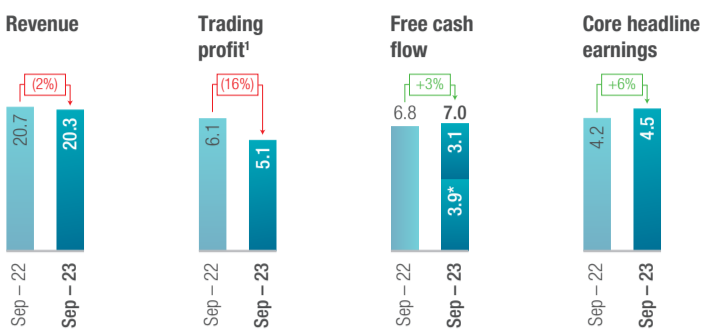


# INTERIM RESULTS ANNOUNCEMENT

Summary of the interim results for the period ended 30 September 2023

### HIGHLIGHTS (ZAR'bn)



### MultiChoice South Africa – Resilient operational performance and positive premium growth in tough market

The challenging consumer themes flagged in South Africa in FY23 persisted into the first half of FY24. Loadshedding remained the most immediate challenge in terms of subscriber activity, with the number of active days per subscriber declining by 5% due to a significant increase in both frequency (i.e. number of days) and intensity (level 4 and above) of loadshedding, especially in the first quarter of the reporting period. Although the Premium and Compact bases showed improved stability compared to the latter part of FY23, mass-market subscribers are proving less resilient and more reluctant to pay when uncertainty around the ability to consume pay-TV exists.

Reported subscriber growth was adversely impacted by the decision to end the short-term campaigns run in the prior year to support customers during loadshedding, which resulted in 311k non-revenue generating customers removed from the 90-day active subscriber base. While the group has supported its subscribers with similar campaigns during challenging periods like the COVID-19 lockdowns, we can only do so for limited periods of time. Consequently, the group reported a 5% decline (3% of which can be attributed to this decision) in 90-day active customers to 8.6m, while active customer came in at 7.8m (following a 170k downward adjustment for similar reasons). More stable trends in the mid and upper segments of the customer base along with inflation-linked average price increases of around 4%, helped limit the decline in monthly average revenue per user (ARPU) to 2%.

A focus of the new leadership team, brought in at the start of the financial year, was to bring stability to the business by implementing initiatives to protect the economics of the segment during the current economic downturn. Key among these were the reduction in decoder subsidies through increased device pricing, and the relaunch of DStv Stream which has more than tripled its subscribers since March 2023, albeit off a low base. Encouragingly, over 90% of DStv Stream subscribers added in the period are new subscribers to DStv, who find the connected product without a hardware installation more appealing. The team also recalibrated the pricing and value proposition of the DStv Business Play packages which led to a 37% increase in month-on-month revenues in September 2023. These initiatives will help to offset macro and consumer challenges weighing on the performance of the business into the second half, which is affected by the seasonally higher cost of football content rights and festive season promotional activity.

### FINANCIAL REVIEW

Revenues declined by 2% to ZAR20.3bn, impacted by subscription revenues which were 5% lower and a reduction in decoder revenues due to the shift in strategy, offset by 31% growth in insurance premiums and a doubling of DStv Internet revenues.

The group delivered a trading margin of 25% (29% in 1H FY23). In absolute terms, the lower revenues and negative operating leverage resulted in trading profit trending 16% lower to ZAR5.1bn, impacted by the ongoing investment in local content and sport, partially offset by cost saving initiatives and reduced decoder subsidies.

Free cash flow of ZAR3.1bn was down 55% YoY as non-recurring intercompany inflows from the group cash pool (which normalised in the second half of FY23) distorted the comparatives. Excluding this intercompany effect, free cash flow increased by 3% YoY as a result of a lower investment in working capital, which included the release of prepayments related to content renewals.

Core headline earnings, the group's measure of sustainable business performance, increased 6% to ZAR4.5bn. This increase was supported by gains on realised foreign exchange contracts in a weaker ZAR environment.

As one of the largest taxpayers in Africa, the group paid direct cash taxes of ZAR1.4bn, a marginal increase due to final prior year payments as a result of the higher assessed tax.

A dividend of ZAR5.5bn, declared in FY23, was paid to shareholders in September 2023, with ZAR1.375bn being distributed to Phuthuma Nathi (PN).

<sup>1</sup> Trading profit includes finance cost on transponder lease liabilities but excludes the amortisation of intangible assets (other than software), impairment/derecognition of assets, equity-settled share-based payment expenses and other operating gains/losses.

### OPERATIONAL REVIEW

#### General entertainment content (M-Net)

MultiChoice continued to deliver compelling local content and enabled its audiences to access internationally renowned entertainment shows. The undoubted highlight of the interim period was the premiere of *Shaka Zulu*. The show, which tells the dramatic story of the making of the iconic Zulu warrior king, delivered record multi-million viewers (the bulk of which was through live viewing), once again demonstrating the importance of local content for the group's viewers. Given the group's commitment to supporting the local production industry and the traction of the show as DStv's biggest-ever TV series in South Africa, M-Net has already renewed production for a second season.

With the M-Net team already at its target of spending 50% of general entertainment costs on local content, the focus has now shifted to the number of hours of local content produced, the optimal allocation of those hours between the group's linear and streaming offerings and the monetisation of each hour of content produced. Playing a vital role in supporting and developing the continent's wider video entertainment industry, the group increased its spending on local content by 16% year-on-year, taking its local content library to almost 80 000 hours.

The group launched several new titles to maintain strong momentum in leading local language programming. Aside from *Shaka Zulu*'s phenomenal debut, *Gqobherha: The Empire*, replaced *The Queen* in its time slot on Mzansi Magic. This lends support to our strongest performing telenovela on the channel, *Umkhoka: The Curse*, which continued to grow in viewership and social media engagement during the period. M-Net also launched the higher-end series *1802: Love Defies Time*, a period drama, on 1Magic to support the channel as *Lingashoni* came to an end and *The River* entered its sixth and final season. Elsewhere in the portfolio, kykNET introduced a new medical procedural drama, *Hartklop*, and a new cooking reality show, *Kokkedoor: Vuur & Vlam*, both of which commanded strong audience share. *Big Brother Naija* entered its eighth season, with the popular reality series delivering record advertising revenues in local currency.

#### Sport content (SuperSport)

Following on from the success of the FIFA World Cup in FY23, 1H FY24 saw SuperSport successfully broadcast three World Cup events, yet again reflecting its ability to source content from a wide variety of sports. The FIFA Women's World Cup in July and August generated increased global interest, with record stadium attendance and television audiences. At the same time, the Netball World Cup in Cape Town was hosted on African soil for the first time. As part of SuperSport's broader "Here for Her" campaign, a world-first all-female broadcasting crew produced the event, which was shortlisted at the Sports Business Awards for "Best Sporting Event of 2023".

Straddling the group's reporting periods with a start in September and conclusion in October, the Rugby World Cup culminated with the Springboks emerging victorious as back-to-back World Cup champions. The overall excitement around the competition, some incredible matches and a strong showing from the Springboks supported activity in MultiChoice's Premium customer base, notably on DStv Stream. The event rounded out a strong period of rugby for the group, which included the Stormers competing in the United Rugby Championship final at home in May and an exciting, albeit shortened Rugby Championship in July.

The Cricket World Cup only aired post period-end in October and November, but generated a lot of excitement and saw an underrated but resurgent Proteas team surprise the cricketing world by posting great results and qualifying for the semi-finals.

Outside of an incredible lineup of World Cups, the group's well-received broadcast of the Comrades Marathon in June 2023 was the biggest production in SuperSport's history. The group also continued telling the best of local sport stories and is proud of its latest documentary, *Pulse of a Nation*, a four-part series documenting the history of football in South Africa. MultiChoice also remains committed to making school sport accessible to all levels of society through its SuperSport Schools platform, which grew its user base by 69% over the last six months, providing a valuable stage for identifying the next generation of South Africa's sporting stars. Finally, SuperSport continues to renew its rights portfolio to provide viewers with a wide variety of choice.

### OUTLOOK

The focus of the group's management team for the remainder of the year is to successfully navigate current market conditions to improve the economics of the business and to capitalise on new growth opportunities. The group remains committed to bringing customers the best of video entertainment, to keep supporting the creative industry in South Africa through the production of great local content, to uplift the communities which it serves on an ongoing basis and ultimately deliver attractive shareholder returns.

### DIRECTORATE

Following the approval by shareholders at the annual general meeting on 23 August 2023, Deborah Klein and Andrea Zappia joined the board as non-executive directors with effect from 1 September 2023. The group also announced that its current non-executive chair, Imtiaz Patel, will be stepping down from his role at the end of FY24 as the group and its board is now sufficiently established to support the appointment of an independent chairman. To ensure that the group continues to benefit from Imtiaz's invaluable expertise and experience, he will continue to provide support and advice to the board and the group executive team through a consulting agreement. Elias Masilela, an independent non-executive member of the Board, will assume the role of board chairman effective 1 April 2024.

### PREPARATION OF THE SHORT-FORM ANNOUNCEMENT

This short-form announcement is the responsibility of the directors and is only a summary of the information in the consolidated interim financial results. Copies of the condensed consolidated interim financial results may be requested from the company's registered office, at no charge, during office hours. The information in this announcement has been extracted from the reviewed information published on the company's website, but the announcement itself was not reviewed.

Trading profit includes finance costs on transponder lease liabilities but excludes the amortisation of intangible assets (other than software), impairment/derecognition of assets, equity-settled share-based payment expenses and other operating gains/losses. Core headline earnings exclude non-recurring and non-operating items. We believe this is a useful measure of the Group's sustainable operating performance. Core headline earnings and trading profit are not defined terms under IFRS, are not audited and may not be comparable with similarly titled measures reported by other companies.

These results represent the financials of the MultiChoice South Africa Holdings (Pty) Ltd legal structure and therefore do not align with the MultiChoice Group Limited (MCG) South African segment results.

These financial results have been prepared under the supervision of the group's chief financial officer, Mr TN Jacobs, CA(SA).

The complete condensed consolidated interim financial statements are available on the MCSAH and PN websites: [www.multichoice.com/southafrica](http://www.multichoice.com/southafrica) and [www.phuthumanathi.co.za](http://www.phuthumanathi.co.za)

### EVENTS AFTER THE REPORTING PERIOD

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

On behalf of the board

**Imtiaz Patel** **Calvo Mawela**  
Chair *Group CEO*

15 November 2023

### Directors

MI Patel (Chair), JJ Volkwyn, JH du Preez, D Klein, E Masilela, KD Moroka, CM Sabwa, Dr FA Sanusi, L Stephens, A Zappia, CP Mawela (CEO), TN Jacobs (CFO)

### Group company secretary

CC Miller

### Registered office

144 Bram Fischer Drive, Randburg 2194  
(PO Box 1502, Randburg 2125)

### Transfer secretaries

Singular Services, a division of Singular Systems Proprietary Limited  
25 Scott Street, Waverley, 2090 (PO Box 1266, Bramley, 2018)

### CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT

	Reviewed Half-year 30 September 2023 ZAR'm	Reviewed Half-year 30 September 2022 ZAR'm
<b>Revenue</b>	<b>20 331</b>	20 719
Cost of providing services and sale of goods	(10 611)	(10 143)
Selling, general and administration expenses	(4 451)	(4 363)
Net impairment loss on trade receivables	(94)	(51)
Other operating gains – net	14	2
<b>Operating profit</b>	<b>5 189</b>	6 164
Interest income	793	321
Interest expense	(677)	(384)
Net foreign exchange translation losses	(272)	(1 646)
Share of equity-accounted results	37	(10)
Reversal of impairment of equity-accounted investment	73	–
Profit on sale of equity-accounted investment	12	–
<b>Profit before taxation</b>	<b>5 155</b>	4 444
Taxation	(1 376)	(1 413)
<b>Profit for the year</b>	<b>3 779</b>	3 032
<b>Attributable to:</b>		
Equity holders of the group	3 779	3 032
Headline earnings for the year	3 684	3 030
Core headline earnings for the year	4 460	4 209

### CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE INCOME AND CHANGES IN EQUITY

	Reviewed Half-year 30 September 2023 ZAR'm	Reviewed Half-year 30 September 2022 ZAR'm
<b>Balance at beginning of the year</b>	<b>13 064</b>	12 697
<b>Profit for the year</b>	<b>3 779</b>	3 032
<b>Total other comprehensive income, net of tax, for the year</b>	<b>232</b>	2 018
Cash flow hedges	299	2 615
Tax on other comprehensive income	(67)	(597)
<b>Changes in other reserves</b>		
Share-based comprehensive movement	(137)	(291)
Hedging reverse adjustment	(583)	6
Dividends paid to shareholders	(5 480)	(5 979)
Gain on sale of Showmax business	569	–
Other movements in retained earnings	–	129
<b>Balance at the end of the year</b>	<b>11 444</b>	11 612
<b>Comprising:</b>		
Share capital and premium	17 216	17 216
Retained earnings	6 775	6 530
Share-based compensation reserve	1 528	1 679
Existing control business combination reserve	(14 510)	(15 078)
Hedging reserve	405	1 236
Fair value reserve	5	5
Foreign currency translation reserve	24	24
<b>Total</b>	<b>11 444</b>	11 612

### CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

	Reviewed Half-year 30 September 2023 ZAR'm	Audited Full-year 31 March 2023 ZAR'm
<b>ASSETS</b>		
Non-current assets	13 739	13 737
Current assets	31 132	29 145
<b>Total assets</b>	<b>44 871</b>	42 882
<b>EQUITY AND LIABILITIES</b>		
Total equity and reserves	11 444	13 064
<b>Total equity</b>	<b>11 444</b>	13 064
Non-current liabilities	15 671	16 006
Current liabilities	17 756	13 812
<b>Total equity and liabilities</b>	<b>44 871</b>	42 882

### CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

	Reviewed Half-year 30 September 2023 ZAR'm	Reviewed Half-year 30 September 2022 ZAR'm
Cash flow generated from operating activities	4 433	7 946
Cash flow utilised in investing activities	(331)	(327)
Cash flow utilised in financing activities	(4 214)	(7 986)
<b>Net movement in cash and cash equivalents</b>	<b>(112)</b>	(367)
Foreign exchange translation adjustments	(7)	137
Cash and cash equivalents at beginning of the period	1 176	1 376
<b>Cash and cash equivalents at end of the period</b>	<b>1 057</b>	1 146

### COMMITMENTS

	Reviewed Half-year 30 September 2023 ZAR'm	Audited Full-year 31 March 2023 ZAR'm
Capital expenditure	93	166
Programme and film rights	37 697	41 966
Network and other service commitments	2 368	2 673
Set-top box commitments	398	754
<b>Commitments</b>	<b>40 556</b>	45 558

### CALCULATION OF HEADLINE AND CORE HEADLINE EARNINGS

	Reviewed Half-year 30 September 2023 ZAR'm	Reviewed Half-year 30 September 2022 ZAR'm
<b>Net profit attributable to shareholders</b>	<b>3 779</b>	3 032
<i>Adjusted for:</i>		
– Loss on sale of property, plant and equipment	–	13
– Reversal of impairment of associates	(73)	–
– Gain on sale of investments in associate	(12)	–
– Profit on sale of intangible assets	(14)	(15)
	<b>3 680</b>	3 030
Total tax effects of adjustments	4	–
<b>Headline earnings</b>	<b>3 684</b>	3 030
<i>Adjusted for:</i>		
– Amortisation of intangible assets	5	5
– Foreign exchange losses	(88)	1 283
– Equity-settled share-based compensation	71	56
– Realisation of foreign exchange contracts	789	(165)
<b>Core headline earnings</b>	<b>4 460</b>	4 209
Number of shares (million)	360	360
<b>Core headline earnings per ordinary share (ZAR)</b>	<b>12.4</b>	11.7