
MULTICHOICE
ENRICHING LIVES

# MULTICHOICE GROUP LIMITED

## SUMMARY CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

## OVERVIEW



## FINANCIAL REVIEW



**Connect with us on:**

# ENRICHING LIVES

We are committed to uplifting, supporting, and investing in the communities in which we operate

We entertain, inform and empower the communities that inspire and build us in return

# MultiChoice Group (MCG or the group) delivered solid results for the year ended 31 March 2020.

Despite global and country-specific macro-economic challenges, the group added 0.9m 90-day active subscribers to reach 19.5m households as at 31 March 2020 (FY20). This represents growth of 5% year on year (YoY), which is somewhat lower compared to the prior year due to rising consumer pressure in many markets, drought-related electricity shortages in southern Africa, and the fact that last year's growth benefited from specific one-off events such as the FIFA World Cup which did not recur this year. The 90-day subscriber base is split between 11.1m households (57%) in the Rest of Africa and 8.4m (43%) in South Africa.

Revenue increased 3% (2% organic) to ZAR51.4bn and included subscription revenue of ZAR42.8bn, which increased 4% (3% organic) YoY. Top line momentum was affected by modest subscriber growth due to macro-headwinds in certain markets, the group's strategic decision not to increase Premium prices in South Africa and a reduction in sub-licence revenues from the South African public broadcaster. This was offset by an increased contribution of 12% (4% organic) by the technology business, Irdeto.

Group trading profit rose 14% to ZAR8.0bn (29% organic), benefiting from a ZAR0.8bn (ZAR1.8bn organic) reduction in losses in the Rest of Africa. A strong focus on cost containment allowed for a further ZAR1.4bn in costs to be eliminated from the base during the year. Overall costs were contained to a 1% increase compared to the prior year (-3% organic) and resulted in positive operating leverage, with the group achieving its target of keeping the growth rate in costs below that of revenue growth.

The group continued its strategic focus of investing in local content, increasing the library of hours available by 8%. As a result, the total local content library now exceeds 56 800 hours. Trackers, the group's first major co-production, was a success and received record ratings in South Africa. Furthermore, four additional dedicated local content channels were launched in the Rest of Africa, taking the continental total of group-owned local content channels to 10.

Core headline earnings, the board's measure of sustainable business performance, was up 38% on the prior year at ZAR2.5bn, despite the impact of the additional 5% share in SA being allocated to Phuthuma Nathi (PN) in March 2019. Excluding this once-off change in the South African non-controlling interest, core headline earnings would have grown 57% YoY.

Consolidated free cash flow of ZAR5.2bn was up 59% compared to the prior year, driven mainly by an improvement in the trading result from the Rest of Africa and a reduction in working capital.

Capital expenditure of ZAR0.8bn was slightly down on the prior year and included a ZAR0.2bn investment as part of a multi-year programme to futureproof the group's customer service, billing and data capabilities.

As one of the largest taxpayers in Africa, the group paid direct cash taxes of ZAR4.0bn, slightly higher than the prior year driven by higher profitability.

Net interest paid increased marginally to ZAR336m, due to the impact of reclassifying operating leases as leases under IFRS 16 and the translation of interest on US dollar transponder lease liabilities due to a weaker rand.

The strength of the balance sheet is critically important given the uncertain economic impact of COVID-19 and the lower oil price. Some ZAR9.8bn in net assets, including ZAR9.1bn of cash and cash equivalents, combined with ZAR5bn in undrawn facilities, provides ZAR14.1bn in financial flexibility to fund the business. This strong financial position is after spending ZAR1.7bn on share buy-backs (including ZAR0.7bn to fund the MCG restricted share plan) and ZAR1.5bn to settle the FY19 PN dividend during the year.

## COVID-19 AND OIL PRICE

The COVID-19 pandemic is having a significant impact across the world, adversely affecting the lives of the group's customers and its employees. While we have seen some victories in combating the disease, the full extent of the damage remains unknown at this stage. At the same time the drop in the oil price has put pressure on currencies like the Nigerian naira and Angolan kwanza and these are likely to depreciate further in the coming year.

In the short term, the group has reacted swiftly in implementing its business continuity plans well ahead of the forced lockdowns imposed by governments. Content line-ups were adjusted and new content was introduced on general entertainment and sport channels. The impact of this has been largely positive and resulted in subscriber growth at the end of the financial year.

Subsequent to year-end the group continued to deliver uninterrupted services to customers. Local content productions have largely recommenced under strict health protocols and international content schedules have remained unaffected to date. In sport, the group will be recommencing the broadcast of football leagues such as the English Premier League, La Liga and Serie A. Other content such as WWE, US PGA golf and UFC have already been on air and international rugby, cricket, tennis and formula 1 are in final plans to recommence on a 'behind closed doors basis'.

The group has also supported various markets with relief initiatives associated with COVID-19. This includes making more content available in lower packages, providing financial support to the broadcast supply chain and donations of personal protective equipment. The total financial impact associated with these initiatives amounts to ZAR238m.

The aftermath of the virus and a lower oil price, although uncertain in quantum, will have a negative impact on the economies of many of the group's major markets. Weaker currencies, liquidity shortages, higher levels of unemployment, reduced consumer spending and supply chain interruptions are all expected to impact the financial performance of the group in the medium term.

The risks above are, however, mitigated by the group's quality product offering, robust cost optimisation process and hedging programmes. A strong financial position, with ZAR9.8bn in net assets and ZAR14.1bn of available liquidity, should allow the group to navigate these economic challenges and to continue providing acceptable shareholder returns over time.

## SEGMENTAL REVIEW

### South Africa

The South Africa business held up well in a tough consumer climate, delivering subscriber growth of 6% YoY or 0.5m subscribers on a 90-day active basis. The impact of COVID-19 and the associated lockdown saw an uplift in subscribers towards the end of March.

Revenue growth of 1% to ZAR34.2bn was muted as healthy subscriber growth in the mass market was negated by not effecting a price increase on the Premium bouquet, which served to stabilise the Premium segment. As expected, the ongoing change in subscriber mix towards the mass market, combined with the pricing strategy, resulted in monthly average revenue per user (ARPU) declining 4% from ZAR302 to ZAR290.

The trading margin remained stable at 30%, underpinned by trading profit of ZAR10.3bn. Despite tight cost controls, trading profit increased only 1% YoY due to muted revenue growth and the cost impact of broadcasting three major sporting events in the same financial year.

SuperSport continues to deliver a truly world-class sport offering. During the year, it broadcast the ICC Cricket World Cup (CWC), the Africa Cup of Nations (AFCON) and the Rugby World Cup (RWC), where South Africa was crowned world champions for the third time.

Connected video users on both the DStv Now and Showmax platforms continue to grow as online consumption increases. To position the business for the future, leverage the group's scale and enhance the product ecosystem by providing access to a wider variety of content, the group recently concluded distribution agreements with two major international Subscription Video on Demand (SVOD) providers. Showmax also commenced the trialling of sport to subscribers with positive early user engagement.

### Rest of Africa

The Rest of Africa business grew the 90-day active subscriber base by 4% YoY or 0.4m subscribers. Growth was affected by one-off sport events in the prior year and some country-specific issues. In Zimbabwe, the current hyperinflationary economic environment and lack of US dollar liquidity caused significant pressure on consumers, while severe drought-related electricity shortages (of up to 18 hours per day) in countries like Zambia negatively impacted on the demand for pay TV services. Similar to South Africa, an increase in subscriber numbers was seen in March 2020 as lockdowns were initiated in various markets across the continent.

Revenue of ZAR15.5bn represented 4% growth YoY (3% organic). Subscription revenue grew at a similar rate and contributed ZAR14.3bn. ARPU declined to ZAR110 (FY19: ZAR114), primarily due to material currency depreciation in the Angolan kwanza (47%) and the Zambian kwacha (25%).

Trading losses narrowed by 22% (47% organic) or ZAR0.8bn (ZAR1.8bn organic) to ZAR2.9bn. This represents a 7% improvement in the trading margin, driven by a combination of revenue growth, lower decoder unit costs which reduced the overall subsidy expense, and effective cost control.

Cash balances of ZAR222m (FY19: ZAR298m) held in Angola and Zimbabwe remain exposed to weaker currencies. The reduction YoY can be attributed to improved liquidity in Angola due to ongoing currency depreciation affected by the central bank.

### Technology segment

The technology segment, Irdeto, delivered positive results despite being the segment of the business most affected by COVID-19 in the last quarter of FY20. It contributed ZAR1.8bn in revenues, an increase of 12% YoY (4% organic). This momentum, combined with cost controls, resulted in a 25% (40% organic) increase in trading profit to ZAR0.7bn.

Irdeto continues to invest in connected industries as part of its strategy to diversify its reliance on traditional broadcasting revenues. New services such as security solutions for online video, online gaming and the Internet of Things (especially connected vehicles) are gaining traction. In the current year, the first vehicles incorporating Irdeto security technology were manufactured and a long-term customer win with one of the world's largest automotive groups was secured.

## SHARE EXCHANGE

The group remains fully committed to broad-based black economic empowerment (B-BBEE) and transformation. In line with prior commitments, an offer was made to PN shareholders on 25 September 2019, to exchange up to 20% of their PN shares for shares in the MultiChoice Group. The offer closed on 28 October 2019 and resulted in 3.7m shares being issued to PN shareholders, while the group acquired 3.8m shares in PN in return. Following the conclusion of this share swap, the group's overall interest in MultiChoice South Africa increased from 75.0% to 76.4%.

## SHARE BUYBACKS

In accordance with the general authority granted by shareholders at the annual general meeting, the group has repurchased 10.1m ordinary shares between September 2019 and March 2020 at an average price of ZAR96 per share. These shares are currently held as treasury shares. This does not include the 5.5m shares repurchased in June 2019 as part of the group's restricted share plan.

## PROSPECTS

The group's focus for the year ahead, subject to a stable regulatory environment and the unknown impact of COVID-19, will be to continue scaling its video entertainment services across the continent (mainly in the mid and mass markets, as well as over-the-top (OTT)).

The group will keep exploring new opportunities to further expand our existing ecosystem, offering new products to enhance customer experiences and to increase revenues. It will also look to further increase its investment in local content and accelerate the uptake of OTT products by differentiating and strengthening the product offering. Our ambition is to drive further subscriber growth, scale Irdeto to a leading media and cybersecurity business globally and to continue building a sustainable business that delivers value for our stakeholders. We will also continue to invest in the development of our people and our social initiatives to continue making a meaningful impact in the communities where we operate.

Given the risks associated with a weak macro and consumer environment, and heightened by COVID-19, the group will prioritise cash generation and maintain balance sheet strength.

## MAIDEN DIVIDEND

The board recommends that a maiden annual gross dividend be declared at 565 SA cents per listed ordinary share (ZAR2.5bn). This dividend declaration is subject to approval of the MultiChoice South Africa Holdings Proprietary Limited (MCSAH) dividend at its annual general meeting on Wednesday, 26 August 2020. The finalisation date for the dividend declaration by the company will be Thursday, 27 August 2020. Subject to the aforementioned MCSAH approval, dividends will be payable to the company's shareholders recorded in the register on the record date, being Friday, 11 September 2020. The last date to trade cum dividend will be on Tuesday, 8 September 2020 (shares trade ex-dividend from Wednesday, 9 September 2020). Share certificates may not be dematerialised or re-materialised between Wednesday, 9 September 2020 and Friday, 11 September 2020, both dates inclusive. The dividend payment date will be Monday, 14 September 2020. The dividend will be declared from income. It will be subject to the dividend tax rate of 20%, yielding a net dividend of 452 SA cents per listed ordinary share to those shareholders not exempt from paying dividend tax. Dividend tax will be 113 SA cents per listed ordinary share. The issued ordinary share capital as at 10 June 2020 was 442.5m ordinary shares (including 15.6m shares held in treasury). The company's income tax reference number is 9485006192.

## DIRECTORATE

On 5 July 2019, Mr J A Mabuza and Dr F A Sanusi were appointed to the board as independent non-executive directors.

Mr S J Z Pacak, the lead independent director, will be stepping down as the lead independent director of the group, with effect from 3 April 2020, and will be retiring as an independent non-executive director with effect from April 2021.

Mr J A Mabuza, an independent non-executive director, will take over from Mr S J Z Pacak as the lead independent director, with effect from 3 April 2020.

Mr D G Eriksson will retire as an independent non-executive director with effect from 11 June 2020.

Ms D M Dickson resigned as group company secretary on 30 September 2019. Mrs R J Gabriels was appointed as interim company secretary on 12 December 2019 until such time as a permanent appointment is made.

No other changes have been made to the directorate of the group.

## PREPARATION OF THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

The preparation of the summary consolidated financial statements was supervised by the group's chief financial officer, Mr T N Jacobs CA(SA).

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

Where relevant in this report, amounts and percentages have been adjusted for the effects of foreign currency and acquisitions and disposals to better reflect underlying trends. These adjustments (non-IFRS performance measures) are quoted in brackets as organic, after the equivalent metrics reported under International Financial Reporting Standards (IFRS). A reconciliation of non-IFRS performance measures (core headline earnings and free cash flow) to the equivalent IFRS metrics is provided in note 11 of these summary consolidated financial statements. These non-IFRS performance measures constitute pro forma financial information in terms of the JSE Limited Listings Requirements (JSE Listings Requirements).

The group's external auditor has not reviewed or reported on forecasts included in these summary consolidated financial statements. The audit report of the group's external auditor is included on page 27 and the assurance report on non-IFRS measures included on pages 32 to 33. The auditor's report does not necessarily report on all the information contained in these summary consolidated financial statements. Shareholders are therefore advised that, in order to obtain a full understanding of the nature of the auditor's engagement, they should obtain a copy of the auditor's report together with the full consolidated annual financial statements available on the group's website at www.multichoice.com/investors and at its registered office.

On behalf of the board

**Mr M I Patel**
*Chair*

**Mr C Mawela**
*Chief executive*

# SUMMARY CONSOLIDATED INCOME STATEMENT

for the year ended 31 March 2020

| | Notes | 2020 ZAR'm | Restated[1] 2019 ZAR'm | % change |
|---|---|---|---|---|
| **Revenue** | 2 | **51 387** | 50 095 | 3 |
| Cost of providing services and sale of goods | | **(28 454)** | (29 203) | |
| Selling, general and administration expenses | | **(14 571)** | (13 645) | |
| Net impairment (loss)/reversal on trade receivables | | **(175)** | 149 | |
| Other operating gains/(losses) – net | | **80** | (33) | |
| **Operating profit** | | **8 267** | 7 363 | 12 |
| Interest income | 5 | **435** | 910 | |
| Interest expense | 5 | **(1 039)** | (1 437) | |
| Net foreign exchange translation losses | 5 | **(2 256)** | (1 492) | |
| Empowerment transaction | 4 | **–** | (2 564) | |
| Share of equity-accounted results | | **(44)** | (171) | |
| Other losses | 6 | **(49)** | (112) | |
| **Profit before taxation** | 6 | **5 314** | 2 497 | >100 |
| Taxation[2] | | **(3 444)** | (3 773) | |
| **Profit/(loss) for the year** | | **1 870** | (1 276) | >100 |
| **Attributable to:** | | | | |
| Equity holders of the group | | **507** | (1 644) | |
| Non-controlling interests | | **1 363** | 368 | |
| | | **1 870** | (1 276) | |
| Basic and diluted earnings/(loss) for the year (ZAR'm) | | **507** | (1 644) | >100 |
| Basic earnings/(loss) per ordinary share (SA cents) | 3 | **117** | (374) | >100 |
| Diluted earnings/(loss) per ordinary share (SA cents) | 3 | **115** | (374) | >100 |

*[1] The group has reclassified expected credit losses on trade receivables from selling, general and administration expenses to net impairment (loss)/reversal on trade receivables. This reclassification was done to align with the requirements of IAS 1 in FY20. The amount reclassified is not considered to be material and the FY19 comparatives have been restated accordingly.*

*[2] The effective tax rate has reduced from the prior year due to the non-recurrence of the empowerment transaction and a reduction in losses in the Rest of Africa segment.*

# SUMMARY CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 March 2020

| | 2020 ZAR'm | 2019 ZAR'm |
|---|---|---|
| **Profit/(loss) for the year** | **1 870** | (1 276) |
| **Total other comprehensive income for the year:** | | |
| Exchange gain/(loss) arising on translation of foreign operations[1,2] | **891** | (6 181) |
| Fair value (losses)/gains on investments held at fair value | **(54)** | 50 |
| Hedging reserve[1] | **243** | 766 |
| – Net fair value (losses)/gains | **(143)** | 699 |
| – Hedging reserve recycled to the income statement | **1 383** | 605 |
| – Hedging reserve recycled to the statement of financial position | **(379)** | 22 |
| – Net tax effect of movements in hedging reserve | **(618)** | (560) |
| | **1 080** | (5 365) |
| **Total comprehensive income/(loss) for the year** | **2 950** | (6 641) |
| **Attributable to:** | | |
| Equity holders of the group | **1 964** | (6 722) |
| Non-controlling interests | **986** | 81 |
| | **2 950** | (6 641) |

*[1] These components of other comprehensive income may subsequently be reclassified to the summary consolidated income statement during future reporting periods.*
*[2] Relates to translation of foreign currency Rest of Africa and technology segments. The movement relates primarily to the net financial position of the Rest of Africa and technology segments and the ZAR depreciation against the USD from a closing rate of ZAR14.50 in FY19 to ZAR17.86 in FY20. This movement is recognised in other reserves on the summary consolidated statement of changes in equity.*

# SUMMARY CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 March 2020

| | Notes | 2020 ZAR'm | Restated[1,2] 2019 ZAR'm | Restated[1] 2018 ZAR'm |
|---|---|---|---|---|
| **ASSETS** | | | | |
| **Non-current assets** | | **25 408** | 23 684 | 24 101 |
| Property, plant and equipment | 1 | **17 737** | 17 279 | 17 585 |
| Goodwill and other intangible assets | | **4 337** | 4 283 | 4 190 |
| Investments and loans | | **351** | 238 | 123 |
| Amounts due from related parties | 9 | **224** | 180 | 1 191 |
| Derivative financial instruments[3] | 8 | **634** | 282 | – |
| Deferred taxation | | **2 125** | 1 422 | 1 012 |
| **Current assets** | | **20 849** | 17 319 | 14 477 |
| Inventory | | **874** | 924 | 461 |
| Programme and film rights | | **4 750** | 5 133 | 4 910 |
| Trade and other receivables | | **3 888** | 4 095 | 4 827 |
| Amounts due from related parties | 9 | **–** | – | 139 |
| Derivative financial instruments[3] | 8 | **1 733** | 444 | 96 |
| Restricted cash[4] | | **459** | – | – |
| Cash and cash equivalents | | **9 145** | 6 723 | 4 044 |
| **Total assets** | | **46 257** | 41 003 | 38 578 |
| **EQUITY AND LIABILITIES** | | | | |
| **Equity reserves attributable to the group's equity holders** | | **12 722** | 12 054 | (4 650) |
| Share capital | 4 | **454** | – | – |
| Other reserves | | **(13 048)** | (12 445) | (7 156) |
| Retained earnings[2] | | **25 316** | 24 499 | 2 506 |
| Non-controlling interests[2] | | **(2 917)** | (2 259) | (1 343) |
| **Total equity** | | **9 805** | 9 795 | (5 993) |
| **Non-current liabilities** | | **18 181** | 15 186 | 28 526 |
| Lease liabilities[3] | 1 | **16 894** | 14 441 | 12 784 |
| Long-term loans and other liabilities | | **78** | 59 | 189 |
| Amounts due to related parties | 9 | **185** | 134 | 15 000 |
| Derivative financial instruments | 8 | **3** | 4 | 404 |
| Deferred taxation | | **1 021** | 548 | 149 |
| **Current liabilities** | | **18 271** | 16 022 | 16 045 |
| Lease liabilities[3] | 1 | **2 057** | 1 290 | 819 |
| Programme and film rights[3] | | **4 085** | 2 493 | 2 206 |
| Provisions | | **140** | 136 | 169 |
| Accrued expenses and other current liabilities[1] | 1 | **9 223** | 9 761 | 9 483 |
| Amounts due to related parties | 9 | **–** | – | 316 |
| Derivative financial instruments | 8 | **116** | 218 | 1 105 |
| Taxation liabilities[1,3] | 1 | **2 650** | 2 124 | 1 947 |
| **Total equity and liabilities** | | **46 257** | 41 003 | 38 578 |

*[1] Restated for change in accounting policy, refer to note 1 for details of restatement.*

*[2] FY19 retained earnings and non-controlling interests line items have been restated. This is in relation to the prior year empowerment transaction with PN. The group reallocated a portion of its prior year retained earnings to non-controlling interests. As this transaction was accounted for within equity, the restatement had no impact on the summary consolidated income statement and summary consolidated statement of cash flows.*

*[3] Increase primarily relates to the ZAR depreciation against the USD from a closing rate of ZAR14.50 in FY19 to ZAR17.86 in FY20.*

*[4] Restricted cash comprises initial margin deposits on Nigerian futures hedging instruments that are not highly liquid and have maturities of greater than three months. The increase from the prior year is due to the group increasing the level of cover on these instruments.*

# SUMMARY CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 March 2020

| | 2020 ZAR'm | 2019 ZAR'm |
|---|---|---|
| **Cash flows from operating activities** | | |
| **Cash generated from operating activities** | **12 081** | 9 449 |
| Interest income received | **401** | 368 |
| Interest costs paid | **(737)** | (673) |
| Taxation paid | **(3 988)** | (3 694) |
| **Net cash generated from operating activities** | **7 757** | 5 450 |
| **Cash flows from investing activities** | | |
| Property, plant and equipment acquired | **(618)** | (784) |
| Proceeds from sale of property, plant and equipment | **40** | 23 |
| Intangible assets acquired | **(252)** | (220) |
| Proceeds from sale of intangible assets | **–** | 3 |
| Loans to related parties[1] | **–** | (27 726) |
| Repayment of loans by related parties[1] | **–** | 28 590 |
| Increase in restricted cash[2] | **(459)** | – |
| Acquisitions of subsidiaries and businesses, net of cash acquired | **–** | (8) |
| Investment in associate[3] | **(78)** | – |
| Loans to Enterprise Development Trust | **(15)** | – |
| **Net cash utilised in investing activities** | **(1 382)** | (122) |
| **Cash flows from financing activities** | | |
| Proceeds from long and short-term loans raised[4] | **–** | 1 755 |
| Repayments of long and short-term loans[4] | **–** | (1 813) |
| Proceeds from related party funding[5] | **–** | 4 573 |
| Repayment of related party funding[5] | **–** | (196) |
| Repayments of lease liabilities[6] | **(1 445)** | (879) |
| Repayments of capital contribution from parent | **–** | (20) |
| Repurchase of treasury shares[7] | **(1 682)** | – |
| Transactions with non-controlling interests[8,9] | **(23)** | (85) |
| Dividends paid[10] | **–** | (5 261) |
| Dividends paid by subsidiaries to non-controlling shareholders[11] | **(1 615)** | (1 463) |
| **Net cash utilised in financing activities** | **(4 765)** | (3 389) |
| Net movement in cash and cash equivalents | **1 610** | 1 939 |
| Foreign exchange translation adjustments on cash and cash equivalents | **812** | 740 |
| Cash and cash equivalents at the beginning of the year | **6 723** | 4 044 |
| **Cash and cash equivalents at the end of the year** | **9 145** | 6 723 |

[1] *Relates to gross inflows and outflows into the Naspers Limited group cash pool which was started at the end of FY17 to improve cash yield in the group. The cash pool participation with Naspers Limited ended in February 2019.*

[2] *Restricted cash comprises initial margin deposits on Nigerian futures hedging instruments that are not highly liquid and have maturities of greater than three months. The increase from the prior year is due to the group increasing the level of cover on these instruments.*

[3] *The group increased its interest in SafeRide Technologies Limited (SafeRide) to 22.80% within the technology segment. SafeRide is a leading provider of multi-layer cybersecurity and data analytics solutions for connected and autonomous vehicles.*

[4] *In the prior year external funding was utilised to fund dividends paid to previous legal owners.*

[5] *Relates to the gross funding inflows and outflows received by the Rest of Africa segment from Naspers Limited up until February 2019.*

[6] *The increase relates primarily to the ZAR depreciation against the USD from a closing rate of ZAR14.50 in FY19 to ZAR17.86 in FY20 and the implementation of IFRS 16* Leases *(refer to note 1).*

[7] *As at 31 March 2020, the group holds 15.6m treasury shares which were repurchased for a total of ZAR1.7bn. In FY20 the group repurchased 15.6m treasury shares which resulted in a decrease in the number of ordinary shares issued. In total 5.5m shares were repurchased for the group's restricted share unit (RSU) scheme and 4 231 RSUs were exercised during the year. Altogether 10.1m shares were repurchased as part of a general share buy-back.*

[8] *During the year ended 31 March 2019, MultiChoice Africa Holdings B.V. increased its controlling interest in MultiChoice Uganda Limited and MultiChoice Tanzania Limited by 20% and 25% respectively for a purchase consideration of ZAR85m. During FY20, as part of a share swap transaction (refer to note 4) the group issued 3.7m shares to PN shareholders. This transaction did not have a cash flow impact.*

[9] *In FY20, MultiChoice Africa Holdings B.V. increased its controlling interest in MultiChoice Uganda Limited by 5% for a purchase consideration of ZAR23m.*

[10] *Relates to dividends paid by companies in the group to previous legal owners.*

[11] *Relates primarily to dividends paid to PN.*

# SUMMARY CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2020

| | Share capital[1] ZAR'm | Other reserves[2] ZAR'm | Retained earnings ZAR'm | Non-controlling interests ZAR'm | Total equity ZAR'm |
|---|---|---|---|---|---|
| Balance at 1 April 2018 | – | (7 156) | 2 506 | (1 343) | (5 993) |
| Change in accounting policy | – | – | 17 | 18 | 35 |
| **Restated balance at 1 April 2018** | **–** | **(7 156)** | **2 523** | **(1 325)** | **(5 958)** |
| Loss for the year | – | – | (1 644) | 368 | (1 276) |
| Other comprehensive loss | – | (5 078) | – | (287) | (5 365) |
| **Total comprehensive loss for the year** | **–** | **(5 078)** | **(1 644)** | **81** | **(6 641)** |
| Share-based compensation movement[3] | – | – | 3 246 | 60 | 3 306 |
| Transactions with non-controlling shareholders | – | – | (218) | 19 | (199) |
| Foreign exchange movements on equity reserves | – | (211) | – | (115) | (326) |
| Contribution from parent[4] | 1 | – | 26 356 | – | 26 356 |
| Transaction with non-controlling interest – empowerment transaction[6] | – | – | (484) | 484 | – |
| Dividends declared[5] | – | – | (5 280) | (1 463) | (6 743) |
| **Balance at 1 April 2019 – restated** | 1 | **(12 445)** | **24 499** | **(2 259)** | **9 795** |
| Profit for the year | **–** | **–** | **507** | **1 363** | **1 870** |
| Other comprehensive income | **–** | **1 457** | **–** | **(377)** | **1 080** |
| **Total comprehensive income for the year** | **–** | **1 457** | **507** | **986** | **2 950** |
| Treasury shares acquired[7] | **–** | **(1 682)** | **–** | **–** | **(1 682)** |
| PN share swap[1] | **454** | **(378)** | **–** | **(76)** | **–** |
| Share-based compensation movement | **–** | **–** | **322** | **47** | **369** |
| Transactions with non-controlling interest[8] | **–** | **–** | **(12)** | **–** | **(12)** |
| Dividends declared[9] | **–** | **–** | **–** | **(1 615)** | **(1 615)** |
| **Balance at 31 March 2020** | **454** | **(13 048)** | **25 316** | **(2 917)** | **9 805** |

*[1] Upon unbundling from Naspers Limited on 4 March 2019, 439m ordinary shares were issued at nominal value. During FY20, 3.7m shares were issued to PN shareholders as part of a share swap offer. Refer to note 4.*

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

*[3] Includes empowerment transaction of ZAR2.6bn.*

*[4] The group entered into various related party transactions in the ordinary course of business. In the six months ended 30 September 2018, loans owing to the Naspers group amounting to ZAR20bn were capitalised. Prior to unbundling from Naspers Limited, further loan funding provided from 30 September 2018 up to the unbundling were also capitalised amounting to R3bn. In total the contribution from Naspers Limited through the contribution of businesses (ZAR3bn) and the capitalisation of loans (ZAR23bn) as part of the unbundling amounted to ZAR26bn.*

*[5] Relates to dividends paid by companies in the group to previous legal owners. Non-controlling interest relates primarily to dividends paid to PN.*

*[6] FY19 retained earnings and non-controlling interests line items have been restated. This is in relation to the prior year empowerment transaction with PN. The group reallocated a portion of its prior year retained earnings to non-controlling interests. As this transaction was accounted for within equity, the restatement had no impact on the summary consolidated income statement and summary consolidated statement of cash flows.*

*[7] As at 31 March 2020, the group holds 15.6m treasury shares which were repurchased for a total of ZAR1.7bn. In FY20 the group repurchased 15.6m treasury shares which resulted in a decrease in the number of ordinary shares issued. In total 5.5m shares were repurchased for the group's RSU scheme and 4 231 RSUs were exercised during the year. Altogether 10.1m shares were repurchased as part of a general share buy-back.*

*[8] In FY20, MultiChoice Africa Holdings B.V. increased its controlling interest in MultiChoice Uganda Limited by 5% for a purchase consideration of ZAR23m.*

*[9] Relates primarily to dividends paid to PN.*

# SEGMENTAL REVIEW

for the year ended 31 March 2020

| Revenue and trading profit | Revenue 2020 ZAR'm External | Inter-segment | Total | Revenue 2019 ZAR'm External | Inter-segment | Total | Trading profit 2020 ZAR'm | Trading profit 2019 ZAR'm |
|---|---|---|---|---|---|---|---|---|
| South Africa | **34 154** | **6 700** | **40 854** | 33 696 | 6 605 | 40 301 | **10 259** | 10 199 |
| Rest of Africa | **15 476** | **337** | **15 813** | 14 836 | 250 | 15 086 | **(2 921)** | (3 735) |
| Technology | **1 757** | **1 762** | **3 519** | 1 563 | 1 721 | 3 284 | **690** | 550 |
| Eliminations | **–** | **(8 799)** | **(8 799)** | – | (8 576) | (8 576) | **–** | – |
| **Total** | **51 387** | **–** | **51 387** | 50 095 | – | 50 095 | **8 028** | 7 014 |

| Revenue by nature | 2020 ZAR'm South Africa | Rest of Africa | Tech-nology | Total | 2019 ZAR'm South Africa | Rest of Africa | Tech-nology | Total |
|---|---|---|---|---|---|---|---|---|
| Subscription fees | **28 434** | **14 318** | **–** | **42 752** | 27 740 | 13 508 | – | 41 248 |
| Advertising | **2 797** | **416** | **–** | **3 213** | 2 873 | 307 | – | 3 180 |
| Set-top boxes | **857** | **572** | **–** | **1 429** | 1 242 | 800 | – | 2 042 |
| Installation fees | **332** | **–** | **–** | **332** | 123 | – | – | 123 |
| Technology contracts and licensing | **–** | **–** | **1 757** | **1 757** | – | – | 1 563 | 1 563 |
| Other revenue | **1 734** | **170** | **–** | **1 904** | 1 718 | 221 | – | 1 939 |
| **Total external revenue** | **34 154** | **15 476** | **1 757** | **51 387** | 33 696 | 14 836 | 1 563 | 50 095 |

## 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.

In prior years, adjusted EBITDA was shown as a subtotal to trading profit but as trading profit is the measure used by the CODM only trading profit has been disclosed in the current year.

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:

| | 2020 ZAR'm | 2019 ZAR'm |
|---|---|---|
| **Consolidated trading profit**[1] | **8 028** | 7 014 |
| Interest on transponder leases | **656** | 650 |
| Amortisation of intangibles (other than software) | **(71)** | (79) |
| Other operating (losses)/gains – net[2] | **(2)** | (33) |
| Share-based compensation | **(344)** | (189) |
| **Operating profit per the income statement**[3] | **8 267** | 7 363 |

*[1] The impact of IFRS 16 Leases has reclassified operating leases, previously fully included in trading profit, into depreciation and finance costs. As finance costs (apart from interest on leased transponders) are excluded from trading profit, an increase in trading profit of ZAR58m resulted.*

*[2] Includes impairments and dividends received. Excludes ZAR82m of other operating gains which are included in both trading profit and operating profit. As part of the transitional services and separation agreements with the group's previous legal owner, certain once-off operating costs were reimbursed during the year amounting to R82m.*

*[3] The summary consolidated income statement discloses all reporting items from consolidated operating profit to consolidated profit before taxation.*

# NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2020

## 1. BASIS OF PRESENTATION AND ACCOUNTING POLICIES

The summary consolidated financial statements are prepared in accordance with the requirements of the JSE Listings Requirements for preliminary financial statements and the requirements of the Companies Act applicable to summary financial statements. The summary financial statements were prepared in accordance with the framework concepts and the measurement and recognition requirements of IFRS and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee (APC) and the Financial Pronouncements as issued by the Financial Reporting Standard Council (FRSC), and to also, as a minimum, contain the information required by IAS 34 *Interim Financial Reporting*. The accounting policies applied in the preparation of the consolidated annual financial statements from which the summary consolidated financial statements were derived, are in terms of IFRS and are consistent with those accounting policies applied in the preparation of the previous consolidated annual financial statements and the prior year summary consolidated financial statements, other than for the adoption of IFRS 16 *Leases* and IFRIC 23 *Uncertainty over Income Tax Treatments*. A copy of the full audited consolidated annual financial statements is available for inspection from the company secretary at the registered office of the group or can be downloaded from the group's website: **www.multichoice.com/investors**.

The summary consolidated financial statements are presented on the going-concern basis.

The summary consolidated financial statements are presented in South African rand (ZAR), which is the group's presentation currency, rounded to the nearest million. The closing US dollar exchange rate at 31 March 2020 of 17.86:1 (31 March 2019: 14.50:1) has been utilised for the consolidation of the Rest of Africa and technology segments who have a US dollar presentation currency. The average US dollar exchange rate utilised for the year ended 31 March 2020 was 14.99:1 (31 March 2019: 13.82:1).

The summary consolidated 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 2020.

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 2019. The impact of the new or amended accounting pronouncements that are effective for the financial year commencing 1 April 2019 have been highlighted below.

Trading profit includes the finance cost on transponder lease liabilities but excludes the amortisation of intangible assets (other than software), impairment of assets, equity-settled share-based payment expenses and other operating gains/losses (apart from once-off reimbursements under transitional services and separation agreements from the group's previous legal owner amounting to R82m).

## 1. BASIS OF PRESENTATION AND ACCOUNTING POLICIES continued

### New standards adopted as at 1 April 2019:

IFRS 16 *LEASES*

#### Leasing activities

The group primarily leases transponders, office buildings, information technology (IT) equipment and vehicles. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes, except for the related transponder assets. Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss and represent no change from the previous reporting period's accounting treatment. Short-term leases have a term of 12 months or less. Low-value assets comprise leases with a value below ZAR75 000 per annum.

For leases previously classified as finance leases, the group recognised the carrying amount of the lease asset and lease liability as the carrying amount of the right-of-use asset and the lease liability at the date of initial application. The most significant impact of this was the group's transponder leases, which resulted in a category transfer within property, plant and equipment of ZAR12.1bn as at 1 April 2019.

#### Practical expedients

In applying IFRS 16 for the first time, the group has used the following practical expedients permitted by the standard:

- applying a single discount rate to a portfolio of leases with reasonably similar characteristics;
- low-value assets comprise leases with a value below ZAR75 000 per annum;
- relying on previous assessments on whether leases are onerous as an alternative to performing an impairment review – there were no onerous contracts as at 1 April 2019;
- accounting for leases with a remaining lease term of less than 12 months as at 1 April 2019 as short-term leases;
- excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
- using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The group has elected the practical expedient not to reassess the definition of leases. Instead, for contracts entered into before the transition date the group relied on its assessment made applying IAS 17 *Leases* and IFRIC 4 *Determining whether an Arrangement Contains a Lease*.

#### MEASUREMENT OF RIGHT-OF-USE ASSETS

The associated right-of-use assets for property leases were measured on a retrospective basis as if the new rules had always been applied. Other right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised on the summary consolidated statement of financial position as at 31 March 2019.

The right-of-use assets are subsequently measured at cost less any accumulated depreciation and impairment losses and adjusted for certain remeasurements of the lease liability. The right-of-use assets are depreciated over the shorter of the assets' useful lives and the lease term on a straight-line basis. Lease payments were previously disclosed as operating expenses. Under the right-of-use model, depreciation and interest expense are now disclosed in the summary consolidated income statement.

## 1. BASIS OF PRESENTATION AND ACCOUNTING POLICIES continued

### MEASUREMENT OF LEASE LIABILITIES

During the current financial year, on adoption of IFRS 16, it was noted that certain other commitments were incorrectly classified as part of operating lease commitments in the prior year summary consolidated annual financial statements. The disclosure of operating lease commitments and other commitments as included in note 7 was therefore restated as at 31 March 2019, as follows:

| Minimum lease payments due | As previously reported ZAR'm | Adjustment ZAR'm | Restated ZAR'm |
|---|---|---|---|
| Payable in year one | 353 | (126) | 227 |
| Payable later than one year but not later than five | 695 | (248) | 447 |
| Payable after five years | 240 | (29) | 211 |
| | 1 288 | (403) | 885 |

| | ZAR'm |
|---|---|
| Operating lease commitments disclosed as at 31 March 2019 | 1 288 |
| Restatement described above | (403) |
| Operating lease commitments disclosed as at 1 April 2019 – restated | 885 |
| Short-term leases | (14) |
| Low-value leases | (97) |
| Impact of discounting[1] | (46) |
| Increase in lease liability as at 1 April 2019 | 728 |
| Finance leases existing on transition | 15 731 |
| **Total lease liabilities as at 1 April 2019** | 16 459 |

[1] *Discounted at 8% using the group's weighted average incremental borrowing rate as at the date of initial application. The incremental borrowing rate is determined on a lease-by-lease basis.*

| **Lease liabilities breakdown** | |
|---|---|
| Current lease liability | 1 533 |
| Long-term lease liability | 14 926 |
| **Total lease liabilities** | 16 459 |

Lease liabilities are presented as a separate line item on the summary consolidated statement of financial position.

Lease liabilities are initially measured at the present value of the lease payments and subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect lease payments made.

Right-of-use assets are presented as part of the property, plant and equipment line item on the summary consolidated statement of financial position.

## 1. BASIS OF PRESENTATION AND ACCOUNTING POLICIES continued

### IFRIC 23 AND RELATED IFRIC AGENDA DECISION

The group previously presented uncertain income tax liabilities as part of accrued expenses and other current liabilities.

Following the aforementioned IFRIC agenda decision, the group has reconsidered its accounting treatment. The group has adopted the treatment set out in the IFRIC agenda decision and has reclassified uncertain income tax-related liabilities from accrued expenses and other current liabilities to taxation liabilities in the summary consolidated statement of financial position. This change in presentation has been accounted for retrospectively and comparative information has been restated.

No additional current or deferred tax liabilities were recognised as a result of IFRIC 23.

### IMPACT ON THE SUMMARY CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

The total impact of the reclassification of liabilities resulting from income tax uncertainties is as follows:

| | 2020 ZAR'm | 2019 ZAR'm | 2018 ZAR'm |
|---|---|---|---|
| **Statement of financial position** | | | |
| Accrued expenses and other current liabilities | **(2 650)** | (2 124) | (1 947) |
| Taxation liabilities[1] | **2 650** | 2 124 | 1 947 |
| **Current liabilities** | **–** | – | – |

*[1] Taxation liabilities include uncertain tax positions of ZAR2.0bn in FY20, ZAR1.9bn in FY19 and ZAR1.8bn in FY18, as well as other tax payables of ZAR630m in FY20, ZAR270m in FY19 and ZAR116m in FY18. Taxation liabilities were presented as part of accrued expenses and other current liabilities in FY19 and FY18.*

## COVID-19 considerations

### OVERVIEW

The coronavirus (COVID-19) pandemic has had a significant impact across the world, adversely affecting the lives of the group's customers and its employees. The first impact was noted in the group in January 2020, with major markets all impacted from March 2020 onwards. Based on the magnitude of the pandemic and its potential impact on the summary consolidated annual financial statements, management has conducted a review of all possible financial effects the virus could have on the measurement, presentation and disclosure provided.

## 1. BASIS OF PRESENTATION AND ACCOUNTING POLICIES continued

### COVID-19 considerations continued

#### CONSIDERATION OF POTENTIAL IMPACT

Key areas considered are reflected in the table below, including whether or not they were deemed to have a significant impact on the group:

| COVID-19 consideration | Assessment | Potential impact |
|---|---|---|
| Programme and film rights (recoverability and classification) | The cancellation of sports rights and the deferral of these rights are not within the group's control. | High (sports rights)[1] |
| | General entertainment content assets will be recovered through the airing of content, with limited disruption to schedules. | Low (general entertainment) |
| Subsequent events | COVID-19 was assessed as being prevalent in the group's markets before 31 March 2020. Recognised assets and liabilities at reporting date are to be presented, measured and disclosed after taking into account the effect/impact of material adjusting subsequent events. | High[1] |
| Hedging on uncertain sports right obligations | Forecast transactions that relate to upcoming seasons or events; unless formally cancelled; still meet the 'highly probable' criteria. | Moderate[1] |
| Going concern | Limited disruption to operations. Strong financial position and cash flow generation. | Low |
| Financial asset impairment (expected credit losses) | Prepaid business with limited receivables, which are not cash backed or covered by insurance. | Low |
| Non-financial asset impairment (PPE, goodwill, intangible assets) | Limited disruption to operations has resulted in non-financial assets being recovered through use in the normal course.<br>Future cash projections still support the carrying value of non-financial assets. | Low |
| Inventories | Limited disruption to operations. Inventory will be recovered through the normal operations of the group. | Low |
| Onerous contracts | The nature of the group's services does not lead to any likely significant onerous contract provisions. | Low |
| Deferred tax assets recoverability | No material deferred tax assets raised for unutilised tax losses. | None |

*[1] These items have been assessed as potentially having a high or moderate impact on the group and therefore specific accounting policies have been developed outlining the recognition, measurement and disclosure principles to be applied.*

## 1. BASIS OF PRESENTATION AND ACCOUNTING POLICIES continued

### Accounting policies for potential high impact areas

The following items have been assessed as potentially having a high or moderate impact on the group and therefore specific accounting policies have been developed:

#### PROGRAMME AND FILM RIGHTS

The group has assessed the likelihood of sports events (in respect of which the group has the broadcasting rights) taking place and the associated contractual rights in the event that these are expected to or have been cancelled. The recoverability of these assets will be through content being broadcast (potentially deferred and in a different format), refunds supported by contractual protection, or a combination of these methods. In terms of classification, assets will be classified and presented as part of content assets as long as the sports event is not cancelled in its entirety. To the extent that sports events are cancelled, and the amounts paid are refundable to the group, these are recognised as financial assets. Any changes to amortisation and useful lives will be continuously assessed as events and uncertainties unfold and will be adjusted on a prospective basis.

#### SUBSEQUENT EVENTS

The group considers information obtained subsequent to the reporting date, in relation to known or knowable events and expected eventualities identified as at 31 March 2020, as adjusting subsequent events. With regards to financial reporting impacts associated with COVID-19, the key principle is that COVID-19 is considered to be sufficiently prevalent in the group’s major markets at 31 March 2020. Therefore, COVID-19 related events that arise in the post-balance sheet period, that provide additional information in relation to assets and liabilities in existence at 31 March 2020, have been considered adjusting subsequent events. New events which occur after 31 March 2020, which do not relate to existing assets and liabilities related to COVID-19 at the reporting date (such as donations to relief initiatives), are considered to be non-adjusting subsequent events, and these, together with their relating financial effects, have been disclosed to the extent that they are considered to be material. Refer to note 10 for disclosure of adjusting and non-adjusting events.

#### HEDGING ON UNCERTAIN SPORTS RIGHT OBLIGATIONS

The group has considered, in light of the impact on sports rights events being delayed/ cancelled, whether these transactions are still considered to be ‘highly probable forecast transactions’. This includes whether the volume or amounts involved will be lower than forecast or whether it is now no longer highly probable that the forecast transaction will occur. The group concluded that the economic hedging relationship under IFRS 9 still largely exists (apart from cancelled events) and the underlying cash flows are highly probable at 31 March 2020.

| | 2020 ZAR'm | 2019 ZAR'm |
|---|---|---|
| **2. REVENUE** | | |
| Subscription fees | **42 752** | 41 248 |
| Advertising | **3 213** | 3 180 |
| Set-top boxes | **1 429** | 2 042 |
| Installation fees | **332** | 123 |
| Technology contracts and licensing | **1 757** | 1 564 |
| Other revenue[1] | **1 904** | 1 938 |
| | **51 387** | 50 095 |

[1] *Other revenue primarily includes sub-licensing and production revenue.*

The following table shows unsatisfied performance obligations resulting from long-term technology contracts as at 31 March 2020.

| | 2020 ZAR'm | 2019 ZAR'm |
|---|---|---|
| Aggregate amount of the transaction price allocated to long-term technology contracts that are partially or fully unsatisfied | **219** | 350 |

Management expects that 35% of the transaction price allocated to the unsatisfied contracts as of 31 March 2020 will be recognised as revenue during FY21 (ZAR77m) and 30% (ZAR66m) will be recognised as revenue in the FY22 reporting period. The remaining 35% (ZAR76m) will be recognised as revenue in FY23 and thereafter. The amount disclosed above does not include variable consideration which is constrained.

Management expects that 35% of the transaction price allocated to the unsatisfied contracts as of 31 March 2019 will be recognised as revenue during FY20 (ZAR123m) and 31% (ZAR109m) will be recognised as revenue in the FY21 reporting period. The remaining 34% (ZAR118m) will be recognised as revenue in FY22 and thereafter. The amount disclosed above does not include variable consideration which is constrained.

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

# NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS continued

for the year ended 31 March 2020

| | 2020 ZAR'm | 2019 ZAR'm |
|---|---|---|
| **3. HEADLINE EARNINGS** | | |
| **Profit/(loss) attributable to equity holders of the group** | **507** | (1 644) |
| – Loss on sale of assets | **–** | 17 |
| – Impairment of property, plant and equipment | **28** | 5 |
| – Impairment of other intangible assets | **–** | 51 |
| – Other impairments | **27** | 59 |
| | **562** | (1 512) |
| – Total tax effects of adjustments | **–** | (12) |
| – Total non-controlling interest effects of adjustments | **(7)** | (26) |
| **Headline earnings** | **555** | (1 550) |
| Basic and diluted headline earnings for the year (ZAR'm) | **555** | (1 550) |
| Basic headline earnings per ordinary share (SA cents)[1] | **128** | (353) |
| Diluted headline earnings per ordinary share (SA cents)[2] | **126** | (353) |
| Net number of ordinary shares issued (million) | | |
| – at year-end | **427** | 439 |
| – at year-end (including treasury shares)[3] | **443** | 439 |
| – weighted average for the year | **435** | 439 |
| – diluted weighted average for the year[2] | **439** | 439 |

*[1] During the prior year, the group issued 439m shares for no consideration. As a result, the earnings per share in the prior year is based on the 439m shares issued. During FY20, as part of a share swap offer the group issued 3.7m shares to PN shareholders. As a result, the earnings per share in FY20 is based on 443m shares issued, adjusted for treasury shares and a pro rata weighting factor.*

*[2] As at 31 March 2020, 5.4m RSUs have already been offered resulting in a dilutive impact in the current year.*

*[3] As at 31 March 2020, the group holds 15.6m treasury shares. In FY20 the group repurchased 15.6m treasury shares which resulted in a decrease in the number of ordinary shares issued. 5.5m shares were repurchased for the group's RSU scheme and 4 231 RSUs were exercised during the year. 10.1m shares were repurchased as part of a general share buy-back.*

## 4. EMPOWERMENT TRANSACTION

### FY19 empowerment transaction

On 4 March 2019, the date of the group unbundling from Naspers Limited, the group allocated, for no consideration, an additional 5% stake in MultiChoice South Africa Holdings Proprietary Limited to Phuthuma Nathi Investments (RF) Limited and Phuthuma Nathi Investments 2 (RF) Limited (collectively Phuthuma Nathi (PN)). In terms of IFRS 2 *Share-based Payments*, this transaction is treated as an equity-settled share-based payment. The value of the 5% allocated to PN shareholders has been calculated at ZAR2.6bn which has been included in the summary consolidated income statement and in retained earnings in the summary consolidated statement of changes in equity.

After the allocation to the non-controlling interest, the transaction had an adverse impact on prior year earnings and headline earnings of ZAR1.9bn or 438 SA cents per share.

The value of the ZAR2.6bn has been calculated using a discounted cash flow valuation method, applying a terminal growth factor of 5.5%, cost of equity of 11.9% and a non-controlling interest discount factor of 17.5%.

### FY20 PN share swap

In line with prior commitments, an offer was made to PN shareholders on 25 September 2019, to exchange up to 20% of their PN shares for shares in the MultiChoice Group. The offer closed on 28 October 2019 and resulted in 3.7m shares being issued to PN shareholders, while the MultiChoice Group acquired 3.8m shares in PN in return. Following the conclusion of this share swap, the group's overall interest in MultiChoice South Africa Group increased from 75.0% to 76.4%, resulting in a decrease in the non-controlling interest of 1.4%. The transaction was treated as a share issue at fair value with an increase in share capital and a corresponding decrease in other reserves and non-controlling interests in the summary consolidated statement of changes in equity.

## 5. INTEREST (EXPENSE)/INCOME

| | 2020 ZAR'm | Restated[1] 2019 ZAR'm |
|---|---|---|
| **Interest expense** | | |
| Loans and overdrafts | **(4)** | (485) |
| Leases[1] | **(713)** | (650) |
| Other[2] | **(322)** | (302) |
| | **(1 039)** | (1 437) |

*[1] Relates primarily to transponder leases of ZAR656m (FY19: ZAR650m).*
*[2] Relates mainly to discounting on programme and film rights of ZAR233m (FY19: ZAR220m).*

| | 2020 ZAR'm | Restated[1] 2019 ZAR'm |
|---|---|---|
| **Interest income** | | |
| Loans and bank accounts | **366** | 335 |
| Other[1] | **69** | 575 |
| | **435** | 910 |

*[1] FY19 relates primarily to the reversal of Angola debtor discounting due to a reduction in illiquid cash in Angola.*

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

| | 2020 ZAR'm | Restated[1] 2019 ZAR'm |
|---|---|---|
| **Net loss from foreign exchange translation and fair value adjustments on derivative financial instruments** | | |
| On translation of liabilities[2] | **(976)** | (11) |
| On translation of transponder leases[3] | **(2 208)** | (1 887) |
| Gains on translation of forward exchange contracts[1] | **3 821** | 2 765 |
| Losses on translation of forward exchange contracts[1] | **(2 893)** | (2 359) |
| **Net foreign exchange translation losses** | **(2 256)** | (1 492) |

*[1] FY19 numbers have been restated to disclose these lines on a gross basis.*
*[2] Movement primarily relates to the depreciation of the naira against the US dollar of NGN360.47 in FY19 to NGN386.51 in FY20 which increases losses on non-quasi equity loans.*
*[3] Movement relates to ZAR depreciation against the USD from a closing rate of ZAR14.50 in FY19 to ZAR17.86 in FY20 on our US dollar transponder lease liability.*

## 6. PROFIT BEFORE TAXATION

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

| | 2020 ZAR'm | 2019 ZAR'm |
|---|---|---|
| **Depreciation of property, plant and equipment** | **(2 638)** | (2 400) |
| **Amortisation** | **(246)** | (305) |
| – software | **(175)** | (226) |
| – other intangible assets | **(71)** | (79) |
| Net realisable value adjustments on inventory, net of reversals[1] | **(174)** | (275) |
| **Other operating gains/(losses) – net** | | |
| Dividends received | **21** | 19 |
| Other gains[2] | **87** | 6 |
| Loss on sale of assets | **–** | (17) |
| Impairment of assets | **(28)** | (41) |
| Impairment of property, plant and equipment | **(28)** | (5) |
| Impairment of other intangibles | **–** | (51) |
| Reversal of impairment of other assets | **–** | 15 |
| | **80** | (33) |
| **Other losses** | | |
| Loss on acquisition of assets and liabilities[3] | **(49)** | (112) |

*[1] Net realisable value adjustments relate to set-top box subsidies in South Africa and the Rest of Africa segments.*
*[2] As part of the transitional services and separation agreements with the group's previous legal owner, certain once-off operating costs were reimbursed during the year amounting to R82m.*
*[3] From February 2019, the group took over the management of our cash collections in Angola from an agent. This amount relates to the costs of assuming this management function.*

## 7. 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 summary consolidated statement of financial position.

| | 2020 ZAR'm | Restated[2,4] 2019 ZAR'm |
|---|---|---|
| **Commitments** | | |
| – Capital expenditure | **92** | 68 |
| – Programme and film rights | **32 495** | 33 376 |
| – Set-top boxes | **1 719** | 2 049 |
| – Lease commitments[1,2] | **26** | 885 |
| – Other[3,4] | **4 222** | 2 435 |
| | **38 554** | 38 813 |

*[1] Current year commitments relate to short-term leases and leases of low-value assets.*

*[2] During the current financial year, on adoption of IFRS 16, it was noted that certain other commitments were incorrectly classified as part of operating lease commitments in the prior year summary consolidated annual financial statements. The disclosure of operating lease commitments was therefore restated as at 31 March 2019, as outlined in note 1.*

*[3] These commitments primarily relate to service contracts for the receipt of advertising, transmission services, computer and decoder support services, access to networks and contractual relationships with customers, suppliers and employees. Other commitments increased due to technology (broadcast and information) commitments, primarily due to the timing of various contractual renewals, and the ZAR depreciation against the USD.*

*[4] It should be noted that the amount of the group's other commitments as noted above was restated in relation to the prior year due to certain other commitments being incorrectly disclosed as part of operating lease commitments. The amount disclosed for FY19 was restated from ZAR2.0bn as previously presented to ZAR2.4bn and the comparative disclosure included above has been restated accordingly.*

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. Our current assessment of possible withholding and other tax exposures, including interest and potential penalties, amounts to approximately ZAR0.2bn (FY19: ZAR1.8bn). The reduction mainly relates to certain tax matters that on reassessment during the current year have been recognised as part of tax liabilities. No provision has been made as at 31 March 2020 for these possible exposures. Refer to note 1 for disclosure related to the group's uncertain income tax liabilities.

## 8. 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.

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

| Financial instrument | Fair value 2020 ZAR'm | Fair value 2019 ZAR'm | Valuation method | Level in fair value hierarchy |
|---|---|---|---|---|
| **Financial assets** | | | | |
| Investments held at fair value through other comprehensive income | **101** | 155 | Quoted prices in a public market | Level 1 |
| Forward exchange contracts | **2 086** | 643 | Fair value derived from forward exchange rates that are publicly available | Level 2 |
| Futures contracts | **215** | – | Quoted prices in a public market | Level 1 |
| Currency depreciation features | **66** | 83 | The fair value is calculated based on the LIBOR rate of 0.86% | Level 3 |
| **Financial liabilities** | | | | |
| Futures contracts | **–** | 15 | Quoted prices in a public market | Level 1 |
| Forward exchange contracts | **119** | 207 | Fair value derived from forward exchange rates that are publicly available | Level 2 |

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

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

The group does not have material fair value measurements for financial instruments based on unobservable inputs (referred to as level 3 measurements). Fair values are determined using observable inputs, which reflect the market conditions including that of COVID-19 in their expectations of future cash flows related to the asset or liability at 31 March 2020.

## 9. RELATED PARTY TRANSACTIONS AND BALANCES

There have been no significant related party transactions and balances in the current year.

## 10. SUBSEQUENT EVENTS

### Maiden dividend

The board recommends that a maiden annual gross dividend be declared at 565 SA cents per listed ordinary share (ZAR2.5bn). It will be subject to the dividend tax rate of 20%, yielding a net dividend of 452 SA cents per listed ordinary share to those shareholders not exempt from paying dividend tax. Dividend tax will be 113 SA cents per listed ordinary share. This dividend declaration is subject to approval of the MultiChoice South Africa Holdings (Pty) Ltd (MCSAH) dividend at their annual general meeting on Wednesday, 26 August 2020. The finalisation date for the dividend declaration by the company will be Thursday, 27 August 2020. Subject to the aforementioned MCSAH approval, dividends will be payable to the company's shareholders recorded in the register on the record date, being Friday, 11 September 2020.

### COVID-19

Subsequent to year-end, the group has supported various markets with relief initiatives associated with COVID-19. This includes making more content available in lower packages, providing financial support to the broadcast supply chain and donations of personal protective equipment. The total financial impact associated with these initiatives amounts to ZAR238m.

### Other subsequent events

The group recently concluded distribution agreements with two major international Subscription Video on Demand (SVOD) providers. The financial effect of these deals is not yet quantifiable as it relates to future variables such as subscriber take up and set-top box sales volumes.

There have been no other events noted, that occurred after the reporting date, including events associated with COVID-19, that could have a material impact on the summary consolidated financial statements.

# INDEPENDENT AUDITOR'S REPORT

## INDEPENDENT AUDITOR'S REPORT ON THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2020

## TO THE SHAREHOLDERS OF MULTICHOICE GROUP LIMITED

## OPINION

The summary consolidated financial statements of MultiChoice Group Limited, contained in the accompanying provisional report on pages 6 to 26 which comprise the summary consolidated statement of financial position as at 31 March 2020, the summary consolidated income statement, summary consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and related notes, are derived from the audited consolidated financial statements of MultiChoice Group Limited for the year ended 31 March 2020.

In our opinion, the accompanying summary consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements, in accordance with the requirements of the JSE Limited Listings Requirements for provisional reports, as set out in note 1 to the summary consolidated financial statements, and the requirements of the Companies Act of South Africa as applicable to summary financial statements.

## SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

The summary consolidated financial statements do not contain all the disclosures required by International Financial Reporting Standards and the requirements of the Companies Act of South Africa as applicable to annual financial statements. Reading the summary consolidated financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited consolidated financial statements and the auditor's report thereon.

## THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AND OUR REPORT THEREON

We expressed an unmodified audit opinion on the audited consolidated financial statements in our report dated 10 June 2020. That report also includes communication of key audit matters. Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period.

## DIRECTORS' RESPONSIBILITY FOR THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the summary consolidated financial statements in accordance with the requirements of the JSE Limited Listings Requirements for provisional reports, set out in note 1 to the summary consolidated financial statements, and the requirements of the Companies Act of South Africa as applicable to summary financial statements.

## AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on whether the summary consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810 (Revised), Engagements to Report on Summary Financial Statements.

PricewaterhouseCoopers Inc.

**PricewaterhouseCoopers Inc.**
**Director: Brett Stephen Humphreys**
*Registered auditor*

Johannesburg
10 June 2020

## 11. NON-IFRS PERFORMANCE MEASURES

The group has presented certain revenue, cost and trading profit metrics in constant currency, excluding the effects of changes in the composition of the group (non-IFRS performance measures). The non-IFRS performance measures are the responsibility of the board of directors and are presented for illustrative purposes. Pro forma information presented on a non-IFRS basis has been extracted from the group's management accounts, 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 group's management accounts, it may not fairly present the group's financial position, changes in equity, results of operations or cash flows.

The non-IFRS performance measures have been prepared to illustrate the impact of changes in foreign exchange rates and changes in the composition of the group on its results for the year ended 31 March 2020. 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 year's results to the prior year's average foreign exchange rates, determined as the average of the monthly exchange rates for that year. 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 (FY20: 14.99; FY19: 13.82); Nigerian naira (FY20: 24.37; FY19: 26.28); Angolan kwanza (FY20: 27.92; FY19: 20.54); Kenyan shilling (FY20: 6.86; FY19: 7.33) and Zambian kwacha (FY20: 0.93; FY19: 0.81).
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 year results of the entity with which the merger took place. There were no significant changes in the composition of the group during the respective reporting periods.

Non-IFRS performance measures are unaudited, however a separate assurance report issued in respect of the non-IFRS performance measures, by the group's external auditor, can be found on pages 32 to 33.

## 11. NON-IFRS PERFORMANCE MEASURES continued

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

### 11.1 Key performance indicators as at 31 March

| | 2019 Reported | 2020 Currency impact | 2020 Organic growth | 2020 Reported | 2020 versus 2019 Reported % | 2020 versus 2019 Organic growth % |
|---|---|---|---|---|---|---|
| **90-day-active subscribers ('000)**[1] | 18 579 | **n/a** | **920** | **19 499** | 5 | 5 |
| South Africa | 7 949 | **n/a** | **467** | **8 416** | 6 | 6 |
| Rest of Africa | 10 630 | **n/a** | **453** | **11 083** | 4 | 4 |
| **90-day-active ARPU (ZAR)**[2] | | | | | | |
| Blended | 197 | **–** | **(10)** | **187** | (5) | (5) |
| South Africa | 302 | **–** | **(12)** | **290** | (4) | (4) |
| Rest of Africa | 114 | **–** | **(4)** | **110** | (4) | (4) |
| **Subscribers ('000)**[3] | 15 097 | **n/a** | **646** | **15 743** | 4 | 4 |
| South Africa | 7 447 | **n/a** | **441** | **7 888** | 6 | 6 |
| Rest of Africa | 7 650 | **n/a** | **205** | **7 855** | 3 | 3 |
| **ARPU (ZAR)**[2] | | | | | | |
| Blended | 241 | **–** | **(10)** | **231** | (4) | (4) |
| South Africa | 322 | **–** | **(13)** | **309** | (4) | (4) |
| Rest of Africa | 159 | **(1)** | **(4)** | **154** | (3) | (3) |

*[1] All subscribers who have been active in the previous 90 days.*

*[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 2). Subscription fee revenue includes BoxOffice rental income but excludes decoder insurance premiums and reconnection fees which are disclosed as other revenue in terms of IFRS.*

*[3] Subscriber numbers are a non-IFRS unaudited operating measure of the actual number of paying subscribers at 31 March of the respective year, regardless of the type of programming package to which they subscribe.*

## 11. NON-IFRS PERFORMANCE MEASURES continued

### 11.2 Group financials including segmental analysis

#### 11.2.1 SEGMENTAL RESULTS

| As at 31 March | 2019 IFRS ZAR'm | 2020 Currency impact ZAR'm | 2020 Organic growth ZAR'm | 2020 IFRS ZAR'm | 2020 versus 2019 IFRS % | 2020 versus 2019 Organic growth % |
|---|---|---|---|---|---|---|
| **Revenue** | 50 095 | **362** | **930** | **51 387** | 3 | 2 |
| South Africa | 33 696 | **–** | **458** | **34 154** | 1 | 1 |
| Rest of Africa | 14 836 | **228** | **412** | **15 476** | 4 | 3 |
| Technology | 1 563 | **134** | **60** | **1 757** | 12 | 4 |
| **Trading profit** | 7 014 | **(1 037)** | **2 051** | **8 028** | 14 | 29 |
| South Africa | 10 199 | **–** | **60** | **10 259** | 1 | 1 |
| Rest of Africa | (3 735) | **(955)** | **1 769** | **(2 921)** | 22 | 47 |
| Technology | 550 | **(82)** | **222** | **690** | 25 | 40 |

#### 11.2.2 REVENUE AND COSTS BY NATURE

| | 2019 IFRS ZAR'm | 2020 Currency impact ZAR'm | 2020 Organic growth ZAR'm | 2020 IFRS ZAR'm | 2020 versus 2019 IFRS % | 2020 versus 2019 Organic growth % |
|---|---|---|---|---|---|---|
| **Revenue** | 50 095 | **362** | **930** | **51 387** | 3 | 2 |
| Subscription fees | 41 248 | **232** | **1 272** | **42 752** | 4 | 3 |
| Advertising | 3 180 | **35** | **(2)** | **3 213** | 1 | – |
| Set-top boxes | 2 042 | **(41)** | **(572)** | **1 429** | (30) | (28) |
| Technology contracts and licensing | 1 564 | **134** | **59** | **1 757** | 12 | 4 |
| Other revenue | 2 061 | **2** | **173** | **2 236** | 8 | 8 |
| **Operating expenses** | 43 081 | **1 399** | **(1 121)** | **43 359** | 1 | (3) |
| Content | 17 715 | **610** | **439** | **18 764** | 6 | 2 |
| Set-top box purchases | 6 056 | **137** | **(1 338)** | **4 855** | (20) | (22) |
| Staff costs[1] | 5 352 | **146** | **414** | **5 912** | 10 | 8 |
| Sales and marketing | 2 467 | **43** | **(100)** | **2 410** | (2) | (4) |
| Transponder costs | 2 607 | **85** | **(43)** | **2 649** | 2 | (2) |
| Other | 8 884 | **378** | **(493)** | **8 769** | (1) | (6) |

[1] *Excludes equity-settled share-based payment expense.*

## 11. NON-IFRS PERFORMANCE MEASURES continued

### 11.3 Reconciliation of headline earnings to core headline earnings

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

| | 2020 ZAR'm | 2019 ZAR'm | % change |
|---|---|---|---|
| **Headline earnings attributable to shareholders (IFRS)** | **555** | (1 550) | |
| Adjusted for (after tax effects and non-controlling interests): | | | |
| – Amortisation of other intangible assets | **62** | 55 | |
| – Acquisition-related costs | **49** | 237 | |
| – Equity-settled share-based payment expense | **337** | 265 | |
| – Foreign currency losses and fair value adjustments | **1 861** | 1 434 | |
| – Realised losses on foreign exchange contracts | **(387)** | (564) | |
| – Empowerment transaction | **–** | 1 923 | |
| Core headline earnings (ZAR'm) | **2 477** | 1 800 | 38 |
| Core headline earnings per ordinary share issued (SA cents) | **569** | 410 | 39 |
| Diluted core headline earnings per ordinary share issued (SA cents) | **564** | 410 | 38 |

### 11.4 Reconciliation of cash generated from operating activities to free cash flow

| | 2020 ZAR'm | 2019 ZAR'm | % change |
|---|---|---|---|
| **Cash generated from operating activities** | **12 081** | 9 449 | 28 |
| Adjusted for: | | | |
| – Lease repayments[1] | **(2 100)** | (1 529) | |
| – Net capital expenditure | **(830)** | (978) | |
| – Investment income | **21** | 19 | |
| – Taxation paid | **(3 988)** | (3 694) | |
| **Free cash flow** | **5 184** | 3 267 | 59 |

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

# ASSURANCE ENGAGEMENT REPORT

## TO THE DIRECTORS OF MULTICHOICE GROUP LIMITED

We have completed our assurance engagement to report on the compilation of the pro forma financial information of MultiChoice Group Limited (the 'company') by the directors. The pro forma financial information, as set out on pages 28 to 31 of the summary consolidated financial statements, consist of pro forma financial information for the year ended 31 March 2020 so as to separately present the impact of foreign currency (to reflect constant currency with the prior year), significant acquisitions, and significant disposals as at 31 March 2020. The applicable criteria on the basis of which the directors have compiled the pro forma financial information are specified in the JSE Limited (JSE) Listings Requirements and described on pages 28 and 31 of the summary consolidated financial statements.

The pro forma financial information has been compiled by the directors to illustrate the impact of foreign currency by reflecting a constant currency to the prior year and significant acquisitions and disposals during the period (to reflect results on an organic basis) on certain earnings measures. As part of this process, information about the company's financial performance has been extracted by the directors from the company's financial statements for the year ended 31 March 2020, on which an audit report has been published.

## DIRECTORS' RESPONSIBILITY

The directors of the company are responsible for compiling the pro forma financial information on the basis of the applicable criteria specified in the JSE Listings Requirements and described on pages 28 and 31 of the summary consolidated financial statements.

## OUR INDEPENDENCE AND QUALITY CONTROL

We have complied with the independence and other ethical requirements of sections 290 and 291 of the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (revised January 2018) and parts 1 and 3 of the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (revised November 2018) (together the IRBA Codes), which are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. The IRBA Codes are consistent with the corresponding sections of the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) respectively.

The firm applies International Standard on Quality Control 1 and, accordingly, maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

## REPORTING ACCOUNTANT'S RESPONSIBILITY

Our responsibility is to express an opinion about whether the pro forma financial information has been compiled, in all material respects, by the directors on the basis of the applicable criteria specified in the JSE Listings Requirements and described on pages 28 and 31 of the summary consolidated financial statements based on our procedures performed.

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

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

The purpose of pro forma financial information is solely to provide users with relevant information and measures used by the company to assess performance and to illustrate the impact of foreign currency movements and significant acquisitions and disposals on the company's unadjusted financial information of the company as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction would have been as presented.

A reasonable assurance engagement to report on whether the pro forma financial information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

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

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

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

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

## OPINION

In our opinion, the pro forma financial information has been compiled, in all material respects, on the basis of the applicable criteria specified by the JSE Listings Requirements and described on pages 28 and 31 of the summary consolidated financial statements.

PricewaterhouseCoopers Inc.

**PricewaterhouseCoopers Inc.**
**Director: Brett Stephen Humphreys**
*Registered Auditor*

Johannesburg

10 June 2020

# ADMINISTRATION AND CORPORATE INFORMATION

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