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")

Trading statement for the year ended 31 March 2024

Shareholders are advised that the group is finalising its consolidated annual financial statements for the year ended 31 March 2024 ("FY24").

In terms of paragraph 3.4(b) of the JSE Limited Listings Requirements, companies are required to publish a trading statement as soon as they are satisfied, with a reasonable degree of certainty, that the financial results for the current reporting period will differ by at least 20% from the financial results of the previous corresponding period.

The loss per share and headline loss per share financial information included in this announcement constitutes forecast financial information in terms of regulations 111(9) and 111(10) of the Companies Regulations, 2011, made in terms of sections 120 and 223 of the Companies Act, No. 71 of 2008 (read together in this context as the "Companies Regulations").

Although the group's FY24 financial performance has been negatively impacted by an adverse and volatile economic environment, management has responded with tactical interventions by focusing on cost optimisation and cash management, including reduced decoder subsidies, which continued to yield positive economic outcomes.

The table below summarises the group's estimated changes in loss and headline loss per share, per the Companies Regulations, and trading profit, core headline earnings per share and adjusted core headline earnings per share for the year ended 31 March 2024, as compared to the year ended 31 March 2023 ("FY23" or "prior year"), with explanations for the expected movements discussed thereafter.

	Metric	Figure in comparative year ended 31 March 2023	Expected movement range for year ended 31 March 2024	Expected % increase (+) / decrease (-) range
Financial information per Companies Regulations				
Loss per share	ZAR cents	(815)	+(106) to +(139)*	-13% to -17%*
Headline loss per share	ZAR cents	(301)	+(409) to +(421)*	-136% to -140%*
Non-IFRS measures				
Trading profit (reported)	ZAR'bn	10.0	-1.9 to -2.3	-19% to -23%
Trading profit (organic)**	ZAR'bn	10.0	+2.2 to +2.6	+22% to +26%
Trading profit (organic, excluding Showmax)**	ZAR'bn	10.0	+3.6 to +4.0	+36% to +40%
Core headline earnings per share	ZAR cents	828	-298 to -331	-36% to -40%
Adjusted core headline earnings per share***	ZAR cents	388	-70 to -85	-18% to -22%

* "+(XX)" means that a negative base number is increasing by an additional negative number and a negative percentage movement means that a negative base number is increasing in negative value

** "Organic" means excluding the impact of foreign exchange translation effects and mergers and acquisitions (M&A); "Excluding Showmax" means excluding the incremental Showmax trading losses incurred year-on-year (YoY)

***The adjusted core headline earnings per share figure for the year ended 31 March 2023 was calculated on the basis of core headlines earnings of ZAR3.5bn, or 828 ZAR cents per share, less losses on cash remittances of ZAR1.9bn (net of tax and non-controlling interests), with the difference of ZAR1.7bn equivalent to 388 ZAR cents per share based on weighted average shares in issue for FY23 of 427m (figures don't cast due to rounding)

The group expects losses and headline losses per share to increase due to the negative impact of a weak macro-economic and consumer environment, increased investment in Showmax, and the impact of the sharp depreciation in the Nigerian naira (NGN) against the US dollar (USD) resulting in foreign exchange losses on the non-quasi inter-group loans with MultiChoice Nigeria of ZAR3.6bn (net of tax and non-controlling interest). The group's expected loss per share has also been impacted by a once-off impairment of IT systems of ZAR1.0bn (net of tax and non-controlling interest), due to a re-assessment of business needs in the context of an extremely challenging operating environment.

Despite the weak operating environment and an additional ZAR1.4bn in Showmax trading losses YoY, group trading profit on an organic basis (i.e. reflecting results on a constant currency basis and excluding M&A) is expected to increase YoY due to inflation-led pricing across the majority of the group's markets and cost optimisation outperformance. However, after absorbing a ZAR4.5bn foreign exchange impact from weaker currencies against the USD, trading profit on a reported basis is expected to be lower than the year before.

Due to the pressure on reported trading profit and despite some offset from realised foreign exchange gains, the group expects core headline earnings per share for FY24 to decline against the prior year. Adjusted core headline earnings per share, which includes ZAR0.9bn in losses on cash remittances from Nigeria (net of tax and non-controlling interest), is expected to decrease to a lesser extent against the prior year than core headline earnings per share, as the gap between the official and parallel NGN narrowed during FY24.

Context for 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 two appropriate indicators of the operating performance of the group, as they adjust for non-recurring and non-operational items. In FY24 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), net of tax and non-controlling interest, on core headline earnings per share.

Organic trading profit, core headline earnings per share and adjusted core headline earnings per share are considered to be non-IFRS measures. 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 losses on cash remittances, mainly in Nigeria, net of tax and the non-controlling interest.

The financial information in this announcement is based on the draft consolidated financial results of the group for the year ended 31 March 2024 ("draft financial results"), which have been prepared using the accounting policies that are consistent with previously published results of MultiChoice. These draft financial results provide the directors with a reasonable degree of certainty that the financial results for the current year will differ by at least 20% from the financial results of the previous corresponding year.

The financial information contained in this announcement is the responsibility of the board of directors of MultiChoice.

Ernst & Young Inc., the Company's auditor, have issued a report on the loss per share and headline loss per share financial information contained in this announcement, in accordance with regulations 111(9) and 111(10) of the Companies Regulations, 2011, which is available for inspection at MultiChoice's registered offices.

Further details will be provided in the consolidated financial results, due to be released on SENS on 12 June 2024.

Randburg
6 June 2024
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.