



MULTIChoice
ENRICHING LIVES

MULTIChoice GROUP LIMITED

**CONDENSED
CONSOLIDATED INTERIM
FINANCIAL STATEMENTS**

**FOR THE PERIOD ENDED
30 SEPTEMBER 2022**



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We are Africa's
leading video
entertainment
company and
its most loved
storyteller

We entertain, inform
and empower the
communities we serve –
they inspire us in return



Executive review of our performance

MultiChoice Group: Steady earnings growth tempered by FIFA World Cup investment.

MultiChoice Group (MCG or the group) grew its user base by 5% during the period ended 30 September 2022 (1H FY23). An ongoing focus on leveraging the group's local capabilities added 1.0m 90-day active subscribers to close the period on 22.1m subscribers, with the subscriber base split between 13.0m households (59%) in the Rest of Africa and 9.1m (41%) in South Africa. The Rest of Africa maintained its growth trajectory on the back of successful local content productions. In South Africa, growth rates recovered during the second half of the reporting period despite evidence of rising consumer pressure.

GROUP PERFORMANCE OVERVIEW

Revenue increased 7% (2% organic) to ZAR28.6bn, with the weaker South African Rand (ZAR) increasing the revenue contribution on translation of the Rest of Africa and Technology segments, which have a USD reporting currency. Subscription revenues amounted to ZAR23.8bn, up 8% year on year (YoY) (3% organic), driven mainly by the Rest of Africa that delivered a 27% increase (12% organic). Advertising revenues were up a solid 5% (2% organic) as growth trends normalised in a post COVID-19 environment. Irdeto's revenues were negatively affected by global supply constraints and declined 13%. This was more than offset by 19% growth in insurance premiums and higher "Other revenues", which included increased revenues from sub-licencing content.

The group's earnings and cash flows for the interim period were adversely impacted by an outsized investment in decoders ahead of the upcoming 2022 FIFA World Cup (FWC). This investment supports the anticipated subscriber growth opportunity around the FWC while at the same time mitigating the growing risk of supply chain disruptions from global silicon chip shortages. SuperSport will be the only platform where customers across the group's 50 markets

can watch all 64 matches live and in a suitable time zone for African viewers. This working capital investment increased decoder subsidies and reduced group trading profit by ZAR0.7bn and free cash flow by ZAR0.8bn, primarily in the Rest of Africa.

Overall, group trading profit increased 2% to ZAR6.1bn (6% organic), benefiting from a further ZAR0.3bn reduction in organic losses in Rest of Africa (or a ZAR1.0bn improvement if the FWC decoder investment is excluded). The decoder investment shaved 3pp (percentage points) off the group's trading margin but is expected to unwind in the second half of the year. The group's established cost optimisation programme delivered a further ZAR0.6bn in cost savings and should exceed the full year target of R0.8bn. Operating leverage was positive (+1pp) on an organic basis and would have been +4pp better if normalised for the FWC investment.

Core headline earnings, the board's measure of sustainable business performance, increased 2% YoY to ZAR2.0bn. This was mainly attributable to the reduction in losses in the Rest of Africa and positive foreign exchange movements.

Consolidated free cash flow of ZAR1.8bn was down 44% compared to the prior period,

Executive review of our performance continued

adversely affected by the increased investment in working capital (decoders). Free cash flow also included ZAR0.3bn (1H FY22: ZAR0.4bn) in tax deposits in relation to the ongoing Nigerian tax audit.

As one of the largest taxpayers in Africa, the group paid direct cash taxes of ZAR1.9bn, marginally down from the prior period due to lower taxable profits reported in South Africa.

Net interest paid increased by ZAR108m to ZAR310m, driven by an additional ZAR82m as a result of the group's total debt rising to ZAR7.1bn (FY22: ZAR4bn).

The balance sheet remains strong with ZAR7.5bn in net assets. This includes ZAR7.0bn in cash and cash equivalents and when combined with ZAR1.3bn in available facilities, provide ZAR8.3bn in financial flexibility to fund the group's operations. This financial position is after ZAR4.0bn was utilised to settle the MCG and Phuthuma Nathi (PN) dividends in September and incorporates the increased working capital investment in 1H FY23 ahead of the FWC. Leverage remains low with a net debt: EBITDA ratio of 1.08:1 at the end of September.

OPERATIONAL PERFORMANCE REVIEW

General Entertainment

The group continued its strategy of differentiation through local content. It launched two more local channels in sub-Saharan-Africa and produced 3 084 hours of local content, an increase of 15% YoY. This ongoing investment in local content accounted for 48% of total general entertainment spend and brought the total content library to more than 73 000 hours.

In Nigeria, the new season of *Big Brother Naija* delivered record viewership, as well as strong growth in advertising revenues. In South Africa, the group produced two co-productions (*Blood*

Psalms and *Girl, Taken*) to critical acclaim, with another 7 co-productions in the pipeline. *Reyka*, an original co-production, was nominated for the coveted Drama Series prize at the International Emmy Awards 2022. 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.

The group has continued to rollout adaptations of popular telenovelas in different regions. This includes 1Magic's *The River* which has been successfully adapted as *Kina* in Kenya and *O Rio* in Angola.

SuperSport

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 its 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.

South Africa Pay-Tv

The South African business 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.

Revenue decreased 2% to ZAR17.4bn. This was mainly due to a weaker-than-normal Q1 when the impact of the end of the football 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. Monthly average revenue per user (ARPU) declined 4% from ZAR273 to ZAR261, 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. Insurance customers grew by 272k 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 ZAR6.0bn resulted in a trading margin of 34.5% but the seasonality of the cost base is likely to result in the full year margin being within the 28% to 30% target range.

On the product front, the group recently launched the DStv Streama, a device which allows for 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.

Rest of Africa Pay-Tv

The Rest of Africa business, which grew its 90-day active subscriber base by 0.8m subscribers or 6% YoY, now reaches 13.0m households across the continent. Growth was underpinned by ongoing operational improvements, the popularity of local content such as *Big Brother Naija* and popular sporting codes such as European football and WWE. Official currencies remained fairly stable on a blended basis, and only impacted reported trading profit by ZAR0.1bn. However, the overall macroeconomic environment remains volatile.

Revenue of ZAR10.5bn represents a 28% increase (13% organic), benefiting from the translation of Rest of Africa USD revenues into ZAR. Subscription revenue grew 27% (12% organic) and contributed ZAR9.5bn. ARPU improved ZAR5 on an organic basis to ZAR123, supported by a stable subscriber mix and inflationary price increases. YoY major average currency movements against the USD were the Ghanaian Cedi (-47%), Angolan Kwanza (+34%) and the Zambian Kwacha (+17%).

Trading losses narrowed to ZAR0.3bn. This represents a 40% improvement relative to the prior period on a nominal basis (79% organic), as growth in subscription revenues was offset by the increased investment in decoders ahead of the FWC.

USD122m was extracted from Nigeria during 1H FY23, resulting in an in-country closing cash balance of USD115m (FY22: USD155m). As

liquidity is generally only available at parallel rates rather than the official rate, and given that the group achieved an average extraction rate of NGN634:USD during the period, a foreign exchange loss of ZAR1.0bn was incurred on cash extraction from Nigeria. No cash extraction issues were encountered in any other markets.

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%. Showmax further localised its business by adding more local payment channels and partners, which enabled local billing in various markets. The local content line-up was particularly strong with titles like *Real Housewives of Lagos*, *Troukoors* season 2, *Uthando Lodumo* season 2, *Diiche* and *Steinheist*. 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.

Technology (Irdeto)

The Technology segment continues to face shortages in silicon supply and disruptions in global supply chains. Irdeto's revenues were down 13% YoY (25% organic) to ZAR0.7bn. Despite top line pressure, the segment contributed ZAR0.4bn to group trading profit as strong cost containment resulted in healthy margins.

On a standalone basis (excluding intergroup eliminations), the Irdeto business generated total revenues of USD105m (ZAR1.7bn), representing reduction of 3% YoY. Trading profit on the same basis amounted to USD24m (ZAR0.4bn), up USD4m from 1H FY22.

During the current period, Irdeto continued to gain market share in the video entertainment sector, including deployments with a major European broadcaster and a leading media and entertainment company in South-East Asia. The business also continued to expand its deployment of connected vehicles with Hyundai and started providing its Keystone solution in large truck fleets and construction equipment rental companies. Denuvo, Irdeto's gaming security arm, launched protection for games developed for the Nintendo Switch platform and joined Amazon Web Services for Games to broaden the reach of its solutions to include smaller game studios around the globe. Irdeto also won numerous industry awards and has been recognised as the winner in the best cybersecurity company category of the 2022 Cybersecurity Excellence Awards.

Sports betting

KingMakers reported strong revenue growth of 62% YoY and delivered USD93m (ZAR1.5bn) in gross gaming revenues.

The business is growing rapidly in Nigeria and increasing its market share, whilst also strategically reviewing its expansion programme and identifying key expansion opportunities. Average active users grew 84% YoY, while the number of active agents increased 44%.

KingMakers reported a USD16m (ZAR0.3bn) loss after tax due to the impact of an ongoing investment in people and technology, as well as an increase in foreign exchange losses on extraction of cash from Nigeria.

Other disclosures

Nigeria tax audit

The group has two ongoing Nigerian tax matters, one involving MultiChoice Nigeria Limited and one involving MultiChoice Africa Holdings BV. On 16 February 2022, an agreement was reached with the Federal Inland Revenue Service (FIRS)

that legal proceedings will be stayed and that an integrated tax audit will commence during March 2022 for both entities.

The audit process, which covers corporate income tax, value added tax and transfer pricing, while progressing has been slower than anticipated.

As part of the process, the group has made a further ZAR0.3bn in tax security deposits on a without-prejudice and good faith basis. The total deposit balance now amounts to ZAR1.0bn. These have been recorded as current receivables pending the outcome of the audit process.

Based on the latest facts and circumstances available, no tax provision has been made, nor has a contingent liability been disclosed in the interim results. The group maintains its position as a law-abiding corporate citizen and continues to engage constructively with FIRS to bring the audit to a fair conclusion.

Share transactions

The group transferred a further 4.3m treasury shares (with a value of ZAR0.5bn on the date of transfer) into the share trust, to fund awards for the current year under the group restricted stock unit (RSU) share plan.

Subsequent events

On 21 October 2022, the group (through Irdeto) acquired 12.1% of the equity (13.5% of the voting rights) of Bidstack Group PLC (Bidstack) for GBP5m (ZAR102m). Bidstack is an in-game advertising and video game monetisation platform that is listed on the London Stock Exchange.

Subsequent to 30 September 2022, the group utilised additional short-term banking facilities to the value of ZAR870m. The facilities attract interest at a market-related interest rate. The facilities were utilised for working capital purposes. The group will initially measure the drawdown at

fair value and subsequently at amortised cost using the effective interest method.

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

Corporate social responsibility

As a level 1 B-BBEE rated business, the group continued to play its role as a responsible corporate citizen in the current period. ESG targets have formally been included in long-term incentives for management (June 2022 onwards) to heighten the focus on sustainability and governance in the group. These objectives focus on external measures, internal gender equality and B-BBEE targets. Furthermore, targets have been included in areas where the group can use its platform to really make a difference on the African continent. This includes supporting the local broadcasting industry, development of women's and schools' sports and supporting global initiatives in Africa such as the recently launched Earthshot Prize.

The group continues to provide ongoing investment into the MultiChoice Innovation Fund to support local entrepreneurs and into the Sports Development Trust, which largely invests in sporting infrastructure in disadvantaged areas. ZAR81.2m (1H FY22: ZAR28.8m) was invested by the two trusts in the first half of this financial year.

Dividends

No dividend has been declared based on the interim results.

Outlook

In the second half of the financial year, a core focus will be the broadcasting of the FIFA World Cup from November to December and an ongoing push to produce more local content that resonates with our customers.

Following the recent launch of the Streama, as well as the introduction of bundles and competitive pricing, the group will be looking to grow its online offering and further scale its Showmax paying subscriber base. Cognisant of the ongoing economic challenges facing various markets, the group will remain focused on tight cost management, and it remains committed to deliver a positive trading profit result in the Rest of Africa segment in the current financial year.

It will continue to drive the adoption of additional value-added services, such as emergency medical and security services offered through the recently acquired Namola platform, while also driving increased traction in offering cybersecurity and connected transport solutions through Irdeto.

Directorate

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

Preparation of the condensed consolidated interim financial statements

The preparation of the condensed consolidated interim financial statements was supervised by the group's chief financial officer, Mr Tim Jacobs CA(SA).

The group operates in 50 countries, resulting in significant exposure to foreign exchange volatility. This can have a notable impact on reported revenue and trading profit metrics, particularly in the Rest of Africa where revenues are earned in local currencies while the cost base is largely USD denominated.

Where relevant in this report, amounts and percentages have been adjusted for the effects of foreign currency and acquisitions and disposals to better reflect underlying trends. These adjustments (non-International Financial Reporting Standards (IFRS) performance measures) are quoted in brackets as organic, after the equivalent

metrics reported under IFRS. A reconciliation of non-IFRS performance measures (certain revenue, cost and trading profit metrics in constant currency, excluding the effects of changes in the composition of the group and excluding the impact of non-recurring and/or non-operational items from the group's sustainable operational performance, core headline earnings and free cash flow, together with certain measures used in the calculation of debt ratios, being net debt and EBITDA) to the equivalent IFRS metrics is provided in note 12 of these condensed consolidated interim financial statements. These non-IFRS performance measures constitute pro forma financial information in terms of the JSE Limited Listings Requirements.

The group's external auditor has not reviewed or reported on forecasts included in these condensed consolidated interim financial statements. The review report of the group's external auditor is included on page 24 and the reasonable assurance report on non-IFRS measures is included on pages 29 and 30. The auditor's report does not necessarily report on all the information contained in these condensed consolidated interim financial statements. Shareholders are therefore advised that, in order to obtain a full understanding of the nature of the auditor's engagement, they should obtain a copy of the auditor's report together with the accompanying financial information, including the 31 March 2022 consolidated annual financial statements, available on the group's website at www.investors.multichoice.com/interim-results and at its registered office.

On behalf of the board

Imtiaz Patel
Chair

Calvo Mawela
Group CEO

Condensed consolidated income statement

for the period ended 30 September 2022

	Note	Reviewed half-year 30 September 2022 ZAR'm	Reviewed half-year 30 September 2021 ZAR'm	% change
Revenue	3	28 654	26 871	7
Cost of providing services and sale of goods ¹		(14 795)	(13 750)	8
Selling, general and administration expenses ²		(7 670)	(6 959)	10
Net impairment reversal/(loss) on trade receivables		22	(29)	
Other operating gains/(losses) – net	6	7	(279)	
Operating profit		6 218	5 854	6
Interest income	5	99	136	
Interest expense	5	(692)	(586)	
Net foreign exchange translation losses	5	(3 092)	(881)	
Share of equity-accounted results ³		(229)	(34)	
Other losses	6	(13)	–	
Profit before taxation	6	2 291	4 489	(49)
Taxation ⁴		(2 236)	(2 239)	
Profit for the period		55	2 250	(98)
Attributable to:				
Equity holders of the group		(258)	1 358	
Non-controlling interests		313	892	
		55	2 250	(98)
Basic and diluted (loss)/earnings for the period (ZAR'm)		(258)	1 358	>(100)
Basic (loss)/earnings per ordinary share (SA cents)	4	(60)	317	>(100)
Diluted (loss)/earnings per ordinary share (SA cents)	4	(59)	309	>(100)

¹ The increase in the cost of providing services and sale of goods is primarily due to increased investment in decoders ahead of the 2022 FIFA World Cup.

² The increase in selling, general and administration expenses is primarily due to adverse foreign exchange effects and increased sales and marketing expenditure ahead of the 2022 FIFA World Cup.

³ The increased losses from the group's share of equity-accounted results was primarily due to an increase in the loss after tax from KingMakers. This was due to ongoing investments in people and technology as well as foreign exchange losses on extraction of cash from Nigeria.

⁴ The effective tax rate has increased from the prior period primarily due to increased foreign exchange losses (in respect of which deferred tax assets were not raised) and an increase in uncertain tax positions recognised and withholding taxes in the Rest of Africa segment.

Condensed consolidated statement of comprehensive income

for the period ended 30 September 2022

	Reviewed half-year 30 September 2022 ZAR'm	Reviewed half-year 30 September 2021 ZAR'm
Profit for the period	55	2 250
Total other comprehensive income for the period:		
Exchange gains arising on translation of foreign operations ^{1,2,3}	1 442	126
Hedging reserve ¹	1 648	(107)
– Net fair value gains ⁴	2 165	123
– Hedging reserve recycled to the income statement ⁴	55	(220)
– Net tax effect of movements in hedging reserve ⁵	(572)	(10)
Total comprehensive income for the period	3 145	2 269
Attributable to:		
Equity holders of the group	3 609	1 457
Non-controlling interests	(464)	812
	3 145	2 269

¹ These components of other comprehensive income may subsequently be reclassified to the condensed consolidated income statement during future reporting periods.

² Relates to the translation of Rest of Africa and Technology segments, which have a USD reporting currency.

³ The movement relates primarily to the ZAR depreciation against the USD from a closing rate of ZAR14.61 in FY22 to ZAR18.15 in 1H FY23. This movement is recognised in other reserves on the condensed consolidated statement of changes in equity.

⁴ The movement relates primarily to the ZAR depreciation against the USD from a closing rate of ZAR14.61 in FY22 to ZAR18.15 in 1H FY23, a lower overall notional value of hedging contracts and an improvement in the achieved average hedge rate.

⁵ The movement relates to tax on net fair value gains (1H FY22: gains) recognised in the South Africa segment as detailed in footnote 4 above which are taxed at 27% (1H FY22: 28%). Fair value gains/losses in the Rest of Africa segment, which offset the fair value gains in South Africa, are non-taxable.

Condensed consolidated statement of financial position

as at 30 September 2022

	Reviewed half-year 30 September 2022 ZAR'm	Audited full-year 31 March 2022 ZAR'm
Note		
ASSETS		
Non-current assets	28 210	25 576
Property, plant and equipment	13 214	13 060
Goodwill and other intangible assets	5 054	4 947
Investments and loans	468	255
Investment in associates and joint ventures	7 052	5 878
Amounts due from related parties	74	54
Derivative financial instruments ¹	692	12
Deferred taxation	1 656	1 370
Current assets	26 322	17 265
Inventory ²	1 316	811
Programme and film rights ³	9 392	5 256
Trade and other receivables ⁴	6 437	4 696
Amounts due from related parties	14	10
Derivative financial instruments ¹	2 090	136
Margin deposits ⁵	46	201
Cash and cash equivalents	7 027	6 155
Total assets	54 532	42 841
EQUITY AND LIABILITIES		
Equity reserves attributable to the group's equity holders	12 316	10 952
Share capital	454	454
Other reserves	(10 101)	(14 175)
Retained earnings	21 963	24 673
Non-controlling interests	(4 793)	(2 876)
Total equity	7 523	8 076
Non-current liabilities	14 998	13 875
Lease liabilities ⁶	12 071	10 656
Long-term loans ⁷	2 072	2 721
Derivative financial instruments ¹	231	320
Deferred taxation ⁸	624	178
Current liabilities	32 011	20 890
Lease liabilities ⁶	2 290	1 822
Short-term loans ^{7,9}	5 041	1 300
Programme and film rights ³	8 512	3 505
Provisions	295	364
Accrued expenses and other current liabilities ¹⁰	11 519	10 272
Derivative financial instruments ¹	290	971
Taxation liabilities ¹¹	4 064	2 656
Total equity and liabilities	54 532	42 841

¹ Movement relates primarily to the ZAR depreciation against the USD from a closing rate of ZAR14.61 in FY22 to ZAR18.15 in 1H FY23 and the resulting favourable achieved hedge rate on existing forward exchange contracts.

² Increase relates primarily to higher decoder purchases to support sales volumes during the 2022 FIFA World Cup.

³ 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.

⁴ Increase relates primarily to the additional tax security deposits paid in 1H FY23 related to the Nigeria tax audit (ZAR0.30n) and the ZAR depreciation against the USD from a closing rate of ZAR14.61 in FY22 to ZAR18.15 in 1H FY23. Additionally, the group made prepayments relating to decoders and chipsets.

⁵ Margin deposits on Nigerian futures hedging instruments that are not highly liquid and have maturities of greater than three months on initial recognition. This line on the condensed consolidated statement of financial position was previously disclosed as restricted cash, however in 1H FY23 the description was updated to margin deposits in order to disclose the nature of the balances.

⁶ Increase relates primarily to the depreciation of the ZAR against the USD from a closing rate of ZAR14.61 in FY22 to ZAR18.15 in 1H FY23 on translation of the group's USD transponder lease liabilities.

⁷ Decrease relates primarily to repayments of ZAR650m made during 1H FY23. Repayments of ZAR250m were made on an amortising working capital loan of ZAR1.50n concluded during FY21 while ZAR400m of repayments were made on the ZAR4bn KingMakers term loan which was concluded in FY22.

⁸ Increase relates primarily to the ZAR depreciation against the USD from a closing rate of ZAR14.61 in FY22 to ZAR18.15 in 1H FY23. In addition, this depreciation in the ZAR resulted in more future taxable gains being recognised in the hedging reserve at 30 September 2022, resulting in increased deferred tax liabilities.

⁹ Increase relates to the utilisation of short-term banking facilities of ZAR4bn. The facilities attracted interest at market-related interest rates between 6.4% and 8.3%. The facilities were utilised for working capital purposes. This increase was partially offset by the repayment of ZAR300m during 1H FY23.

¹⁰ Increase relates primarily to higher inventory purchases to support decoder sales volumes during the 2022 FIFA World Cup and an increase in tax accruals in the Rest of Africa segment.

¹¹ Increase relates primarily to an increase in uncertain tax positions recognised in the Rest of Africa segment, which includes the impact of ZAR depreciation against the USD from a closing rate of ZAR14.61 in FY22 to ZAR18.15 in 1H FY23.

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Condensed consolidated interim financial statements for the period ended 30 September 2022

Condensed consolidated statement of changes in equity

for the period ended 30 September 2022

	Share capital ZAR'm	Other reserves ¹ ZAR'm	Retained earnings ZAR'm	Non-controlling interests ZAR'm	Total equity ZAR'm
Balance at 1 April 2021	454	(13 518)	25 490	(2 912)	9 514
Profit for the period	–	–	1 358	892	2 250
Other comprehensive income	–	99	–	(80)	19
Total comprehensive income for the period	–	99	1 358	812	2 269
Treasury shares disposed ²	–	143	(143)	–	–
Hedging reserve basis adjustment ³	–	256	–	78	334
Share-based compensation movement	–	–	237	–	237
Purchase of shares for group share schemes ⁴	–	–	(63)	–	(63)
Transactions with non-controlling interest ⁵	–	–	90	(90)	–
Dividends declared ^{6,7}	–	–	(2 418)	(1 454)	(3 872)
Balance at 30 September 2021	454	(13 020)	24 551	(3 566)	8 419
Balance at 1 April 2022	454	(14 175)	24 673	(2 876)	8 076
Profit for the period	–	–	(258)	313	55
Other comprehensive income	–	3 867	–	(777)	3 090
Total comprehensive income for the period	–	3 867	(258)	(464)	3 145
Treasury shares disposed ²	–	204	(204)	–	–
Hedging reserve basis adjustment ³	–	3	–	3	6
Share-based compensation movement	–	–	215	–	215
Purchase of shares for group share schemes ⁴	–	–	(48)	–	(48)
Dividends declared ^{6,7}	–	–	(2 415)	(1 456)	(3 871)
Balance at 30 September 2022	454	(10 101)	21 963	(4 793)	7 523

¹ Other reserves include treasury shares, the hedging reserve, fair value reserve and foreign currency translation reserve.

² Treasury shares utilised to settle the group's share-based compensation benefits.

³ Relates to the basis adjustment (net of tax gains ZAR1m (1H FY22: ZAR86m tax gains) on other reserves and tax gains of ZAR1m (1H FY22: ZAR26m tax gains) on non-controlling interests) on programme and film right assets as content comes into licence.

⁴ Primarily relates to the settlement of share-based compensation benefits.

⁵ During 1H FY22 there was a dilution of MultiChoice Africa Holdings, B.V.'s interest in GOtv Uganda Limited from 100% to 85% due to local shareholding requirements. GOtv Uganda Limited had a negative net asset value of ZAR598m and there was no carrying value related to the non-controlling interest in GOtv Uganda Limited prior to this transaction. No cash consideration was received. This transaction resulted in an increase of ZAR90m in retained earnings and a decrease of ZAR90m in non-controlling interest.

⁶ Non-controlling interests dividends relate primarily to dividends paid to Phuthuma Nathi (PN).

⁷ Dividends declared exclude dividends related to treasury shares held by the group. The group declared a gross dividend of 565 SA cents per listed ordinary share in FY22 (FY21: 565 SA cents).

Condensed consolidated statement of cash flows

for the period ended 30 September 2022

	Reviewed half-year 30 September 2022 ZAR'm	Reviewed half-year 30 September 2021 ZAR'm
Cash flows from operating activities		
Cash generated from operating activities	5 436	6 892
Interest income received	98	134
Interest costs paid	(408)	(336)
Taxation paid	(1 878)	(1 910)
Net cash generated from operating activities	3 248	4 780
Cash flows from investing activities		
Property, plant and equipment acquired	(314)	(252)
Proceeds from sale of property, plant and equipment	3	13
Intangible assets acquired	(176)	(238)
Proceeds from sale of intangible assets	15	4
Decrease in margin deposits	182	102
Loans to Enterprise Development Trust beneficiaries	(30)	–
Repayment of Enterprise Development Trust loans	8	4
Loans to related parties	(9)	(2)
Other movements in investments and loans ¹	(88)	9
Net cash utilised in investing activities	(409)	(360)
Cash flows from financing activities		
Proceeds from long and short-term loans raised ²	4 036	–
Repayments of long and short-term loans ^{2,3,4}	(954)	(250)
Repayments of lease liabilities	(1 020)	(1 063)
Purchases of shares for group share schemes ⁵	(48)	(37)
Dividends paid by holding company ⁶	(2 500)	(2 500)
Dividends paid by subsidiaries to non-controlling shareholders ⁷	(1 456)	(1 454)
Net cash utilised in financing activities	(1 942)	(5 304)
Net movement in cash and cash equivalents	897	(884)
Foreign exchange translation adjustments on cash and cash equivalents ⁸	(25)	(340)
Cash and cash equivalents at the beginning of the period	6 155	8 537
Cash and cash equivalents at the end of the period	7 027	7 313

¹ The increase relates primarily to the group's additional investment in Trust Machines SPV, LLC (note 9).

² During 1H FY23, the group utilised short-term banking facilities of ZAR4bn. The facilities attracted interest at market-related interest rates between 6.4% and 8.3%. The facilities were utilised for working capital purposes. As at 30 September 2022, ZAR300m of these facilities had been repaid.

³ A ZAR4bn term loan was concluded in FY22 to fund the group's additional investment in KingMakers. The loan has a five-year term and bears interest at three-month JIBAR +1.35%. As at 30 September 2022, ZAR1.3bn of this loan had been repaid with ZAR400m paid during 1H FY23.

⁴ An amortising working capital loan of ZAR1.5bn was concluded in FY21. The loan has a three-year term and bears interest at three-month JIBAR + 1.70%. As at 30 September 2022, ZAR875m of this loan had been repaid with ZAR250m paid during 1H FY23.

⁵ Relates to the purchase of group shares, which were used to settle the group's share-based compensation awards.

⁶ During 1H FY23, the ZAR2.5bn dividend declared in June 2022 was paid by the group to the group's broker, Sasfin Holdings Limited (Sasfin), for distribution to shareholders. Included in this payment was an amount of ZAR85m related to dividends due to the group for treasury shares held. At 30 September 2022, the amount of ZAR85m (1H FY22: ZAR82m) had not yet been received by the group and the group recognised a receivable from Sasfin in the condensed consolidated statement of financial position.

⁷ Relates primarily to dividends paid to PN.

⁸ Includes losses of ZAR940m (1H FY22: ZAR474m) incurred in Nigeria, within the Rest of Africa segment, due to differences between the I&E rate used by the group for translation and the parallel rate at which cash has been extracted, partially offset by the foreign exchange revaluations on foreign denominated cash balances.

Segmental review

for the period ended 30 September 2022

Revenue and trading profit	Revenue			Revenue			Trading profit ¹	
	External	Inter-segment	Total	External	Inter-segment	Total	Reviewed half-year 30 September 2022 ZAR'm	Reviewed half-year 30 September 2021 ZAR'm
South Africa	17 432	3 305	20 737	17 774	3 393	21 167	6 015	6 159
Rest of Africa	10 565	150	10 715	8 342	94	8 436	(254)	(425)
Technology	657	1 081	1 738	755	808	1 563	369	277
Eliminations	-	(4 536)	(4 536)	-	(4 295)	(4 295)	-	-
Total	28 654	-	28 654	26 871	-	26 871	6 130	6 011

¹ Total group trading profit and Rest of Africa trading profit presented above includes losses of ZAR44m (1HFY22: losses of ZAR110m) related to fair value movements on Nigeria futures contracts.

Revenue by nature	Reviewed half-year 30 September 2022 ZAR'm				Reviewed half-year 30 September 2021 ZAR'm			
	South Africa	Rest of Africa	Tech-nology	Total	South Africa	Rest of Africa	Tech-nology	Total
Subscription fees	14 217	9 583	-	23 800	14 580	7 617	-	22 197
Advertising	1 523	478	-	2 001	1 632	282	-	1 914
Decoders	522	427	-	949	495	384	-	879
Installation fees	132	-	-	132	154	-	-	154
Technology contracts and licensing	-	-	657	657	-	-	755	755
Insurance premiums ¹	338	-	-	338	284	-	-	284
Other revenue	700	77	-	777	629	59	-	688
Total external revenue	17 432	10 565	657	28 654	17 774	8 342	755	26 871

¹ 1HFY22 numbers have been restated to disclose this line separately to improve disclosure.

Segmental review continued

for the period ended 30 September 2022

Reconciliation of consolidated trading profit to consolidated operating profit

Operating segments are identified on the basis of internal reports about components of the group that are regularly reviewed by the chief operating decision-maker (CODM) in order to allocate resources to the segments and to assess their performance. The CODM has been identified as the executive directors of the group.

Trading profit as presented in the segment disclosure is the CODM and management's measure of each segment's operational performance. A reconciliation of the segmental trading profit to operating profit as reported in the income statement is provided below:

	Reviewed half-year 30 September 2022 ZAR'm	Reviewed half-year 30 September 2021 ZAR'm
Trading profit per segmental income statement	6 130	6 011
Adjusted for:		
Interest on transponder leases (note 5) ¹	277	273
Amortisation of intangibles (other than software) ²	(25)	(28)
Other operating gains/(losses) – net (note 6) ³	7	(279)
Equity-settled share-based compensation ⁴	(215)	(237)
Severance provision	–	4
Fair value movements on futures contracts ⁵	44	110
Operating profit per the income statement⁶	6 218	5 854

¹ South Africa ZAR168m (1H FY22: ZAR166m); Rest of Africa ZAR109m (1H FY22: ZAR107m).

² South Africa ZAR6m (1H FY22: ZAR10m); Rest of Africa ZAR8m (1H FY22: ZAR7m); Technology ZAR11m (1H FY22: ZAR11m).

³ South Africa ZAR7m gains (1H FY22: ZAR290m losses); Rest of Africa ZARnil (1H FY22: ZAR11m gains).

⁴ South Africa ZAR152m (1H FY22: ZAR154m); Rest of Africa ZAR49m (1H FY22: ZAR68m); Technology ZAR14m (1H FY22: ZAR15m).

⁵ Recognised in the Rest of Africa segment.

⁶ The condensed consolidated income statement discloses all reporting items from consolidated operating profit to consolidated profit before taxation.

Notes to the condensed consolidated interim financial statements

for the period ended 30 September 2022

1. Basis of presentation and accounting policies

The condensed consolidated interim financial statements for the six months ended 30 September 2022 are prepared in accordance with the requirements of the JSE Listings Requirements for interim financial statements and the requirements of the South African Companies Act No 71 of 2008, as amended (Companies Act) applicable to interim financial statements. The condensed consolidated interim financial statements were prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS), the South African Institute of Chartered Accountants (SAICA) Financial Reporting Guides as issued by the Accounting Practices Committee (APC), the Financial Pronouncements as issued by the Financial Reporting Standard Council (FRSC), and as a minimum, the information required by IAS 34 *Interim Financial Reporting*.

The condensed consolidated interim financial statements are presented on the going concern basis.

The condensed consolidated interim financial statements are presented in South African Rand (ZAR), which is the group's presentation currency, rounded to the nearest million. The condensed consolidated statement of financial position was prepared using a closing USD exchange rate at 30 September 2022 of 18.15:1 (31 March 2022: 14.61:1) which has been utilised for the consolidation of the Rest of Africa and Technology segments that have a USD presentation currency. The condensed consolidated income statement and statement of comprehensive income were prepared using the average USD exchange rate for the period ended 30 September 2022 of 16.61:1 (30 September 2021: 14.45:1).

The accounting policies applied in the preparation of the condensed consolidated interim financial statements are in terms of IFRS and are consistent with those accounting policies applied in the preparation of the previous consolidated annual financial statements.

The condensed consolidated interim financial statements do not include all the notes normally included in a set of consolidated annual financial statements. Accordingly, this report is to be read in conjunction with the full consolidated annual financial statements for the year ended 31 March 2022.

The group has adopted all new and amended accounting pronouncements issued by the International Accounting Standards Board that are effective for financial years commencing 1 April 2022. None of the amendments had a material effect on the group's condensed consolidated interim financial statements.

Trading profit includes the finance cost on transponder lease liabilities and the derivative profit or loss impact relating to economic hedges (i.e. futures) against foreign currency movements, but excludes the amortisation of intangible assets (other than software), impairment/derecognition of assets, equity-settled share-based payment expenses, cash-settled share-based payment expenses on closure of schemes, severance provisions raised and other operating gains/losses.

2. Review by the independent auditor

These condensed consolidated interim financial statements for the period ended 30 September 2022 have been reviewed by PricewaterhouseCoopers Inc., who expressed an unmodified conclusion thereon.

Notes to the condensed consolidated interim financial statements continued

for the period ended 30 September 2022

	Reviewed half-year 30 September 2022 ZAR'm	Reviewed half-year 30 September 2021 ZAR'm
3. Revenue		
Subscription fees ¹	23 800	22 197
Advertising	2 001	1 914
Decoders	949	879
Installation fees	132	154
Technology contracts and licensing	657	755
Insurance premiums ²	338	284
Other revenue ³	777	688
	28 654	26 871

¹ Increase relates primarily to foreign exchange benefits from the translation of Rest of Africa USD revenues into ZAR and inflationary subscription price increases, partially offset by the impact of a challenging consumer climate in South Africa.

² 1H FY22 numbers have been restated to disclose this line separately to improve disclosure.

³ Other revenue relates primarily to sub-licensing revenue and reconnection fees. Increase relates primarily to higher sub-licensing revenue and an increase in reconnection fees due to more reconnection events in 1H FY23.

The following table shows unsatisfied performance obligations resulting from long-term technology contracts, within the technology segment, as at 30 September 2022 and 31 March 2022:

	Reviewed half-year 30 September 2022 ZAR'm	Audited full-year 31 March 2022 ZAR'm
Aggregate amount of the transaction price allocated to long-term technology contracts that are partially or fully unsatisfied	113	151

Management expects that 57% of the transaction price allocated to the unsatisfied contracts as of 30 September 2022 will be recognised as revenue during FY24 (ZAR64m) and 23% (ZAR26m) will be recognised as revenue during FY25. The remaining 20% (ZAR23m) will be recognised as revenue in FY26 and thereafter. The amount disclosed above does not include variable consideration which is constrained.

Management expects that 38% of the transaction price allocated to the unsatisfied contracts as of 31 March 2022 will be recognised as revenue during FY23 (ZAR58m) and 38% (ZAR58m) will be recognised as revenue during FY24. The remaining 24% (ZAR35m) will be recognised as revenue in FY25 and thereafter. The amount disclosed above does not include variable consideration which is constrained.

All other technology contracts are for periods of one year or less or are billed based on time incurred. As permitted under IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed and is also not material.

Notes to the condensed consolidated interim financial statements continued

for the period ended 30 September 2022

	Reviewed half-year 30 September 2022 ZAR'm	Reviewed half-year 30 September 2021 ZAR'm
4. Headline earnings		
(Loss)/profit attributable to equity holders of the group	(258)	1 358
– Loss/(profit) on sale of property, plant and equipment	12	(7)
– Profit on sale of intangible assets	(15)	(3)
– Derecognition of intangible assets	–	287
– Dilution loss	13	–
– Impairment of property, plant and equipment	2	–
	(246)	1 635
– Total tax effects of adjustments	(3)	(64)
– Total non-controlling interest effects of adjustments	1	(49)
Headline/(loss)/earnings	(248)	1 522
Basic and diluted headline (loss)/earnings for the period (ZAR'm)	(248)	1 522
Basic headline (loss)/earnings per ordinary share (SA cents)	(58)	356
Diluted headline (loss)/earnings per ordinary share (SA cents) ¹	(56)	347
Net number of ordinary shares issued (million)		
– at period end ^{2,3}	427	428
– at period end (including treasury shares) ²	443	443
– weighted average for the period	427	428
– diluted weighted average for the period ¹	440	439

¹ As at 30 September 2022, 14.3m RSUs have already been awarded to employees resulting in a dilutive impact in the current period (1H FY22: 12.2m awarded).

² As at 30 September 2022, the group held 15.1m treasury shares which resulted in a decrease in the number of ordinary shares issued (1H FY22: 14.5m treasury shares).

³ During 1H FY23, the group transferred 4.3m (with a value of ZAR0.5bn at the date of transfer) of the 10.1m treasury shares purchased as part of a general share buyback in FY20 to the MultiChoice Group Restricted Share Plan Trust (a fellow group company) to fund the FY23 awards under the group's RSU scheme. An additional 2.5m shares were repurchased as part of a general share buy-back to fund future RSU share awards during FY22. 1.8m RSUs were exercised during the period which reduced the number of treasury shares held by the group at 30 September 2022.

Notes to the condensed consolidated interim financial statements continued

for the period ended 30 September 2022

	Reviewed half-year 30 September 2022 ZAR'm	Reviewed half-year 30 September 2021 ZAR'm
5. Interest (expense)/income		
Interest expense		
Loans and overdrafts ¹	(125)	(45)
Leases ²	(290)	(293)
Other ³	(277)	(248)
	(692)	(586)
Interest income		
Loans and bank accounts	87	127
Other	12	9
	99	136

¹ Increase relates primarily to interest on working capital term loan of ZAR26m (1H FY22: ZAR35m) and KingMakers term loan of ZAR91m (1H FY22: ZARnil).

² Relates primarily to transponder leases of ZAR277m (1H FY22: ZAR273m).

³ Relates primarily to interest accrued on taxation liabilities in the Rest of Africa of ZAR121m (1H FY22: ZAR194m) and the discounting of liabilities in relation to programme and film rights of ZAR126m (1H FY22: ZAR44m).

A significant portion of the group's operations are exposed to foreign exchange risk. The table below presents the net (loss)/gain from this foreign exchange exposure and incorporates the effects of qualifying forward exchange contracts that hedge this risk:

Net losses from foreign exchange translation and fair value adjustments on derivative financial instruments

On translation of assets and liabilities ¹	(1 220)	(287)
Cash extraction losses ²	(1 025)	(474)
On translation of transponder leases ¹	(1 841)	(168)
Gains on translation of forward exchange contracts ³	1 327	1 198
Losses on translation of forward exchange contracts ³	(333)	(1 150)
Net foreign exchange translation losses	(3 092)	(881)

¹ Movement primarily relates to ZAR depreciation against the USD from a closing rate of ZAR14.61 in FY22 to ZAR18.15 in 1H FY23.

² Includes losses incurred in Nigeria, within the Rest of Africa segment, due to differences between the I&E rate used by the group for translation and the parallel rate at which cash has been extracted. The average extraction rate achieved for the period was NGN634 (1H FY22: NGN518).

³ The movement relates primarily to the ZAR depreciation against the USD from a closing rate of ZAR14.61 in FY22 to ZAR18.15 in 1H FY23, a lower overall notional value of hedging contracts and an improvement in the achieved average hedge rate.

Notes to the condensed consolidated interim financial statements continued

for the period ended 30 September 2022

6. Profit before taxation

In addition to the items already detailed, profit before taxation has been determined after taking into account, inter alia, the following:

	Reviewed half-year 30 September 2022 ZAR'm	Reviewed half-year 30 September 2021 ZAR'm
Depreciation of property, plant and equipment	(1 255)	(1 215)
Amortisation	(115)	(117)
– software	(90)	(89)
– other intangible assets	(25)	(28)
Net realisable value adjustments on inventory, net of reversals¹	(154)	(301)
Other operating gains/(losses) – net		
Derecognition of intangible assets ²	–	(287)
Impairment of property, plant and equipment	(2)	–
(Loss)/profit on sale of property, plant and equipment	(12)	7
Profit on sale of intangible assets	15	3
Fair value adjustment	6	(2)
	7	(279)
Other losses		
Dilution loss ³	(13)	–

¹ Net realisable value adjustments relate to decoder subsidiaries in South Africa and the Rest of Africa segments.

² Relates to the derecognition of information technology assets in the prior period as part of the group's periodic asset review process, and in line with its conservative accounting policies.

³ During 1H FY23, the Questar Auto Technologies board introduced an IFRS 2 share-based payment scheme which resulted in shares being set aside for Questar employees. The introduction of the scheme resulted in the group's shareholding held through Irdeto, diluting from 7.6% to 6.8%.

Notes to the condensed consolidated interim financial statements continued

for the period ended 30 September 2022

	Note	Reviewed half-year 30 September 2022 ZAR'm	Audited Full-year 31 March 2022 ZAR'm
7. Investment in associates and joint ventures			
Investment in associates	(a)	7 039	5 861
Investment in joint ventures		13	17
		7 052	5 878
(a) Investment in associates			
Blue Lake Ventures Limited (KingMakers) ¹		6 943	5 764
Questar Auto Technologies (Questar)		91	92
Zendascape Proprietary Limited (AURA)		5	5
		7 039	5 861
¹ The group considers KingMakers as its only material associate.			
Movement in carrying value of KingMakers investment:			
Opening balance		5 764	1 628
Associate acquired – gross consideration		–	4 471
Share of net loss of associate		(134)	(83)
Share of other comprehensive gain/(loss) of associate		6	(4)
Amortisation of intangible assets identified on acquisition		(74)	(55)
Foreign exchange translation adjustment		1 381	(193)
Closing balance		6 943	5 764

The group has assessed its KingMakers investment from an impairment perspective and concluded that no impairment was necessary.

Notes to the condensed consolidated interim financial statements continued

for the period ended 30 September 2022

8. Commitments and contingent liabilities

Commitments relate to amounts for which the group has contracted, but that have not yet been recognised as obligations in the condensed consolidated statement of financial position.

	Reviewed half-year 30 September 2022 ZAR'm	Audited full-year 31 March 2022 ZAR'm
Commitments		
– Capital expenditure	201	277
– Programme and film rights ¹	31 945	36 634
– Decoders ²	1 581	3 081
– Lease commitments	10	8
– Other ³	3 850	3 984
	37 587	43 984

¹ Decrease primarily due to major sport rights coming into licence in the current period.

² Decrease primarily due to the ordering of decoders during 1H FY23 to support sales volumes during the 2022 FIFA World Cup.

³ These service contracts are for transmission services, computer and decoder support services, access to networks and contractual relationships with customers, suppliers and employees.

The group operates a number of businesses in jurisdictions where taxes may be payable on certain transactions or payments. The group continues to seek relevant advice and works with its advisers to identify and quantify such tax exposures. The group's current assessment of possible but unlikely withholding and other tax exposures, including interest and potential penalties, amounts to approximately ZAR0.5bn (31 March 2022: ZAR0.4bn). No provision has been made as at 30 September 2022 for these possible exposures.

Notes to the condensed consolidated interim financial statements continued

for the period ended 30 September 2022

9. Fair value of financial instruments

The group's activities expose it to a variety of financial risks such as market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

Fair values are determined using observable inputs, which reflect the market conditions in their expectations of future cash flows related to the asset or liability at 30 September 2022.

The fair values of the group's financial instruments that are measured at fair value are categorised as follows:

Financial instrument	Fair value Reviewed half-year 30 September 2022 ZAR'm	Fair value Audited full-year 31 March 2022 ZAR'm	Valuation method	Level in fair value hierarchy
Financial assets				
Investments held at fair value through profit or loss	272	146	Based on the latest transaction value concluded by market participants at arm's length	Level 3
Investments held at fair value through profit or loss	20	20	Unit trusts comprising of quoted prices in a public market	Level 2
Forward exchange contracts	2 663	13	Fair value derived from forward exchange rates that are publicly available	Level 2
Futures contracts	66	97	Quoted prices in a public market	Level 1
Currency depreciation features	38	26	Discounted cash flow techniques	Level 3
Interest rate swap	15	12	Present value of the estimated future cash flows based on observable yield curves	Level 2
Financial liabilities				
Forward exchange contracts	295	1 109	Fair value derived from forward exchange rates that are publicly available	Level 2
Derivative option	226	182	Monte Carlo Simulation option pricing model	Level 3

Notes to the condensed consolidated interim financial statements continued

for the period ended 30 September 2022

9. Fair value of financial instruments continued

During 1H FY23, the group made an additional USD5m investment in Trust Machines SPV, LLC (Trust Machines) applications and platforms. The investment was made with terms consistent with the original capital investment in FY22 and this was considered as an investment in equity. The group initially measured the investment at fair value and subsequently measured it at fair value through profit or loss. As at 30 September 2022, the investment has a fair value of ZAR272m. The additional acquisition transaction was effective on 5 July 2022. The business operations of Trust Machines have not materially changed from the effective date of the transactions and therefore the group based the fair value on the latest transaction value concluded by market participants at arm's length.

Currency depreciation features relate to clauses in content acquisition agreements that provide the group with protection in the event of significant depreciation of the group's functional currency relative to the currency of the content acquisition agreement. The fair value of currency depreciation features is measured through the use of discounted cash flow techniques using the LIBOR rate of 3.1%. Key inputs used in measuring fair value include the terms and benchmark rates contained in content acquisition agreements and average spot exchange rates prevailing at the relevant measurement dates.

The derivative option liability was initially measured at fair value and subsequently measured at fair value through profit or loss. The key inputs in using the Monte Carlo Simulation included the fair value of KingMakers of USD850m, a volatility of 62.9% and a dividend yield of 4% to 5%. The group used the USD overnight index swap (OIS) curve to determine the risk-free rate. A 5% decrease in the volatility rate would result in a change in option value of USD12m, a 5% increase in the volatility rate would result in a change in option value of USD13m. The change in USD exchange rate from 31 March 2022 was taken into account in the movement for the period ending 30 September 2022.

The carrying values of all other financial instruments are considered to be a reasonable approximation of their fair values.

Notes to the condensed consolidated interim financial statements continued

for the period ended 30 September 2022

10. Related party transactions and balances

During 1H FY23, the group received advertising and sponsorship revenue of ZAR36m (1H FY22: ZARnil) from KingMakers. This revenue has been recognised by the group in advertising revenue (refer note 3).

There have been no other related party transactions and no significant changes to related party balances in the current period.

11. Subsequent events

Bidstack Group PLC

On 21 October 2022, the group (through Irdeto) acquired 12.1% of the equity (13.5% of the voting rights) of Bidstack Group PLC (Bidstack) for GBP5m (ZAR102m). Bidstack is an in-game advertising and video game monetisation platform that is listed on the London Stock Exchange.

Facility drawdown

Subsequent to 30 September 2022, the group utilised additional short-term banking facilities to the value of ZAR870m. The facilities attract interest at a market-related interest rate. The facilities were utilised for working capital purposes. The group will initially measure the drawdown at fair value and subsequently at amortised cost using the effective interest method.

Other

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

Independent auditor's review report on interim financial statements

To the Shareholders of MultiChoice Group Limited

We have reviewed the condensed consolidated interim financial statements of MultiChoice Group Limited in the accompanying interim report on pages 7 to 23, which comprise the condensed consolidated statement of financial position as at 30 September 2022 and the related condensed consolidated income statement, condensed consolidated statements of comprehensive income, changes in equity and cash flows for the six-months then ended, and selected explanatory notes.

Directors' Responsibility for the Interim Financial Statements

The directors are responsible for the preparation and presentation of these interim financial statements in accordance with the International Financial Reporting Standard, (IAS) 34 *Interim Financial Reporting*, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of interim financial statements that are free from material misstatement, whether due to fraud or error¹.

Auditor's Responsibility

Our responsibility is to express a conclusion on these interim financial statements. We conducted our review in accordance with International Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. ISRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the interim financial statements are not prepared in all material respects in accordance with the applicable financial reporting framework. This standard also requires us to comply with relevant ethical requirements.

A review of interim financial statements in accordance with ISRE 2410 is a limited assurance engagement. We perform procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluate the evidence obtained.

The procedures in a review are substantially less than and differ in nature from those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on these interim financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements of MultiChoice Group Limited for the six months ended 30 September 2022 are not prepared, in all material respects, in accordance with the International Financial Reporting Standard, (IAS) 34 *Interim Financial Reporting*, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and the requirements of the Companies Act of South Africa.

PricewaterhouseCoopers Inc

PricewaterhouseCoopers Inc.

Director: B.S. Humphreys

Registered Auditor

Johannesburg, South Africa

10 November 2022

¹ The examination of controls over the maintenance and integrity of the Group's website is beyond the scope of the review of the condensed consolidated interim financial statements. Accordingly, we accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

Notes to the condensed consolidated interim financial statements continued

for the period ended 30 September 2022

12. Non-IFRS performance measures

The group has presented certain revenue, cost and trading profit metrics in constant currency, excluding the effects of changes in the composition of the group and excluding the impact of non-recurring and/or non-operational items from the group's sustainable operational performance, core headline earnings and free cash flow, together with certain measures used in the calculation of debt ratios, being net debt and EBITDA (the "non-IFRS performance measures" or the "pro forma financial information"). The non-IFRS performance measures are the responsibility of the board of directors and are presented for illustrative purposes. Pro forma information presented on a non-IFRS basis has been extracted from the information underlying the group's condensed consolidated interim financial statements, the quality of which the board is satisfied with.

Shareholders are advised that, due to the pro forma nature of the non-IFRS performance measures and the fact that it has been extracted from information underlying the group's condensed consolidated interim financial statements, it may not fairly present the group's financial position, changes in equity, results of operations or cash flows.

The non-IFRS performance measures have been prepared to illustrate the impact of changes in foreign exchange rates, changes in the composition of the group and excluding the impact of non-recurring and/or non-operational items from the group's sustainable operational performance, core headline earnings and free cash flow for the period ended 30 September 2022. The following methodology was applied in calculating the non-IFRS performance measures:

1. Foreign exchange/constant currency adjustments have been calculated by adjusting the current period's results to the prior period's average foreign exchange rates, determined as the average of the monthly exchange rates for that period. The constant currency results, arrived at using the methodology outlined above, are compared to the prior period's actual IFRS results. The relevant average exchange rates (relative to the South African Rand) used for the group's most significant functional currencies, were US Dollar (1H FY23: 16.61; 1H FY22: 14.45); Nigerian Naira (1H FY23: 25.37; 1H FY22: 28.46); Angolan Kwanza (1H FY23: 25.45; 1H FY22: 44.42); Kenyan Shilling (1H FY23: 7.14; 1H FY22: 7.53) and Zambian Kwacha (1H FY23: 1.00; 1H FY22: 1.38).
2. Adjustments made for changes in the composition of the group (or mergers and acquisitions) relate to acquisitions and disposals of subsidiaries. For mergers, the group composition adjustments include a portion of the prior period results of the entity with which the merger took place. There were no changes in the composition of the group during the respective reporting periods.
3. Excluding the impact of non-recurring and/or non-operational items from the group's sustainable operational performance, core headline earnings and free cash flow.
4. The net debt: EBITDA ratio has been calculated as net debt of ZAR14.4bn divided by rolling twelve-month EBITDA of ZAR13.3bn. Net debt has been calculated on 30 September 2022 as total interest-bearing debt less cash and cash equivalents. EBITDA is measured on a twelve month basis between 1 October 2021 and 30 September 2022 and represents earnings before interest, taxes, depreciation, and amortisation.

The pro forma financial information has been reported on by the group's auditors. Their reporting accountant's report thereon is included on pages 29 and 30.

Notes to the condensed consolidated interim financial statements continued

for the period ended 30 September 2022

12. Non-IFRS performance measures continued

The adjustments to the amounts reported in terms of IFRS that have been made in arriving at the non-IFRS performance measures are presented in the tables below:

12.1 Key performance indicators

As at 30 September	2021 Reported	2022 Currency impact	2022 Organic growth	2022 Reported	YoY % change	YoY organic % change
90-day active subscribers ('000)¹	21 054	n/a	1 025	22 079	5	5
South Africa	8 864	n/a	251	9 115	3	3
Rest of Africa	12 190	n/a	774	12 964	6	6
90-day active ARPU (ZAR)²						
Blended	176	8	(4)	180	2	(2)
South Africa	273	–	(12)	261	(4)	(4)
Rest of Africa	104	14	5	123	18	5
Subscribers ('000)³	16 623	n/a	487	17 110	3	3
South Africa	8 193	n/a	11	8 204	–	–
Rest of Africa	8 430	n/a	476	8 906	6	6
ARPU (ZAR)²						
Blended	223	11	1	235	5	–
South Africa	297	–	(7)	290	(2)	(2)
Rest of Africa	151	21	11	183	21	7

¹ Defined as all subscribers that have an active primary/principal subscription within the 90-day period on or before reporting date.

² ARPU represents a non-IFRS unaudited operating measure of the average revenue per subscriber (or user) in the business on a monthly basis. The group calculates ARPU by dividing average monthly subscription fee revenue for the period (total subscription fee revenue during the period divided by the number of months in the period) by the average number of subscribers during the period (the number of subscribers at the beginning of the period plus the number of subscribers at the end of the period, divided by two). Subscription fee revenue includes BoxOffice rental income but excludes insurance premiums and reconnection fees. Reconnection fees are disclosed as other revenue in terms of IFRS.

³ Subscriber numbers are a non-IFRS unaudited operating measure of the actual number of paying subscribers at the end of the respective period, regardless of the type of programming package to which they subscribe.

Notes to the condensed consolidated interim financial statements continued

for the period ended 30 September 2022

12. Non-IFRS performance measures continued

12.2 Group financials including segmental analysis

12.2.1 SEGMENTAL RESULTS

As at 30 September	2021 IFRS ZAR'm	2022 Currency impact ZAR'm	2022 Organic growth ZAR'm	2022 IFRS ZAR'm	YoY % change	YoY organic % change
Revenue¹	26 761	1 307	542	28 610	7	2
South Africa	17 774	–	(342)	17 432	(2)	(2)
Rest of Africa ¹	8 232	1 220	1 069	10 521	28	13
Technology	755	87	(185)	657	(13)	(25)
Trading profit	6 011	(252)	371	6 130	2	6
South Africa	6 159	–	(144)	6 015	(2)	(2)
Rest of Africa	(425)	(165)	336	(254)	40	79
Technology	277	(87)	179	369	33	65

¹ Total group revenue and Rest of Africa revenue presented above includes losses of ZAR44m (1H FY22: losses of ZAR110m) related to fair value movements on Nigeria futures contracts.

12.2.2 REVENUE AND COSTS BY NATURE

Revenue	26 761	1 307	542	28 610	7	2
Subscription fees ¹	22 087	1 115	554	23 756	8	3
Advertising	1 914	49	38	2 001	5	2
Decoders	879	44	26	949	8	3
Technology contracts and licensing	755	87	(185)	657	(13)	(25)
Insurance premiums	284	–	54	338	19	19
Other revenue ²	842	12	55	909	8	7
Operating expenses	20 750	1 559	171	22 480	8	1
Content	8 915	530	(482)	8 963	1	(5)
Decoder purchases	2 590	231	558	3 379	30	22
Staff costs ³	2 772	214	(51)	2 935	6	(2)
Sales and marketing	1 162	55	195	1 412	22	17
Transponder costs	1 196	77	(49)	1 224	2	(4)
Other	4 115	452	–	4 567	11	–

¹ Subscription fees presented above includes losses of ZAR44m (1H FY22: losses of ZAR110m) related to fair value movements on Nigeria futures contracts.

² 1H FY22 numbers have been restated to disclose this line separately to improve disclosure.

³ Excludes equity-settled share-based payment expense.

Notes to the condensed consolidated interim financial statements continued

for the period ended 30 September 2022

12. Non-IFRS performance measures continued

12.3 Reconciliation of headline (loss)/earnings to core headline earnings

Core headline earnings excludes non-recurring and non-operating items – we believe this is a useful measure of the group's sustainable operating performance. However, core headline earnings is not a defined term under IFRS and may not be comparable with similarly titled measures reported by other companies.

	Half-year 30 September 2022 ZAR'm	Half-year 30 September 2021 ZAR'm	%
			change
Headline (loss)/earnings attributable to shareholders (IFRS)	(248)	1 522	
Adjusted for (after tax effects and non-controlling interests):			
– Amortisation of other intangible assets ¹	88	38	
– Equity-settled share-based payment expense	177	193	
– Foreign currency losses and fair value adjustments	2 173	274	
– Realised losses on foreign exchange contracts	(167)	(49)	
Core headline earnings (ZAR'm)	2 023	1 978	2
Core headline earnings per ordinary share issued (SA cents)	474	462	3
Diluted core headline earnings per ordinary share issued (SA cents)	460	451	2

¹ Includes ZAR74m (1H FY22: ZAR19m) related to the amortisation of intangible assets identified based on the final purchase price allocation fair values on acquisition of KingMakers in FY22 and FY21.

12.4 Reconciliation of cash generated from operating activities to free cash flow

Cash generated from operating activities	5 436	6 892	(21)
Adjusted for:			
– Lease repayments ¹	(1 297)	(1 336)	
– Net capital expenditure	(472)	(473)	
– Taxation paid	(1 878)	(1 910)	
Free cash flow	1 789	3 173	(44)

¹ Includes the capital portion of all lease repayments and only interest on leased transponders.

Reasonable assurance report

To the Directors of MultiChoice Group Limited

Report on the Assurance Engagement on the Compilation of Pro Forma Financial Information included in the Condensed Consolidated Interim Financial Statements

We have completed our assurance engagement to report on the compilation of the pro forma financial information of MultiChoice Group Limited (the “company”) and its subsidiaries (the “group”) by the directors. The pro forma financial information, as set out on pages 25 to 28 of the Condensed Consolidated Interim Financial Statements for the six-month period ended 30 September 2022, consisting of certain revenue, cost and trading profit metrics in constant currency, excluding the effects of changes in the composition of the group and excluding the impact of non-recurring and/or non-operational items from the group’s sustainable operational performance, core headline earnings and free cash flow, together with certain measures used in the calculation of debt ratios, being net debt and EBITDA (the “non-IFRS performance measures” or the “pro forma financial information”). The applicable criteria on the basis of which the directors have compiled the pro forma financial information are specified in the JSE Limited (JSE) Listings Requirements and described in the note 12 titled *Non-IFRS performance measures* of the Condensed Consolidated Interim Financial Statements.

The pro forma financial information has been compiled by the directors to illustrate the impact of changes in foreign exchange rates, changes in the composition of the group and the impact of non-recurring and/or non-operational items on its sustainable operational performance, core headline earnings and free cash flow, together with certain measures used in the calculation of debt ratios, being net debt and EBITDA for the period ended 30 September 2022, described in the note 12 titled *Non-IFRS performance measures* to the Condensed Consolidated Interim Financial Statements. As part of this process, information about the company’s financial position and financial performance has been extracted by

the directors from the group’s financial statements for the period ended 30 September 2022, on which a review report has been published and from information underlying the Company’s financial statements for the period ended 30 September 2022, which is unaudited.

Directors’ responsibility

The directors of the company are responsible for compiling the pro forma financial information on the basis of the applicable criteria specified in the JSE Listings Requirements and described in the note 12 titled *Non-IFRS performance measures* to the Condensed Consolidated Interim Financial Statements for the six-month period ended 30 September 2022¹.

Our independence and quality control

We have complied with the independence and other ethical requirements of the *Code of Professional Conduct for Registered Auditors*, issued by the Independent Regulatory Board for Auditors’ (IRBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants’ *International Code of Ethics for Professional Accountants (including International Independence Standards)*.

The firm applies International Standard on Quality Control 1 Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements, and, accordingly, maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting accountant’s responsibility

Our responsibility is to express an opinion about whether the pro forma financial information has been compiled, in all material respects, by the directors on the basis of the applicable criteria specified in the JSE Listings Requirements and described in the note 12 titled *Non-IFRS*

¹ The examination of controls over the maintenance and integrity of the group’s website is beyond the scope assurance engagement on the compilation of pro forma financial information included in the condensed consolidated interim financial statements. Accordingly, we accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

Reasonable assurance report continued

performance measures of the Condensed Consolidated Interim Financial Statements for the six-month period ended 30 September 2022 based on our procedures performed.

We conducted our engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus* issued by the International Auditing and Assurance Standards Board. This standard requires that we plan and perform our procedures to obtain reasonable assurance about whether the pro forma financial information has been compiled, in all material respects, on the basis specified in the JSE Listings Requirements.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma financial information.

The purpose of pro forma financial information is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the company as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction would have been as presented.

A reasonable assurance engagement to report on whether the pro forma financial information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the

compilation of the pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on our judgement, having regard to our understanding of the nature of the company, the event or transaction in respect of which the pro forma financial information has been compiled, and other relevant engagement circumstances.

Our engagement also involves evaluating the overall presentation of the pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the pro forma financial information has been compiled, in all material respects, on the basis of the applicable criteria specified by the JSE Listings Requirements and described in the note 12 titled *Non-IFRS performance measures* of the Condensed Consolidated Interim Financial Statements for the six-month period ended 30 September 2022.

PricewaterhouseCoopers Inc

PricewaterhouseCoopers Inc.

Director: B.S. Humphreys

Registered Auditor

Johannesburg, South Africa

10 November 2022

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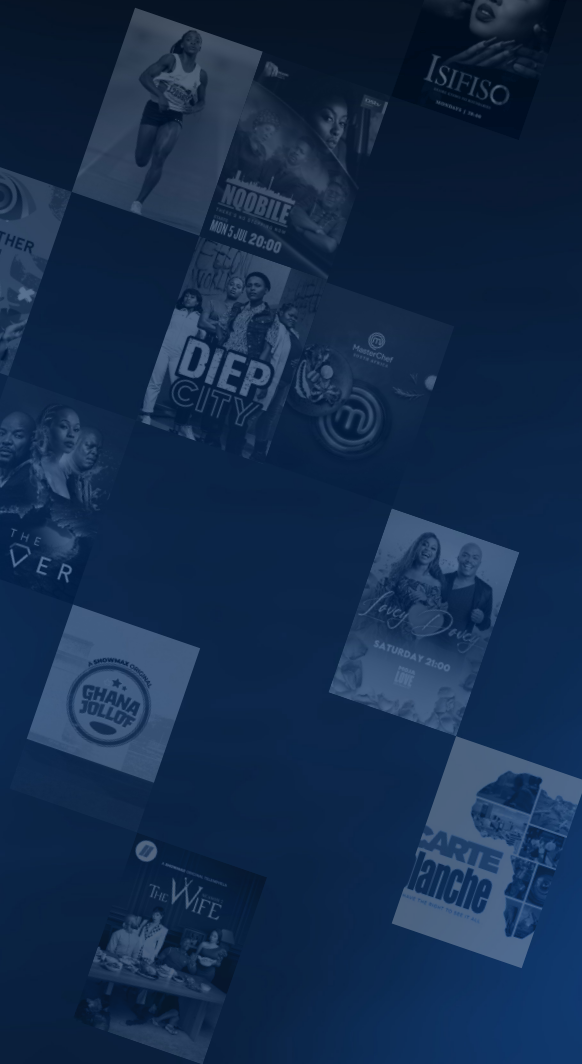
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