consolidated Annual Financial Statements

To the Members of Southern African Music Rights Organization NPC

Opinion
The summary consolidated annual financial statements, which comprise the summary consolidated statements of financial position as at 30 June 2026, the summary consolidated statements of profit or loss and other comprehensive income, summary consolidated statements of changes in equity and summary consolidated cash flow statements for the year then ended, and related notes, are derived from the audited consolidated and separate financial statements of Southern African Music Rights Organisation NPC for the year ended 30 June 2026.

In our opinion, the accompanying summary of consolidated annual financial statements are consistent, in all material respects, with the consolidated and separate audited financial statements, are in accordance with International Accounting Standards (IAS) 34 and the requirements of the Companies Act of South Africa as applicable to summary financial statements.

Summary Consolidated Annual Financial Statements
The summary of consolidated annual financial statements does not contain all the disclosures required by IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Companies Act of South Africa as applicable to summary financial statements. Reading the summary consolidated annual financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited consolidated and separate financial statements and the auditor's report thereon.

The summary consolidated annual financial statements and the audited consolidated and separate financial statements do not reflect the effects or events that occurred subsequent to the date of our report on the audited consolidated and separate financial statements.

The Audited Consolidated and Separate Financial Statements and Our Report Thereon
We expressed an unmodified audit opinion on the audited consolidated and separate financial statements in our report dated 11 November 2026.

Director's Responsibility for the Summary Consolidated Annual Financial Statements
The directors are responsible for the preparation of the summary consolidated annual financial statements in accordance with the IAS 34 and the requirements of the Companies Act of South Africa as applicable to summary financial statements.

Auditor's Responsibility
Our responsibility is to express an opinion on whether the summary consolidated annual financial statements are consistent, in all material aspects, with the audited consolidated and separate financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810 (Revised), *Engagements to Report on Summary Financial Statements*.



SizweNtsalubaGobodo Grant Thornton Inc.
Neridha Moodley
Registered Auditor
152 14th Road,
Noordwyk
Midrand
1687
11 November 2026

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 30 June 2026

	Notes	GROUP 2026 R'000	GROUP 2025 R'000	COMPANY 2026 R'000	COMPANY 2025 R'000
Revenue	9	**777 263**	687 154	**769 328**	680 350
Other income	10	**2 139**	1 735	**2 702**	2 301
Distribution expenses (Royalties)		**(708 315)**	(630 167)	**(708 315)**	(630 167)
Administrative expenses		**(10 701)**	(11 290)	**(10 469)**	(11 059)
Net impairment losses on financial assets	12	**(23 095)**	(22 461)	**(21 707)**	(21 500)
Operating expenses		**(204 441)**	(184 560)	**(195 634)**	(175 762)
Other gains and (losses)	13	**9 040**	15 883	**9 043**	15 883
Loss from operating activities	14	**(158 110)**	(143 706)	**(155 052)**	(139 954)
Royalty distributions/Undistributable income written back		**91 763**	74 163	**91 763**	74 163
Investment income	15	**63 290**	65 792	**63 289**	65 791
Loss before tax		**(3 057)**	(3 751)	**–**	–
Income tax expense		**(585)**	(692)	**–**	–
Loss for the year		**(3 642)**	(4 443)	**–**	–
Other comprehensive income net of tax					
Components of other comprehensive income that will not be reclassified to profit or loss					
Gains on revaluation of Land & buildings/Musical instruments		**5 309**	5 732	**–**	23
Losses on remeasurements of Post-employment medical benefits		**(1 767)**	(192)	**(1 767)**	(192)
Total other comprehensive income that will not be reclassified to profit or loss		**3 542**	5 540	**(1 767)**	(169)
Components of other comprehensive income that will be reclassified to profit or loss					
Change in fair value reserves					
Gains on mark-to-market reserve		**16 535**	21 629	**16 535**	21 629
Total change in fair value reserves		**16 535**	21 629	**16 535**	21 629
Total other comprehensive income that will be reclassified to profit or loss		**16 535**	21 629	**16 535**	21 629
Total other comprehensive income net of tax		**20 077**	27 169	**14 768**	21 460
Total comprehensive income attributable to SAMRO members		**16 435**	22 726	**14 768**	21 460

STATEMENTS OF FINANCIAL POSITION

as at 30 June 2026

	Notes	GROUP 2026 R'000	GROUP 2025 R'000	COMPANY 2026 R'000	COMPANY 2025 R'000
Assets					
Non-current assets					
Property, plant and equipment		**114 315**	108 084	**12 166**	8 855
Intangible assets		**4 435**	5 796	**4 435**	5 796
Investments in subsidiaries		**–**	–	**174**	174
Investments	4	**351 902**	322 708	**351 902**	322 708
Loan to group company		**–**	–	**174 236**	173 993
Total non-current assets		**470 652**	436 588	**542 913**	511 526
Current assets					
Inventories		**185**	174	**185**	174
Trade and other receivables		**347 549**	183 298	**358 978**	194 935
Current tax assets		**8 102**	9 468	**8 102**	9 468
Cash and cash equivalents	5	**807 547**	838 173	**807 369**	837 405
Total current assets		**1 163 383**	1 031 113	**1 174 634**	1 041 982
Total assets		**1 634 035**	1 467 701	**1 717 547**	1 553 508
Equity and liabilities					
Equity					
(Accumulated loss)/retained income		**(108 542)**	(104 900)	**13 988**	13 988
Revaluation surplus		**37 374**	32 065	**1 673**	1 673
Remeasured post-employment medical benefit reserve		**(1 636)**	131	**(1 636)**	131
Mark-to-market reserve		**149 408**	132 873	**149 408**	132 873
Total equity		**76 604**	60 169	**163 433**	148 665
Liabilities					
Non-current liabilities					
Deferred tax liabilities		**1 701**	1 116	**–**	–
Post-employment medical benefits		**18 135**	16 754	**18 135**	16 754
Total non-current liabilities		**19 836**	17 870	**18 135**	16 754
Current liabilities					
Trade and other payables		**66 705**	49 352	**65 089**	47 779
Social and cultural obligations	6	**51 303**	51 954	**51 303**	51 954
Current portion of post-employment medical benefits		**1 523**	1 501	**1 523**	1 501
Distributions payable and in progress	7	**1 418 064**	1 286 855	**1 418 064**	1 286 855
Total current liabilities		**1 537 595**	1 389 662	**1 535 979**	1 388 089
Total liabilities		**1 557 431**	1 407 532	**1 554 114**	1 404 843
Total equity and liabilities		**1 634 035**	1 467 701	**1 717 547**	1 553 508

STATEMENTS OF CASH FLOWS

for the year ended 30 June 2026

	Notes	GROUP 2026 R'000	GROUP 2025 R'000	COMPANY 2026 R'000	COMPANY 2025 R'000
Net cash flows from operations		**430 986**	449 971	**435 901**	454 798
Income taxes refunded		**–**	39	**–**	–
Royalty and social distributions to members and affiliated societies	7	**(485 343)**	(419 718)	**(485 343)**	(419 718)
Applied to social and cultural expenses		**(30 224)**	(25 586)	**(30 224)**	(25 586)
Net cash flows(used in)/from operating activities		**(84 581)**	4 706	**(79 666)**	9 494
Cash flows from investing activities					
Proceeds from sales of property, plant and equipment		**265**	52	**264**	52
Purchase of property, plant and equipment		**(6 214)**	(2 247)	**(6 138)**	(2 192)
Purchase of intangible assets		**-**	(1 991)	**-**	(1 991)
Purchases of investments		**(18 946)**	(5 508)	**(18 946)**	(5 508)
Proceeds from disposal of investments		**15 561**	13 418	**15 561**	13 418
Proceeds from loan to group company	8	**–**	–	**450**	500
Advancement of loan to group company	8	**–**	–	**(4 850)**	(5 000)
Interest received from investments and banks		**58 946**	61 929	**58 945**	61 928
Dividends received		**4 344**	3 863	**4 344**	3 863
Cash flows from investing activities		**53 956**	69 516	**49 630**	65 070
Net (decrease)/increase in cash and cash equivalents		**(30 626)**	74 222	**(30 036)**	74 564
Cash and cash equivalents at beginning of the year		**838 173**	763 951	**837 405**	762 841
Cash and cash equivalents at end of the year	5	**807 547**	838 173	**807 369**	837 405

STATEMENTS OF CHANGES IN EQUITY

for the year ended 30 June 2026

	COMPANY Revaluation surplus R'000	COMPANY Remeasured post-employment medical benefit reserve R'000	COMPANY Mark-to-market reserve R'000	COMPANY (Accumulated loss)/ retained income R'000	COMPANY Total R'000
Balance at 1 July 2024	1 650	323	111 244	13 988	127 205
Changes in equity					
Revaluation of musical instruments	23	–	–	–	23
Actuarial loss on remeasured post-employment medical benefit	–	(192)	–	–	(192)
Fair value gain on investment through other comprehensive income	–	–	21 629	–	21 629
Total comprehensive income	23	(192)	21 629	–	21 460
Balance at 30 June 2025	**1 673**	**131**	**132 873**	**13 988**	**148 665**
Balance at 1 July 2025	**1 673**	**131**	**132 873**	**13 988**	**148 665**
Changes in equity					
Actuarial loss on remeasured post-employment medical benefit	**–**	**(1 767)**	**–**	**–**	**(1 767)**
Fair value gain on investment through other comprehensive income	**–**	**–**	**16 535**	**–**	**16 535**
Total comprehensive income	**–**	**(1 767)**	**16 535**	**–**	**14 768**
Balance at 30 June 2026	**1 673**	**(1 636)**	**149 408**	**13 988**	**163 433**

STATEMENTS OF CHANGES IN EQUITY Continued
for the year ended 30 June 2026

	GROUP				
	Revaluation surplus R'000	Remeasured post-employment medical benefit reserve R'000	Mark-to-market reserve R'000	(Accumulated loss)/ retained income R'000	Total R'000
Balance at 1 July 2024	26 333	323	111 244	(100 457)	37 443
Changes in equity					
Loss for the year	–	–	–	(4 443)	(4 443)
Revaluation of musical instruments and land and buildings	5 732	–	–	–	5 732
Actuarial loss on remeasured post-employment medical benefit	–	(192)	–	–	(192)
Fair value gain on investment through other comprehensive income	–	-	21 629	–	21 629
Total comprehensive income for the year	5 732	(192)	21 629	(4 443)	22 726
Balance at 30 June 2025	32 065	131	132 873	(104 900)	60 169
Balance at 1 July 2025	**32 065**	**131**	**132 873**	**(104 900)**	**60 169**
Changes in equity					
Loss for the year	–	–	–	**(3 642)**	**(3 642)**
Revaluation of land and buildings	**5 309**	–	–	–	**5 309**
Actuarial loss on remeasured post-employment medical benefit	–	**(1 767)**	–	–	**(1 767)**
Fair value gain on investment through other comprehensive income	–	–	**16 535**	–	**16 535**
Total comprehensive income for the year	**5 309**	**(1 767)**	**16 535**	**(3 642)**	**16 435**
Balance at 30 June 2026	**37 374**	**(1 636)**	**149 408**	**(108 542)**	**76 604**

MATERIAL ACCOUNTING POLICIES
for the year ended 30 June 2026

1. General information

SOUTHERN AFRICAN MUSIC RIGHTS ORGANISATION NPC ('the company') and its subsidiaries (together, 'the group') is an organisation domiciled in South Africa dedicated to the collective management of copyright in musical works of composers, songwriters and publishers.

2. Basis of preparation and material accounting policy information

These summarised consolidated financial statements for the year ended 30 June 2026 have been extracted from the full set of audited consolidated annual financial statements for the year ended 30 June 2026, which have been prepared in accordance with IFRS Accounting Standards and the Companies Act of South Africa. The summarised consolidated financial statements have been prepared using the principles of IAS 34 "Interim Financial Reporting" and should be read in conjunction with the full set of audited consolidated annual financial statements. These accounting policies have been consistently applied to all the years presented, unless otherwise stated.

NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2026

	GROUP		COMPANY	
	2026 R'000	2025 R'000	**2026 R'000**	2025 R'000
3. Capital expenditure incurred				
Property and equipment	**6 214**	2 247	**6 138**	2 192
Software development	**–**	1 991	**–**	1 991
	6 214	4 238	**6 138**	4 183

SAMRO has replaced the Dynamix AX ERP system. However, SAMRO was still able to make use of Dynamics AX with the support provided by the internal IT department, until the development of the new core system (for the Distributions and Member Services departments) was completed and ready for use during FY24 and FY25. The new system includes the system replacements for Licensing, Member Services, Distributions, and Finance.

- Development of the new core system for the Distributions department had been completed in the last quarter of FY24. (Distributions data feeds from the new core system into the new Acumatica system).
- The new Licensing system (i.e. Acumatica) had been implemented and in use as from November 2023.
- Developments for the new Licensing system and Finance system started after November 2023.
- Implementation and use of the new Finance system (i.e. Acumatica) commenced 01 July 2024.
- Development of the distributions section of the Acumatica system in relation to Finance was completed in October 2024.
- Development of the CRM section of the Acumatica system for the Member Services department had also been completed and ready for use as from May 2025.

	GROUP		COMPANY	
	2026 R'000	2025 R'000	**2026 R'000**	2025 R'000
Accumulated impairment – Software development*	**(11 522)**	(11 522)	**(11 522)**	(11 522)
	(11 522)	(11 522)	**(11 522)**	(11 522)

* Microsoft had confirmed that it will no longer support Dynamics AX as from October 2023. Therefore, SAMRO had engaged with an external service provider in FY22 to assist with the development of a new core system (for the Distributions and Member Services departments). However, the new core system as developed by this external service provider in FY22 and FY23 had not met the development criteria/needs as required by SAMRO. The SAMRO board made a decision on 21 July 2023 to discontinue the services provided by this external service provider. As a result, SAMRO has impaired the total amount of the development costs incurred up to 30 June 2023. The impairment charge for FY23 amounted to R11 522 075.09.

3. Capital expenditure incurred Continued

Contractual commitments for acquisition of intangible assets

The group had committed itself to operational expenditure of R3.9 million (Business System Replacement Project costs) and capital expenditure of R2.9 million (Project costs) in the 2027 financial year which have been contracted for and would be financed from its existing cash resources (FY26: Budget of R8.6 million expenditure in total vs R2.5 million operational expenditure actually incurred).

	GROUP		COMPANY	
	2026 R'000	2025 R'000	**2026 R'000**	2025 R'000
4. Investments				
At cost	**142 571**	135 438	**142 571**	135 438
Market revaluation	**149 408**	132 873	**149 408**	132 873
Cumulative impact of fair value adjustment on Unit Trusts – from OCI to profit	**59 923**	54 397	**59 923**	54 397
Financial assets at fair value through OCI and at fair value through profit/loss	**351 902**	322 708	**351 902**	322 708
5. Cash and cash equivalents				
Cash on hand and balances with banks	**785 323**	819 509	**785 145**	818 741
Short term investments	**22 224**	18 664	**22 224**	18 664
	807 547	838 173	**807 369**	837 405

	GROUP		COMPANY	
	2026 R'000	2025 R'000	**2026 R'000**	2025 R'000
6. Social and cultural obligations				
Social and cultural obligations	**51 303**	51 954	**51 303**	51 954
Balance at the beginning of the year	**51 954**	51 808	**51 954**	51 808
Utilisation during the year	**(30 224)**	(25 586)	**(30 224)**	(25 586)
Current funding for the year	**29 573**	25 732	**29 573**	25 732
Balance at the end of the year	**51 303**	51 954	**51 303**	51 954
6.1 Social obligations				
Other social funds not included in distributions				
Balance at the beginning of the year	**20 511**	19 981	**20 511**	19 981
Utilisation during the year	**(15 372)**	(14 945)	**(15 372)**	(14 945)
Current funding for the year	**17 744**	15 475	**17 744**	15 475
Balance at the end of the year	**22 883**	20 511	**22 883**	20 511
Total social funds	**22 883**	20 511	**22 883**	20 511
6.2 Cultural obligations				
SAMRO foundation and related obligations				
Balance at the beginning of the year	**29 458**	29 842	**29 458**	29 842
Utilisation during the year	**(14 852)**	(10 640)	**(14 852)**	(10 640)
Current funding for the year	**11 829**	10 256	**11 829**	10 256
Balance at the end of the year	**26 435**	29 458	**26 435**	29 458
Bequests and donations				
Balance at the beginning of the year	**1 985**	1 985	**1 985**	1 985
Utilisation during the year	**–**	–	**–**	–
Current funding for the year	**–**	–	**–**	–
Balance at the end of the year	**1 985**	1 985	**1 985**	1 985
Total cultural funds	**28 420**	31 443	**28 420**	31 443
Total social and cultural funds	**51 303**	51 954	**51 303**	51 954

Notes to the summary consolidated financial statements Continued
for the year ended 30 June 2026

	GROUP		COMPANY	
	2026 R'000	2025 R'000	**2026 R'000**	2025 R'000
7. Royalty distribution payments to members and affiliated societies				
Available for distribution at the end of the year	**1 152 936**	994 774	**1 152 936**	994 774
Distributions in progress at the end of the year	**265 128**	292 081	**265 128**	292 081
	1 418 064	1 286 855	**1 418 064**	1 286 855
Available for distribution at the beginning of the year	**(994 774)**	(865 639)	**(994 774)**	(865 639)
Distribution in progress at the beginning of the year	**(292 081)**	(284 930)	**(292 081)**	(284 930)
– Shares in musical works	**(43 086)**	(40 878)	**(43 086)**	(40 878)
– Musical works	**(248 995)**	(244 052)	**(248 995)**	(244 052)
Add:				
Distribution expenses (Royalties)	**(708 315)**	(630 167)	**(708 315)**	(630 167)
Royalty distributions/Undistributable income written back	**91 763**	74 163	**91 763**	74 163
Less:				
Available for distribution at the end of the year	**1 152 936**	994 774	**1 152 936**	994 774
Distributions in progress at the end of the year	**265 128**	292 081	**265 128**	292 081
– Shares in musical works	**51 565**	43 086	**51 565**	43 086
– Musical works	**213 563**	248 995	**213 563**	248 995
Royalty distribution cash payments to members and affiliated societies	**(485 343)**	(419 718)	**(485 343)**	(419 718)

	GROUP		COMPANY	
	2026 R'000	2025 R'000	**2026 R'000**	2025 R'000
8. Non-licensing activities				
Decrease/(Increase) in related party balances				
Loan to group company				
Opening balance	–	–	**(176 745)**	(176 478)
Intercompany charges	–	–	**5 087**	4 233
Administration, computer and management fees			**(601)**	(567)
Rental	–	–	**4 964**	4 687
Other intercompany charges*	–	–	**724**	113
(Cash outflow): Advanced to group company	–	–	**(4 850)**	(5 000)
Cash inflow: Proceeds from group company	–	–	**450**	500
Closing balance	–	–	**(176 058)**	(176 745)
Decrease/(Increase) in loan to group company	–	–	**687**	(267)

* Includes intercompany charges for stationery, telephone, employee benefits, and other operating expenses.

Notes to the summary consolidated financial statements Continued
for the year ended 30 June 2026

	GROUP		COMPANY	
	2026 R'000	2025 R'000	**2026 R'000**	2025 R'000
9. Revenue				
Music rights	**734 905**	649 191	**734 905**	649 191
Royalties from affiliated societies	**34 423**	31 159	**34 423**	31 159
SAMRO House rental income	**7 935**	6 804	**–**	–
Total revenue	**777 263**	687 154	**769 328**	680 350
10. Other income				
Sundry income	–	87	–	87
Administration, computer and management fees from subsidiary companies	–	–	**601**	567
Interest on member loans advanced	**1 396**	988	**1 396**	988
Interest on overpayment of provisional tax	**101**	–	**101**	–
Membership fee income	**305**	352	**305**	352
Bad debts recovered	**337**	308	**299**	307
Total other income	**2 139**	1 735	**2 702**	2 301
11. Employee benefits expense				
Personnel costs form part of operating expenses (refer note 14) and include:				
Salaries and bonuses	**110 116**	94 725	**110 116**	94 503
Training	**1 638**	1 751	**1 638**	1 751
Social security levies	**1 182**	1 167	**1 182**	1 165
Other employment costs	**4 758**	4 148	**2 380**	1 939
Pension – defined contribution plans	**11 411**	10 970	**11 411**	10 935
Post-employment benefits	**(364)**	(58)	**(364)**	(58)
	128 741	112 703	**126 363**	110 235

	GROUP		COMPANY	
	2026 R'000	2025 R'000	2026 R'000	2025 R'000
12. Net impairment losses on financial assets				
Net impairment losses on financial assets comprises				
Trade receivables	**23 095**	22 461	**22 637**	22 202
Loans to group companies	**–**	–	**(930)**	(702)
	23 095	22 461	**21 707**	21 500
13. Other gains and (losses)				
(Loss)/profit on disposal of property and equipment	**(234)**	15	**(231)**	15
Gain on disposal of investments	**3 748**	2 117	**3 748**	2 117
Fair value gains and (losses) on unit trusts	**5 526**	13 751	**5 526**	13 751
Total other gains and (losses)	**9 040**	15 883	**9 043**	15 883
14. Loss from operating activities				
Loss from operating activities includes the following items:				
Office rental and repairs[1]	**6 737**	6 370	**4 980**	4 688
Security[1]	**3 861**	2 027	**1 825**	–
Depreciation[1]	**4 793**	4 961	**2 331**	2 511
Amortisation[1]	**1 361**	3 576	**1 361**	3 576
Other operating costs[3]	**6 309**	5 526	**6 307**	5 520
Professional fees[1]	**4 489**	5 708	**4 361**	5 597
IT costs[2]	**5 401**	5 723	**5 401**	5 718
Employee benefits[1] – Refer note 11	**128 741**	112 703	**126 363**	110 235
Marketing costs[1]	**4 177**	3 934	**4 177**	3 934
Other costs[3]	**12 778**	11 274	**12 731**	11 213
Auditors remuneration[2]				
Fees (External) – current year	**2 436**	2 320	**2 207**	2 102
Fees (Internal) – current year	**606**	1 228	**606**	1 228
Fees – under provision previous years	**98**	107	**99**	106
	3 140	3 655	**2 911**	3 436

Notes to the summary consolidated financial statements Continued
for the year ended 30 June 2026

	GROUP		COMPANY	
	2026 R'000	2025 R'000	2026 R'000	2025 R'000
14. Loss from operating activities Continued				
Investment management fees[1]	**1 249**	1 230	**1 249**	1 230
Social and Cultural expenses[1]				
Social	**17 744**	15 476	**17 744**	15 476
Cultural	**11 829**	10 256	**11 829**	10 256
	29 573	25 732	**29 573**	25 732

Notes:
1 Included in operating expenses
2 Included in administration expenses
3 Included in administration expenses and in operating expenses

	GROUP		COMPANY	
	2026 R'000	2025 R'000	**2026 R'000**	2025 R'000
15. Investment income				
Interest received from banks	**1 150**	1 195	**1 150**	1 195
Interest received from investments	**57 796**	60 734	**57 795**	60 733
Dividends	**4 344**	3 863	**4 344**	3 863
Total income from investments	**63 290**	65 792	**63 289**	65 791
16. Key management emoluments				
From the company and its controlled subsidiaries for:				
Directors				
Current emoluments				
– Non-executive directors' – fees	**1 232**	2 638	**1 232**	2 638
– Non-executive directors' – other	**–**	–	**–**	–
– Salaries	**4 142**	3 915	**4 142**	3 915
– Pension and medical contributions	**507**	534	**507**	534
– Bonuses and other fringe benefits	**308**	984	**308**	984
Total directors' current emoluments	**6 189**	8 071	**6 189**	8 071
Post-retirement benefits				
– Estimated post-retirement benefits	**–**	–	**–**	–
Total directors' emoluments	**6 189**	8 071	**6 189**	8 071
Paid by:				
– Company	**6 189**	8 071	**6 189**	8 071
– Subsidiaries	**–**	–	**–**	–
Total paid	**6 189**	8 071	**6 189**	8 071
Other key management				
Current emoluments				
– Salaries and bonuses	**16 080**	15 733	**16 080**	15 733
– Pension and medical aid contributions	**1 910**	1 597	**1 910**	1 597
– Other fringe benefits	**117**	89	**117**	89
Total other key management current emoluments	**18 107**	17 419	**18 107**	17 419
Post-retirement benefits				
– Estimated post-retirement benefits	**58**	5	**58**	5
Total other key management emoluments	**18 165**	17 424	**18 165**	17 424
Total key management emoluments	**24 354**	25 495	**24 354**	25 495

Notes to the summary consolidated financial statements Continued
for the year ended 30 June 2026

17. Events after the reporting date

No events occurred subsequent to 30 June 2026 that required the company to disclose or adjust the results as presented in these annual financial statements.

18. Going concern

Company revenue has increased by 13.1% compared to the prior year and it is estimated that licensing revenue may increase by 8.2% during FY27 compared to FY26. The directors are consistently monitoring the financial performance, liquidity and solvency in order to ensure the company's ability to continue as a going concern. Operational costs will continue to be tightly controlled to mitigate any possible impact of reduced revenue levels. The directors have reviewed the company's forecasts for the next twelve months and are satisfied that the company has adequate financial resources to continue as a going concern.

As at 30 June 2026, the group's total assets exceed its liabilities by R76.6 million, and as at 30 June 2025, the group's total assets exceeded its liabilities by R60.2 million.

The group made a loss of R3.6 million for the year (2025: loss of R4.4 million).

The company's current liabilities exceed its current assets by R361.3 million (Group: R374.2 million), indicating a net current liability position as at 30 June 2026. However, the company has considered this position in its going concern assessment and has implemented various mitigating measures to manage liquidity risks and ensure that the company remains able to meet its financial obligations as they fall due. These measures include the continued implementation of cash management policies aligned with the distribution rules, which are intended to ensure that cash resources are appropriately managed and allocated in accordance with the company's distribution requirements. Furthermore, the company holds long-term investments which management considers to be readily convertible into cash, should the need arise. These investments therefore provide an additional source of liquidity and financial flexibility to meet the company's obligations as they fall due.

The directors have reviewed the company and group's cash flow forecast for the year to 30 June 2027 and, in light of this review and available credit facilities, including other liquid assets, they are satisfied that the company and group has access to adequate resources to continue in operational existence for the foreseeable future.

19. New standards, interpretations and amendments

19.1 Standards, interpretations and amendments that are not yet effective at June 2026:

The group has considered the following new standards and interpretations and amendments to existing standards, which are not yet effective as at June 2026 but are effective for the financial years commencing as reflected in the table:

Number	Title	Effective for year commencing	Expected effect on annual financial statements
IFRS 18	Presentation and Disclosure in financial statements: IFRS 18 replaces IAS 1 Presentation of Financial Statements with a focus on updates to the statement of profit or loss. The amendment requires enhanced profit or loss performance measures that are reported outside the financial statements and enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general.	1 January 2027	A significant change to the primary financial statements is expected. The standard is expected to change the presentation and disclosures of the financial statements but is not expected to impact the financial position or net results. The assessment of existing Statement of Profit or loss and Other Comprehensive Income line items against the requirements of the new standard to identify items that may require reclassification between categories is ongoing. The group will seek, where practicable, to ensure consistent application across the business and to enhance the clarity and usefulness of its financial statements for users. The implementation will be undertaken through a robust process, supported by ongoing engagement with key stakeholders.
IFRS 19	Subsidiaries without Public Accountability – Disclosures: IFRS 19 simplifies disclosures for subsidiaries without public accountability, reducing costs while maintaining usefulness for stakeholders. Subsidiaries that elect to apply IFRS 19 will follow the same recognition, measurement and presentation requirements of those standards will be replaced with the reduced requirements of IFRS 19.	1 January 2027	IFRS19 will not be applied to the Group financial statements as the Group does not fall within the scope of the standard. The impact on the individual subsidiaries is still being assessed.

Notes to the summary consolidated financial statements Continued
for the year ended 30 June 2026

19. New standards, interpretations and amendments Continued

19.1 Standards, interpretations and amendments that are not yet effective at June 2026 Continued:

Number	Title	Effective for year commencing	Expected effect on annual financial statements
Amendments to IFRS 19	Subsidiaries without Public Accountability – Disclosures: The IASB reduced the disclosure requirements by excluding disclosure objectives relating to supplier finance arrangements, lack of exchangeability, Pillar Two model rules, classification and measurement of financial instruments, and non-current liabilities with covenants. It reduced disclosure requirements relating to supplier finance arrangements. It excluded disclosure requirements that are in fact guidance, not requirements. It replaced disclosure requirements relating to management-defined performance measures by a cross-reference to IFRS 18.	1 January 2027	Impact is still being assessed.

19.2 Standards and Interpretations effective and adopted in the current year

At the date of authorisation of these financial statements for the year ended 30 June 2026, the following IFRS Accounting Standards were adopted. The amendments with effective dates for years commencing on or after 01 January 2026 were early adopted by the Group.

Number	Title	Effective for year commencing	Effect on annual financial statements
Amendments to IAS 21	Lack of Exchangeability: The amendments contain guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not.	1 January 2025	The amendment had no impact on the financial statements as no foreign exchange transactions took place in economies subject to lack of exchangeability, during the current financial year. This amendment is not anticipated to have a material impact on the financial statements going forward should instances as such, occur.

19. New standards, interpretations and amendments Continued

19.2 Standards and Interpretations effective and adopted in the current year Continued:

Number	Title	Effective for year commencing	Effect on annual financial statements
Amendment to IFRS 9	Financial instruments – Transaction price: This amendment removes the conflict between IFRS 9 and IFRS 15 over the amount at which the trade receivable is initially measured. Under IFRS 15, a trade receivable may be recognised at an amount that differs from the transaction price e.g., when the transaction price is variable. Conversely, IFRS 9 requires that companies initially measure trade receivables without a significant financing component at the transaction price. IFRS 9 has been amended to require companies to initially measure a trade receivable without a significant financing component at the amount determined by applying IFRS 15.	1 January 2026	The standard does not have an impact on the recognition and measurement of trade receivables. The measurement of the transaction price is entity-specific rather than relying on fair values.

Notes to the summary consolidated financial statements Continued
for the year ended 30 June 2026

19. New standards, interpretations and amendments Continued

19.2 Standards and Interpretations effective and adopted in the current year Continued:

Number	Title	Effective for year commencing	Effect on annual financial statements
Amendment to IFRS 9 and IFRS 7	Classification and Measurement of Financial Instruments – These amendments: • clarify the requirements for the timing of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system; • clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion; • add new disclosures for certain instruments with contractual terms that can change cash flows (such as some instruments with features linked to the achievement of environment, social and governance (ESG) targets); and • make updates to the disclosures for equity instruments designated at Fair Value through Other Comprehensive Income (FVOCI).	1 January 2026	The standard does not have an impact on the financial liabilities as the group has not elected to derecognise financial liabilities before its cash settlement date. The relevant disclosures for the equity investments designated at FVOCI have been provided in the full audited group set of financial statements. The rest of the amendments do not have a material impact on the financial statements.

19. New standards, interpretations and amendments Continued

19.2 Standards and Interpretations effective and adopted in the current year Continued:

Number	Title	Effective for year commencing	Effect on annual financial statements
Annual Improvements to IFRS Accounting Standards Volume 11	The amendments were made to address potential inconsistencies and potential confusions in the standards relating to: • IFRS 1 dealing with hedge accounting by a first-time adopter; • IFRS 7 dealing with gain or loss on derecognition and disclosures in the implementation guidance; • IFRS 9 dealing with lessee derecognition of lease liabilities and transaction price; • IFRS 10 dealing with determination of 'de facto agent'; and • IAS 7 dealing with the term 'cost method'.	1 January 2026	The standard does not have a material impact on the financial statements.



Acronyms and abbreviations

AGM	Annual general meeting
AI	Artificial intelligence
ARC	Audit and Risk Committee
B-BBEE	Broad-based Black Economic Empowerment
CAPASSO	Composers, Authors and Publishers' Association
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CISAC	International Confederation of Societies of Authors and Composers
CSI	Corporate social investment
CWU	Communications Workers Union
DALRO	Dramatic, Artistic and Literary Rights Organisation (Pty) Ltd
FY2026	Financial year ended 30 June 2026 (1 July 2025 to 30 June 2026)
FY2027	Financial year beginning 1 July 2026 and ending 30 June 2027
IFRS	International Financial Reporting Standards
INED	Independent Non-Executive Director
IT	Information technology
ITC	Innovation and Technology Committee
King IV™	King IV Report on Corporate Governance™ for South Africa, 2016
King V™	King V Report on Corporate Governance™ for South Africa, 2025
MCSA	Music Creators of South Africa
MoI	Memorandum of Incorporation
NED	Non-Executive Director
NHRRC	Nominations, Human Resources and Remuneration Committee
NPC	Non-Profit Company
SAMPRA	South African Music Performance Rights Association
SAMRO	Southern African Music Rights Organisation
SEGC	Social, Ethics and Governance Committee

General information

Country of Incorporation and Domicile	South Africa
Registration Number	1961/002506/08
Nature of Business and Principal Activities	The group is an organisation domiciled in South Africa dedicated to the collective management of copyright in musical works of composers, songwriters and publishers.
Registered Office	SAMRO Place 20 De Korte Street, Braamfontein, Johannesburg, 2001
Postal Address	P O Box 31609 Braamfontein Johannesburg 2017
Telephone	+27 11 712 8000
Facsimile	+27 86 674 4391
International	+27 11 712 8039
Hotline (during work hours)	+27 86 117 2676
E-mail	customerservices@samro.org.za
Website	www.samro.org.za
Facebook	SAMROSouthAfrica
Twitter	@SAMROMusic
Instagram	samromusic
CEO	Annabell Lebethe
CFO	Leanne Thomas
Company Secretary	Marianne Fourie
Bankers	Standard Bank, ABSA Bank, Nedbank, Investec, and First National Bank
External Auditors	SizweNtsalubaGobodo Grant Thornton Inc.
Internal Auditors	PwC
Legal Advisors	Spoor and Fisher Webber Wentzel Terina Singh
Investment advisors	Investec Nedbank Wealth

Annexure A

SAMRO CSI Beneficiaries

Music Creation Support Fund (MCSF) 120

1 Adrian Nomdee
2 Albrecht Holm
3 Aluta Dyasopu
4 Amos Mokwena
5 Amy-Jane Levens
6 Anam Manyati
7 Matswandile Yenana
8 Anthony Caplan
9 Astryd Lea Brown
10 Austin Cassim
11 Bheki Dladla
12 Bongani Dlamini
13 Bongani Busangani Zulu
14 Bonginkosi Zondo
15 Bonginkosi Innocent Yeko
16 Bruce Dennill
17 Carla Conradie
18 Damian Roos
19 David Combrink
20 Deko Barbara Jessica Wedi
21 Dumisani Mlaudza
22 Genesis Manney
23 Glen Sithole
24 James Diphaphang Mashoenyane
25 Jomo Brian Kubayi
26 Josias Matsebatlela
27 Juliet Horne
28 Junaid Baker
29 Kevin Neil Heydenrych
30 Kgaugelo Phaswana
31 Khulekani Gumede
32 Laurie Levine
33 Lebogang Pretty Mahlangu
34 Leon Gropp
35 Leselaine Meshack Leshoro
36 Elizabeth Louise Gaisford
37 Lundi Tsotso
38 Lutendo Evens Mugagadeli
39 Luzuko Sonti
40 Lwazi Nonyukela
41 Maki Fibi
42 Mandla Solomon Zwane
43 Maria Motlare
44 Marius Botha
45 Mashudu Lucky Makhado
46 Mawande Stuurman
47 Mbali Makanya
48 Melikhaya Reginald May
49 Menzi Shabane
50 Mfundo Frans Kekana
51 Michael Xaba
52 Mncedisi Mthembu
53 Mnqobi Mchunu
54 Moegamat Ebrahiem Inglis
55 Molebogeng Maponya
56 Mona Bhekifa Mnguni
57 Thuthukani Ngcobo
58 Mothobisi Desmond Moleleki
59 Mphakamiseni Pollen Khumalo
60 Msizi Ngcobo
61 Muzivakhe Michael Nkosi
62 Mzukisi Sithonga
63 Nhlakanipho Ntanda
64 Njabulo Sinazo Mbonambi
65 Nketsi Leonard Ntsepe
66 Nkosana Bembe
67 Ntombikayise Nguse
68 Nwabisa Mxakatho
69 Paulos Beka
70 Paulus Kganyago
71 Peter Cohen
72 Phumelele Yvonne Maduna
73 Phumlane Avin Zondo
74 Phumzile Mseleku
75 Rasebina Ingrid Manenye
76 Reinart Nienaber
77 Robert Gillmer
78 Rodney Mwelisi Mtshali
79 Rolivhuwa Romeo Dzedzemane
80 Ross Campbell
81 Sanele Ngcobo
82 Sanele Desmond Mfene
83 Sechaba Lebohang Tlali
84 Sefako Moloto
85 Senzo Gumede
86 Sibusiso Andrew Mlambo
87 Simphiwe Milton Sewedi
88 Sinenhlanhla Zungu
89 Sipheshile Shange
90 Siphiwe Sibonelo Mgidi
91 Sipho Petrus Nkwane
92 Siyabonga Doyle
93 Siyanda Makanya
94 Siyanqoba Mthethwa
95 Soki Modise
96 Solomon (Solly Kay) Kekana
97 Thabang Leshoro
98 Thabang Nkuka
99 Thabo Makau
100 Thabo Perfect Mahlaba
101 Thamsanga Nogaga
102 Thandi Mokgoangkoa
103 Thando Kunene
104 Themba Machaka
105 Thembakazi Mona
106 Thulasizwe Dlamini
107 Tshepo Komane
108 Tshidiso Masekela
109 Tsímoloho Pearl Lekaota
110 Tumelo Mokoka
111 Unathi Abraham Mtolo
112 Uyanda Dladla
113 Varonica Meyer
114 Victor Mogale
115 Vukile Rodney Koli
116 Yuza Doctor Sithole
117 Yvette Nokukhanya Khumalo
118 Zamandlovu Zimkitha Kumbaca
119 Zinhle Madela
120 Zino De Klerk

Academy of Sound Engineering 30

1 Tshepiso Maile
2 Bruce Retief
3 Sandile Ngidi
4 Xolani Maimane
5 Brandon Steve October
6 Ntokozo Ngcamu
7 Ndivhuyathi Mudau
8 Vanessa Phumudzo Muntswu
9 Jabu Hlongwane
10 Mandisa Constable
11 Bongekile Avis Ndlovu
12 Boitumelo Sejeng
13 Nazeer Abdol
14 Nomshado Hleza
15 Mutangwa Florah Ntshauba
16 Thabiso Lindokuhle Nhlebela
17 Thabelo Thavhanyedza
18 Siyabonga Dutshwa
19 Silli Romeo Thapelo Lefifi
20 Andre Hurter
21 Nirvana Nokwe-Mseleku
22 Sixolile Fundzo
23 Siyanda Ntamo
24 Bruce Mogohlwane
25 Lindokuhle Khumalo
26 Atlegang Seleke
27 Palesa Ndima
28 Hazel Kotu
29 Thokozani Goodwill Mkhwanazi
30 Ngaletjane Andreas Maenetja

Music Business Lab 50

1 Sakhile Dladla
2 Kabelo Tsoako
3 Fundhile Sibuyi
4 Michelle Frances Stent
5 Nomawethu Madikila
6 Qiqa Makholosa
7 Mncedisi Mnguni
8 Siphiwe Mogale
9 Tsholofelo Somo
10 Senzo Hlabathi
11 Khulekani Terrence Makhaye
12 David Julian Kramer
13 Pilani Bubu
14 Zakhele Peter Mabena
15 Sibusiso Mbatha
16 Mduduzi Mdladla
17 Aphiwe Marcia Buwa
18 Nontokozo Mokoena
19 Nhlanhla Acquilla Dlamini
20 Nkululeko Simphiwe Mnguni
21 Lucky Nhlanhla Cele
22 Gideon Mthukwane
23 Karabo George Rakhudu
24 Namhla Sinombongo Siphosethu Qina
25 Siphiwe Hlophe
26 Karabo Rabjanyane
27 Nompumelelo Mzobe
28 Sara Wilhemina Mfati Mokgohloa
29 Luthando Finiza
30 Marthie Hauptfleisch
31 Mahlatse Fortune Manamela
32 Sarina Briedenhann
33 Ntokozo Buku
34 Refiloe Makhubo
35 Lungisile Mdunyelwa
36 Tanja Bodenstein
37 Rotondwa Edgar Netshivhambe
38 Mxolisi Mhlongo
39 Meshack Mzamani Mathosi
40 Kamogelo Wolff
41 Olegogeng Ronald MacKenzie
42 Lesego Patrick Mmusi
43 Brendon Leigh Tayler
44 Mario Ogle
45 Modiakgotla Kubu Keatile Shole
46 Kunda Watts Mtonga
47 Olivia Smith
48 Bhekumuzi Mlambo
49 Dumisani Madiba
50 Brilliant Baloyi

Soul Candi Institute of Music 70

1 Anna Davel
2 Zodwa Eunice Mabena
3 Hendrick Monyeki
4 Bongani Chehore
5 Zuxole Ngetu
6 Tlhaboso Kuali
7 Thembinkosi Japhed Mavimbela
8 Andrew Khanye
9 Samkeliso Thabani Dube
10 Jako Meyer
11 Sebenzile Mtombeni
12 Thabo Makalima
13 Leroy Tserema
14 Wesley van der Westhuizen
15 Sifiso Mkhwanazi
16 Lungelo Raymond Moti
17 Nkonzo Cele
18 Duane Walters
19 Thesele Moshoeshoe
20 Adilson Manuel Ndala
21 Monopela Frank Mphuthi
22 Ndambo Jacob Msiza
23 Obakeng Matthews Phiri
24 Sandile Richard Mdondolo
25 Lwazi Chiliza
26 Moeti Joseph Molapo
27 Sizwe Siyabonga Gumede
28 Sifungosethu Khulekani Khoza
29 Nada Musukwa
30 Fezile Xolile Madlala
31 Ntshunxeko Nkuna
32 Zwakele Njabulo Kunene
33 Keitumetse Mahura
34 Thabiso Siyandakahle Mkhize
35 Sbonelo Mthembu
36 Pascaline Modjadji Modiba
37 Katlego Mashilane
38 Bheki Christopher Thobela
39 Sibusiso Gladwin Sibeko
40 Augustinus Tshepo Mothobi
41 Regina Aphane
42 Miyelani Machimana
43 Muziwakhe Mabizela
44 Thabang Ntamo
45 Malizole Fololo
46 Nhlanhla Xaba
47 Zamani Mthembu
48 Nhlonipho Laurel Malunga
49 Siphiwe Timothy Nkabinde
50 Katlego John Raphathelo
51 Mogomotsi Mocuminyane
52 Tumelo Tshabalala
53 Candace Barnwell
54 Philisiwe Ntintili
55 Bongi Olivia Mathlabane
56 Seage Sophy Mmako
57 Siphesihle Kunene
58 Bongiwe Esther Lahlo
59 Azola Ntshingwa Ndlovu
60 Nkateko Mabunda
61 Thandeka Nkosi
62 Motshidisi Caroline Monareng
63 Nobuhle Precious Zwane
64 Mary-Ann Lewis
65 Rosinah Mosebjadi Tsweleng
66 Mziyanda Vuyolwethu Maki
67 Ian Okkers
68 Siyanda Dyonase
69 Bongani Mahlangu
70 Nobuhle Precious Zwane

