# MULTICHOICE GROUP LIMITED

## SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

Building Africa's leading entertainment and services ecosystem

## CONTENTS



We entertain, inform and empower the communities we serve – **they inspire us in return**


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We are **Africa's leading video entertainment company** and its most loved storyteller

# MultiChoice Group: **Steady margins despite cost normalisation.**

During the year ended 31 March 2022 (FY22), MultiChoice Group (MCG or the group) continued to scale its core business platform and expand its ecosystem by increasing the variety of services offered to customers. The group added 0.9m 90-day active subscribers to close the year on 21.8m subscribers, an increase of 5% year-on-year (YoY). The subscriber base in the Rest of Africa maintained its solid growth trajectory, increasing 7% YoY primarily on the back of investment in successful local content productions and live sporting events. The South Africa business reached the 9m subscriber milestone, but growth rates were subdued due to the tough ongoing economic environment and elevated prior year numbers as consumers prioritised video entertainment during the COVID-19-related lockdowns. The 90-day subscriber base comprises 12.8m households (59%) in the Rest of Africa and 9.0m households (41%) in South Africa.

Group revenue increased 3% (7% organic) to ZAR55.1bn, with the stronger ZAR resulting in a reduction in revenue contribution from the Rest of Africa and Technology businesses upon translation. Subscription revenues amounted to ZAR45.3bn, representing solid 5% organic growth. Advertising revenues rebounded after the negative impact of COVID-19 in the prior year, growing 37% YoY (40% organic). Irdeto's revenues were affected by the COVID-19 pandemic, silicon shortages and supply chain disruptions, which resulted in a 9% reduction on an organic basis.

Despite the ZAR1.1bn impact from the normalisation of content costs that were deferred into the current financial year from the prior year, group trading profit remained flat at ZAR10.3bn (1% organic growth). Trading profit margins were steady at 19%, benefiting from a 14% (24% organic) narrowing in trading losses in the Rest of Africa, the recovery in advertising revenue and a continued focus on cost control across the business. Total content costs increased 9% (13% organic) mainly due to acquisition of rights to popular sporting events such as Euro 2020, the British and Irish Lions Rugby Tour and the Tokyo Olympics, as well as a continued ramp up in local content investment and non-recurring content refunds received in the prior year.

The group's well-established cost optimisation programme delivered another ZAR1.2bn in cost savings, with major contributions from renegotiated contracts for sports rights and international general entertainment content. Operating leverage was marginally negative as the sharp content cost normalisation was not fully offset by revenue growth.

MCG continued its strategic shift of differentiation through local content. The investment in local content was stepped up to produce 6 028 additional hours, representing growth of 32% YoY and accounting for 47% of total general entertainment content spend. As a result, the total local content library is now approaching 70 000 hours. Further to the five major channels launched in the first half of the financial year, the group expanded its offering by launching two Portuguese-focused channels in Angola and Mozambique. In South Africa, the group's second major co-production, *Reyka*, was broadcast to critical acclaim during Sunday night prime time and has garnered international interest. *Recipes for Love and Murder*, the group's latest co-production, was launched late in the financial year with positive early audience share.

# Executive review of our performance continued

Core headline earnings, the board's measure of sustainable business performance, increased by 6% YoY to ZAR3.5bn. This represents a strong recovery from the 26% decrease reported at the half-year as activities normalised in the second half relative to the prior year and a weaker ZAR reduced realised losses on foreign exchange contracts.

Consolidated free cash flow of ZAR5.5bn decreased ZAR0.2m or 3% YoY. This was due to several once-off payments, including the ZAR0.6bn in tax security deposits made in relation to the ongoing Nigerian tax audit, ZAR0.3bn in chipset prepayments to secure the FY23 set-top box supply amidst a global chipset shortage and a ZAR0.2bn prepayment made on additional satellite capacity for the Rest of Africa.

As part of the group's periodic asset review process, and in line with its conservative accounting policies, a loss on the derecognition of information technology assets amounting to ZAR0.3bn was recognised in the current year.

The group paid direct cash taxes of ZAR3.6bn and remains one of the largest taxpayers in Africa. The amount was lower than the prior year due to a lower third top-up tax payment and reduced profitability in South Africa.

Net interest paid decreased by ZAR36m to ZAR497m. This is attributed to a reduction in USD interest on the group's transponder leases due to a stronger average ZAR during the year, higher interest rates in South Africa benefiting interest income, offset by an increase in interest paid of ZAR115m related to the working capital and KingMakers term loans.

The strength of the balance sheet remains a core focus in supporting new investment opportunities and providing short-term funding for Rest of Africa. Some ZAR8.1bn in net assets including ZAR6.2bn in cash and cash equivalents, combined with ZAR5.0bn in available facilities, provide ZAR11.2bn in financial flexibility to fund the group's operations. This strong financial position is after ZAR4bn was utilised to settle the MCG and Phuthuma Nathi (PN) dividends in September and an early ZAR0.5bn repayment of the KingMakers term loan in March to reduce the impact of non-deductible interest costs in future years.

Notwithstanding liquidity constraints in Nigeria, the group continued to extract cash throughout the year. Cash holdings of ZAR2.5bn (FY21: ZAR2.5bn) held in Nigeria, Angola and Zimbabwe remain exposed to weaker currencies.

## SEGMENTAL REVIEW

### South Africa

The South African business faced an increasingly difficult consumer climate, with FY22 growth rates impacted by rising unemployment levels, intermittent loadshedding and a short disruption caused by the tragic July riots in Durban and Johannesburg. YoY comparisons, reflecting muted growth of 1% or 0.1m subscribers on a 90-day active basis, were also distorted by the boost to prior year subscriptions when consumers prioritised video entertainment services during strict COVID-19-related lockdowns.

Revenue increased 4% to ZAR35.6bn. This was attributed to a ZAR0.8bn recovery in advertising revenue and a 1% increase in subscription revenues, driven by subscriber growth in the mass market and the uplift from annual price increases. The return of live sport and other value adding initiatives, contributed to reducing churn on Premium relative to the prior year. Although the ongoing change in customer mix resulted in monthly 90-day average revenue per user (ARPU) dropping from ZAR277 to ZAR269, the 3% decline YoY is less than prior years and was underpinned by the improved Premium trend, annual price increases and a partial recovery in commercial subscription revenues.

# Executive review of our performance continued



Trading profit declined marginally by 1% to ZAR11.0bn, representing a trading margin of 31%. Profitability was supported by the recovery in advertising revenues and the group's ongoing cost-optimisation programme but was negatively impacted by consumer pressure in the middle market, as well as a normalisation of content costs and sales and marketing expenses.

SuperSport yet again delivered world-class productions given a bumper calendar of major sporting events. Record viewership was achieved for Euro 2020, the British and Irish Lions and the Tokyo Olympics. SuperPicks, a free-to-play predictor game and the group's first product collaboration with KingMakers, was launched in Nigeria at the start of the 2021/2022 English Premier League season and already has 0.5m registered users. Content renewals for the year included US golf and all tennis majors, SA athletics, the European football championships, Serie A, the FA Cup and the new United Rugby Championship. SuperSport Schools, now 100% owned by the group, represents an exciting opportunity to develop schools' sport and the app has already broadcast 5 249 live games of schools sport during FY22.

Growth in Connected Video users on the DStv app and Showmax service is outpacing the market and the unit economics of this business keeps improving. Paying Showmax subscribers were up 68% YoY, while overall monthly online users increased a pleasing 28% YoY. A major driver of this segment has been the ongoing focus on localisation, including expanding local payment channels and the enabling of local billing in various markets. In addition, local content was stronger than ever with titles like *DevilsDorp*, the *Real Housewives* franchise and *The Wife*. Showmax Pro delivered an enhanced customer experience, which included the Tokyo Olympics, Euro 2020 and every English Premier League game.

In terms of product offering, MCG's Explora Ultra set-top box allows DStv customers to seamlessly enjoy the best of local content, sport, kids entertainment and news, while also offering access to third-party applications such as Showmax, Netflix and Amazon. The announcement of DStv as official launch partner of Disney+ in South Africa is a further extension of the group's aggregation strategy, bringing customers access to more content, as well as the convenience of addressing all their entertainment needs in one central place. DStv Internet, which was launched in September, is seeing an acceleration in growth rates. The DStv Rewards programme, which supports retention and has been successful in reducing dormancy, is gaining good traction and is approaching a million customers after just 18 months. Digital adoption continues to track well with around 75% of customer touch-points now being managed through the group's self-service channels. Due to the ongoing global silicon chip shortage, the DStv Streama launch has been delayed and is now expected to launch in the first half of the next financial year.

## Rest of Africa

The Rest of Africa business, which benefited from the popularity of local content such as *Big Brother Naija* and live sporting events, grew its 90-day active subscriber base by 0.9m subscribers to 12.8m. While revenue of ZAR17.9bn reflects a strong 14% organic increase, it is only 4% higher than the prior year due to the impact of translating Rest of Africa's USD revenues at a stronger ZAR for reporting purposes. Subscription revenue grew at similar rates and contributed ZAR16.3bn. 90-day ARPU improved by ZAR6 on an organic basis to ZAR110, supported by a stable DTH subscriber mix, the success of the GOtv Supa bouquet (DTT) and inflationary price increases in most markets.

# Executive review of our performance continued

Trading losses amounted to ZAR1.2bn, representing a 24% improvement YoY on an organic basis. Strong growth in subscription revenues was somewhat offset by an increase in content costs due to a normalised sporting schedule, increased local content investment and non-recurring content refunds received in the prior year.

Local currency depreciation was less severe, resulting in an overall headwind on reported results of only ZAR0.1bn (FY21: ZAR1.2bn). Major currency movements on average against the USD were the Nigerian Naira (-5%), Ghanian Cedi (-7%), Angolan Kwanza (+5%), Zambian Kwacha (+7%) and the Mozambiquan Metical (+11%). Although liquidity challenges continued in Nigeria, the group successfully repatriated cash throughout the financial year, albeit at a premium to the official rate. Consequently, local cash balances in Nigeria were maintained at ZAR2.3bn (USD155m).

## Technology segment

Irdeto, the group's technology segment, was impacted by global silicon shortages affecting supply chains, as well as COVID-19-related disruptions in large markets such as India. Revenues of ZAR1.5bn were further depressed by the impact of a stronger ZAR upon translation from USD, down 16% YoY (-9% organic). The segment contributed ZAR0.5bn to group trading profit with margins strong at 33%.

During the current year, Irdeto continued to gain market share in media security by winning four new Tier-1 customers, including Sky New Zealand, a leading telecom and media operator in Australasia. Beyond video, Irdeto grew its device security business, expanded its deployment of connected vehicles with Hyundai, and started new projects like providing security software to large logistics companies.

Irdeto's Trusted Home product was rolled out in South Africa as part of the DStv Internet launch, offering customers enhanced home network security, parental controls and Wi-Fi management solutions. Irdeto was also recognised through numerous industry awards, including the Cybersecurity Company of the Year award at the 2022 Cybersecurity Excellence Awards.

## KINGMAKERS

On 29 October 2021, the group increased its shareholding in KingMakers from 20% to 49.23% for USD282m and settled the contingent consideration of USD31m related to the initial 20% investment. USD300m of the transaction was economically hedged at an all-in rate of ZAR:USD14.56, with the remaining USD12m settled out of the group's USD cash reserves. The transaction was primarily funded by a ZAR4bn term loan concluded in November 2021. The loan has a five-year term and bears interest at the three-month Johannesburg Interbank Agreed Rate (JIBAR) +1.35%. Based on additional liquidity on hand at year-end, a decision was taken to make an early ZAR500m repayment on the loan to lessen the impact of non-deductible interest in future years.

KingMakers delivered USD131m (ZAR2.0bn) in revenues, representing robust growth of 68% YoY. It recorded a loss after tax (excluding amortisation on intangible assets identified on acquisition and MCG purchase price allocation adjustments) amounting to USD19m (ZAR0.3bn) as increased revenues were offset by investment in people, product and technology to further scale the business. Although revenues are still primarily generated in Nigeria, the business is now also active in Kenya, Ghana and Ethiopia. The product and market expansion plans are fully funded through the MCG investment and KingMakers had USD203m (ZAR3.0bn) of cash available at 31 December 2021.

# Executive review of our performance continued



## NIGERIA TAX AUDIT

The group has two ongoing Nigerian tax matters, one involving MultiChoice Nigeria Limited and one involving MultiChoice Africa Holdings BV. After receiving assessments from the Nigerian Federal Inland Revenue Service (FIRS), the group disputed these claims and appeared in front of the Tax Appeal Tribunal with both matters being postponed on various occasions.

On 16 February 2022, an agreement was reached with the FIRS that legal proceedings will be stayed and that an integrated tax audit will commence during March 2022 for both the MultiChoice Nigeria and MultiChoice Africa Holdings BV matters. The audit process, which covers corporate income tax, value added tax and transfer pricing, remains ongoing with all parties fully cooperating.

As part of the process, the group has made ZAR0.6bn in tax security deposits on a without-prejudice and good faith basis. These were recorded as current receivables pending the outcome of the audit process.

Based on the latest facts and circumstances available, no tax provision has been made, nor has a contingent liability been disclosed in the FY22 results. The group maintains its position as a law-abiding corporate citizen and continues to engage constructively with FIRS to bring the audit to a timely and fair conclusion.

## SHARE TRANSACTIONS

In order to preserve cash reserves, the group transferred a further 3.8m treasury shares (valued at ZAR0.4bn on the date of transfer between two group companies), to fund the current year's awards to employees under the group's restricted stock unit (RSU) share plan.

The group's buy-back programme, implemented in FY20, has now realised ZAR105m in cash savings (calculated as the difference between the average share buyback price and the spot price at the time of transferring the shares into the share trust). Based on the success of this approach, a further 2.5m shares were purchased in the second half of the current financial year at an average price of ZAR121 per share to fund future RSU share awards. As a result, a total of 4.6m shares at an average price of ZAR113 per share remain unallocated for future use at the end of FY22.

## SUBSEQUENT EVENTS

Other than the declaration of the dividend after the reporting date, as explained below, there have been no other events that occurred after the reporting date that could have a material impact on the summary consolidated financial statements.

## CORPORATE SOCIAL RESPONSIBILITY

The group continued to play its role as a responsible corporate citizen. This included the ongoing investment in the MultiChoice Innovation Fund and the broader African broadcasting industry, as well as initiatives to drive increased employment equity and gender equality across the group's employee base. MCG also supported South African businesses at the Dubai Expo, raising more than ZAR150m from global investors for these local entrepreneurs in the process.

Sport is another area where the group has a meaningful impact on society. Not only does MCG play a crucial role in the development and broadcasting of schools' sport through its SuperSport Schools initiative, but it is also stepping up its investment in women's sport. This includes support for the SA Netball team leading up to the 2023 World Cup in South Africa, where SuperSport will be the host broadcaster and production will be delivered by a world first all-female production crew.

Furthermore, in recognition of the group's continued contribution to support the communities in which it operates, MCG was one of only two South African companies to be named on the 2021 "Change the World list", compiled by Fortune magazine. During September 2021, the group also partnered

# Executive review of our performance continued

with 13 other global companies to support the Earthshot prize, which seeks to find and fund extraordinary solutions to the world's greatest environmental challenges by 2030.

## DIVIDEND

The board has declared a gross dividend of ZAR2.5bn or 565 SA cents per listed ordinary share for FY22. This dividend declaration is subject to approval of the MultiChoice South Africa Holdings Proprietary Limited (MCSAH) dividend at its annual general meeting on Wednesday, 24 August 2022. The finalisation date for the dividend declaration by the company will be Thursday, 25 August 2022. 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, 9 September 2022. The last date to trade cum dividend will be on Tuesday, 6 September 2022 (shares trade ex-dividend from Wednesday, 7 September 2022). Share certificates may not be dematerialised or re-materialised between Wednesday, 7 September 2022 and Friday, 9 September 2022, both dates inclusive. The dividend payment date will be Monday, 12 September 2022. 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 9 June 2022 was 442.5m ordinary shares (including 17.0m shares held in treasury). The company's income tax reference number is 9485006192.

## OUTLOOK

As a platform of choice, the group will look to further expand its ecosystem by identifying growth opportunities that leverage its scale and local capabilities. MCG will continue to be a trusted partner for its customers' evolving needs, enriching their lives by delivering entertainment and relevant consumer services underpinned by technology.

The group will continue to focus on and drive penetration of its video entertainment services across the African continent, offering customers an array of unique and rich media content in a convenient and cost-effective way. More specifically, the year ahead will see the group increasing its investment in local content, targeting an allocation of 50% of total general entertainment spend by FY24. As a key differentiator, local content and select sporting events such as the English Premier league, UEFA Champions League and the 2022 FIFA World Cup will contribute to the uptake of the group's linear and streaming services.

Returning the Rest of Africa business to profitability in FY23, generating strong cash flows and maintaining a strong balance sheet while innovating and building out our platform remain our key pillars for long-term value creation.

## DIRECTORATE

Mr SJZ Pacak retired as an independent non-executive director with effect from 1 April 2021.

Mr JH du Preez was appointed as an independent non-executive director with effect from 1 April 2021.

Mr JA Mabuza, the group's lead independent director, sadly passed away on 16 June 2021. Mr JJ Volkwyn was appointed as the lead independent director with effect from 1 July 2021.

Mr FLN Letele retired as a non-executive director with effect from 1 December 2021.

No other changes were made to the directorate of the group.

# Executive review of our performance continued

## 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 TN Jacobs CA(SA).

The group operates 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 USD 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-International Financial Reporting Standards (IFRS) performance measures) are quoted in brackets as organic, after the equivalent metrics reported under 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.

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 26 and the assurance report on non-IFRS measures is included on pages 31 and 32. 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.investors.multichoice.com/annual-results and at its registered office.

On behalf of the board

**Mr MI Patel**
Chair

**Mr C Mawela**
Chief executive officer

# Summary consolidated income statement

for the year ended 31 March 2022

| | Note | 2022 ZAR'm | 2021 ZAR'm | % change |
|---|---|---|---|---|
| **Revenue** | 2 | **55 240** | 53 338 | 4 |
| Cost of providing services and sale of goods[1] | | **(29 769)** | (27 812) | 7 |
| Selling, general and administration expenses | | **(14 852)** | (15 048) | (1) |
| Net impairment loss on trade receivables | | **(58)** | (152) | |
| Other operating (losses)/gains – net | 5 | **(265)** | 132 | |
| **Operating profit** | | **10 296** | 10 458 | (2) |
| Interest income | 4 | **260** | 366 | |
| Interest expense | 4 | **(1 210)** | (1 080) | |
| Net foreign exchange translation losses | 4 | **(2 118)** | (757) | |
| Share of equity-accounted results | | **(134)** | (58) | |
| Other losses | 5 | **–** | (25) | |
| **Profit before taxation** | 5 | **7 094** | 8 904 | (20) |
| Taxation[2] | | **(4 210)** | (4 827) | |
| **Profit for the year** | | **2 884** | 4 077 | (29) |
| **Attributable to:** | | | | |
| Equity holders of the group | | **1 358** | 2 161 | |
| Non-controlling interests | | **1 526** | 1 916 | |
| | | **2 884** | 4 077 | (29) |
| Basic and diluted earnings for the year (ZAR'm) | | **1 358** | 2 161 | (37) |
| Basic earnings per ordinary share (SA cents) | 3 | **318** | 506 | (37) |
| Diluted earnings per ordinary share (SA cents) | 3 | **309** | 497 | (38) |

[1] *The increase in the cost of providing services and sale of goods is primarily due to higher content costs in the current year. This increase was mainly driven by the deferral of content costs from FY21, the costing of major sporting events in the current year, non-recurring content refunds and the group's continued ramp-up in local content investment.*

[2] *The effective tax rate has increased from the prior year primarily due to an increase in foreign exchange losses (in respect of which deferred tax assets were not raised) and an increase in uncertain tax positions in the Rest of Africa segment.*

# Summary consolidated statement of comprehensive income

for the year ended 31 March 2022



| | 2022 ZAR'm | 2021 ZAR'm |
|---|---|---|
| **Profit for the year** | **2 884** | 4 077 |
| **Total other comprehensive income for the year:** | | |
| Exchange (losses)/gains arising on translation of foreign operations[1,2,3] | **(32)** | 44 |
| Fair value losses on investments held at fair value | **–** | (102) |
| Hedging reserve[1] | **(781)** | 361 |
| – Net fair value losses[4] | **(570)** | (898) |
| – Hedging reserve recycled to the income statement[4] | **(367)** | 453 |
| – Net tax effect of movements in hedging reserve[5] | **156** | 806 |
| **Total comprehensive income for the year** | **2 071** | 4 380 |
| **Attributable to:** | | |
| Equity holders of the group | **548** | 2 281 |
| Non-controlling interests | **1 523** | 2 099 |
| | **2 071** | 4 380 |

[1] *These components of other comprehensive income may subsequently be reclassified to the summary consolidated income statement during future reporting periods.*
[2] *Relates to the translation of Rest of Africa and Technology segments, which have a USD reporting currency.*
[3] *The movement relates primarily to the ZAR appreciation against the USD from a closing rate of ZAR14.78 in FY21 to ZAR14.61 in FY22. This movement is recognised in other reserves on the summary consolidated statement of changes in equity.*
[4] *The movement relates primarily to the ZAR appreciation against the USD from a closing rate of ZAR14.78 in FY21 to ZAR14.61 in FY22 and additional forward exchange contracts executed during FY22 which resulted in a decrease in the achieved average hedge rate on cash flow hedges from ZAR16.40 in FY21 to ZAR15.89 in FY22.*
[5] *The movement relates to tax on net fair value losses recognised in the South Africa segment as detailed in footnote 4 above which are taxed at 28%. Fair value gains/losses in the Rest of Africa segment, which offset the fair value losses in South Africa, are non-taxable.*

# Summary consolidated statement of financial position

as at 31 March 2022

| | Note | 2022 ZAR'm | 2021 ZAR'm |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | **25 576** | 23 379 |
| Property, plant and equipment[1] | | **13 060** | 14 964 |
| Goodwill and other intangible assets | | **4 947** | 5 008 |
| Investments and loans | | **255** | 119 |
| Investment in associates and joint ventures | 6 | **5 878** | 1 745 |
| Amounts due from related parties | 9 | **54** | 17 |
| Derivative financial instruments | | **12** | 8 |
| Deferred taxation | | **1 370** | 1 518 |
| **Current assets** | | **17 265** | 18 949 |
| Inventory | | **811** | 659 |
| Programme and film rights[2] | | **5 256** | 5 633 |
| Trade and other receivables[3] | | **4 696** | 3 302 |
| Amounts due from related parties | 9 | **10** | 51 |
| Derivative financial instruments | | **136** | 340 |
| Restricted cash[4] | | **201** | 427 |
| Cash and cash equivalents | | **6 155** | 8 537 |
| **Total assets** | | **42 841** | 42 328 |
| **EQUITY AND LIABILITIES** | | | |
| **Equity reserves attributable to the group's equity holders** | | **10 952** | 12 426 |
| Share capital | | **454** | 454 |
| Other reserves | | **(14 175)** | (13 518) |
| Retained earnings | | **24 673** | 25 490 |
| Non-controlling interests | | **(2 876)** | (2 912) |
| **Total equity** | | **8 076** | 9 514 |
| **Non-current liabilities** | | **13 875** | 14 254 |
| Lease liabilities[5] | | **10 656** | 12 432 |
| Long-term loans[6] | | **2 721** | 1 213 |
| Derivative financial instruments | | **320** | 358 |
| Deferred taxation | | **178** | 251 |
| **Current liabilities** | | **20 890** | 18 560 |
| Lease liabilities[5] | | **1 822** | 1 978 |
| Short-term loans[6] | | **1 300** | 683 |
| Programme and film rights | | **3 505** | 3 826 |
| Provisions | | **364** | 525 |
| Accrued expenses and other current liabilities[7] | | **10 272** | 9 195 |
| Derivative financial instruments | | **971** | 598 |
| Taxation liabilities[8] | | **2 656** | 1 755 |
| **Total equity and liabilities** | | **42 841** | 42 328 |

1 *Decrease relates primarily to current year depreciation and lower property, plant and equipment additions in FY22.*
2 *Programme and film rights assets are lower than FY21 mainly as a result of lower prepayments for sporting rights renewals.*
3 *Increase relates primarily to the tax security deposits paid in FY22 related to the Nigeria tax audit (ZAR0.6bn) and increased inventory prepayments due to increased orders to support set-top box sales volumes during the 2022 FIFA World Cup.*
4 *Restricted cash comprises margin deposits on Nigerian futures hedging instruments that are not highly liquid and have maturities of greater than three months.*
5 *Decrease relates primarily to current year lease payments in accordance with lease agreements and a ZAR0.2bn payment made on additional satellite capacity for the Rest of Africa.*
6 *Increase relates primarily to the conclusion of a ZAR4bn term loan in November 2021 to fund the increased investment in KingMakers (note 6). The loan has a five-year term and bears interest at three-month JIBAR +1.35%. This increase was partially offset by the repayment of ZAR500m during FY22 on an amortising working capital loan of ZAR1.5bn which was concluded in FY21.*
7 *Increase relates primarily to higher inventory purchases to support set-top box sales volumes during the 2022 FIFA World Cup and an increase in VAT provisions in the Rest of Africa segment.*
8 *Increase relates primarily to an increase in uncertain tax positions in the Rest of Africa segment.*

# Summary consolidated statement of cash flows

for the year ended 31 March 2022

| | Note | 2022 ZAR'm | 2021 ZAR'm |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| **Cash generated from operating activities** | | **12 723** | 13 909 |
| Interest income received | | **255** | 263 |
| Interest costs paid | | **(752)** | (796) |
| Settlement of share-based compensation awards[1] | | **–** | (349) |
| Taxation paid[2] | | **(3 572)** | (4 095) |
| **Net cash generated from operating activities** | | **8 654** | 8 932 |
| **Cash flows from investing activities** | | | |
| Property, plant and equipment acquired | | **(626)** | (755) |
| Proceeds from sale of property, plant and equipment | | **15** | 54 |
| Intangible assets acquired[3] | | **(462)** | (858) |
| Proceeds from sale of intangible assets | | **15** | 9 |
| Decrease/(increase) in restricted cash | | **221** | (79) |
| Investment in associate | 6 | **(4 244)** | (1 351) |
| Loans to Enterprise Development Trust beneficiaries | | **(39)** | (28) |
| Repayment of Enterprise Development Trust loans | | **9** | 21 |
| Loans to related parties | | **–** | (39) |
| Cash received from other investments and loans | | **29** | – |
| Cash paid for other investments and loans[4] | | **(153)** | (50) |
| **Net cash utilised in investing activities** | | **(5 235)** | (3 076) |
| **Cash flows from financing activities** | | | |
| Proceeds from long and short-term loans raised[5,6,7,8] | | **5 453** | 2 000 |
| Repayments of long and short-term loans[5,6,7,8] | | **(2 866)** | (631) |
| Settlement of contingent consideration[9] | 6 | **(467)** | – |
| Repayments of lease liabilities | | **(2 007)** | (1 855) |
| Purchases of shares for group share schemes[10] | | **(87)** | (152) |
| Repurchase of treasury shares | | **(308)** | – |
| Transactions with non-controlling interests[11] | | **(9)** | – |
| Dividends paid by holding company | | **(2 418)** | (2 411) |
| Dividends paid by subsidiaries to non-controlling shareholders | | **(1 506)** | (1 491) |
| **Net cash utilised in financing activities** | | **(4 215)** | (4 540) |
| Net movement in cash and cash equivalents | | **(796)** | 1 316 |
| Foreign exchange translation adjustments on cash and cash equivalents[12] | | **(1 586)** | (1 924) |
| Cash and cash equivalents at the beginning of the year | | **8 537** | 9 145 |
| **Cash and cash equivalents at the end of the year** | | **6 155** | 8 537 |

1 *Relates to the settlement paid to employees due to the closure of the MultiChoice 2008 SAR scheme in the prior year.*
2 *Decrease relates to a lower third top-up payment and reduced profitability in the South Africa segment.*
3 *Decrease relates primarily to a reduction in investment in a multi-year programme to upgrade the group's customer service, billing and data capabilities.*
4 *In FY22, the group made a USD10m investment in Trust Machines SPV, LLC applications and platforms (note 8).*
5 *A ZAR4bn term loan was concluded in November 2021 to fund the group's additional investment in KingMakers. The loan has a five-year term and bears interest at three-month JIBAR + 1.35%. As at 31 March 2022, ZAR900m of this loan had been repaid.*
6 *During FY22, the group utilised short term banking facilities of ZAR1.450bn. The facilities attracted interest at a market-related interest rate. The facilities were utilised for working capital in the group. As at 31 March 2022, all these facilities had been fully repaid.*
7 *An amortising working capital loan of ZAR1.5bn was concluded in FY21. The loan has a three-year term and bears interest at three-month JIBAR + 1.70%. As at 31 March 2022, ZAR625m of this loan had been repaid with ZAR500m paid during FY22.*
8 *During FY21, the group utilised a short-term banking facility for ZAR500m. The facility attracted interest at a market related interest rate. The facility was utilised for working capital in the group. As at 31 March 2021, the facility had been fully repaid.*
9 *In October 2021, the group increased its investment in KingMakers which triggered the payment of the contingent consideration of USD31m (ZAR467m) which was recognised on the consolidated statement of financial position as at 31 March 2021 (note 6).*
10 *Relates to the purchase of group shares, which were used to settle the group's share-based compensation awards.*
11 *In March 2022, the group acquired the remaining 49% of shares in SuperSport Schools. SuperSport Schools is now 100% owned by the group.*
12 *Includes losses of ZAR1.1bn (FY21: ZAR575m) incurred in Nigeria, within the Rest of Africa segment, due to differences between the I&E rate used by the group for translation and the parallel rate at which cash has been extracted.*

# Summary consolidated statement of changes in equity

for the year ended 31 March 2022

| | Share capital ZAR'm | Other reserves[1] ZAR'm | Retained earnings ZAR'm | Non-controlling interests ZAR'm | Total equity ZAR'm |
|---|---|---|---|---|---|
| **Balance at 1 April 2020** | 454 | (13 048) | 25 316 | (2 917) | 9 805 |
| Profit for the year | – | – | 2 161 | 1 916 | 4 077 |
| Other comprehensive income | – | 120 | – | 183 | 303 |
| **Total comprehensive income for the year** | – | 120 | 2 161 | 2 099 | 4 380 |
| Hedging reserve basis adjustment[2] | – | (590) | – | (175) | (765) |
| Share-based compensation movement | – | – | 391 | – | 391 |
| Purchase of shares for group share schemes[3] | – | – | (152) | – | (152) |
| Other share-based compensation movements[4] | – | – | (245) | 2 | (243) |
| Transactions with non-controlling interests[5] | – | – | 430 | (430) | – |
| Dividends declared[6,10] | – | – | (2 411) | (1 491) | (3 902) |
| **Balance at 1 April 2021** | **454** | **(13 518)** | **25 490** | **(2 912)** | **9 514** |
| Profit for the year | **–** | **–** | **1 358** | **1 526** | **2 884** |
| Other comprehensive loss | **–** | **(810)** | **–** | **(3)** | **(813)** |
| **Total comprehensive income for the year** | **–** | **(810)** | **1 358** | **1 523** | **2 071** |
| Treasury shares acquired[7] | **–** | **(308)** | **–** | **–** | **(308)** |
| Treasury shares disposed[8] | **–** | **152** | **(152)** | **–** | **–** |
| Hedging reserve basis adjustment[2] | **–** | **309** | **–** | **93** | **402** |
| Share-based compensation movement | **–** | **–** | **420** | **–** | **420** |
| Purchase of shares for group share schemes[3] | **–** | **–** | **(87)** | **–** | **(87)** |
| Transactions with non-controlling interests[9] | **–** | **–** | **62** | **(74)** | **(12)** |
| Dividends declared[6,10] | **–** | **–** | **(2 418)** | **(1 506)** | **(3 924)** |
| **Balance at 31 March 2022** | **454** | **(14 175)** | **24 673** | **(2 876)** | **8 076** |

1 *Other reserves include treasury shares, the hedging reserve, fair value reserve and foreign currency translation reserve.*
2 *Relates to the basis adjustment (net of tax gains of ZAR93m (FY21: ZAR208m tax losses) on other reserves and tax gains of ZAR28m (FY21: ZAR63m tax losses) on non-controlling interests) on programme and film right assets as content comes into licence.*
3 *Primarily relates to the settlement of share-based compensation benefits.*
4 *Primarily relates to the closure of the MCA 2008 SAR scheme during FY21.*
5 *Relates primarily to two transactions in FY21. One whereby MultiChoice Africa Holdings B.V. transferred assets held in GOtv Zambia Proprietary Limited (51% owned by the group) to GOtv Broadcasting Zambia (25% owned by the group) at an amount equal to the fair value of the assets transferred. The fair value of the net assets transferred was ZAR179m. There was no carrying value related to the non-controlling interest in GOtv Broadcasting Zambia prior to this transaction. No cash consideration was paid. The second was a dilution of MultiChoice Africa Holdings B.V's interest in GOtv Kenya Limited from 100% to 70% due to local shareholding requirements. There was no carrying value related to the non- controlling interest in GOtv Kenya Limited prior to this transaction. No cash consideration was received.*
6 *Non-controlling interests dividends relate primarily to dividends paid to PN.*
7 *The group acquired a further 2.5m treasury shares at an average price of ZAR121 per share to fund future RSU share awards. As at 31 March 2022, the group holds 17.0m treasury shares at an average value of ZAR108 per share.*
8 *During the current year treasury shares were utilised to settle the group's share-based compensation benefits.*
9 *Relates to two transactions, the first relating to a dilution of MultiChoice Africa Holdings. B.V.'s interest in GOtv Uganda Limited from 100% to 85% due to local shareholding requirements. GOtv Uganda Limited had a negative net asset value of ZAR598m and there was no carrying value related to the non-controlling interest in GOtv Uganda Limited prior to this transaction. No cash consideration was received. This transaction resulted in an increase of ZAR90m in retained earnings and a decrease of ZAR90m in non-controlling interest. The second related to the group acquiring the remaining 49% interest in SuperSport Schools in March 2022. SuperSport Schools is now 100% owned by the group. The carrying value of the non-controlling interest prior to this transaction was negative ZAR15.7m. Cash consideration paid amounted to ZAR8.75m with a further ZAR3.75m payable during FY23 based on the achievement of service conditions attached to the transaction. This transaction resulted in a decrease of ZAR28m in retained earnings and a increase of ZAR16m in non-controlling interest.*
10 *Dividends declared exclude dividends related to treasury shares held by the group. The group declared a gross dividend of 565 SA cents per listed ordinary share in FY21 (FY20: 565 SA cents).*

# Segmental review

for the year ended 31 March 2022

| ***Revenue and trading profit*** | **Revenue 2022 ZAR'm External** | **Inter-segment** | **Total** | Revenue 2021 ZAR'm External | Inter-segment | Total | **Trading profit[1] 2022 ZAR'm** | Trading profit[1] 2021 ZAR'm |
|---|---|---|---|---|---|---|---|---|
| South Africa | **35 615** | **7 750** | **43 365** | 34 327 | 6 588 | 40 915 | **11 032** | 11 132 |
| Rest of Africa | **18 081** | **199** | **18 280** | 17 162 | 281 | 17 443 | **(1 213)** | (1 408) |
| Technology | **1 544** | **1 666** | **3 210** | 1 849 | 1 638 | 3 487 | **515** | 566 |
| Eliminations | **–** | **(9 615)** | **(9 615)** | – | (8 507) | (8 507) | **–** | – |
| **Total** | **55 240** | **–** | **55 240** | 53 338 | – | 53 338 | **10 334** | 10 290 |

[1] *Total group trading profit and Rest of Africa trading profit presented above includes losses of ZAR163m (FY21: gains of ZAR72m) related to fair value movements on Nigeria futures contracts.*

| ***Revenue by nature*** | **2022 ZAR'm South Africa** | **Rest of Africa** | **Tech-nology** | **Total** | 2021 ZAR'm South Africa | Rest of Africa | Tech-nology | Total |
|---|---|---|---|---|---|---|---|---|
| Subscription fees | **28 956** | **16 468** | **–** | **45 424** | 28 794 | 15 817 | – | 44 611 |
| Advertising | **3 258** | **651** | **–** | **3 909** | 2 443 | 405 | – | 2 848 |
| Set-top boxes | **1 069** | **801** | **–** | **1 870** | 987 | 802 | – | 1 789 |
| Installation fees | **321** | **–** | **–** | **321** | 324 | – | – | 324 |
| Technology contracts and licensing | **–** | **–** | **1 544** | **1 544** | – | – | 1 849 | 1 849 |
| Other revenue | **2 011** | **161** | **–** | **2 172** | 1 779 | 138 | – | 1 917 |
| **Total external revenue** | **35 615** | **18 081** | **1 544** | **55 240** | 34 327 | 17 162 | 1 849 | 53 338 |

## Reconciliation of consolidated trading profit to consolidated operating profit

Operating segments are identified on the basis of internal reports about components of the group that are regularly reviewed by the chief operating decision-maker (CODM) in order to allocate resources to the segments and to assess their performance. The CODM has been identified as the executive directors of the group.

Trading profit as presented in the segment disclosure is the CODM and management's measure of each segment's operational performance. A reconciliation of the segmental trading profit to operating profit as reported in the income statement is provided below:

| | **2022 ZAR'm** | 2021 ZAR'm |
|---|---|---|
| **Trading profit per segmental income statement** | **10 334** | 10 290 |
| **Adjusted for:** | | |
| Interest on transponder leases (note 4) | **537** | 688 |
| Amortisation of intangibles (other than software) | **(53)** | (65) |
| Other operating (losses)/gains – net (note 5)[1] | **(265)** | 117 |
| Equity-settled share-based compensation | **(420)** | (391) |
| Severance provision | **–** | (11) |
| Cash settled share-based payments on closure of SAR scheme[2] | **–** | (98) |
| Fair value movements on futures contracts | **163** | (72) |
| **Operating profit per the income statement[3]** | **10 296** | 10 458 |

1 *Excludes ZARnil (FY21: ZAR15m) of other operating gains which are included in both trading profit and operating profit.*
2 *Relates to once-off expense on the closure of the MultiChoice 2008 SAR scheme in the prior year.*
3 *The summary consolidated income statement discloses all reporting items from consolidated operating profit to consolidated profit before taxation.*

## 1. Basis of presentation and accounting policies

The summary consolidated financial statements for the year ended 31 March 2022 are prepared in accordance with the requirements of the JSE Listings Requirements for preliminary reports and the requirements of the South African Companies Act No 71 of 2008, as amended (Companies Act) applicable to financial statements. The summary consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and Interpretations as issued by the IFRS Interpretations Committee (IFRIC), the South African Institute of Chartered Accountants (SAICA) Financial Reporting Guides as issued by the Accounting Practices Committee (APC) and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council (FRSC), and to also, as a minimum, contain the information required by IAS 34 *Interim Financial Reporting*. The group also subscribes in all its activities to principles of best practice and corporate governance, as set out in the King IV Report on Corporate Governance for South Africa 2016. 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.investors.multichoice.com/annual-results**.

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 summary consolidated statement of financial position was prepared using a closing USD exchange rate at 31 March 2022 of 14.61:1 (31 March 2021: 14.78:1) which has been utilised for the consolidation of the Rest of Africa and Technology segments that have a USD presentation currency. The summary consolidated income statement and statement of comprehensive income were prepared using the average USD exchange rate for the year ended 31 March 2022 of 14.93:1 (31 March 2021: 16.30:1).

The accounting policies applied in the preparation of the summary consolidated financial statements are in terms of IFRS and are consistent with those accounting policies applied in the preparation of the prior year's consolidated annual financial statements.

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 2022.

The group has adopted all new and amended accounting pronouncements issued by the IASB that are effective for financial years commencing 1 April 2021. None of the amendments had a material effect on the group's summary consolidated financial statements.

Trading profit includes the finance cost on transponder lease liabilities and the derivative profit or loss impact relating to economic hedges (ie futures) against foreign currency movements, but excludes the amortisation of intangible assets (other than software), impairment/derecognition of assets, equity-settled share-based payment expenses, cash-settled share-based payment expenses on closure of schemes, severance provisions raised and other operating gains/losses.

### COVID-19 considerations

Management has conducted an updated review of all possible financial effects that COVID-19 could have on the measurement, presentation and disclosure provided in the summary consolidated financial statements. The conclusion reached was that the potential impact is not material to the summary consolidated financial statements. Management will continue to monitor COVID-19 developments.

# Notes to the summary consolidated financial statements continued

for the year ended 31 March 2022

## 2. Revenue

| | 2022 ZAR'm | 2021 ZAR'm |
|---|---|---|
| Subscription fees | **45 424** | 44 611 |
| Advertising[1] | **3 909** | 2 848 |
| Set-top boxes | **1 870** | 1 789 |
| Installation fees | **321** | 324 |
| Technology contracts and licensing[2] | **1 544** | 1 849 |
| Other revenue[3] | **2 172** | 1 917 |
| | **55 240** | 53 338 |

[1] *Advertising revenue recovery primarily due to the return of live sporting events, strong local content advertising sales and the success of new digital advertising strategies.*

[2] *Decrease primarily due to the COVID-19 pandemic, silicon shortages and supply chain disruptions.*

[3] *Other revenue relates primarily to insurance premiums, sub-licensing revenue and reconnection fees. Increase relates primarily to an increase in sub-licensing revenue due to return of live sporting events and an increase in reconnection fees due to more reconnection events in FY22.*

The following table shows unsatisfied performance obligations resulting from long-term technology contracts as at 31 March 2022 and 31 March 2021:

| | 2022 ZAR'm | 2021 ZAR'm |
|---|---|---|
| Aggregate amount of the transaction price allocated to long-term technology contracts that are partially or fully unsatisfied | **151** | 109 |

Management expects that 38% of the transaction price allocated to the unsatisfied contracts as of 31 March 2022 will be recognised as revenue during FY23 (ZAR58m) and 38% (ZAR58m) will be recognised as revenue during FY24. The remaining 24% (ZAR35m) will be recognised as revenue in FY25 and thereafter. The amount disclosed above does not include variable consideration which is constrained.

Management expects that 42% of the transaction price allocated to the unsatisfied contracts as at 31 March 2021 will be recognised as revenue during FY22 (ZAR46m) and 16% (ZAR17m) will be recognised as revenue during FY23. The remaining 42% (ZAR46m) will be recognised as revenue in FY24 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 2022

| | 2022 ZAR'm | 2021 ZAR'm |
|---|---|---|
| **3. Headline earnings** | | |
| **Profit attributable to equity holders of the group** | **1 358** | 2 161 |
| – Impairment of programme and film rights | **208** | 69 |
| – Reversal of impairment of property, plant and equipment | **–** | (76) |
| – Other impairments | **–** | 9 |
| – Reversal of impairment of joint ventures | **(8)** | – |
| – (Profit)/loss on sale of property, plant and equipment | **(5)** | 15 |
| – Profit on sale of intangible assets | **(13)** | (15) |
| – Derecognition of intangible assets | **287** | – |
| – Insurance proceeds | **–** | (35) |
| | **1 827** | 2 128 |
| – Total tax effects of adjustments | **(117)** | (6) |
| – Total non-controlling interest effects of adjustments | **(81)** | (4) |
| **Headline earnings** | **1 629** | 2 118 |
| Basic and diluted headline earnings for the year (ZAR'm) | **1 629** | 2 118 |
| Basic headline earnings per ordinary share (SA cents) | **381** | 496 |
| Diluted headline earnings per ordinary share (SA cents)[1] | **371** | 487 |
| Net number of ordinary shares issued (million) | | |
| – at year-end[2,3] | **426** | 427 |
| – at year end (including treasury shares)[2] | **443** | 443 |
| – weighted average for the year | **427** | 427 |
| – diluted weighted average for the year[1] | **439** | 435 |

1 *As at 31 March 2022, 11.4m RSUs have been awarded to employees and remain unvested resulting in a dilutive impact in the current year (FY21: 10.1m awarded).*

2 *As at 31 March 2022, the group held 17.0m treasury shares which resulted in a decrease in the number of ordinary shares issued (FY21: 15.6m treasury shares).*

3 *During FY22, the group transferred 3.8m (with a value of ZAR0.4bn at the date of transfer) of the 10.1m treasury shares purchased by MultiChoice Group Treasury Services Proprietary Limited as part of a general share buyback in FY20 to the MultiChoice Group Restricted Share Plan Trust (a fellow group company) to fund the FY22 awards under the group's RSU scheme. An additional 2.5m shares were repurchased by MultiChoice Group Treasury Services Proprietary Limited as part of a general share buy-back to fund future RSU share awards. 1.2m RSUs were exercised during the year which reduced the number of treasury shares held by the group at 31 March 2022.*

| | 2022 ZAR'm | 2021 ZAR'm |
|---|---|---|
| **4. Interest (expense)/income** | | |
| **Interest expense** | | |
| Loans and overdrafts[1] | **(160)** | (53) |
| Leases[2] | **(583)** | (730) |
| Other[3] | **(467)** | (297) |
| | **(1 210)** | (1 080) |

[1] *Increase relates primarily to interest on working capital term loan of ZAR64m (FY21: ZAR29m) and KingMakers term loan of ZAR80m (FY21: ZARnil).*
[2] *Relates primarily to transponder leases of ZAR537m (FY21: ZAR688m).*
[3] *Relates primarily to interest accrued to revenue authorities in the Rest of Africa of ZAR274m (FY21: ZAR101m) and the discounting of liabilities in relation to programme and film rights of ZAR144m (FY21: ZAR176m).*

| | 2022 ZAR'm | 2021 ZAR'm |
|---|---|---|
| **Interest income** | | |
| Loans and bank accounts | **192** | 232 |
| Other | **68** | 134 |
| | **260** | 366 |

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

| | 2022 ZAR'm | 2021 ZAR'm |
|---|---|---|
| **Net losses from foreign exchange translation and fair value adjustments on derivative financial instruments** | | |
| On translation of assets and liabilities | **(848)** | (452) |
| Cash extraction losses[1] | **(1 139)** | (575) |
| On translation of transponder leases[2] | **92** | 1 923 |
| Gains on translation of forward exchange contracts[3] | **1 762** | 1 799 |
| Losses on translation of forward exchange contracts[3] | **(1 985)** | (3 452) |
| **Net foreign exchange translation losses** | **(2 118)** | (757) |

[1] *Includes losses incurred in Nigeria, within the Rest of Africa segment, due to differences between the I&E rate used by the group for translation and the parallel rate at which cash has been extracted.*
[2] *Movement primarily relates to ZAR appreciation against the USD from a closing rate of ZAR14.78 in FY21 to ZAR14.61 in FY22.*
[3] *The movement relates primarily to the ZAR appreciation against the USD from a closing rate of ZAR14.78 in FY21 to ZAR14.61 in FY22 and additional forward exchange contracts executed during FY22 which resulted in a decrease in the achieved average hedge rate on fair value hedges from ZAR16.61 in FY21 to ZAR16.08 in FY22.*

## 5. Profit before taxation

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

| | 2022 ZAR'm | 2021 ZAR'm |
|---|---|---|
| **Depreciation of property, plant and equipment** | **(2 461)** | (2 573) |
| **Amortisation** | **(230)** | (236) |
| – software | **(177)** | (171) |
| – other intangible assets | **(53)** | (65) |
| Net realisable value adjustments on inventory, net of reversals[1] | **(173)** | (326) |
| **Other operating (losses)/gains – net** | | |
| Derecognition of intangible assets[2] | **(287)** | – |
| Profit/(loss) on sale of property, plant and equipment | **5** | (15) |
| Profit on sale of intangible assets | **13** | 15 |
| Reversal of impairment of property, plant and equipment | **–** | 76 |
| Insurance proceeds | **–** | 35 |
| Fair-value adjustment | **4** | 6 |
| Other gains | **–** | 15 |
| | **(265)** | 132 |
| **Other losses** | | |
| Acquisition-related costs | **–** | (25) |

1 *Net realisable value adjustments relate to set-top box subsidies in South Africa and the Rest of Africa segments.*
2 *Relates to the derecognition of information technology assets in the current year as part of the group's periodic asset review process, and in line with its conservative accounting policies.*

# Notes to the summary consolidated financial statements continued

for the year ended 31 March 2022

## 6. Investment in associates and joint ventures

| | Note | 2022 ZAR'm | 2021 ZAR'm |
|---|---|---|---|
| Investment in associates | (a) | **5 861** | 1 734 |
| Investment in joint ventures | | **17** | 11 |
| | | **5 878** | 1 745 |
| **a) Investment in associates** | | | |
| Blue Lake Ventures Limited (KingMakers)[1] | | **5 764** | 1 628 |
| SafeRide Technologies Limited (SafeRide) | | **–** | 106 |
| Questar Auto Technologies (Questar) | | **92** | – |
| Zendascape Proprietary Limited (AURA) | | **5** | – |
| | | **5 861** | 1 734 |

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

| **Movement in carrying value of KingMakers investment:** | 2022 ZAR'm | 2021 ZAR'm |
|---|---|---|
| Opening balance | **1 628** | – |
| Associate acquired – gross consideration | **4 471** | 1 861 |
| Share of net loss of associate | **(83)** | (12) |
| Share of other comprehensive loss of associate | **(4)** | – |
| Amortisation of intangible assets identified on acquisition | **(55)** | (10) |
| Foreign exchange translation adjustment | **(193)** | (211) |
| **Closing balance** | **5 764** | 1 628 |

### KingMakers

In FY21, the group acquired a 20% investment in Blue Lake Ventures Limited, a sports betting business (operating as KingMakers). The transaction was structured with an upfront investment of USD81m (ZAR1.4bn) paid in cash and the potential for further payments of up to USD31m (ZAR0.5bn) should certain earn-out targets be met between December 2021 and December 2023, or the valuation paid was supported by future equity transactions. As the group exercises significant influence through its shareholding and board representation, the group's investment in KingMakers has been equity accounted as an associate from 1 October 2020.

On 29 October 2021, the group increased its investment in KingMakers which triggered the following:

- sale of shares on loan account to the KingMakers share scheme (note 8);
- a USD100m subscription for shares into the business;
- a USD182m partial buy out of minority shareholders; and
- the payment of the contingent consideration of USD31m relating to the acquisition of the first 20% in KingMakers.

## 6. Investment in associates and joint ventures continued

The group acquired net assets of ZAR1.9bn (FY21: ZAR0.5bn) and goodwill of ZAR2.6bn (FY21:ZAR1.4bn). Net assets acquired include separately identifiable assets considered in the final purchase price allocation. The fair values of separately identifiable assets include KingMakers brand ZAR344m (FY21:ZAR174m), cash and cash equivalents ZAR926m (FY21:ZAR270m), customer relationships ZAR406m (FY21:ZAR169m) as well as internally developed software ZAR17m (FY21:ZAR8m). Significant judgement was exercised on the identification and valuation of these assets acquired within KingMakers. The significant assumptions taken into account to value these assets included the forecast cash flows, tax amortisation benefit, discount rate, growth rates, EBITDA margins, royalty rates, contributory asset charges and terminal growth rates.

At the conclusion of the above transactions, the group now owns 49.23% in KingMakers. However, the group considered the economic ownership to be 51.23% due to the sale of shares to the KingMakers' shares scheme, which was considered to be the issuance of an option liability as explained in note 8. KingMakers will continue to be equity accounted after considering shareholder and board representation rights (including de facto control) available to the group. The equity accounting post the transaction occurred using the economic ownership taking into account the sale of shares on loan account as well as the additional acquisition of shares. The group also recognised a derivative option liability (included in the consideration paid for the additional ownership percentage), which is fairly valued in terms of IFRS 9 *Financial Instruments* (note 8).

### SafeRide\Questar

SafeRide is a leading provider of multi-layer cybersecurity and data analytics solutions for connected and autonomous vehicles. In FY22, the group approved a merger transaction where the group transferred all of its shareholding in SafeRide in exchange for a 7.6% share of Questar Auto Technologies, a predictive vehicle health company that introduces cutting-edge AI technology for automotive. Questar was assessed to be an associate based on the group's board representation in the entity. The associate was initially measured at cost, represented by the fair value of the investment received (Questar).

### AURA

In FY22, the group participated in a ZAR62m series A funding round into Zendascape Proprietary Limited trading as AURA during October 2021. The group committed to a ZAR31m equity investment for a 12.5% stake in AURA subject to conditions precedent. As at 31 March 2022 the group has released ZAR5m of the required funds for the equity investment. The rest of the cash will be due and payable once the conditions precedent have been met. The group owns 12.5% of the issued share capital of AURA and also has board representation. AURA was assessed to be an associate initially measured at cost.

# Notes to the summary consolidated financial statements continued

for the year ended 31 March 2022

## 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.

| | **2022 ZAR'm** | 2021 ZAR'm |
|---|---|---|
| **Commitments** | | |
| – Capital expenditure[1] | **277** | 34 |
| – Programme and film rights | **36 634** | 36 595 |
| – Set-top boxes[2] | **3 081** | 1 437 |
| – Lease commitments | **8** | 15 |
| – Other[3] | **3 984** | 4 585 |
| | **43 984** | 42 666 |

[1] *Increase primarily due to contracts entered into during FY22 for a new outside broadcast vehicle in SuperSport.*
[2] *Increase primarily due to increased orders to secure the supply of set-top boxes for FY23 to support sales volumes during the 2022 FIFA World Cup.*
[3] *These service contracts are for transmission services, computer and decoder support services, access to networks and contractual relationships with customers, suppliers and employees.*

The group operates a number of businesses in jurisdictions where taxes may be payable on certain transactions or payments. The group continues to seek relevant advice and works with its advisers to identify and quantify such tax exposures. The group's current assessment of possible but unlikely withholding and other tax exposures, including interest and potential penalties, amounts to approximately ZAR0.4bn (FY21: ZAR0.2bn). No provision has been made as at 31 March 2022 for these possible exposures.

# Notes to the summary consolidated financial statements continued

for the year ended 31 March 2022



## 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 2022 ZAR'm** | Fair value 2021 ZAR'm | Valuation method | Level in fair value hierarchy |
|---|---|---|---|---|
| **Financial assets** | | | | |
| Investments held at fair value through profit or loss | **146** | – | Based on the latest transaction value concluded by market participants at arm's length | Level 3 |
| Investments held at fair value through profit or loss | **20** | – | Unit trusts comprising of quoted prices in a public market | Level 2 |
| Forward exchange contracts | **13** | 49 | Fair value derived from forward exchange rates that are publicly available | Level 2 |
| Futures contracts | **97** | 262 | Quoted prices in a public market | Level 1 |
| Currency depreciation features | **26** | 30 | Discounted cash flow techniques | Level 3 |
| Interest rate swap | **12** | 7 | Present value of the estimated future cash flows based on observable yield curves | Level 2 |
| **Financial liabilities** | | | | |
| Forward exchange contracts | **1 109** | 956 | Fair value derived from forward exchange rates that are publicly available | Level 2 |
| Derivative option | **182** | – | Monte Carlo Simulation option pricing model | Level 3 |
| Contingent consideration | **–** | 458 | Fair value derived from using present value of estimated future payments valuation technique | Level 3 |

## 8. Fair value of financial instruments continued

In FY22, the group made a USD10m investment in Trust Machines SPV, LLC (Trust Machines) applications and platforms. MultiChoice does not have an unconditional right to the capital investment, nor the return made from this investment as there is no upfront guarantee for either the capital or the expected return. This was considered as an investment in equity. The group initially measured the investment at fair value and subsequently measured it at fair value through profit or loss. As at 31 March 2022, the investment has a fair value of ZAR146m. The transaction was effective on 16 November 2021. The business operations of Trust Machines have not materially changed from the effective date of the transaction and therefore the group based the fair value on the latest transaction value concluded by market participants at arm's length.

Currency depreciation features relate to clauses in content acquisition agreements that provide the group with protection in the event of significant depreciation of the group'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 using the LIBOR rate of 0.46%. 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.

During FY22, as part of the additional acquisition of shares in KingMakers (note 6), 10% of the shares in KingMakers were issued to the KingMakers' share scheme. This resulted in the group reducing its shareholding to 18% (before the acquisition transaction was finalised). The subscription was for an amount of USD11m (ZAR167m) on loan account to the KingMakers share scheme. The loan account will be due and payable after 10 years. The only source of return for the ESOP will be through the shareholding in KingMakers. The only security on the loan for the group are the KingMakers' shares themselves that have been issued. Management assessed the transaction and concluded that the substance is that the group issued an instrument with a similar profile as an option instrument and therefore accounted for the transaction as such. The option liability was initially measured at fair value and subsequently measured at fair value through profit or loss. The key inputs in using the Monte Carlo Simulation included the fair value of KingMakers of USD850m, a volatility of 62.88% and a dividend yield of 4% to 5%. The group used USD overnight index swap (OIS) curve to determine the risk-free rate. A 5% decrease in the volatility rate would result in an option value of USD12m, a 5% increase in the volatility rate would result in an option value of USD13m.

Contingent consideration related to earn-out provisions, to be settled in cash, as a result of the group's initial acquisition of KingMakers (note 6). The fair value measurement of the contingent consideration considered the most current probability estimates and assumptions, including changes due to the time value of money determined based on budget and forecast information related to KingMakers. Consideration was provided for a market-related discount rate in determining the fair value of the contingent consideration. Based on the assessment of KingMakers budgets and forecasts relating to gross gaming revenue done by the group in FY21, the group assessed probability of payment to be 100%. The effect of discounting was considered to be immaterial. Post initial recognition, the contingent consideration had no material movement impacting profit or loss.

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

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 2022.

## 9. Related party transactions and balances

During FY22, the group received advertising and sponsorship revenue of ZAR127m from KingMakers. This revenue has been recognised by the group in advertising revenue in note 2.

There have been no significant changes to related party balances in the current year.

## 10. Subsequent events

### Dividend

The board has proposed a gross dividend of ZAR2.5bn or 565 SA cents per listed ordinary share for FY22. 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 expected dividend payment date will be Monday, 12 September 2022.

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

# Independent auditor's report

## TO THE SHAREHOLDERS OF MULTICHOICE GROUP LIMITED

## OPINION

The summary consolidated financial statements of MultiChoice Group Limited, contained in the accompanying preliminary report on pages 8 to 25, which comprise the summary consolidated statement of financial position as at 31 March 2022, the summary consolidated income statement, the 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 2022.

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 preliminary 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 9 June 2022. 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.

## DIRECTOR'S 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 preliminary 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: BS Humphreys**
Registered Auditor

Johannesburg
South Africa
9 June 2022

## 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 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 2022. 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 (FY22: 14.93; FY21: 16.30); Nigerian Naira (FY22: 27.66; FY21: 24.17); Angolan Kwanza (FY22: 39.60; FY21: 38.22); Kenyan Shilling (FY22: 7.44; FY21: 6.70) and Zambian Kwacha (FY22: 1.26; FY21: 1.24).
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 changes in the composition of the group during the respective reporting periods.
3 Excluding the impact of non-recurring and/or non-operational items from the group's sustainable operational performance.

An assurance report issued in respect of the non-IFRS performance measures, by the group's external auditor, can be found on pages 31 and 32.

## 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* | 2021 Reported | **2022 Currency impact** | **2022 Organic growth** | **2022 Reported** | YoY % change | YoY organic % change |
|---|---|---|---|---|---|---|
| **90-day active subscribers ('000)**[1] | 20 862 | **n/a** | **942** | **21 804** | 5 | 5 |
| South Africa | 8 931 | **n/a** | **80** | **9 011** | 1 | 1 |
| Rest of Africa | 11 931 | **n/a** | **862** | **12 793** | 7 | 7 |
| **90-day active ARPU (ZAR)**[2] | | | | | | |
| Blended | 185 | **(6)** | **(2)** | **177** | (4) | (1) |
| South Africa | 277 | **–** | **(8)** | **269** | (3) | (3) |
| Rest of Africa | 115 | **(11)** | **6** | **110** | (4) | 5 |
| **Subscribers ('000)**[3] | 16 356 | **n/a** | **284** | **16 640** | 2 | 2 |
| South Africa | 8 177 | **n/a** | **(17)** | **8 160** | – | – |
| Rest of Africa | 8 179 | **n/a** | **301** | **8 480** | 4 | 4 |
| **ARPU (ZAR)**[2] | | | | | | |
| Blended | 232 | **(8)** | **5** | **229** | (1) | 2 |
| South Africa | 299 | **–** | **(4)** | **295** | (1) | (1) |
| Rest of Africa | 165 | **(16)** | **14** | **163** | (1) | 8 |

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

[2] *ARPU represents a non-IFRS unaudited operating measure of the average revenue per subscriber (or user) in the business on a monthly basis. The group calculates ARPU by dividing average monthly subscription fee revenue for the period (total subscription fee revenue during the period divided by the number of months in the period) by the average number of subscribers during the period (the number of subscribers at the beginning of the period plus the number of subscribers at the end of the period, divided by two). Subscription fee revenue includes 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 the end of the respective period, 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 | 2021 IFRS ZAR'm | 2022 Currency impact ZAR'm | 20212 Organic growth ZAR'm | 2022 IFRS ZAR'm | YoY % change | YoY organic % change |
|---|---|---|---|---|---|---|
| **Revenue**[1] | 53 410 | (1 923) | 3 590 | 55 077 | 3 | 7 |
| South Africa | 34 327 | – | 1 288 | 35 615 | 4 | 4 |
| Rest of Africa[1] | 17 234 | (1 779) | 2 463 | 17 918 | 4 | 14 |
| Technology | 1 849 | (144) | (161) | 1 544 | (16) | (9) |
| **Trading profit** | 10 290 | (58) | 102 | 10 334 | – | 1 |
| South Africa | 11 132 | – | (100) | 11 032 | (1) | (1) |
| Rest of Africa | (1 408) | (144) | 339 | (1 213) | 14 | 24 |
| Technology | 566 | 86 | (137) | 515 | (9) | (24) |

[1] *Total group revenue and Rest of Africa revenue presented above includes losses of ZAR163m (FY21: gains of ZAR72m) related to fair-value movements on Nigeria futures contracts.*

#### 11.2.2 Revenue and costs by nature

| | 2021 IFRS ZAR'm | 2022 Currency impact ZAR'm | 20212 Organic growth ZAR'm | 2022 IFRS ZAR'm | YoY % change | YoY organic % change |
|---|---|---|---|---|---|---|
| **Revenue** | 53 410 | (1 923) | 3 590 | 55 077 | 3 | 7 |
| Subscription fees[1] | 44 683 | (1 596) | 2 174 | 45 261 | 1 | 5 |
| Advertising | 2 848 | (88) | 1 149 | 3 909 | 37 | 40 |
| Set-top boxes | 1 789 | (83) | 164 | 1 870 | 5 | 9 |
| Technology contracts and licensing | 1 849 | (144) | (161) | 1 544 | (16) | (9) |
| Other revenue | 2 241 | (12) | 264 | 2 493 | 11 | 12 |
| **Operating expenses** | 43 120 | (1 865) | 3 488 | 44 743 | 4 | 8 |
| Content | 17 951 | (749) | 2 275 | 19 477 | 9 | 13 |
| Set-top box purchases | 5 165 | (224) | 809 | 5 750 | 11 | 16 |
| Staff costs[2] | 5 911 | (278) | 126 | 5 759 | (3) | 2 |
| Sales and marketing | 2 351 | (82) | 366 | 2 635 | 12 | 16 |
| Transponder costs | 2 623 | (114) | (113) | 2 396 | (9) | (4) |
| Other | 9 119 | (418) | 25 | 8 726 | (4) | – |

[1] *Subscription fees presented above includes losses of ZAR163m (FY21: gains of ZAR72m) related to fair-value movements on Nigeria futures contracts.*
[2] *Excludes equity-settled share-based payment expense and in FY21, cash-settled share-based payments on closure of schemes.*

## 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.

| | 2022 ZAR'm | 2021 ZAR'm | % change |
|---|---|---|---|
| **Headline earnings attributable to shareholders (IFRS)** | 1 629 | 2 118 | |
| **Adjusted for (after tax effects and non-controlling interests):** | | | |
| – Amortisation of other intangible assets[1] | 87 | 54 | |
| – Acquisition-related costs | – | 25 | |
| – Equity-settled share-based payment expense | 338 | 358 | |
| – Foreign currency losses and fair value adjustments | 1 305 | 508 | |
| – Realised gains on foreign exchange contracts | 91 | 114 | |
| – Cash settled share-based payments on closure of SAR scheme | – | 98 | |
| – Impact of SA tax rate reduction on deferred taxation | 24 | – | |
| Core headline earnings (ZAR'm) | 3 474 | 3 275 | 6 |
| Core headline earnings per ordinary share issued (SA cents) | 814 | 767 | 6 |
| Diluted core headline earnings per ordinary share issued (SA cents) | 791 | 753 | 5 |

[1] *Includes ZAR55m (FY21: ZAR10m) related to the amortisation of intangible assets identified based on the final purchase price allocation fair-values on acquisition of KingMakers in FY22 and FY21.*

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

| | 2022 ZAR'm | 2021 ZAR'm | % change |
|---|---|---|---|
| **Cash generated from operating activities** | 12 723 | 13 909 | (9) |
| Adjusted for: | | | |
| – Lease repayments[1] | (2 544) | (2 543) | |
| – Net capital expenditure | (1 058) | (1 550) | |
| – Taxation paid | (3 572) | (4 095) | |
| **Free cash flow** | 5 549 | 5 721 | (3) |

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

# Assurance engagement report



## TO THE DIRECTORS OF MULTICHOICE GROUP LIMITED

### Report on the Assurance Engagement on the Compilation of Pro Forma Financial Information included in the summary consolidated financial statements

We have completed our assurance engagement to report on the compilation of the pro forma financial information of MultiChoice Group Limited and its subsidiaries (the "Group") by the directors. The pro forma financial information, as set out on pages 27 to 30 of the Summary Consolidated Financial Statements for the year ended 31 March 2022, consists of certain revenue, cost and trading profit metrics in constant currency, excluding the effects of changes in the composition of the group and excluding the impact of non-recurring and/or non-operational items from the group's sustainable operational performance (the "non-IFRS performance measures"). 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 in note 11 of the Summary Consolidated Financial Statements.

The pro forma financial information has been compiled by the directors to illustrate the impact of changes in foreign exchange rates, changes in the composition of the group and impact of non-recurring and/or non-operational items on its results for the year ended 31 March 2022, described in note 11 to the summary consolidated financial statements. As part of this process, information about the non-IFRS performance measures has been extracted by the directors from the Group's management accounts for the year ended 31 March 2022.

## DIRECTORS' RESPONSIBILITY

The directors of the Group are responsible for compiling the pro forma financial information on the basis of the applicable criteria specified in the JSE Listings Requirements and described in note 11 to the Summary Consolidated Financial Statements for the year ended 31 March 2022.

## OUR INDEPENDENCE AND QUALITY CONTROL

We have complied with the independence and other ethical requirements of the *Code of Professional Conduct for Registered Auditors*, issued by the Independent Regulatory Board for Auditors' (IRBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)*.

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 in note 11 of the Summary Consolidated Financial Statements for the year ended 31 March 2022 based on our procedures performed.

# Assurance engagement report continued

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 Included in a Prospectus which is applicable to an engagement of this nature* 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 historical 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 group to assess performance and to illustrate the impact of foreign currency movements excluding the effects of changes in the composition of the group and non-recurring and/or non-operational items on its results. Accordingly, we do not provide any assurance that the financial information 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 judgement, having regard to our understanding of the nature of the Group, 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 in note 11 of the Summary Consolidated Financial Statements for the year ended 31 March 2022.

PricewaterhouseCoopers Inc

**PricewaterhouseCoopers Inc.**
**Director: BS Humphreys**
Registered Auditor

Johannesburg
South Africa
9 June 2022

# Administration and corporate information

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## REGISTRATION NUMBER

2018/473845/06
Incorporated in South Africa

## EXTERNAL AUDITOR

PricewaterhouseCoopers Inc.

## TRANSFER SECRETARY

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## ADR PROGRAMME

The Bank of New York Mellon

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