MultiChoice Group Limited
(Incorporated in the Republic of South Africa)
(Registration number: 2018/473845/06)
JSE share code: MCG
ISIN: ZAE000265971
("MCG" or "the Company")

SUMMARY CONSOLIDATED FINANCIAL RESULTS FOR THE YEAR ENDED 31 MARCH 2023

EXECUTIVE REVIEW OF OUR PERFORMANCE

REST OF AFRICA RETURNS TO PROFITABILITY AS GROUP CONTINUES TO EXPAND

MultiChoice Group (MCG or the group) continued to scale its overall subscriber base, primarily through a strong performance in the Rest of Africa. The group added 1.7m 90-day active subscribers, representing 8% year-on-year (YoY) growth, to close the year on 23.5m subscribers. The 90-day subscriber base comprised 14.2m households (60%) in the Rest of Africa and 9.3m households (40%) in South Africa.

Group revenue increased 7% (4% organic) to ZAR59.1bn, with the weaker South African rand (ZAR) increasing the revenue contribution on translation of the Rest of Africa and Technology segments, that have a USD reporting currency. Subscription revenues amounted to ZAR48.6bn, up 7% YoY (4% organic), driven by the Rest of Africa that delivered a 25% YoY increase (16% organic). Advertising revenues were up a solid 7% (6% organic) supported by the FIFA World Cup and local content properties. Irdeto's revenues declined 4% (17% organic) as ongoing global supply constraints and the decision to exit all Russian based operations impacted negatively on performance. Insurance premiums grew a strong 22% YoY, with new products such as funeral cover gaining traction.

Group trading profit decreased 3% to ZAR10.0bn (up 5% organic) due to an adverse ZAR0.9bn foreign exchange impact and weaker SA earnings. This resulted in group trading profit margins decreasing from 19% to 17%. The Rest of Africa business returned to profitability and delivered trading profit of ZAR0.9bn, which is a ZAR2.8bn organic improvement from the prior year. The impact of South African macro challenges, together with the group's increased investment in Showmax, caused SA margins to contract to 24% from 31% in the prior year.

Core headline earnings, the board's measure of sustainable business performance, increased 2% YoY to ZAR3.5bn. This was mainly attributable to the improved contribution from the Rest of Africa and positive realised foreign exchange movements, tempered by the lower profits in SA.

Consolidated free cash flow of ZAR2.9bn was down 48% YoY. This was mainly due to working capital investment, especially around prepayments for sports rights renewals and the timing of payments brought forward due to a major financial system upgrade which went live on 1 April 2023.

SALIENT FEATURES

Year ended 31 March	2023 ZAR'm	2022 ZAR'm	YoY % change
Revenue	59 141	55 240	7
Operating profit	10 157	10 296	(1)
Trading profit	9 991	10 334	(3)
Free cash flow	2 861	5 549	(48)
Core headline earnings per ordinary share (SA cents)	828	814	2
Earnings per ordinary share (SA cents)	(815)	318	greater than (100)
Headline earnings per ordinary share (SA cents)	(301)	381	greater than (100)
Net asset value per ordinary share (SA cents)	1 249	1 896	(34)
Dividend per ordinary share (SA cents)	-	565	greater than (100)

KEY PERFORMANCE INDICATORS

As at 31 March	2022 Reported	2023 Currency impact	2023 Organic growth	2023 Reported	YoY % change	YoY organic % change
90-day-active subscribers ('000)	21 804	n/a	1 704	23 508	8	8
South Africa	9 011	n/a	294	9 305	3	3
Rest of Africa	12 793	n/a	1 410	14 203	11	11
90-day-active ARPU (ZAR)						
Blended	177	6	(4)	179	1	(2)
South Africa	269	-	(13)	256	(5)	(5)
Rest of Africa	110	10	6	126	15	5
Subscribers ('000)	16 640	n/a	666	17 306	4	4
South Africa	8 160	n/a	(144)	8 016	(2)	(2)
Rest of Africa	8 480	n/a	810	9 290	10	10
ARPU (ZAR)						
Blended	229	8	2	239	4	1
South Africa	295	-	(5)	290	(2)	(2)
Rest of Africa	163	15	14	192	18	9

GROUP FINANCIALS

Year ended 31 March	2022 IFRS ZAR'm	2023 Currency impact ZAR'm	2023 Organic growth ZAR'm	2023 IFRS ZAR'm	YoY % change	YoY organic % change
Segmental results						
Revenue1	55 077	2 005	1 983	59 065	7	4
South Africa	35 615	-	(631)	34 984	(2)	(2)
Rest of Africa1	17 918	1 808	2 878	22 604	26	16
Technology	1 544	197	(264)	1 477	(4)	(17)
Trading profit	10 334	(887)	544	9 991	(3)	5
South Africa	11 032	-	(2 549)	8 483	(23)	(23)
Rest of Africa	(1 213)	(725)	2 836	898	174	234
Technology	515	(162)	257	610	18	50

1 Total group revenue and Rest of Africa revenue presented above includes losses of ZAR76m (FY22: losses of ZAR163m) related to fair-value movements on Nigeria futures contracts.

Revenue and costs by nature						
Revenue	55 077	2 005	1 983	59 065	7	4
Subscription fees1	45 261	1 596	1 722	48 579	7	4
Advertising	3 909	64	229	4 202	7	6
Decoders	1 870	109	(80)	1 899	2	(4)
Technology contracts and licensing	1 544	197	(264)	1 477	(4)	(17)
Insurance premiums	587	-	130	717	22	22
Other revenue	1 906	39	246	2 191	15	13
Operating expenses	44 743	2 892	1 439	49 074	10	3
Content	19 477	1 097	322	20 896	7	2
Decoder purchases	5 750	435	368	6 553	14	6
Staff costs	5 759	390	22	6 171	7	-
Sales and marketing	2 635	101	317	3 053	16	12
Transponder costs	2 396	144	(86)	2 454	2	(4)
Other	8 726	725	496	9 947	14	6

1 Subscription fees presented above includes losses of ZAR76m (FY22: losses of ZAR163m) related to fair-value movements on Nigeria futures contracts.

EXECUTIVE REVIEW CONTINUED

As one of the largest taxpayers in Africa, the group paid direct cash taxes of ZAR3.4bn, marginally down from the prior year (FY22: ZAR3.6bn) primarily due to lower taxable profits generated in South Africa.

Given the notable changes in discount rates applicable to global gaming and technology companies and Nigeria in particular and the sharp increase in parallel exchange rates in Nigeria, an impairment review was conducted on KingMakers as at 31 March 2023. Although in local currency the business remains in line with original forecasts, the marked increase in discount rates for the Nigerian operation, a weaker currency forecast, combined with the impact of exiting some markets, resulted in the recognition of a ZAR2.0bn impairment loss. The group's 51.23% investment in this associate is now valued at ZAR4.6bn.

The strength of the balance sheet remains a core focus in supporting the group's future growth ambitions. ZAR7.5bn in cash and cash equivalents combined with ZAR9.0bn in available facilities, provide ZAR16.5bn in financial flexibility to fund the group's operations, including the drive to make Showmax the leading streaming platform on the African continent. This strong financial position is after ZAR3.9bn was utilised to settle the MCG and Phuthuma Nathi (PN) dividends in September and an early ZAR2.3bn settlement of the KingMakers term loan in March 2023, but includes ZAR5.1bn in cash that is not readily accessible in the corporate cash pool. Leverage remains low with a net debt: EBITDA ratio of 1.08x at the end of March (FY22: 0.77x).

The group operates in numerous markets across Africa and internationally, resulting in significant exposure to foreign exchange volatility. This can have a notable impact on reported revenue and trading profit metrics, particularly in the Rest of Africa where revenues are earned in local currencies while the cost base is largely USD denominated. Where relevant in this short-form announcement, amounts and percentages have been adjusted for the effects of foreign currency, as well as acquisitions and disposals to better reflect underlying trends. These adjustments (non-International Financial Reporting Standards (IFRS) performance measures) are quoted in brackets as organic, after the equivalent metrics reported under IFRS. These non-IFRS performance measures constitute pro forma financial information in terms of the JSE Limited Listings Requirements.

The company's external auditor has not reviewed or reported on forecasts included in this short-form announcement.

DIRECTORATE

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

DIVIDEND

In view of the challenging South African market, the uncertain currency outlook, the funding needs of the Rest of Africa business and the investment required to drive Showmax to become the leading streaming platform on the continent, no dividend has been declared for FY23.

PREPARATION OF THE SHORT-FORM ANNOUNCEMENT

The preparation of the short-form announcement was supervised by the group's chief financial officer, Tim Jacobs CA(SA). These results were made public on 13 June 2023.

ADR PROGRAMME

Bank of New York Mellon maintains a Global BuyDIRECTSM plan for MultiChoice Group Limited. For additional information, visit Bank of New York Mellon's website at www.globalbuydirect.com or call Shareholder Relations at 1-888-BNY-ADRS or 1-800-345-1612 or write to: Bank of New York Mellon, Shareholder Relations Department - Global BuyDIRECT, 462 South 4th Street, Suite 1600, Louisville, KY 40202, United States of America, (PO Box 505000, Louisville, KY 40233-5000)

IMPORTANT INFORMATION

This short-form announcement contains forward-looking statements as defined in the United States Private Securities Litigation Reform Act of 1995. Words such as "believe", anticipate", "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 our 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 acquisitions, changes to domestic and international business and market conditions such as exchange rate and interest rate movements; changes in the domestic and international regulatory and legislative environments; changes to domestic and international operational, social, economic and political conditions; 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 short-form announcement, 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.

FURTHER INFORMATION

This short-form announcement is the responsibility of the directors and is only a summary of the information contained in the full summary consolidated annual financial statements. The full summary consolidated annual financial statements were released on SENS on 13 June 2023 and can be viewed on the company's website www.investors.multichoice.com/annual-results. Copies of the full summary consolidated annual financial statements may also be inspected at the company's registered office and at the offices of the company's sponsor, at no charge, during office hours. Copies of the full summary consolidated annual financial statements may be requested by contacting the company secretary at cosec@multichoice.co.za. Any investment decision should be based on the full summary consolidated annual financial statements available at https://senspdf.jse.co.za/documents/2023/JSE/ISSE/MCGE/13Jun23FY.pdf published on SENS and on the company's website. The information in this short-form announcement has been extracted from the audited consolidated annual financial statements on our website, but the announcement itself has not been audited. The full audited consolidated annual financial statements, including the audit opinion of the external auditor, PricewaterhouseCoopers Inc., which sets out key audit matters and the basis for its unmodified opinion is available at: www.investors.multichoice.com/annual-results.

On behalf of the board

Imtiaz Patel Chair	Calvo Mawela Group CEO

Johannesburg
13 June 2023

Directorate

Independent non-executive directors
JJ Volkwyn (Lead independent director), JH du Preez, E Masilela, KD Moroka, CM Sabwa, FA Sanusi, L Stephens

Non-executive directors
MI Patel (Chair)

Executive directors
CP Mawela (CEO), TN Jacobs (CFO)

Registered office: MultiChoice City, 144 Bram Fischer Drive, Randburg, 2194, South Africa.
PO Box 1502, Randburg, 2125

Transfer secretaries: Singular Systems Proprietary Limited, Registration number 2002/001492/07, 25 Scott Street, Waverley, 2090, South Africa. PO Box 1266, Bramley, 2018, South Africa.

Sponsor: Rand Merchant Bank (A division of FirstRand Bank Limited)

www.multichoice.com