PHUTHUMA NATHI
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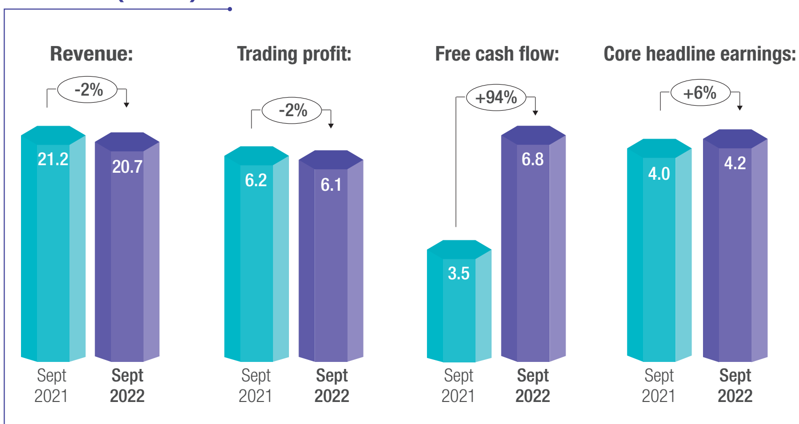
MULTICHOICE
ENRICHING LIVES

MULTICHOICE SOUTH AFRICA HOLDINGS PROPRIETARY LIMITED
(Registration number: 2006/015293/07) (MCSAH or the group)

INTERIM RESULTS ANNOUNCEMENT

SUMMARY OF THE INTERIM RESULTS FOR
THE PERIOD ENDED 30 SEPTEMBER 2022

HIGHLIGHTS (ZAR'bn)



MultiChoice South Africa Holdings Proprietary Limited – stable margins, with ongoing focus on new products and services.
The group delivered 3% year-on-year (YoY) subscriber growth for the period ended 30 September 2022 (1H FY23) and added 251k new customers to its 90-day active subscriber base. It enjoyed further growth in the mass market and reported positive subscriber growth for the Premium package, through more bundle offers, product aggregation benefits, and a strong sport content line-up. The middle segment remained under pressure, as consumers in this segment are most impacted by elevated unemployment rates, consumer indebtedness, rising inflation and interest rates. Frequent load-shedding negatively impacted active subscriber numbers towards the end of September.

FINANCIAL REVIEW

Revenue decreased 2% to ZAR20.7bn. This was mainly due to a weaker than normal Q1 when the impact of the football off-season was exacerbated by an extremely challenging consumer climate. Since July, revenue run rates have improved and are now exceeding comparable prior periods on a monthly basis. Average revenue per user (ARPU) declined 4% from ZAR272 to ZAR260, reflecting the ongoing shift to the mass market and the fact that subscriber growth was more weighted towards the latter part of the reporting period.

Generating additional revenue streams and driving value-added services continue to be a focus of the group. Insurance customers grew by 273k to 2.6m during the first half which resulted in YoY revenue growth of 19%. DStv Internet gained further traction, while the addition of a variety of new rewards categories, most notably the free access to Disney+ for a three-month period post launch, drove incremental DStv Rewards customer growth.

Trading profit of ZAR6.1bn resulted in a stable trading margin of 29% (1H FY22: 29%).

Free cash flow of ZAR6.8bn increased by 94% YoY due to higher intercompany inflows from the group cash pool, which will normalise in the second half of the financial year. Excluding this intercompany effect, free cash flow decreased by 5% YoY due to the increased investment in working capital, including prepayments related to content renewals.

Core headline earnings, the group's measure of sustainable business performance, increased 6% to ZAR4.2bn. This increase was supported by gains on realised foreign exchange contracts in a weaker ZAR environment.

As one of the largest taxpayers in Africa, the group paid direct cash taxes of ZAR1.3bn, marginally down from the prior period due to lower taxable profits.

A dividend of ZAR6.0bn was paid to shareholders in September 2022, with ZAR1.5bn going to Phuthuma Nathi (PN).

OPERATIONAL REVIEW

Sport

SuperSport continued to build on its world class sports offering. Better scheduling and enhanced fan engagement resulted in improved viewership and ratings for the Premier Soccer League which started in August. The strategic investment in SA20 cricket (that is 30% owned by the group and which has already received USD170m in investment from Indian Premier League franchise owners), will see the launch of an exciting new cricket competition in January 2023. SuperSport Schools has grown rapidly, benefiting from the addition of more than 50 schools to the platform year-to-date and an almost three-fold increase in the number of hours of content compared to the previous six months. The SuperSport Schools platform has received more than 15m cumulative video views since launch. Content renewals for the period included the new LIV golf tour, SA Netball and WWE, while the group also broadcast the Comrades Marathon for the first time in August this year.

General entertainment

The group continued its strategy of differentiation through local content. It released two co-productions (Blood Psalms and Girl, Taken) to critical acclaim, with another 7 co-productions in the pipeline. Strong performances by popular shows such as Mnakwethu and Chicago Fire, as well as new shows such as House of the Dragon and The Saturday Showdown drove healthy viewership across the different packages.

Connected Video (OTT)

Connected Video users on the DStv app and Showmax continue to grow as broadband penetration improves and online consumption increases. The YoY growth rate for paying Showmax subscribers was a strong 50%, while the overall online user base increased by 13%. The group continued to improve the stability of its applications. Showmax Pro (our standalone OTT sports product) enjoyed strong growth, supported by the broadcast of sport properties such as English Premier League, UEFA Champions League and the UEFA Europa League.

Product launches

On the product front, the group recently launched the DStv Streama, a device which facilitates the streaming of DStv and other partner applications in a connected environment. To further enable growth of the group's online products, DStv Internet has made new fibre bundles available through wholesale partnerships. The exciting new DStv Glass panel, Sky's second Glass syndication globally, was announced with its launch expected towards the end of FY24.

TRANSFORMATION AND CORPORATE SOCIAL INVESTMENT

As a level 1 rated broad-based black economic empowerment (B-BBEE) company, the group remains dedicated to transformation across the broadcast industry. Our employee profile, which is consistent with the prior period, comprises 52% women and 48% men, with the leadership teams being diverse and proudly representative. Our top and senior management is 60% black, with women accounting for 46% of this group. The overall South African organisation comprises 86% black employees.

The group continues to contribute meaningfully towards corporate social responsibility programmes such as the MultiChoice Diski Challenge, MultiChoice Talent Factory, SuperSport's Let's Play and the DStv Netball challenge. In addition, SuperSport Schools has made it possible for broader communities to follow the sporting progress of children across the country in 32 sporting codes. The total corporate social investment by the MultiChoice Enterprise Development Trust and Sports Development Trust, during the six-month period amounted to ZAR81.2m (1H FY22: ZAR28.8m).

DIRECTORATE

No changes have been made to the directorate of the group during the interim period.

PREPARATION OF THE SHORT-FORM ANNOUNCEMENT

This short-form announcement is the responsibility of the directors and is only a summary of the information in the condensed consolidated interim financial results. Copies of the condensed consolidated interim financial results may be requested from the company's registered office, at no charge, during office hours. The information in this announcement has been extracted from the reviewed information published on the company's website, but the announcement itself was not reviewed.

Trading profit includes finance costs on transponder lease liabilities but excludes the amortisation of intangible assets (other than software), impairment/derecognition of assets, equity-settled share-based payment expenses and other operating gains/losses. Core headline earnings excludes non-recurring and non-operating items. We believe this is a useful measure of the Group's sustainable operating performance. Core headline earnings and trading profit are not defined terms under IFRS, are not audited and may not be comparable with similarly titled measures reported by other companies.

These results represent the financials of the MultiChoice South Africa Holdings (Pty) Ltd legal structure and therefore do not align to the MultiChoice Group Limited (MCG) South African segment results.

These financial results have been prepared under the supervision of the group's chief financial officer, Mr TN Jacobs, CA(SA).

The complete condensed consolidated interim financial statements are available on the MCSAH and PN websites: www.multichoice.com/southafrica and www.phuthumanathi.co.za

EVENTS AFTER THE REPORTING PERIOD

There have been no events that occurred after the reporting date that could have a material impact on the condensed consolidated interim financial statements.

On behalf of the board

Imtiaz Patel
Chair

Calvo Mawela
Group CEO

10 November 2022

Directors
JH du Preez, TN Jacobs (CFO), E Masilela, CP Mawela (CEO), KD Moroka, MI Patel (Chair), CM Sabwa, Dr FA Sanusi, L Stephens, JJ Volkwyn

Group company secretary
CC Miller

Registered office
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(PO Box 1502, Randburg 2125)

Transfer secretaries
Singular Services, a division of Singular Systems Proprietary Limited
25 Scott Street, Waverley, 2090 (PO Box 1266, Bramley, 2018)

CONDENSED CONSOLIDATED INCOME STATEMENT

	Reviewed Half-year 30 September 2022 ZAR'm	Reviewed Half-year 30 September 2021 ZAR'm
Revenue	**20 719**	21 218
Cost of providing services and sale of goods	**(10 143)**	(10 744)
Selling, general and administration expenses	**(4 363)**	(4 146)
Net impairment loss on trade receivables	**(51)**	(65)
Other operating gains/(losses) – net	**2**	(288)
Operating profit	**6 164**	5 975
Interest income	**321**	220
Interest expense	**(384)**	(274)
Net foreign exchange translation losses	**(1 646)**	(262)
Share of equity-accounted results	**(10)**	(8)
Profit before taxation	**4 445**	5 651
Taxation	**(1 413)**	(1 600)
Profit for the year	**3 032**	4 051
Attributable to:		
Equity holders of the group	**3 032**	4 063
Non-controlling interest	**–**	(12)
Headline earnings for the year	**3 030**	4 286
Core headline earnings for the year	**4 209**	3 967

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME AND CHANGES IN EQUITY

	Reviewed Half-year 30 September 2022 ZAR'm	Reviewed Half-year 30 September 2021 ZAR'm
Balance at beginning of the period	**12 697**	11 539
Profit for the period	**3 032**	4 063
Total other comprehensive income, net of tax, for the period	**2 018**	95
Cash flow hedges	**2 615**	117
Tax on other comprehensive income	**(597)**	(22)
Changes in other reserves		
Share-based comprehensive movement	**(291)**	(228)
Hedging reserve adjustment	**6**	333
Dividends paid to shareholders	**(5 979)**	(5 979)
Other movements in retained earnings	**129**	97
Non-controlling interest	**–**	(12)
Comprehensive loss for the period	**–**	(12)
Balance at the end of the period	**11 612**	9 908
Comprising:		
Share capital and premium	**17 216**	17 216
Retained earnings	**6 530**	6 131
Share-based compensation reserve	**1 679**	1 902
Existing control business combination reserve	**(15 078)**	(15 051)
Hedging reserve	**1 236**	(313)
Fair value reserve	**5**	5
Foreign currency translation reserve	**24**	25
Non-controlling interest	**–**	(7)
Total	**11 612**	9 908

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Reviewed Half-year 30 September 2022 ZAR'm	Audited Full-year 31 March 2022 ZAR'm
ASSETS		
Non-current assets	**14 464**	13 835
Current assets*	**26 040**	18 573
Total assets	**40 504**	32 408
EQUITY AND LIABILITIES		
Total equity and reserves	**11 612**	12 697
Total equity	**11 612**	12 697
Non-current liabilities	**8 861**	7 771
Current liabilities*	**20 031**	11 940
Total equity and liabilities	**40 504**	32 408

** Programme and film rights assets and liabilities are higher than FY22 mainly as a result of football properties coming into licence in August each year. Higher content prepayments in the current period also contributed to the increase.*

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Reviewed Half-year 30 September 2022 ZAR'm	Reviewed Half-year 30 September 2021 ZAR'm
Cash flow generated from operating activities*	**7 946**	4 544
Cash flow utilised in investing activities	**(327)**	(344)
Cash flow utilised in financing activities**	**(7 986)**	(3 867)
Net movement in cash and cash equivalents	**(367)**	333
Foreign exchange translation adjustments	**137**	27
Cash and cash equivalents at beginning of the period	**1 376**	1 489
Cash and cash equivalents at the end of the period	**1 146**	1 849

** The current period includes a higher intercompany balance of ZAR3.5bn (1H FY22: ZAR60m).*
*** The increase in cash utilised in financing activities is due to dividends of ZAR4.5bn paid to MCG in this period. In the comparable prior period dividends of ZAR2bn was paid to MCG and the balance of R2.5bn was only settled in 2H FY22.*

COMMITMENTS

	Reviewed Half-year 30 September 2022 ZAR'm	Audited Full-year 31 March 2022 ZAR'm
Capital expenditure	**199**	274
Programme and film rights	**31 117**	36 062
Network and other service commitments	**3 133**	3 398
Decoder commitments	**1 245**	1 459
Commitments	**35 694**	41 193

CALCULATION OF HEADLINE AND CORE HEADLINE EARNINGS

	Reviewed Half-year 30 September 2022 ZAR'm	Reviewed Half-year 30 September 2021 ZAR'm
Net profit attributable to shareholders	**3 032**	4 063
Adjusted for:		
– Loss on sale of property, plant and equipment	**13**	4
– Derecognition of intangible assets	**–**	287
– Profit on sale of Intangible assets	**(15)**	(3)
	3 030	4 351
Total tax effects of adjustments	*****	(65)
Headline earnings	**3 030**	4 286
Adjusted for:		
– Amortisation of intangible assets	**5**	7
– Foreign exchange losses	**1 283**	135
– Equity-settled share-based compensation	**56**	66
– Realisation of foreign exchange contracts	**(165)**	(527)
Core headline earnings	**4 209**	3 967
Number of shares (million)	**360**	360
Core headline earnings per ordinary share (ZAR)	**11.7**	11.0

** Less than ZAR1m.*