MULTICHOICE GROUP LIMITED
(Incorporated in the Republic of South Africa)
(Registration number: 2018/473845/06)
JSE Share Code: MCG ISIN: ZAE000265971
("MultiChoice" or "the Company" or "the group")

Interim trading statement for the six months ended 30 September 2023

Shareholders are advised that the group is finalising its consolidated interim financial results for the six months ended 30 September 2023 ("current period").

Management's focus on pricing and cost disciplines, as well as on subscriber retention, a better customer mix and lower decoder subsidies, delivered an encouraging trading performance on an organic basis. This was despite the increased investment in Showmax ahead of its anticipated relaunch in the second half of FY24. On a reported basis, an adverse economic and exchange rate environment impacted negatively on the group's financial results.

Trading profit, core headline earnings per share and adjusted core headline earnings per share

The board considers trading profit and core headline earnings per share to be the two most appropriate indicators of the operating performance of the group, as they adjust for non-recurring and non-operational items. The board approved the addition of a new adjusted core headline earnings per share metric to reflect the impact of losses incurred on cash remittances from Rest of Africa markets (mainly Nigeria).

Incorporating ZAR0.5bn in additional Showmax costs and despite a 16% increase in local content investment, trading profit on an organic basis (i.e. reflecting results on a constant currency basis and excluding M&A) is expected to be between 7% (ZAR0.4bn) and 12% (ZAR0.7bn) higher than the ZAR6.1bn reported for the six months ended 30 September 2022 ("prior period"). After absorbing a ZAR1.7bn cost as a result of weaker currencies, trading profit on a reported basis is expected to be between 16% (ZAR1.0bn) and 21% (ZAR1.3bn) lower than the ZAR6.1bn previously reported.

The group expects core headline earnings per share for the current period to be between 3% (14 ZAR cents) and 8% (38 ZAR cents) lower than the prior period's reported 474 ZAR cents. This number includes the impact of realised foreign exchange gains and losses but excludes the ZAR0.5bn in losses on cash remittances from Nigeria. It also incorporates the higher investment in Showmax, primarily related to dual platform costs that will normalise once customers have been migrated from the current platform to the new Peacock platform.

Given the ongoing disconnect between the official naira rate, used for reporting purposes, and the unofficial parallel naira rate at which cash is remitted from Nigeria, the board has taken the decision to introduce adjusted core headline earnings that includes the impact of losses incurred on cash remittances, (after tax and minorities) as an earnings measure. The group expects adjusted core headline earnings per share to be between 22% (62 ZAR cents) and 27% (77 ZAR cents) higher than the prior period's unreported adjusted core headline earnings of 284 ZAR cents.

Organic trading profit, core headline earnings per share and adjusted core headline earnings per share constitute pro-forma financial information in terms of the JSE Limited Listings Requirements. The pro-forma financial information is the responsibility of the group's directors, has been prepared for illustrative purposes only and, because of its pro-forma nature, may not fairly present the group's financial position, changes in equity, cash flows or results of operations. Organic trading profit is calculated by excluding foreign currency movements and changes in the composition of the group. Core headline earnings is calculated by adjusting headline earnings for the following items, net of tax and non-controlling interests: a) amortisation of intangible assets arising from business combinations; b) accounting adjustments related to IFRS 3: Business Combinations; c) equity-settled share-based payment compensation; d) unrealised and non-recurring foreign currency gains/losses; e) certain fair-value adjustments under IFRS; f) non-recurring current and deferred taxation impacts; g) non-recurring empowerment transactions and h) acquisition-related costs. Adjusted core headline earnings is calculated by adjusting core headline earnings for cash extraction losses, mainly in Nigeria, net of tax and the non-controlling interest in Nigeria.

Loss per share and headline loss per share

The expected increase in losses and headline losses per share is primarily due a sharp depreciation in local currencies against the US dollar. This primarily impacts the revaluation of USD denominated transponder leases and the non-quasi equity foreign exchange losses on the intergroup loans with MultiChoice Nigeria. Losses were further impacted by the increased investment in Showmax ahead of its relaunch in the second half of FY24.

Compared to the prior period, the group expects the loss per share for the current period to be between 248 ZAR cents and 252 ZAR cents lower than the prior period´s reported loss per share of 60 ZAR cents. Headline loss per share for the current period is expected to be between 229 ZAR cents and 233 ZAR cents lower than the prior period´s reported headline loss per share of 58 ZAR cents, mainly due to foreign currency movements during the reporting period, some of which are unrealised.

Further details will be provided in the consolidated interim financial results, due to be released on the SENS on 15 November 2023.

The financial information on which this trading statement is based has not been reviewed and reported on by the Company´s external auditor.

Randburg
9 November 2023
Sponsor: Rand Merchant Bank (a division of FirstRand Bank Limited)

Important notice
Shareholders should take note that, pursuant to a provision of the MultiChoice memorandum of incorporation, MultiChoice is permitted to reduce the voting rights of shares in MultiChoice (including MultiChoice shares deposited in terms of the American Depositary Share ("ADS") facility) so that the aggregate voting power of MultiChoice shares that are presumptively owned or held by foreigners to South Africa (as envisaged in the MultiChoice memorandum of incorporation) will not exceed 20% of the total voting power in MultiChoice. This is to ensure compliance with certain statutory requirements applicable to South Africa. For this purpose, MultiChoice will presume in particular that:

- all MultiChoice shares deposited in terms of the MultiChoice ADS facility are owned or held by foreigners to South Africa, regardless of the actual nationality of the MultiChoice ADS holder; and
- all shareholders with an address outside of South Africa on the register of MultiChoice will be deemed to be foreigners to South Africa, irrespective of their actual nationality or domicilium, unless such shareholder can provide proof, to the satisfaction of the MultiChoice board, that it should not be deemed to be a foreigner to South Africa, as envisaged in article 40.1.3 of the MultiChoice memorandum of incorporation.

Shareholders are referred to the provisions of the MultiChoice memorandum of incorporation available at www.multichoice.com for further detail. If shareholders are in any doubt as to what action to take, they should seek advice from their broker, attorney or other professional adviser.