Summary of the annual results of the MultiChoice South Africa Holdings Group

for the year ended 31 March 2025 (FY25)

MultiChoice
Phuthuma Nathi
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MultiChoice South Africa Holdings Proprietary Limited
(Registration number: 2006/015293/07)
JSE share code: MCG
ISIN: ZAE000265971

MultiChoice South Africa ("the group") improved financial performance through disciplined cost and cash flow optimisation

The South African economy saw some signs of potential improvement in the current year as inflation eased, and the South African Reserve Bank started lowering interest rates. However, high unemployment, low economic growth and the ongoing effect of load reductions have meant that the South African consumer remains under significant financial pressure, which is negatively affecting businesses like MultiChoice that provides discretionary products and services. The ongoing cost-of-living crisis has meant that households are struggling to make ends meet and many had no choice but to give up their DStv subscription for the time being. At the same time, the South African market has been affected by the ongoing global shift in video consumption towards cheaper streaming services, social media video and free or pirated video services.

Against this background, the business experienced an 8% YoY decline in active subscribers to 7.0m. The negative trend was evident across all three market segments, suggesting that economic hardship and affordability remain a challenge across the board, while the non-recurrence of the Rugby World Cup in the prior year also affected YoY comparisons.

Underscoring the continued shift to streaming as broadband penetration grows, DStv Stream subscribers increased by 38% with revenues up 48%. Extra Stream users were up 25% YoY, while revenues increased almost threefold in the first full year that this add-on service was offered. Further enhancements on the DStv Stream app led to improved customer experience and platform stability. The team also focused on growing DStv Internet within the fixed-wireless LTE space, which resulted in DStv Internet subscribers growing 45%, while revenues increased 85%.

To offset the negative top-line impact caused by the tough macro environment, management focused on improvements in financial performance through its ongoing cost and cash flow optimisation programme. This was delivered through a wide range of initiatives, including cost savings in content and subsidies, reduced sales and marketing spend, lower discretionary spend and tight working capital management. It also included the simplification of the portfolio of businesses, such as the NMS Insurance Services (SA) Ltd transaction and the closure of the DStv Internet fibre business.

Financial review

Total revenue (excluding insurance revenue) of ZAR40.8bn (1% lower than prior year) was primarily driven by a 3% decrease in subscription fees. The weighted average price increase of 5.7% was more than offset by the 8% decline in subscriber volume. The insurance business was consolidated until 30 November 2024 and generated ZAR780m in premium income for the eight months.

Trading profit of ZAR9.5bn increased 2% over the prior year, primarily driven by cost optimisation initiatives.

Free cash flow of ZAR6.3bn is up 7% YoY as a result of lower capital expenditure, improved profitability and improved working capital management. As one of the largest taxpayers in Africa, the group paid direct cash taxes of ZAR2.5bn which increased by 3% YoY due to higher taxable profits.

Core headline earnings, the group's measure of sustainable business performance, decreased by 3% YoY to ZAR7.0bn as a result of losses on realised foreign exchange contracts on hedges, net of tax.

A dividend of ZAR5.5bn was paid to shareholders in September 2024, with ZAR4.125bn paid to MultiChoice Group Limited (MCG) and ZAR1.375bn paid to Phuthuma Nathi (PN).

Operational performance review

General entertainment (M-Net)

The General Entertainment business continued to cater to diverse local languages and cultural needs across the continent, with the group producing and curating stories in more than 45 languages and growing its local content library by 8% to 91 470 hours at the end of FY25.

The group's flagship reality format *Big Brother Mzansi* attracted a record-breaking 3.8 million views across Mzansi Magic and Mzansi Wethu for its season finale with a significant increase in votes to 293 million. Afrikaans reality competition *Die Brug* earned a prestigious International Emmy Award nomination for Best Non-Scripted Entertainment, while *Carte Blanche* reaffirmed its position as one of South Africa's most trusted current affairs brands, with a notable increase in viewership during the election period. Other popular content properties were *Umkhokha: The Curse, Sibongile & The Dlaminis, Een Keer Om Die Son* and *Queen Modjadji*.

On the international side, we secured premium content for our platforms like *Dune: Prophecy, House Of The Dragon, The Penguin, White Lotus S3* and *True Detective: Night Country*, while launching hits like *Matlock, Day Of The Jackal* and much anticipated spin-off series *Suits: LA*.

Sports content (SuperSport)

SuperSport had another memorable year of sports coverage, which included three senior men's and the women's ICC major cricket tournaments, an amazing Summer Olympics in Paris, EURO 2024 football and 13 men's Springbok Test matches. In addition, the United Rugby Championship and Currie Cup delivered strong growth, with viewership up 23% and 29% respectively from the previous season, while Dricus du Plessis's second UFC world title fight against Sean Strickland set a new MMA viewership record on SuperSport.

Football maintained strong viewership throughout the year, bolstered by the decision to make LaLiga available to lower-tier packages, and benefitting from the new UEFA Champions League format with an increased number of matches. Locally, the Soweto Derby in February 2025 was the most-watched derby ever.

Over the past year, SuperSport broadcast over 47 839 hours of live coverage, up 7% from last year, and was responsible for the production of 1 029 live events.

SuperSport Schools continues to redefine the landscape of school sports broadcasting. The platform increased its app user base by 46% to 1.2 million registered users, reaching almost 11 million unique viewers through the app and Channel 216 on DStv, and delivering over 50 000 hours of new content. This year also saw the SuperSport Schools channel made available on SABC Plus, while the Schools SA20 cricket competition was launched in partnership with Cricket South Africa and SA20.

Advertising (DStv Media Sales)

DStv Media Sales was able to successfully monetise sports properties during the year, notably the Euro Championship, Olympics and Rugby Championship. It also saw positive momentum from improved TV ratings as loadshedding abated, which led to regained confidence from marketers to advertise on TV and counter the underlying secular shift toward digital advertising. The business continues to invest in technological solutions to sustain future performance, including dynamic ad insertion to support improved ad personalisation in streamed linear and video-on-demand content.

Insurance (NMS Insurance Services) – March year-end

The group now holds a 40% interest in NMS Insurance Services (SA) Limited (NMSIS), post the sale of a 60% majority stake to Sanlam Life Insurance Limited (Sanlam). The insurance business saw some weakness in total policyholders during FY25, but continued to perform well financially.

Policyholders declined by 13% YoY to 2.9m, as higher churn in the SA linear base negatively impacted the insurance business in a competitive insurance market and challenging consumer environment. Revenues grew 17% YoY to over ZAR1.1bn on the back of favourable mix given the shift from lower ARPU Device Insurance policies to higher ARPU Device Care Plan policies. NMSIS successfully launched its subscription waiver loss of income product in FY25. Trading profit was up 13% to ZAR425m on the back of revenue growth and benign trends in claims ratios.

Due to the group's loss of control of NMSIS, the financial results of NMSIS have been consolidated in the group's financial statements until 30 November 2024, after which NMSIS' earnings have been equity accounted in the group's summary consolidated financial statements.

Events after the reporting period

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

Outlook

The group has two clear priorities for the year ahead. Firstly, the group aims to stabilise the topline in the video businesses through focused retention initiatives and overall improvements to the customer value proposition of the group's products. Secondly, management will continue to drive operating, cost and working capital efficiencies into the group to protect profitability and cash flows.

Dividends

MCSAH

After taking into account the difficult trading environment, the group's financial performance and the need to invest in critical areas of the business, MultiChoice South Africa Holdings has lowered the recommended dividend significantly to ZAR1.65bn (FY24: ZAR5.5bn). This amounts to 458.33 (FY24: 1 527.78) cents per MCSAH ordinary share. The dividend declaration is subject to the approval of the company's shareholders at the annual general meeting to be held on Tuesday, 26 August 2025.

Phuthuma Nathi Investments [RF] Limited

The PN board recommend a dividend of ZAR412.5m (FY24: ZAR1.375bn) for PN shareholders. This amounts to 611.11 (FY24: 2 037.03) cents per PN ordinary share. The declaration of the dividend is subject to approval by shareholders at the annual general meeting on 26 August 2025.

Dividend tax of 20% amounts to 122.22 cents per PN share. PN shareholders will therefore receive a net dividend of 488.89 (FY24: 1 629.63) cents per share. The dividend proposed in this report will be paid from reserves. If approved, the dividend will be payable to shareholders recorded in the share register on 26 August 2025 and paid on or about 9 September 2025 (payment of which will fall in FY26).

Directorate

With effect from 1 April 2024, Elias Masilela took on the role of Deputy Chair and Lead Independent Director, with Jim Volkwyn stepping down as Lead Independent Director at that time, but remaining on the board as a non-executive director. Shortly thereafter and following encouraging developments in the Canal+ transaction during the course of April 2024, the board and Imtiaz Patel agreed that the time was appropriate for Elias to succeed Imtiaz as the Chair of the board with Imtiaz stepping down from the role of Chair and from the board on the same date.

In August 2024, Jim Volkwyn decided not to stand for re-election to the board. The board reiterates its deep gratitude to Jim and Imtiaz for their invaluable contributions to the group over many years.

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 consolidated annual financial statements. Copies of the consolidated annual financial statements may be requested from the company's registered office, at no charge, and should be read together with the complete consolidated annual financial statements.

Trading profit includes finance cost on transponder lease liabilities, but excludes the amortisation of intangible assets (other than software), impairment and derecognition of assets, equity-settled share-based payment expenses and other operating gains/losses. Core headline earnings exclude non-recurring and non-operating items. We believe this is a useful measure of the group's sustainable operating performance. However, 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 with the MultiChoice Group Limited South African segment results. These financial results have been prepared under the supervision of the group's chief financial officer, Tim Jacobs, CA(SA).

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

On behalf of the board

Elias Masilela	**Calvo Mawela**
Non-executive chair	*Chief executive officer*

Condensed consolidated income statement	Year ended 31 March 2025 R'm	Year ended 31 March 2024 R'm
Revenue	40 815	41 223
Cost of providing services and sale of goods	(22 885)	(22 700)
Insurance service result	493	589
Insurance revenue	780	969
Insurance service expense	(287)	(380)
Selling, general and administration expenses	(8 639)	(9 498)
Net impairment loss on trade receivables	(278)	(194)
Other operating gains/(losses)	2	(1 227)
Operating profit	9 508	8 193
Interest income	2 442	1 578
Interest expense	(2 324)	(1 581)
Net foreign exchange translation gains/(losses)	279	(152)
Gain on sale of subsidiary	3 402	-
Share of equity-accounted results	55	29
Reversal of impairment of equity-accounted investments	-	73
Profit on sale of equity-accounted investment	-	12
Profit before taxation	13 362	8 152
Taxation	(3 071)	(2 167)
Profit for the year	10 291	5 985
Headline earnings for the year	7 316	6 769
Core headline earnings for the year	6 977	7 681

Condensed consolidated statements of comprehensive income and changes in equity	Year ended 31 March 2025 R'm	Year ended 31 March 2024 R'm
Balance at beginning of the year	13 463	13 064
Profit for the year	10 291	5 985
Total other comprehensive loss, net of tax, for the year	(19)	30
Net fair value (losses)/gains	(92)	401
Hedging reserve recycled to the income statement	69	(355)
Tax on other comprehensive income	4	(16)
Changes in other reserves		
Share-based comprehensive movement	254	(56)
Hedging reserve adjustment	(35)	(649)
Dividends declared to shareholders	(5 480)	(5 480)
Movement in existing control business combination reserve	-	569
Balance at the end of the year	18 474	13 463
Comprising:		
Share capital and premium	17 216	17 216
Retained earnings	14 040	8 981
Share-based compensation reserve	1 614	1 610
Existing control business combination reserve	(14 510)	(14 510)
Hedging reserve	85	137
Fair value reserve	5	5
Foreign currency translation reserve	24	24
Total	18 474	13 463

Condensed consolidated statements of financial position	2025 ZAR'm	2024 ZAR'm
Assets		
Non-current assets	13 901	12 467
Current assets	33 811	32 802
Assets held for sale	–	317
Total assets	47 712	45 586
Equity and liabilities		
Total equity and reserves	18 474	13 463
Total equity	18 474	13 463
Non-current liabilities	16 503	18 918
Current liabilities	12 735	13 078
Liabilities directly associated with assets held for sale	–	127
Total equity and liabilities	47 712	45 586

Condensed consolidated statement of cash flows	Year ended 31 March 2025 R'm	Year ended 31 March 2024 R'm
Cash flow generated from operating activities	7 261	3 527
Cash generated from/(utilised in) investing activities	12	(958)
Cash flow utilised in financing activities	(7 797)	(2 895)
Net decrease in cash and cash equivalents	(524)	(326)
Foreign exchange translation adjustments	8	(13)
Cash and cash equivalents at beginning of the year	520	1 176
Cash and cash equivalents previously classified as held-for-sale	317	
Cash and cash equivalents classified as held-for-sale	-	(317)
Cash and cash equivalents at end of the year	321	520

Commitments	Year ended 31 March 2025 R'm	Year ended 31 March 2024 R'm
Capital expenditure	-	5
Programme and film rights	40 341	47 058
Network and other service contracts	1 707	2 394
Decoders	863	991
Assets pledged as security	3 481	4 097
Commitments	46 392	54 544

Calculation of headline and core headline earnings*	Year ended 31 March 2025 R'm	Year ended 31 March 2024 R'm
Net profit from continuing operations attributable to shareholders	10 291	5 985
Adjusted for:		
- Loss on sale of property, plant and equipment	(2)	–
- Impairment of other assets	-	19
- Reversal impairment of programme and film rights	(25)	(55)
- Impairment of intangible assets	18	1 241
- Reversal of impairment of associates	-	(73)
- Gain on sale of investments in associate (full disposal)	-	(12)
- Gain on sale of subsidiary	(3 401)	
- Profit on sale of Intangible assets	(18)	(14)
	6 864	7 090
Total tax effects of adjustments	452	(321)
Headline earnings	7 316	6 769
Adjusted for:		
- Amortisation of intangible assets	42	17
- Foreign exchange losses	(356)	(616)
- Equity-settled share based compensation	189	137
- Realisation of foreign exchange contracts	(298)	1 375
- Settlement costs related to cancelled contract	85	-
Core headline earnings	6 977	7 681
Number of shares	360	360
Core headline earnings per ordinary share	19	21

* *The calculation of headline and core headline earnings is not included in the consolidated annual financial statements and is unaudited.*

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