MultiChoice
ENRICHING LIVES

MultiChoice Group Limited

Reviewed consolidated interim financial statements

for the period ended 30 September 2024

We are Africa's leading entertainment platform and its most loved storyteller.

Leveraging our unique platform and scale to build a broader consumer services ecosystem, we entertain, inform and empower African communities that inspire and build us in return.

Contents

Additional financial measures

The MultiChoice Group (MultiChoice or the group) operates in 50 countries across sub-Saharan Africa as well as in several markets outside of Africa through the group's global technology business, Irdeto. The group's geographic footprint and operating business model results in significant exposure to foreign exchange volatility, largely due to revenues being earned in local African currencies against a meaningful proportion of the cost base being US dollar denominated as certain core products and services are sourced from international markets. This can have a material impact on reported revenue and trading profit metrics, as well as adjusted core headline earnings which incorporates the impact of the group's hedging activities and cash extraction losses incurred in markets like Nigeria from time to time.

Where relevant in this report, amounts and percentages have been adjusted for the effects of foreign currency, and exclude acquisitions and disposals, to better reflect underlying trends and sustainable operational performance. These adjustments (non-International Financial Reporting Standards (IFRS) performance measures) are referred to as "organic" when used. A reconciliation of additional 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 adjusted core headline earnings and free cash flow, together with revenue YoY organic % change and operating expenses YoY organic % change) to the equivalent IFRS metrics is provided in note 14 of these consolidated interim financial statements. These non-IFRS performance measures constitute pro forma financial information in terms of the JSE Limited Listings Requirements.

Forward-looking statements

This set of consolidated interim financial statements may contain forward-looking statements as defined in the United States Private Securities Litigation Reform Act of 1995. Words such as "believe", "anticipate", "expect", "intend", "seek", "will", "plan", "could", "may", "endeavour" and similar expressions are intended to identify such forward-looking statements, but are not the exclusive means of identifying such statements. By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances and should be considered in light of various important factors. While these forward-looking statements represent the group's judgements and future expectations, a number of risks, uncertainties and other important factors could cause actual developments and results to differ materially from our expectations.

The key factors that could cause our actual results, performance, or achievements to differ materially from those in the forward-looking statements include, among others, changes to IFRS and the interpretations, applications and practices subject thereto as they apply to past, present and future periods; ongoing and future mergers, acquisitions, or disposals; changes to domestic and international business and market conditions such as exchange rate, interest rate and inflation rate movements; changes in the domestic and international regulatory, legislative and tax environments; changes to domestic and international operational, social, economic and political conditions (including power, water and transport infrastructure); the occurrence of labour disruptions and industrial action; and the effects of both current and future litigation. We are not under any obligation to (and expressly disclaim any such obligation to) revise or update any forward-looking statements contained in this set of consolidated interim financial statements, whether as a result of new information, future events or otherwise. We cannot give any assurance that forward-looking statements will prove to be correct, and investors are cautioned not to place undue reliance on any forward-looking statements contained herein.

Executive review of our performance

MultiChoice Group: Strategy playing out against tougher than expected macro backdrop

Group performance

Results highlights

Despite unprecedented external headwinds, most notably currency depreciation which has reduced trading profit by close to ZAR7bn over the last 18 months, MultiChoice delivered various positive operational outcomes through active interventions for the six-month period ended 30 September 2024 (1H FY25 or the half):

- A lower subscriber attrition rate in the linear pay-TV subscriber base versus the six-month period ended 31 March 2024 (2H FY24) in both South Africa and Rest of Africa.
- Showmax paying subscriber base increased 50% YoY, excluding discontinued services.
- SA trading profit margin was maintained in the low 30s in the seasonally stronger first half (31%).
- Cost optimisation efforts delivered ZAR1.3bn in savings, with full year stretch target increased to ZAR2.5bn from the ZAR2.0bn set at the beginning of the financial year.
- In addition to the group's cost savings program, decoder subsidies were reduced by a further ZAR0.4bn across South Africa and Rest of Africa.
- Free cash flow and adjusted core headline earnings both positive despite external macro and currency headwinds, as well as the Showmax investment cycle.
- Positive momentum maintained in DStv Stream and Extra Stream, DStv Internet, DStv Insurance, and the group's sports betting and fintech investee businesses.
- Liquidity position remains strong with ZAR10.1bn in total available funds.
- Transformative insurance deal with Sanlam Life Insurance Limited (Sanlam) nearing completion in the post balance sheet period – the group will recognise an accounting gain in the range of ZAR2.6bn to ZAR3.3bn.
- Meaningful progress made on the Canal+ transaction with the merger control filing submitted to the South African Competition Commission on 30 September 2024, and engagements with other regulatory authorities underway.
- Taking all developments and initiatives into account, the group anticipates resolving the negative equity position by the end of November this year.

Strategic update

Globally, the pay-TV industry is facing challenges from streaming services, the rise of short-form video on social media platforms and changing consumer preferences. These pressure points are starting to accelerate in the group's core market in South Africa, while severe macro, power and other consumer headwinds in the group's Rest of Africa footprint are limiting growth in linear and streaming, despite lower market penetration. At the same time, the most severe foreign exchange environment in the group's history has negatively impacted its financial results.

These challenges have required the group to fundamentally adjust its cost base. More needs to be done to navigate the short-term pressure on operational and financial results, but the group continues to see a significant medium- to long-term opportunity in video entertainment, notably streaming, as well as in its more nascent verticals.

Headline results

The group's linear subscriber base declined by 11% or 1.8m subscribers YoY to 14.9m active subscribers at 30 September 2024. While this is indicative of the extremely hostile operating environment that the group has encountered over the past 12 months, subscriber trends on a sequential basis have improved, with 1H FY25 reflecting a 5% decline in the base (0.8m) vs. the 6% decline reported (1.0m) in 2H FY24. The loss in subscribers was skewed towards the Rest of Africa, which lost 15% of its base YoY vs. 5% in for South Africa. The loss in the Rest of Africa has been primarily due to the significant consumer pressure in Nigeria, where inflation has remained above 30% for the majority of the last 12 months and, more recently, due to extreme power disruptions in Zambia. The group's subscription video on demand business, Showmax, delivered a strong 30% YoY increase in paying subscribers, or 50% YoY excluding discontinued services (namely the Showmax Pro and the Showmax diaspora offerings).

Group revenues were down 10% on a reported basis due to subscriber weakness, the foreign exchange (FX) rate pressures impacting the Rest of Africa business and the translation effects of a stronger rand against the US dollar. However, revenues were up 4% on an organic basis (i.e. excluding FX and M&A) as a result of the group's inflationary pricing discipline, revenue growth of new products (notably insurance and internet) and Irdeto's external business.

Group trading profit declined by 46% on the back of the FX headwinds in the Rest of Africa business (ZAR2.3bn) and the incremental investment in Showmax (ZAR1.6bn), but a step-up in cost optimisation across the group supported a marginal 1% decline in trading profit on an organic basis. Stripping out Showmax, the group would have seen reported trading profit increase by 28% on an organic basis.

Net interest costs increased by ZAR79m to ZAR730m, impacted by a higher average debt balance in 1H FY25.

The group's share of equity-accounted losses increased by ZAR205m to ZAR356m following increased losses in KingMakers due to a USD16m reduction in EBITDA, with in-country EBTIDA generation in Nigeria offset by a weaker naira and investment behind the SuperSportBet business in South Africa.

Adjusted core headline earnings, the board's measure of the underlying performance of the business, declined from ZAR1.5bn in the prior period to ZAR7m in the current period. In addition to the foreign exchange losses in Rest of Africa and the investment in Showmax which negatively impacted trading profit, the group generated realised foreign exchange losses in the South African business in the current period compared with profits in the prior year, offsetting the benefit of lower cash extraction losses from Nigeria YoY.

Group free cash flows remained positive at ZAR0.6bn, with ZAR3.3bn in free cash generated by the South Africa and Irdeto businesses, largely offset by a ZAR1.8bn free cash outflow on investment into Showmax and a ZAR0.9bn free cash outflow in Rest of Africa due to the impact of currencies on its trading performance.

After paying the ZAR1.375bn Phuthuma Nathi dividend and settling provisional tax payments in September, the group retained ZAR5.7bn in cash and cash equivalents at period-end, as well as access to ZAR4.4bn in undrawn facilities. The group's debt covenants have increased in line with internal budgets, and remain within covenant limits, with a leverage ratio of 1.93x (FY24: 1.53x) and an interest coverage ratio of 5.74x (FY24: 7.95x).

At 30 September 2024, the group's hedge position on its USD exposures reflected increased forward cover of around 18 months at an average forward rate of 18.46 and provides more certainty around its USD costs. The group has also increased its hedge position in a number of African markets e.g. Kenya where currency strength and forward pricing has supported the decision to hedge again.

Pressure on the group's trading performance in conjunction with ongoing non-cash foreign exchange losses on the translation of non-quasi, inter-group loans of ZAR2.1bn have resulted in the group closing the period with a negative equity position of ZAR2.7bn. Given the non-cash nature of the adjustments that have resulted in negative equity, they have no impact on the liquidity or going concern of the group. There are a number of developments and initiatives that will resolve the group's negative equity position by the end of November this year.

Operational performance review

General entertainment content (M-Net)

M-Net has sought to carefully balance the need to invest in local content as a key differentiator for the group's linear and streaming services with the group's overarching focus on driving cost optimisation. The segment has achieved this by remaining cost efficient e.g. through tactical content windowing and content sharing across platforms, regions and pack tiers, as well as ongoing channel optimisation. Content highlights in the period included *Queen Modjadji*, as the most watched Sunday drama series since *Shaka Ilembe* (with 30% live audience market share in South Africa and averaging more than 1.1m views per episode), and *Big Brother Naija No Loose Guard!* (returning for a ninth season as the perennial top performer in Nigeria and top trending topic on X worldwide over its opening week).

Coverage of the South African election by Carte Blanche and Newzroom Africa attracted increased viewership, while M-Net 101's premium programming, including FBI, Chicago, MasterChef, Blue Bloods and Law & Order properties, resulted in a consistent increase in the average time spent by Premium viewers on the channel.

The group's slate of local telenovelas on the Mzansi channels in SA continued to experience growth over the past six months, which helped to anchor Monday to Friday viewership (*Umkhokha: The Curse, Gqeberha: The Empire, My Brothers Keeper, Champions,* and *Sibongile & The Dlaminis*, while reality shows are resonating with younger audiences (*Short & Sweet, I'm With Your Ex,* and *Izingane Zes'thembu*). Similarly, the kykNET channels remain the home of Afrikaans content on the back of its lineup of soapies, telenovelas and reality shows (*Binnelanders, Diepe Waters, Suidooster, Arendsvlei, Skemergrond, Moederhart, Boer Soek n Vrou,* and *Plaasjapie*).

In the group's Rest of Africa markets, Africa Magic Showcase's slate of drama series (*Dust, Glass House, Sin*) proved popular on the channel despite the challenges for consumers in Nigeria, while local telenovelas *Zari* and *Shanga* further improved Maisha Magic Plus's share of timeslot viewing in Kenya. Although ongoing loadshedding has impacted Zambezi Magic's viewership year-to-date, learnings from South Africa resulted in the introduction of loadshedding channel 'Zambezi Reloaded', which launched on 13 June 2024 to allow customers to catch up on missed episodes of their favourite content and has been well received to date.

Showmax Originals continued to excel, engaging viewers and earning both local and international accolades. The Canal+ co-production *Spinners* won Best Foreign Series at the Shanghai TV Festival, while Afrikaans drama *Wyfie* received a nomination at the prestigious Seoul International Drama Awards. Showmax local content received over 118 South African Film and Television Awards nominations, the most of any streaming platform, and dominated the Kenyan Kalasha Awards with eight awards, including Best TV Show for *The Real Housewives of Nairobi.* Showmax was also recognised as the home of the Best Scripted Series *(Itura)* and the Best Unscripted Series *(GH Queens)* at Nigeria's 2024 Africa Magic Viewers' Choice Awards.

The group's local content library grew by 8% to 86 215 hours, despite a 10% reduction in local content production hours and costs in a cost-conscious environment.

Sports content (SuperSport)

True to its reputation as one of the world's leading sport broadcasters, SuperSport delivered the most extensive Olympic Games broadcast globally during Paris 2024. It covered 1 200 live events over 2 900 live broadcast hours, across 19 days, through eight dedicated linear channels, five OTT streaming channels, and dedicated SuperSport SuperScreen and 24-hour Olympic News Update channels. This led to a 20% increase in unique viewers relative to the Tokyo 2020 Olympics.

EURO 2024 also delivered strong viewership ratings, notably in the group's two largest markets where the event was tactically tiered down to DStv Compact in South Africa and DStv Access in Nigeria.

The Proteas' progression to the final of the ICC T20 Men's World Cup drove a 17% increase in viewership compared to the 2022 tournament.

These events were complimented by an exciting Rugby Championship, won by the world champion Springboks, and a thrilling conclusion to the 2023/2024 English Premier League season.

SuperSport Schools crossed the milestone of 1 million registered users on its app in August 2024, roughly doubling its userbase YoY and delivering over 35 000 hours of app and TV viewing content during 1H FY25.

Chasing the Sun 2, with its production fully funded through commercial sponsors and advertising revenue, was SuperSport's third most-viewed sports documentary ever, following closely behind *Chasing the Sun* and *Rassie*. In keeping with the group's strategy to bring customers the best of global sport, SuperSport's renewal or extension of rights during the half included the Premier Soccer League, La Liga, the FIFA World Cup (men's and women's), HSBC Sevens, and World Athletics.

An exciting new initiative during the half was the launch of SuperSport Experiences, in partnership with DStv Rewards. Working with SA Rugby, the group offered loyal DStv Premium subscribers the opportunity to buy "Early Bird" tickets to the Springbok's home test matches, which were fully subscribed.

South Africa linear pay-TV (MultiChoice South Africa)

Sentiment and conditions in the group's core South African market started to improve on the back of six months of no loadshedding, inflation declining by 90bps YTD, an initial 25bps rate cut by the SARB in September, a 9% strengthening in the rand spot rate vs. the US dollar from March to September 2024 and optimistic expectations around the South African Government of National Unity. Against this backdrop, the mature South African business remains focused on driving subscriber retention and reconnections and identifying pockets of growth while optimising business processes and systems for improved customer experience and operating efficiencies.

Although the direction of travel is encouraging for the business, improving underlying trends will take time to play through in the segment's results. For example, while the South African business delivered a sequential improvement in subscriber decline, losing 184k subscribers in 1H FY25 vs. 215k in 2H FY24, the Compact base remains under significant economic pressure which will take time to resolve. In addition, although the return of the English Premier League helped trends from August, the start of the Premier Soccer League season in South Africa was delayed until mid-September, slowing 1H growth but likely to support improved trends into 2H FY25. In contrast, the Premium base (excluding Compact+) is trading broadly in line with expectations.

The Access base has seen improved activity and reconnection rates, coinciding with the elimination of loadshedding and aided by additional sporting content such as La Liga and popular programming such as *Sibongile & the Dlaminis*. The DStv Stream and Extra Stream base was down 2% YoY on a combined basis given an elevated base in 1H FY24 on the back of the Rugby World Cup. User activity was nonetheless supported a 95% increase in combined revenues in 1H FY25 through the prior year's rebranding and substantial upgrade to the DStv Stream user experience and user interface in August 2024, as well as growth in the Extra Stream base.

Subscription revenues were down 2% on a net basis against a 3% decline in the prior period. Ongoing improvements in the quality of customer, combined with price increases resulted in a 3% increase in ARPU in 1H FY25 to ZAR289, the first YoY improvement in ARPU since 2017. Decoder sales were up 46% on increased pricing to support tighter subsidy management in a mature market and drive retention, advertising revenues were up 3% as a strong sports schedule compensated for a weak macro environment, insurance revenues increased by 31% on improved product mix and the launch of the Device Care Plan, and internet revenues were up 85% on continued growth in the fixed wireless LTE product line (the internet subscriber base doubled YoY). The net result of the above movements was a 1% increase in the revenue base of the South African business.

Revenue growth was complimented by strong cost savings, resulting in trading profit growing 4% YoY and the trading margin remaining broadly steady at ~31%. This provides a solid foundation for full year trading performance, bearing in mind that second half margins are seasonally weaker due to higher content rights cost from the football season and investment in subscriber acquisition ahead of Black Friday and the festive season.

The dividend from the South African business was received in September, with ZAR1.375bn paid out to Phuthuma Nathi shareholders, which is in line with the prior year.

Rest of Africa linear pay-TV (MultiChoice Africa)

The pressure on the subscriber base in the Rest of Africa business as reflected in the FY24 closing base, continued into the current year with a further deterioration in the Nigerian macro and consumer environment (inflation of 30%+ driven by food, electricity, and fuel prices, compounded by fuel shortages) and drought-driven power outages in Zambia of up to 23 hours a day. With the Rest of Africa business having seen a decline of 803k subscribers in 2H FY24, this rate of decline slowed to 566k in 1H FY25. Of this decline, 298k related to Zambia and 243k related to Nigeria, with remaining markets on the continent reflecting only a minor decline of 25k.

Initiatives implemented by management to slow the rate of decline included fine-tuning the level of decoder subsidies with targeted spend in markets where returns on investment became attractive once foreign exchange rates started to show signs of stability. In addition, the strong programming slate in the first half and tactical programming decision such as making the EURO 2024 rights available at an Access level across Rest of Africa, mitigated the impact of inflationary price increases implemented in April/May of around 17% and helped the base to stabilise into the second quarter.

Segment revenues were up 7% on an organic basis as inflationary pricing was partially offset by volume pressures, while mix was slightly positive due to greater pressure in the GOtv base relative to DStv. Reported revenues were down 28%, affected by significant currency weakness against the USD YoY across key markets, including Nigeria (NGN -58%), Malawi (MWK -39%), Zambia (ZMK -26%), Ghana (GHC -24%) and Angola (AOA -17%). Subscription revenues were down 28% on a reported basis (+5% organic), with ARPUs down 16% (+22% organic) to ZAR147. Decoder sales were down 27% due to lower overall volumes in a challenging consumer environment along with increased selling prices to support a net reduction in subsidy spend, while advertising revenues were down 34% due to currency and the tough macro environment.

The Rest of Africa had to absorb another ZAR2.3bn in foreign exchange losses in trading profit in 1H FY25, in addition to ZAR4.3bn in FY24. This more than offset the ZAR1.7bn improvement in organic trading profit underpinned by inflationary pricing and cost savings, resulting in the Rest of Africa segment reverting back into a trading loss of ZAR259m for the half. SG&A savings at a corporate and in-country level, as well as marketing, tech support fee recharges from group and content are the key focus areas for the segment to increase savings in the second half of FY25.

Advertising (DStv Media Sales)

Despite being impacted by the challenging macro dynamics and foreign exchange rate environment in Nigeria, DStv Media Sales was able to broadly maintain the group's overall advertising revenue base by leveraging marquee sports events (EURO 2024, the Paris Olympics), as well as returning sports leagues (English Premier League), local shows (*Big Brother Naija, Queen Modjadji*) and in-market activations (DStv Delicious). The business remains focused on developing advertising technology solutions for the streaming and video-on-demand environments via DStv Stream and Showmax.

Overall, advertising revenues increased by 13% in organic terms but were down 5% on a reported basis. In South Africa, advertising revenues grew by 3%, led by a strong sports lineup in an otherwise challenging macro-economic environment, while Rest of Africa ad revenues were down 34% on currency, economic and power pressure in the Nigerian and Zambian markets, including a number of high-profile international consumer brands exiting the Nigerian market.

Executive review of our performance continued

Insurance (NMS Insurance Services)

The group's insurance business is subject to an exciting M&A opportunity which was announced in June this year and is expected to close shortly (see additional context in the subsequent events commentary on page 5). Total insurance policies declined slightly by 1% YoY on elevated consumer pressures in the South African mid-market, with the policyholder base closing at 3.1m on the back of improved momentum in the second quarter. However, an improved product mix on the back of the introduction of the Device Care Plan product has driven a sharp increase in ARPU and a 31% YoY increase in revenues, which amounted to almost ZAR600m in the first half. A fairly benign claims ratio meant that the profit contribution from the insurance business increased by 41% YoY.

Subscription video on demand (Showmax)

Following a successful re-launch in FY24, including a rebranding exercise and full migration to the Peacock technology stack, the focus of the Showmax team in FY25 has shifted to bedding down distribution partnerships, increasing payment channel integrations, refining the go-to-market strategy and executing against the long-term business plan. After the successful integration of M-PESA, Showmax relaunched in Kenya in May 2024, followed by the Capitec distribution partnership in South Africa in August 2024 to drive awareness and uptake through Capitec's 12m active app users.

Showmax grew its active paying subscriber base by 30% YoY, or 50% YoY excluding the discontinued product lines that are no longer offered under the new Showmax 2.0 product portfolio (Showmax Pro and the Showmax diaspora offering). Making similar adjustments on a revenue basis, Showmax segment revenues were down 40% YoY on a reported basis, but up 1% on an organic basis.

Following an encouraging trial to bring other sports content to the Premier League product during the off-season (including the FA Cup Final, EURO 2024 matches and the "Best of" Olympics), Showmax added the current Premier Soccer League season in South Africa to the Premier League mobile-only product in September 2024 at no additional cost to our customers.

In order to drive greater efficiencies and benefit from combined scale, the Showmax team started working with the South Africa and Rest of Africa teams to implement an operating model which utilises the extensive on the ground presence, sales networks, and market know-how of the traditional pay-TV business. This also allows Showmax to focus on payment, product and customer journey improvements with Moment, Peacock and DStv respectively.

The Showmax segment trading losses increased by just over 3x YoY to ZAR2.4bn on a gross basis before NBCUniversal's 30% minority share of funding these losses, impacted by a step change in general entertainment content costs, increased technology costs (notably the Peacock Africa localisation investment and partner integrations), and higher sales and marketing expenditure to support market and partnership launches.

Technology (Irdeto)

Irdeto delivered an encouraging improvement in its external business, with first half revenues up 12% on an organic basis (+8% reported, due to a stronger rand against the US dollar). A key customer win in the Asian region, combined with conducting additional managed services work with a key customer in Australasia supported the media security segment's performance. Irdeto continues to leverage its relationships with leading American and European telcos, broadcasters and streamers for managed services and anti-piracy contracts, while its connected transport and gaming segments are also seeing improving traction with customers.

On a standalone basis (i.e. combining external and intercompany revenues), Irdeto's revenues were down 3% in US dollars (-6% in ZAR) as weaker MultiChoice subscriber trends and lower set-top box purchases more than offset the growth in external revenues.

Despite ongoing cost management in the segment, lower total revenues in conjunction with a weaker margin mix resulted in a 38% decline in trading profit. As a result, the segment's trading margin declined from 38% in the prior year period to 21%.

Irdeto Experience, an advanced video streaming aggregation platform, won the Streaming Innovation of the Year category in the 2024 Streaming Media European Innovation Awards.

Irdeto is supporting the group in its overall efforts to clamp down further on piracy to ensure that consumers understand the personal data and financial risks from dealing with unscrupulous operators and pirates (distributors and users) understand the legal and financial risks from trying to commercialise stolen content. A number of high-profile wins for the group have been published in the press, most notably the ongoing case with Waka TV.

Sports betting and interactive entertainment (KingMakers)

KingMakers continues to deliver strong underlying momentum in its operations, despite a challenging macro and FX environment. Net gaming revenues declined by 48% to USD48.3m (ZAR0.9bn) for the first half due to the weaker naira vs. the US dollar but were up 10% on an organic basis (excluding FX).

Given its focus on online betting, which has stronger economics than its agency business, BetKing Nigeria has moved to number two in the online betting market. A focus on the quality of its agency network over quantity has also resulted in improved profitability through higher average wagers and revenues per agent. With the weaker naira, BetKing is managing costs carefully, including more tactical marketing and customer acquisition spend (given that it is typically USD-denominated) and moving the group engineering function to more affordable locations.

It remains early days for SuperSportBet in South Africa, with the focus for KingMakers and SuperSport on establishing a market presence in a competitive field through leveraging the SuperSport ecosystem, as well as the South African football club partnerships, and ensuring a competitive offering (e.g. tactical promotions, recent introduction of the popular Aviator game, and a focus on key sporting codes and leagues). The business has grown stakes consistently on a monthly basis since launching in January 2024 and has seen further acceleration since launching Aviator in July 2024.

Executive review of our performance continued

With the weaker naira negatively impacting EBITDA by USD16m, and due to the investment behind the South African launch, KingMakers moved from positive EBITDA of USD10m in 1H CY23 to negative EBITDA of USD6m in 1H CY24, while net income followed the same trend. As at end June 2024, KingMakers held USD96m (ZAR1.7bn) in cash on its balance sheet to fund its product and market rollout plans. The group carried its investment in KingMakers at USD209m at period-end.

Payments and fin-tech (Moment)

Since its launch in 2H CY23, the group's payments and fintech joint venture, Moment, delivered a sharp ramp up in total payment volumes (TPV) to over USD240m in 1H CY24, compared to less than USD1m in CY23. Over 95% of Moment's TPV were driven by payment flows from MultiChoice SA and Showmax SA as the group migrates its existing payment volumes and third-party payment integrations onto the Moment platform. The Moment platform is currently live in over 40 African countries. The Seed+ funding round in which MultiChoice participated during FY24 closed in May 2024 at a post-money valuation of USD82m, with the group holding a 30.8% interest post the close (28.5% on a fully diluted basis).

Other disclosures

Canal+ transaction

MultiChoice, together with Canal+, filed the requisite Competition Commission filings on 30 September 2024. MultiChoice continues to work closely with Canal+ to support the successful conclusion of the mandatory offer to MultiChoice shareholders.

Nigeria foreign exchange matters

The further depreciation of the naira against the US dollar has resulted in further foreign exchange losses on non-quasi equity loans (on the USD-denominated intergroup loan from MultiChoice Africa Holdings B.V. to MultiChoice Nigeria Limited), contributing to the ZAR2.1bn (1H FY24: ZAR2.4bn) recognised in the condensed consolidated income statement.

The group extracted USD65m from Nigeria in the period (1H FY24: USD91m) at an average rate of NGN1516:USD (1H FY24: NGN794:USD), incurring extraction losses of USD1m or ZAR20m (1H FY24: USD28m or ZAR518m) in the process.

The group held USD11m in cash in Nigeria at period-end, down from USD39m at end FY24, a consequence of consistent focus on remitting cash, the impact of translating the balance at the weaker naira and the write-off of the USD21m receivable relating to the cash held with Heritage Bank before its license was revoked and the bank was liquidated.

Share transactions

Due to the group entering into a Cooperation Agreement with Canal+ (as published in the Combined Offer Circular on 4 June 2024) that limits the use of funds for certain purposes, no share repurchases were effected in the six months to September 2024.

At the end of September 2024, a total of 13.7m treasury shares at an average price of ZAR97.61 per share remain unallocated for future use and future awards will continue to be funded by share purchases.

Subsequent events

Having received Competition Commission and Competition Tribunal approval, all material conditions precedent for the sale of a 60% interest in NMS Insurance Services (SA) Limited (NMSIS) to Sanlam have been met, with the exception of formal written approval from the Prudential Authority.

We have a high degree of confidence that said approval will be received from the Prudential Authority shortly and, as a result, all outstanding conditions precedent are expected to be met in November 2024 at which time the transaction will become effective. The conclusion of the transaction will trigger the recognition of a once-off accounting gain, which is expected to be in the range of ZAR2.6bn to ZAR3.3bn, principally as a result of disposing of the group's controlling interest in NMSIS, after taking into account the consideration expected (comprising upfront cash proceeds and a potential earnout), the fair value of the group's remaining 40% interest in NMSIS and the carrying value of the net assets of NMSIS derecognised in accordance with relevant IFRS Accounting Standards.

Dividend

No dividend has been declared based on the group's interim results, in line with the terms of the Cooperation Agreement applicable during the Canal+ mandatory offer period.

Outlook

While the group continues to work towards a successful conclusion to the Canal+ mandatory offer process, the operations are being managed on more of a business-as-usual basis i.e. investing in the long-term future of the business for the benefit of all of the group's stakeholders, while navigating short-term challenges that require careful trade-offs.

In this context, the group remains focused on the following strategic priorities:

- Optimising profitability and cash generation in the South African business,
- Right-sizing the cost base in the Rest of Africa in order to return this business to profitability,
- Investing behind Showmax in its quest to become the leading platform and the future of video consumption on the continent,
- Supporting high-growth investee businesses (in gaming, fintech and insurance) in their ambitions to drive scale.

Given traction seen YTD in the group's cost savings initiatives, the group is now confident that the FY25 cost savings target of ZAR2.0bn will be exceeded. Consequently the full-year target has been revised to ZAR2.5bn. These savings, in conjunction with improving sentiment in the group's core South African market, should support the South African business in delivering a trading profit margin in the targeted mid-twenties range.

The aim remains to minimise the US dollar funding requirement of the Rest of Africa business, despite the macro, currency and power-related headwinds in key African markets. Given the weaker exchange rates in the 2H FY24 comparative period, the YoY trend should improve for the full FY25 compared to 1H FY25.

The successful implementation of these initiatives in the group's linear video businesses will enable MultiChoice to support the nascent Showmax business through its early and formative development phase, as catering for the evolving needs of customers, especially with regards to streaming, remains a key element of the group's future success.

Directorate

As noted in the group's FY24 results, the outgoing non-executive chair, Imtiaz Patel, was due to step down from his role at the end of FY24, but his tenure was briefly extended on 2 April 2024 in aid of supporting the Canal+ transaction process. Having then made sufficient progress, with MCG and Canal+ entering into a Cooperation Agreement and issuing a firm intention announcement, Mr Patel stepped down from the board on 23 April 2024. Mr Patel was succeeded by Elias Masilela, an independent non-executive member of the Board.

Another long-serving member of the board, Jim Volkwyn, who served MultiChoice with distinction in a number of roles for more than 33 years, did not stand for re-election at the AGM on 28 August 2024.

The board and executive management teams express their gratitude to both Mr Patel and Mr Volkwyn for their invaluable contributions to the group over the years.

Corporate social responsibility

The group maintained its level 1 B-BBEE rating, with FY24 being the 5th successive year this has been achieved. The group continues to play its role as a responsible corporate citizen and is focused on continuing to support local businesses. ESG targets have formally been included in long-term incentives for management to heighten the focus on sustainability and governance in the group.

During 1H FY25 MultiChoice Group, as a member of the Earthshot Prize Global Alliance, worked with The Earthshot Prize during its roadshow to key African markets, including Nigeria, Ghana and South Africa, actively promoted The Earthshot Prize through its brands and platforms, and prepared for the Earthshot Awards Ceremony to be held on 6 November as the awards' official African broadcast partner (as part of the Earthshot Week from 3 to 7 November in Cape Town).

Preparation of the consolidated interim financial statements

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

The group's external auditor's review report is included on page 22, and does not cover all of the information contained in the consolidated interim financial statements. Shareholders looking for additional context are therefore advised to obtain a copy of the auditor's report and accompanying financial information, including the 31 March 2024 consolidated annual financial statements, available on the group's website at **http://www.investors.multichoice.com/annual-results** and at its registered office.

On behalf of the board

Elias Masilela
Chair

Calvo Mawela
Chief executive officer

Condensed consolidated income statement

for the period ended 30 September 2024

	Note	Reviewed half-year 30 September 2024 ZAR'm	Reviewed half-year 30 September 2023 ZAR'm	% change
Revenue	3	**24 844**	27 892	(11)
Cost of providing services and sale of goods		**(13 897)**	(14 425)	4
Insurance service result[1]		**380**	270	
Insurance revenue[1]	3(a)	**578**	442	
Insurance service expense[1]	3(a)	**(198)**	(172)	
Selling, general and administration expenses		**(8 635)**	(8 628)	
Net impairment loss on trade receivables		**(95)**	(112)	
Other operating losses - net	6	**(145)**	(163)	
Operating profit		**2 452**	4 834	(49)
Interest income	5	**376**	223	
Interest expense	5	**(1 106)**	(874)	
Net foreign exchange translation losses	5	**(1 716)**	(2 924)	
Share of equity-accounted results[2]	7	**(356)**	(151)	
Impairment of equity-accounted investments		**–**	(98)	
Other losses – net	6	**(41)**	(30)	
(Loss)/profit before taxation	6	**(391)**	980	>(100)
Taxation[3]		**(1 453)**	(1 891)	
Loss for the period		**(1 844)**	(911)	>(100)
Attributable to:				
Equity holders of the group		**(1 796)**	(1 321)	
Non-controlling interests		**(48)**	410	
		(1 844)	(911)	>(100)
Basic and diluted loss for the period (ZAR'm)		**(1 796)**	(1 321)	(36)
Basic loss per ordinary share (SA cents)		**(421)**	(310)	(36)
Diluted loss per ordinary share (SA cents)		**(421)**	(310)	(36)

1 *In order to comply with IFRS 17 disclosure requirements, prior period revenue and cost of providing services and sale of goods has been restated in order to separately disclose insurance revenue and insurance service expense.*

2 *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 mainly due to foreign exchange losses on the extraction of cash from Nigeria and the depreciation of the naira against the USD which adversely impacted BetKing Nigeria's financial performance.*

3 *Decreased due to lower levels of profitability in tax paying businesses.*

Condensed consolidated statement of comprehensive income

for the period ended 30 September 2024

	Reviewed half-year 30 September 2024 ZAR'm	Reviewed half-year 30 September 2023 ZAR'm
Loss for the period	**(1 844)**	(911)
Total other comprehensive income for the period:		
Exchange gains arising on translation of foreign operations[1, 2, 3]	**1 029**	725
Hedging reserve[1]	**(500)**	226
– Net fair value (losses)/gains[4]	**(647)**	472
– Hedging reserve recycled to the income statement[4]	**32**	(196)
– Net tax effect of movements in hedging reserve[5]	**115**	(50)
Total comprehensive (loss)/income for the period	**(1 315)**	40
Attributable to:		
Equity holders of the group	**(2 009)**	(150)
Non-controlling interests	**694**	190
	(1 315)	40

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, Technology and Showmax segments, which have a USD reporting currency.*

3 *This movement relates primarily to the ZAR appreciation against the USD from a closing rate of ZAR18.93 in FY24 to ZAR17.28 in 1H FY25 and is recognised in other reserves on the condensed consolidated statement of changes in equity.*

4 *This movement relates primarily to the ZAR appreciation against the USD from a closing rate of ZAR18.93 in FY24 to ZAR17.28 in 1H FY25, a higher overall notional value of hedging contracts and a higher achieved average hedge rate.*

5 *This movement relates to tax on net fair value gains/losses recognised in the South Africa segment as detailed in footnote 4 above which are taxed at 27%. Fair value gains/losses in the Rest of Africa segment, which offset the fair value gains/losses in South Africa, are non-taxable.*

Condensed consolidated statement of financial position

as at 30 September 2024

	Note	Reviewed half-year 30 September 2024 ZAR'm	Audited full-year 31 March 2024 ZAR'm
Assets			
Non-current assets		**19 763**	22 695
Property, plant and equipment[1]		**8 851**	10 247
Goodwill and other intangible assets		**4 391**	4 496
Investments and loans		**340**	374
Investment in associates and joint ventures	7	**3 837**	4 564
Amounts due from related parties		**73**	87
Derivative financial instruments		**4**	–
Platform technology advances		**1 238**	1 476
Deferred taxation[2]		**1 029**	1 451
Current assets		**21 226**	20 841
Inventory		**1 388**	1 435
Programme and film rights[3]		**8 558**	6 117
Trade and other receivables		**5 496**	5 835
Amounts due from related parties		**16**	–
Derivative financial instruments		**41**	179
Cash and cash equivalents		**5 727**	7 275
Assets held for sale	12	**528**	317
Total assets		**41 517**	43 853
Equity and liabilities			
Equity reserves attributable to the group's equity holders		**3 039**	4 907
Share capital		**454**	454
Other reserves		**(11 499)**	(11 706)
Retained earnings		**14 084**	16 159
Non-controlling interests		**(5 760)**	(5 975)
Total equity		**(2 721)**	(1 068)

	Note	Reviewed half-year 30 September 2024 ZAR'm	Audited full-year 31 March 2024 ZAR'm
Non-current liabilities		**22 502**	24 262
Lease liabilities[4]		**7 531**	9 101
Long-term loans		**12 034**	12 043
Derivative financial instruments		**2 679**	2 801
Deferred taxation		**258**	317
Current liabilities		**21 588**	20 532
Lease liabilities[4]		**2 082**	2 642
Programme and film rights[3]		**8 160**	5 256
Provisions		**302**	287
Accrued expenses and other current liabilities[5]		**7 919**	8 918
Derivative financial instruments		**843**	24
Taxation liabilities[6]		**2 282**	3 405
Liabilities directly associated with assets held for sale	12	**148**	127
Total equity and liabilities		**41 517**	43 853

1 *Decrease relates primarily to current period depreciation, reduced capital expenditure and the appreciation of the ZAR against the USD from a closing rate of ZAR18.93 in FY24 to ZAR17.28 in 1H FY25.*

2 *Decrease relates primarily to the appreciation of the ZAR against the USD from a closing rate of ZAR18.93 in FY24 to ZAR17.28 in 1H FY25. This appreciation in the ZAR resulted in less future deductible temporary differences on USD lease liabilities at 30 September 2024 resulting in reduced deferred tax assets.*

3 *Programme and film rights assets and liabilities are higher than FY24 mainly as a result of football properties coming into licence in the second quarter each year.*

4 *Decrease relates primarily to current period lease payments and the impact of the appreciation of the ZAR against the USD from a closing rate of ZAR18.93 in FY24 to ZAR17.28 in 1H FY25 on translation of the group's USD lease liabilities.*

5 *Decrease relates primarily to the impact of the naira depreciation against the USD from a closing rate of NGN1 308.00 in FY24 to NGN1 668.97 in 1H FY25 and the ZAR appreciation against the USD from a closing rate of ZAR18.93 in FY24 to ZAR17.28 in 1H FY25.*

6 *Decrease relates primarily to the resolution of a number of tax matters and the ZAR appreciation against the USD from a closing rate of ZAR18.93 in FY24 to ZAR17.28 in 1H FY25.*

Condensed consolidated statement of changes in equity

for the period ended 30 September 2024

	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 2023	454	(9 613)	18 876	(4 372)	5 345
Loss for the period	–	–	(1 321)	410	(911)
Other comprehensive income	–	1 171	–	(220)	951
Total comprehensive income for the period	–	1 171	(1 321)	190	40
Treasury shares acquired[2]	–	(482)	–	–	(482)
Treasury shares disposed[3]	–	202	(202)	–	–
Hedging reserve basis adjustment[4]	–	(447)	–	(135)	(582)
Share-based compensation movement	–	–	256	–	256
Purchase of shares for group share schemes[5]	–	–	(61)	–	(61)
Transactions with non-controlling interest[6]	–	–	–	593	593
Recognition of put option liability[7]	–	(3 042)	–	–	(3 042)
Dividends declared[8]	–	–	–	(1 299)	(1 299)
Balance at 30 September 2023	454	(12 211)	17 548	(5 023)	768
Balance at 1 April 2024	**454**	**(11 706)**	**16 159**	**(5 975)**	**(1 068)**
Loss for the period	**–**	**–**	**(1 796)**	**(48)**	**(1 844)**
Other comprehensive income	**–**	**(213)**	**–**	**742**	**529**
Total comprehensive loss for the period	**–**	**(213)**	**(1 796)**	**694**	**(1 315)**
Treasury shares disposed[3]	**–**	**456**	**(456)**	**–**	**–**
Hedging reserve basis adjustment[4]	**–**	**(36)**	**–**	**(10)**	**(46)**
Share-based compensation movement	**–**	**–**	**270**	**–**	**270**
Purchase of shares for group share schemes[5]	**–**	**–**	**(93)**	**–**	**(93)**
Transactions with non-controlling interest[6]	**–**	**–**	**–**	**891**	**891**
Dividends declared[8,9]	**–**	**–**	**–**	**(1 360)**	**(1 360)**
Balance at 30 September 2024	**454**	**(11 499)**	**14 084**	**(5 760)**	**(2 721)**

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

2 *During 1H FY24, the group acquired a further 5.3m treasury shares at an average price of ZAR91 per share to fund future RSU share awards. As at 30 September 2024, the group held 13.7m (1H FY24: 18.4m) treasury shares at an average value of ZAR98 (1H FY24: ZAR102) per share.*

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

4 *Relates to the basis adjustment net of tax gains of ZAR12m (1H FY24: ZAR155m) on other reserves and tax gains of ZAR4m (1H FY24: ZAR47m) on non-controlling interests on programme and film right assets as content comes into licence.*

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

6 *Relates to NBCUniversal Media LLC equity contributions into Showmax to fund their 30% of the business (note 11).*

7 *During 1H FY24, in line with the shareholders' agreement and as required by IFRS 9, the group recognised a put option liability for the right held by NBCUniversal Media LLC to sell its minority stake in Showmax to MultiChoice at a predetermined date in the future.*

8 *Non-controlling interest's dividends relate primarily to dividends paid to Phuthuma Nathi (PN).*

9 *At 30 September 2024, an amount of ZAR31m had not yet been paid by the group to the Namibian non-controlling shareholder and the group recognised a payable in the condensed consolidated statement of financial position related to this amount.*

Condensed consolidated statement of cash flows

for the period ended 30 September 2024

	Note	Reviewed half-year 30 September 2024 ZAR'm	Reviewed half-year 30 September 2023 ZAR'm
Cash flows from operating activities			
Cash generated from operating activities		**3 957**	4 983
Interest income received		**317**	227
Interest costs paid		**(941)**	(720)
Taxation paid		**(1 789)**	(2 087)
Net cash generated from operating activities		**1 544**	2 403
Cash flows from investing activities			
Property, plant and equipment acquired		**(150)**	(246)
Proceeds from sale of property, plant and equipment		**4**	2
Intangible assets acquired		**(55)**	(197)
Proceeds from sale of intangible assets		**12**	15
Loans to Enterprise Development Trust beneficiaries		**(4)**	(3)
Repayment of Enterprise Development Trust loans		**5**	5
Other movements in investments and loans		**15**	19
Net cash utilised in investing activities		**(173)**	(405)
Cash flows from financing activities			
Repayments of long and short-term loans[1]		**(6)**	(254)
Repayments of lease liabilities		**(1 221)**	(1 145)
Repurchase of treasury shares		**–**	(482)
Purchases of shares for group share schemes[2]		**(46)**	(61)
Transactions with non-controlling interest	11	**891**	593
Dividends paid by subsidiaries to non-controlling shareholders[3]		**(1 329)**	(1 299)
Net cash utilised in financing activities		**(1 711)**	(2 648)
Net movement in cash and cash equivalents		**(340)**	(650)
Foreign exchange translation adjustments on cash and cash equivalents[4]		**(997)**	(1 290)
Cash and cash equivalents at the beginning of the period		**7 275**	7 541
Cash and cash equivalents classified as held-for-sale		**(211)**	–
Cash and cash equivalents at the end of the period		**5 727**	5 601

1 *An amortising working capital loan of ZAR1.5bn was concluded in FY21. The loan had a three-year term and bore interest at three-month JIBAR + 1.70%. As at 30 September 2023, ZAR1 375m of this loan had been repaid with ZAR250m paid during 1H FY24.*

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

3 *Relates primarily to dividends paid to PN.*

4 *Includes losses of ZAR32m (1H FY24: ZAR518m) primarily incurred in Nigeria, within the Rest of Africa segment, due to differences between the official rate used by the group for translation and the parallel rate at which cash has been remitted.*

Segmental review

for the period ended 30 September 2024

Revenue and trading profit	Reviewed half-year 30 September 2024 ZAR'm Revenue External	Inter-segment	Total	Reviewed half-year 30 September 2023 ZAR'm Revenue External	Inter-segment	Total	Reviewed half-year 30 September 2024 ZAR'm Trading profit	Reviewed half-year 30 September 2023 ZAR'm Trading profit
South Africa	**16 755**	**4 211**	**20 966**	16 539	3 713	20 252	**5 198**	5 202
Rest of Africa	**7 498**	**160**	**7 658**	10 470	119	10 589	**(259)**	330
Technology	**835**	**880**	**1 715**	770	1 061	1 831	**179**	290
Showmax	**334**	**135**	**469**	555	149	704	**(2 424)**	(799)
Eliminations	**–**	**(5 386)**	**(5 386)**	–	(5 042)	(5 042)	**–**	–
Total	**25 422**	**–**	**25 422**	28 334	–	28 334	**2 694**	5 023

Revenue by nature	Reviewed half-year 30 September 2024 ZAR'm South Africa	Rest of Africa	Technology	Showmax	Total	Reviewed half-year 30 September 2023 ZAR'm South Africa	Rest of Africa	Technology	Showmax	Total
Subscription fees	**13 047**	**6 889**	**–**	**334**	**20 270**	13 281	9 580	–	476	23 337
Advertising	**1 595**	**265**	**–**	**–**	**1 860**	1 551	400	–	–	1 951
Decoders	**601**	**259**	**–**	**–**	**860**	412	353	–	–	765
Installation fees	**111**	**–**	**–**	**–**	**111**	44	–	–	–	44
Technology contracts and licensing	**–**	**–**	**835**	**–**	**835**	–	–	770	–	770
Insurance premiums	**578**	**–**	**–**	**–**	**578**	442	–	–	–	442
Other revenue	**823**	**85**	**–**	**–**	**908**	809	137	–	79	1 025
Total external revenue	**16 755**	**7 498**	**835**	**334**	**25 422**	16 539	10 470	770	555	28 334

South Africa and total group revenues disclosed above include ZAR578m (1H FY24: ZAR442m) of insurance revenue which has been separately disclosed on the face of the condensed consolidated income statement in line with *IFRS 17* disclosure requirements.

Segmental review continued

for the period ended 30 September 2024

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 2024 ZAR'm	Reviewed half-year 30 September 2023 ZAR'm
Trading profit per segmental income statement	**2 694**	5 023
Adjusted for:		
Interest on transponder leases (note 5)	**198**	254
Amortisation of intangibles (other than software)	**(25)**	(24)
Other operating losses – net (note 6)	**(145)**	(163)
Equity-settled share-based compensation	**(270)**	(256)
Operating profit per the income statement[1]	**2 452**	4 834

[1] *The condensed consolidated income statement discloses all reporting items from consolidated operating profit to consolidated (loss)/profit before taxation.*

Notes to the consolidated interim financial statements

for the period ended 30 September 2024

1. Basis of presentation and accounting policies

The consolidated interim financial statements for the six months ended 30 September 2024 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 consolidated interim financial statements were prepared in accordance with the framework concepts and the measurement and recognition requirements of IFRS® Accounting Standards as issued by the International Accounting Standards Board (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 consolidated interim financial statements are presented on the going concern basis. While the group is in a negative net asset position as at 30 September 2024, this is primarily due to the recognition of foreign exchange translation losses on the translation of non-quasi, inter-group loans as well as the recognition of a put option liability required to be recognised in terms of *IFRS 9 Financial instruments*. These transactions are non-cash in nature and if they were excluded it would result in the group being in a positive net asset position. Based on the group's forecasts, cash and cash equivalents as at 30 September 2024 and available facilities, the directors believe the group has sufficient resources to continue as a going concern into the foreseeable future.

The 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 2024 of 17.28:1 (31 March 2024: 18.93:1), which has been utilised for the consolidation of the Rest of Africa, Technology and Showmax 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 2024 of 18.18:1 (30 September 2023: 18.75:1).

The accounting policies applied in the preparation of the 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 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 2024.

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 2024. None of the amendments had a material effect on the group's consolidated interim financial statements. The group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

The consolidated interim financial statements have been prepared on the historical cost basis adjusted for the material effects of inflation where entities operate in hyperinflationary economies as required by *IAS 29 Financial Reporting in Hyperinflationary Economies*. The economy of Ghana was assessed to be hyperinflationary effective 31 December 2023. During 1H FY25, management performed an assessment on the impact of the application of hyperinflationary accounting for MultiChoice Ghana. Based on this assessment management have applied their judgement and have concluded that the application of *IAS 29* did not have a material impact on the consolidated interim financial statements and therefore no adjustments have been made related to hyperinflationary accounting for the period ended 30 September 2024.

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 consolidated interim financial statements for the period ended 30 September 2024 have been reviewed by Ernst & Young Inc., who expressed an unmodified conclusion thereon.

	Reviewed half-year 30 September 2024 ZAR'm	Reviewed half-year 30 September 2023 ZAR'm
3. Revenue		
Subscription fees	**20 270**	23 337
Advertising	**1 860**	1 951
Decoders	**860**	765
Installation fees	**111**	44
Technology contracts and licensing	**835**	770
Other revenue	**908**	1 025
	24 844	27 892

The following table shows unsatisfied performance obligations resulting from long-term technology contracts, within the technology segment, as at 30 September 2024 and 31 March 2024:

	Reviewed half-year 30 September 2024 ZAR'm	Audited full-year 31 March 2024 ZAR'm
Aggregate amount of the transaction price allocated to long-term technology contracts that are partially or fully unsatisfied	**344**	302

Management expects that 68% of the transaction price allocated to the unsatisfied contracts as of 30 September 2024 will be recognised as revenue during FY26 (ZAR235m) and 20% (ZAR69m) will be recognised as revenue during FY27. The remaining 12% (ZAR40m) will be recognised as revenue in FY28 and thereafter. The amount disclosed above does not include variable consideration which is constrained.

Management expected that 36% of the transaction price allocated to the unsatisfied contracts as of 31 March 2024 would be recognised as revenue during FY25 (ZAR108m) and 32% (ZAR97m) would be recognised as revenue during FY26. The remaining 32% (ZAR97m) would be recognised as revenue in FY27 and thereafter. The amount disclosed above does not include variable consideration which is constrained.

All other technology contracts are for periods of 1 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.

3(a) Insurance service result

Insurance premiums relate to insurance on device and life products. The revenue from insurance premiums is recognised over time, as and when the services are rendered. Premiums are payable in advance.

	Reviewed half-year 30 September 2024 ZAR'm	Reviewed half-year 30 September 2023 ZAR'm
Insurance service revenue		
Insurance revenue[1]	**578**	442

[1] *Disclosed separately to comply with IFRS 17 disclosure requirements.*

	Reviewed half-year 30 September 2024 ZAR'm	Reviewed half-year 30 September 2023 ZAR'm
Insurance service expense		
Insurance claims	**(83)**	(83)
Policy acquisition expenses	**(115)**	(89)
Total insurance service expense	**(198)**	(172)
Insurance service result	**380**	270

Notes to the consolidated interim financial statements continued

for the period ended 30 September 2024

4. Headline earnings

	Reviewed half-year 30 September 2024 ZAR'm	Reviewed half-year 30 September 2023 ZAR'm
Basic and diluted loss attributable to equity holders of the group	(1 796)	(1 321)
– Dilution gain on partial sale of associate (note 7)	(10)	–
– Impairment of other assets	8	–
– Impairment of equity-accounted investments	–	98
– Profit on sale of intangible assets	(21)	(14)
– Loss/(profit) on sale of property, plant and equipment	5	(1)
– Reversal of impairment of programme and film rights	(2)	–
	(1 816)	(1 238)
– Total tax effects of adjustments	3	4
– Total non-controlling interest effects of adjustments	2	3
Headline loss	(1 811)	(1 231)
Basic and diluted headline loss for the year (ZAR'm)	(1 811)	(1 231)
Basic headline loss per ordinary share (SA cents)	(424)	(289)
Diluted headline loss per ordinary share (SA cents)[1]	(424)	(289)
Net number of ordinary shares issued (million)		
– at period-end[2,3]	429	424
– at period-end (including treasury shares)[2]	443	443
– weighted average for the period	427	426
– diluted weighted average for the period[1]	427	426

1 *As at 30 September 2024, 17.0m restricted share units (RSUs) have been awarded to employees and remain unvested, however due to the group's 1H FY25 basic and diluted headline loss for the year, the impact of these RSUs is anti-dilutive and therefore these RSUs have been excluded from the diluted weighted average number of ordinary shares for 1H FY25. As at 30 September 2023, 17.5m RSUs were awarded and unvested resulting in an anti-dilutive impact in the prior period.*

2 *As at 30 September 2024, the group held 13.7m treasury shares which resulted in a decrease in the number of ordinary shares issued (1H FY24: 18.4m treasury shares).*

3 *During 1H FY25, there were no share repurchases made by the MultiChoice Group Restricted Share Plan Trust (a fellow group company). During 1H FY24, an additional 5.3m shares were repurchased by the MultiChoice Group Restricted Share Plan Trust as part of a share buy-back to fund specific RSU share awards. 4.0m (1H FY24: 1.8m) RSUs were exercised during the year which reduced the number of treasury shares held by the group at 30 September 2024.*

5. Interest (expense)/income

	Reviewed half-year 30 September 2024 ZAR'm	Reviewed half-year 30 September 2023 ZAR'm
Interest expense		
Loans and overdrafts[1]	(600)	(411)
Leases[2]	(217)	(276)
Other[3]	(289)	(187)
	(1 106)	(874)

1 *Relates to interest on working capital term loans of ZAR600m (1H FY24: ZAR401m).*

2 *Relates primarily to transponder leases of ZAR198m (1H FY24: ZAR254m).*

3 *Relates primarily to interest accrued on actual and potential exposures to revenue authorities in the Rest of Africa of ZAR68m (1H FY24: ZAR76m) and the discounting of liabilities in relation to programme and film rights of ZAR175m (1H FY24: ZAR79m).*

	Reviewed half-year 30 September 2024 ZAR'm	Reviewed half-year 30 September 2023 ZAR'm
Interest income		
Loans and bank accounts	249	212
Other	127	11
	376	223

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

	Reviewed half-year 30 September 2024 ZAR'm	Reviewed half-year 30 September 2023 ZAR'm
Net loss from foreign exchange translation and fair value adjustments on derivative financial instruments		
On translation of non-quasi equity loans[1]	(2 122)	(2 433)
On translation of assets and liabilities[2]	421	36
Losses on cash remittances[3]	(32)	(518)
On translation of transponder leases[2]	633	(530)
Gains on translation of forward exchange contracts[4]	379	1 062
Losses on translation of forward exchange contracts[4]	(995)	(541)
Net foreign exchange translation losses	(1 716)	(2 924)

1 *Relates to non-quasi equity foreign exchange losses on foreign denominated intergroup loans within the group.*

2 *Movement primarily relates to ZAR appreciation against the USD from a closing rate of ZAR18.93 in FY24 to ZAR17.28 in 1H FY25.*

3 *Includes losses within the Rest of Africa segment, due to differences between the official rate used by the group for translation and the parallel rate at which cash has been remitted.*

4 *The movement relates primarily to the ZAR appreciation against the USD from a closing rate of ZAR18.93 in FY24 to ZAR17.28 in 1H FY25, a higher overall notional value of hedging contracts and a higher achieved average hedge rate.*

Notes to the consolidated interim financial statements continued

for the period ended 30 September 2024

	Reviewed half-year 30 September 2024 ZAR'm	Reviewed half-year 30 September 2023 ZAR'm
6. (Loss)/profit before taxation		
In addition to the items already detailed, (loss)/profit before taxation has been determined after taking into account, *inter alia*, the following:		
Depreciation of property, plant and equipment	**(1 150)**	(1 241)
Amortisation	**(112)**	(139)
– software	**(87)**	(115)
– other intangible assets	**(25)**	(24)
Net realisable value adjustments on inventory, net of reversals[1]	**160**	(403)
Other operating losses - net		
(Loss)/profit on sale of property, plant and equipment	**(5)**	1
Profit on sale of intangible assets	**21**	14
Impairment of other assets	**(8)**	–
Write-off of cash and cash equivalents[2]	**(378)**	–
Fair value adjustments (note 9)	**225**	(178)
	(145)	(163)
Other losses		
Acquisition-related costs[3]	**(51)**	(30)
Dilution gain[4]	**10**	–

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

2 *Following the revocation of Heritage Bank's banking licence by the Central Bank of Nigeria on 3 June 2024 and its subsequent liquidation, the group wrote-off its receivable relating to the cash held with the bank.*

3 *Relates to acquisition related project costs incurred by the group on potential as well as successful acquisitions, disposals or partnerships.*

4 *The group contributed funding to Moment's Seed+ funding round in the fourth quarter of FY24, but the funding round only closed in May 2024. Following additional contributions from other investors, the group's fully diluted shareholding in Moment decreased from 29.6% at 31 March 2024 to 28.5% at 30 September 2024. The group's share of the additional funding contributed exceeded the carrying value of the effective disposal through dilution, resulting in a dilution gain.*

	Note	Reviewed half-year 30 September 2024 ZAR'm	Audited full-year 31 March 2024 ZAR'm
7. Investment in associates and joint ventures			
Investment in associates	(a)	**3 821**	4 549
Investment in joint ventures		**16**	15
		3 837	4 564
(a) Investment in associates			
Blue Lake Ventures Limited (KingMakers)[1]		**3 605**	4 253
Moment Holdings Limited (Moment)		**151**	224
Zendascape Proprietary Limited (AURA)		**5**	5
AURA B.V.		**30**	32
Africa Cricket Development Proprietary Limited (SA20)		**30**	35
		3 821	4 549

1 *The group considers KingMakers as its only material associate.*

KingMakers

		Reviewed half-year 30 September 2024 ZAR'm	Audited full-year 31 March 2024 ZAR'm
Movement in carrying value of KingMakers investment:			
Opening balance		**4 253**	4 558
Share of net loss of associate		**(242)**	(391)
Share of other comprehensive income/(loss) of associate		**20**	(41)
Amortisation of intangible assets identified on acquisition		**(76)**	(160)
Foreign exchange translation adjustment		**(350)**	287
Closing balance		**3 605**	4 253

The group has assessed its KingMakers investment from an impairment perspective and concluded that no impairment was necessary during 1H FY25.

7. Investment in associates and joint ventures continued

Moment

In FY24, the group, along with other founding shareholders and new investors, contributed to Moment's Seed+ funding round. Moment raised an additional USD19m of funding as at 31 March 2024, with the group contributing USD8m (ZAR151m), and new external participants placing a post-money valuation on the business of USD82m. The additional contribution by the group resulted in an increase in ownership from 25.5% to 29.6% on a fully diluted basis at 31 March 2024.

Moment's Seed+ funding round only closed in May 2024. Following additional contributions from other investors, the group's fully diluted shareholding in Moment decreased from 29.6% at 31 March 2024 to 28.5% at 30 September 2024. The group's share of the additional funding contributed exceeded the carrying value of the effective disposal through dilution, resulting in a dilution gain of ZAR10m.

Moment was assessed to be an associate based on the group's board representation (1 of 4 directors) and was initially measured at cost.

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 2024 ZAR'm	Audited full-year 31 March 2024 ZAR'm
Commitments		
– Capital expenditure	25	6
– Programme and film rights[1]	43 656	48 463
– Decoders[2]	500	1 396
– Lease commitments	28	26
– Peacock platform fees[3]	6 141	6 825
– Other	3 222	3 188
	53 572	59 904

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

2 *Decrease due to the group's current decoder stock levels and lower sales volumes on decoders in the current period.*

3 *Decrease relates primarily to the ZAR appreciation against the USD from a closing rate of ZAR18.93 in FY24 to ZAR17.28 in 1H FY25.*

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 ZAR0.6bn (FY24: ZAR0.5bn). No provision has been made as at 30 September 2024 for these possible exposures.

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 and non-observable inputs, which reflect the market conditions in their expectations of future cash flows related to the asset or liability at 30 September 2024.

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

Financial instrument	Reviewed half-year 30 September 2024 Fair value ZAR'm	Audited full-year 31 March 2024 Fair value ZAR'm	Valuation method	Level in fair value hierarchy
Financial assets				
Investments held at fair value through profit or loss (Trust Machines SPV, LLC)	231	253	Based on the latest value internally measured by the investee	Level 3
Investments held at fair value through profit or loss	12	24	Unit trusts comprising of quoted prices in a public market	Level 2
Forward exchange contracts	33	163	Fair value derived from forward exchange rates that are publicly available	Level 2
Futures contracts	8	11	Quoted prices in a public market	Level 1
Currency depreciation features	4	5	Discounted cash flow techniques	Level 3
Financial liabilities				
Put option liability	2 502	2 712	Discounted cash flow techniques	Level 3
Forward exchange contracts	934	26	Fair value derived from forward exchange rates that are publicly available	Level 2
Derivative option	79	87	Monte Carlo Simulation option pricing model	Level 3
Interest rate swap	7	–	Present value of the estimated future cash flows based on observable yield curves	Level 2

9. Fair value of financial instruments continued

The following table shows a reconciliation of the group's material level 3 financial instruments:

	Financial asset	Financial liabilities	
	Investments held at fair value through profit or loss (Trust Machines SPV, LLC) ZAR'm	Put option liability ZAR'm	Derivative option ZAR'm
Balance at 1 April 2023	237	–	(142)
Additions	–	(3 042)	–
Fair value gains recognised in the income statement	–	524	64
Foreign exchange gains/(losses) recognised in the income statement	16	(194)	–
Foreign exchange losses recognised in other comprehensive income	–	–	(9)
Balance at 1 April 2024	**253**	**(2 712)**	**(87)**
Fair value losses recognised in the income statement (note 6)	**–**	**(27)**	**–**
Foreign exchange (losses)/gains recognised in the income statement (note 6)	**(22)**	**281**	**–**
Foreign exchange (losses)/gains recognised in other comprehensive income	**–**	**(44)**	**8**
Balance at 30 September 2024	**231**	**(2 502)**	**(79)**

During FY24, the group concluded a partnership with Comcast NBCUniversal in relation to its Showmax streaming business. The shareholders' agreement includes an option that permits NBCUniversal to put its 30% shareholding in Showmax Africa Holdings Limited to the group at a predetermined date in the future, being the seventh anniversary of the launch date. If exercised, the group would be required to pay the aggregate price equal to the fair market value of Showmax Africa Holdings Limited shares. The put option was initially measured at fair value and is subsequently measured at fair value through profit or loss. The recognition of the put option liability does not factor in any probability of exercise and is an accounting adjustment that is required by *IFRS 9* as applicable when a parent company has exposure to a put option over a minority stake in a subsidiary entity.

The key inputs used in the discounted cash flow valuation included a weighted average cost of capital (WACC) and a perpetuity growth rate (PGR) for each operational market, blended for the Showmax entity as a whole. A 1% increase in the blended WACC rate would result in the put option liability decreasing by ZAR485m, while a 1% decrease in the blended WACC rate would result in the put option liability increasing by ZAR580m. A 0.5% decrease in the PGR would result in the put option liability decreasing by ZAR120m, while a 0.5% increase in the PGR would result in the put option liability increasing by ZAR129m.

The net movement in 1H FY25 in the value of the fair value of the put option since 31 March 2024 has been driven by the following factors:

- An updated blended WACC, notably on the back of movements in risk free rates and equity risk premiums.
- The incorporation of mid-year forecast movements.
- A stronger spot ZAR against the USD on translation of the USD put option liability at period-end.
- Other model amendments for foreign exchange rate assumptions, inflation rate assumptions etc.

In FY22, as part of the additional acquisition of shares in KingMakers, 10% of the shares in KingMakers were issued to the KingMakers share scheme. This resulted in the group reducing its shareholding to 18% (before the acquisition transaction was finalised). The subscription was for an amount of USD11m on loan account to the KingMakers share scheme. The loan account will be due and payable after 10 years. The only source of return for the ESOP will be through the shareholding in KingMakers. The only security on the loan for the group are the KingMakers shares themselves that have been issued. Management assessed the transaction and concluded that the substance is that the group issued an instrument with a similar profile as an option instrument and therefore accounted for the transaction as such. The derivative option liability was initially measured at fair value and subsequently measured at fair value through profit or loss. As at 30 September 2024, the derivative option liability had a fair value of USD4.6m (ZAR79m) (FY24: USD4.6m (ZAR87m)). The key inputs in using the Monte Carlo Simulation included the fair value of KingMakers, a volatility of 46.19% (FY24: 46.19%) and a dividend yield of 5% (FY24: 5%). The group used the USD overnight index swap (OIS) curve to determine the risk-free rate. A 20.5% (FY24: 20.5%) increase or decrease in the fair value of KingMakers would result in the option liability increasing or decreasing by USD1.4m or ZAR24.3m (FY24: USD1.4m or ZAR27m). A 5% decrease in the volatility rate would result in the option liability decreasing by USD0.4m or ZAR6.4m (FY24: USD0.4m or ZAR7.4m), a 5% increase in the volatility rate would result in the option liability increasing by USD0.4m or ZAR6.2m (FY24: USD0.4m or ZAR6.7m).

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

10. Related party transactions and balances

During 1H FY25, the group received advertising and sponsorship revenue of ZAR36m (1H FY24: ZAR10m) from KingMakers. This revenue has been recognised by the group in advertising revenue (note 3).

During 1H FY25, the group recognised Moment transactions costs of ZAR121m in relation to DStv and Showmax payments. The costs have been recognised by the group in cost of providing services and sale of goods.

As at 30 September 2024, the group recognised a receivable with Moment of ZAR239m in relation to DStv and Showmax payments. This receivable is expected to realise in October 2024. The receivable has been recognised by the group in trade and other receivables.

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

11. MultiChoice and Comcast's NBCUniversal partnership

During 1H FY25, in order to fund the working capital requirements of the Showmax group, Showmax Africa Holdings Limited received USD49m (ZAR891m) (1H FY24: USD3m (ZAR57m)) in equity funding from NBCUniversal. This funding is recognised in non-controlling interests in the condensed consolidated statement of changes in equity.

12. NMS Insurance Services (SA) Limited – Disposal group held for sale

MultiChoice Proprietary Ltd (MultiChoice), a subsidiary of MultiChoice South Africa Holdings Ltd (MCSAH) and ultimate holding company MultiChoice Group Limited (MCG) received a formal offer from Sanlam Life Insurance Limited (Sanlam) to buy a 60% shareholding in the group's insurance business, NMS Insurance Services (SA) Ltd which was formally announced on 18 June 2024. The MultiChoice board accepted this offer, which remains subject to final regulatory approvals.

On reclassification of the assets and liabilities to held-for-sale the group performed an assessment on the fair value of the assets and liabilities and no impairment was required.

	Reviewed half-year 30 September 2024 ZAR'm	Audited full-year 31 March 2024 ZAR'm
Non-current Assets Held for Sale		
Assets		
Property, plant and equipment	*	*
Cash and cash equivalents	528	317
Assets held for sale	**528**	**317**

* *Amounts less than ZAR1m.*

	Reviewed half-year 30 September 2024 ZAR'm	Audited full-year 31 March 2024 ZAR'm
Liabilities directly associated with assets held for sale		
Trade payables	1	2
Deferred income	66	52
Accrued expenses	52	39
Taxes and other statutory liabilities	29	34
Liabilities held for sale	**148**	**127**
Net assets held for sale	**380**	**190**

13. Subsequent events

Acquisition by Sanlam Life of 60% of MultiChoice's insurance business

Having received Competition Commission and Competition Tribunal approval, all material conditions precedent for the sale of a 60% interest in NMS Insurance Services (SA) Limited (NMSIS) to Sanlam have been met, with the exception of formal written approval from the Prudential Authority.

We have a high degree of confidence that said approval will be received from the Prudential Authority shortly and, as a result, all outstanding conditions precedent are expected to be met in November 2024 at which time the transaction will become effective. The conclusion of the transaction will trigger the recognition of a once-off accounting gain, which is expected to be in the range of ZAR2.6bn to ZAR3.3bn, principally as a result of disposing of the group's controlling interest in NMSIS, after taking into account the consideration expected (comprising upfront cash proceeds and a potential earnout), the fair value of the group's remaining 40% interest in NMSIS and the carrying value of the net assets of NMSIS derecognised in accordance with relevant IFRS Accounting Standards.

Other

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

Building a better working world

EY
102 Rivonia Road
Sandton
Private Bag X14
Sandton
2146

Ernst & Young Incorporated
Co. Reg. No. 2005/002308/21
Tel: +27 (0) 11 772 3000
Fax: +27 (0) 11 772 4000
Docex 123 Randburg
ey.com

Independent auditor's review report on the consolidated interim financial statements

To the Shareholders of MultiChoice Group Limited

We have reviewed the consolidated interim financial statements of MultiChoice Group Limited in the accompanying consolidated interim financial statements on pages 7 to 21, which comprise the condensed consolidated statement of financial position as of 30 September 2024 and the related condensed consolidated income statement and condensed consolidated statements of comprehensive income, changes in equity and cash flows for the six months then ended, with material accounting policy information and other explanatory notes.

Directors' Responsibility for the Interim Financial Statements

The directors are responsible for the preparation and presentation of these consolidated interim financial statements in accordance with the IFRS Accounting Standards as issued by the International Accounting Standards Board, 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 error.

Auditors' Responsibility

Our responsibility is to express a conclusion on these consolidated interim financial statements. We conducted our review in accordance with International Standard on Review Engagements (ISRE) 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 consolidated 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 consolidated interim financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial statements of MultiChoice Group Limited for the six months ended 30 September 2024 are not prepared, in all material respects, in accordance with the IFRS Accounting Standards as issued as issued by the International Accounting Standards Board, 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.

Ernst & Young Inc.

Ernst & Young Inc.
Director: CE Trollope
Registered Auditor
Chartered Accountant (SA)

12 November 2024
Johannesburg, South Africa

14. Non-IFRS performance measures and pro forma information

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, adjusted core headline earnings and free cash flow, together with certain measures used in the calculation of debt ratios, being net debt and EBITDA (EBITDA is measured on a 12-month basis between 1 October 2023 and 30 September 2024 and represents earnings before interest, taxes, depreciation and amortisation) (the "non-IFRS performance measures" or the "*pro forma* financial information"). The non-IFRS performance measures are compiled in terms of the JSE Listings Requirements and the Guide on *Pro Forma* Financial Information, issued by SAICA, and are the responsibility of the board of directors and are presented for illustrative purposes only. *Pro forma* information presented on a non-IFRS basis has been extracted from the information underlying the group's 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 the information underlying the group's consolidated interim financial statements, they may not necessarily 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 changes in foreign exchange rates, material changes in the composition of the group from corporate merger and acquisition activity and excluding the impact of non-recurring and/or non-operational items from the group's sustainable operational performance, core headline earnings, adjusted 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 2024. 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 FY25: 18.18; 1H FY24: 18.75); Nigerian Naira (1H FY25: 85.63; 1H FY24: 35.26); Angolan Kwanza (1H FY25: 48.94; 1H FY24: 39.47); Kenyan Shilling (1H FY25: 7.17; 1H FY24: 7.58) and Zambian Kwacha (1H FY25: 1.42; 1H FY24: 1.02).
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. In November 2023, ahead of the Showmax re-launch, the group discontinued two Showmax products, Showmax Pro and Showmax diaspora. As a result, the group has adjusted prior period subscription fees and operating expenses related to these two products. There were no other changes in the composition of the group during the respective reporting periods.
3. Excludes the impact of non-recurring and/or non-operational items from the group's sustainable operational performance, core headline earnings, adjusted core headline earnings and free cash flow.
4. The net debt: EBITDA ratio has been calculated as net debt of ZAR15.9bn divided by rolling 12-month EBITDA of ZAR8.3bn. Net debt has been calculated on 30 September 2024 as total interest-bearing debt, including transponder leases, less cash and cash equivalents. EBITDA is measured on a 12-month basis between 1 October 2023 and 30 September 2024 and represents earnings before interest, taxes, depreciation and amortisation.

This pro forma financial information and constant currency information has not been audited or reviewed or otherwise reported on by the group's external auditor.

14. Non-IFRS performance measures and pro forma information 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:

14.1 Non-IFRS measures: key performance indicators

As at 30 September	2023 Reported	2024 Currency impact	2024 Organic growth	2024 Reported	YoY % change	YoY organic % change
Subscribers ('000)[1]	16 703	n/a	(1 768)	14 935	(11)	(11)
South Africa	7 822	n/a	(399)	7 423	(5)	(5)
Rest of Africa	8 881	n/a	(1 369)	7 512	(15)	(15)
ARPU (ZAR)[2]						
Blended	229	(35)	27	221	(3)	12
South Africa[3]	280	–	9	289	3	3
Rest of Africa	176	(68)	39	147	(16)	22
90-day active subscribers ('000)[4]	21 663	n/a	(2 368)	19 295	(11)	(11)
South Africa	8 629	n/a	(495)	8 134	(6)	(6)
Rest of Africa	13 034	n/a	(1 873)	11 161	(14)	(14)
90-day active ARPU (ZAR)[2]						
Blended	172	(26)	22	168	(2)	13
South Africa[3]	247	–	14	261	6	6
Rest of Africa	117	(45)	26	98	(16)	22

1 *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.*

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 Access fees and BoxOffice rental income but excludes decoder insurance premiums and reconnection fees which are disclosed as other revenue in terms of IFRS.*

3 *South Africa ARPU and 90-day active ARPU as at 30 September 2023 has been restated from ZAR290 and ZAR256 respectively. With the Showmax segment now reported as a separate segment, Showmax subscription fee revenue which was historically included in the South Africa ARPU calculations has been removed.*

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

14.2 Pro forma information: group financial including segmental analysis

14.2.1 Segmental results

As at 30 September	2023 IFRS ZAR'm	2024 M&A impact[1] ZAR'm	2024 Currency growth ZAR'm	2024 Organic growth ZAR'm	2024 IFRS ZAR'm	YoY % change	YoY organic % change
Revenue	28 334	(202)	(3 714)	1 004	25 422	(10)	4
South Africa	16 539	–	–	216	16 755	1	1
Rest of Africa	10 470	–	(3 661)	689	7 498	(28)	7
Technology	770	–	(28)	93	835	8	12
Showmax	555	(202)	(25)	6	334	(40)	1
Trading profit	5 023	(47)	(2 257)	(25)	2 694	(46)	(1)
South Africa	5 202	–	–	(4)	5 198	–	–
Rest of Africa	330	–	(2 329)	1 740	(259)	>(100)	>100
Technology	290	–	16	(127)	179	(38)	(44)
Showmax	(799)	(47)	56	(1 634)	(2 424)	>(100)	>(100)

1 *Relates to the 1H FY24 financial impact of Showmax Pro and Showmax diaspora which were discontinued during FY24.*

14.2.2 Revenue and costs by nature

	2023 IFRS ZAR'm	2024 M&A impact ZAR'm	2024 Currency growth ZAR'm	2024 Organic growth ZAR'm	2024 IFRS ZAR'm	YoY % change	YoY organic % change
Revenue	28 334	(202)	(3 714)	1 004	25 422	(10)	4
Subscription fees	23 337	(202)	(3 202)	337	20 270	(13)	1
Advertising	1 951	–	(339)	248	1 860	(5)	13
Decoders	765	–	(136)	231	860	12	30
Technology contracts and licensing	770	–	(28)	93	835	8	12
Insurance premiums	442	–	–	136	578	31	31
Other revenue	1 069	–	(9)	(41)	1 019	(5)	(4)
Operating expenses	23 311	(155)	(1 457)	1 029	22 728	(3)	4
Content	9 815	(77)	(72)	(51)	9 615	(2)	(1)
Decoder purchases	2 284	–	(36)	(262)	1 986	(13)	(11)
Staff costs[2]	3 214	(15)	(208)	21	3 012	(6)	1
Sales and marketing	1 472	(46)	(122)	(23)	1 281	(13)	(2)
Transponder costs	1 183	–	(36)	(56)	1 091	(8)	(5)
Other[3]	5 343	(17)	(983)	1 400	5 743	7	26

2 *Excludes equity-settled share-based payment expense.*

3 *Increase relates primarily to additional Showmax operating costs which include the costs of the new Showmax platform.*

14. Non-IFRS performance measures and pro forma information continued

14.3 Non-IFRS measures: core headline earnings and adjusted core headline earnings

Reconciliation of headline earnings to core headline earnings and adjusted 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.

Given the ongoing disconnect between the official naira rate, which is used for reporting purposes, and the unofficial parallel naira rate, which is the rate at which cash is remitted from Nigeria, the board has taken the decision to introduce an adjusted core headline earnings measure to include the impact of the losses on cash remittances post tax and minorities in an earnings measure.

	Half-year 30 September 2024 ZAR'm	Half-year 30 September 2023 ZAR'm	% change
Headline loss attributable to shareholders (IFRS)	**(1 811)**	(1 231)	
Adjusted for (after tax effects and non-controlling interests)[1]:			
- Amortisation of other intangible assets[2]	**91**	96	
- Acquisition-related costs	**51**	22	
- Equity-settled share-based payment expense	**216**	206	
- Foreign currency losses and fair value adjustments	**1 276**	2 263	
- Realised (losses)/gains on forward exchange contracts	**(125)**	571	
- Write-off of cash and cash equivalents[3]	**299**	–	
- Settlement costs related to cancelled contracts	**33**	–	
Core headline earnings (ZAR'm)	**30**	1 927	(98)
Core headline earnings per ordinary share issued (SA cents)	**7**	452	(98)

[1] *Based on information underlying the consolidated interim financial statements of the group for the periods ended 30 September 2024 and 2023.*

[2] *Includes ZAR76m (1H FY24: ZAR81m) related to the amortisation of intangible assets identified based on the final purchase price allocation fair-values on acquisition of KingMakers.*

[3] *Relates to the write-off of the USD21m receivable relating to the cash held with Heritage Bank before its license was revoked and the bank was liquidated, net of minority adjustments and translated into ZAR.*

	Half-year 30 September 2024 ZAR'm	Half-year 30 September 2023 ZAR'm	% change
Core headline earnings (ZAR'm)	**30**	1 927	(98)
Adjusted for:			
Losses on cash remittances (net of tax effects and non-controlling interests)	**(23)**	(410)	
Adjusted core headline earnings (ZAR'm)	**7**	1 517	(100)
Adjusted core headline earnings per ordinary share issued (SA cents)	**2**	356	(99)

14.4 Non-IFRS measures: free cash flow

Reconciliation of cash generated from operating activities to free cash flow

	Half-year 30 September 2024 ZAR'm	Half-year 30 September 2023 ZAR'm	% change
Cash generated from operating activities	**3 957**	4 983	(21)
Adjusted for:			
– Lease repayments[1]	**(1 419)**	(1 399)	
– Net capital expenditure	**(189)**	(426)	
– Taxation paid	**(1 789)**	(2 087)	
Free cash flow	**560**	1 071	(48)

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

Administration and corporate information

Company secretary

Carmen Miller
MultiChoice City
144 Bram Fischer Drive
Randburg, 2194
South Africa
cosec@multichoice.com
Tel: +27 (0)11 289 4888/3657

Registered office

MultiChoice City
144 Bram Fischer Drive
Randburg, 2194
South Africa
PO Box 1502, Randburg, 2125
South Africa
Tel: +27 (0)11 289 6604

Registration number

2018/473845/06
Incorporated in South Africa

External auditor

Ernst and Young Inc.
102 Rivonia Road
Sandton, 2196
Gauteng, South Africa

Transfer secretaries

Singular Systems Proprietary Limited
(Registration number: 2002/001492/07)
25 Scott Street, Waverley, 2090
PO Box 1266, Bramley, 2018
Tel: +27 (0)870 150 342/3
multichoice@singular.co.za

ADR programme

The Bank of New York Mellon

Shareholder relations department

Global Buy DIRECT℠
462 South 4th Street, Suite 1600
Louisville, KY 40202
United States of America
(PO Box 505000, Louisville, KY 40233-5000)

Sponsor

Rand Merchant Bank
(A division of FirstRand Bank Limited)
(Registration number: 1929/001225/06)
1 Merchant Place, Cnr Fredman Drive and Rivonia Road
Sandton, 2196
PO Box 786273, Sandton, 2146, South Africa
Tel: +27 (0)11 282 8000

Attorneys

Webber Wentzel
90 Rivonia Road, Sandton
PO Box 91771, Marshalltown, 2107
South Africa
Tel: +27 (0)11 530 5000

Investor relations

Meloy Horn
InvestorRelations@multichoice.com
Tel: +27 (0)11 289 3320

MultiChoice

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www.multichoice.com