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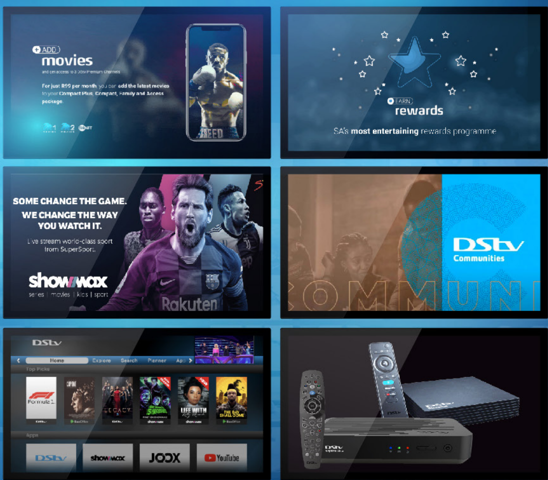

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2020

OVERVIEW

FINANCIAL REVIEW

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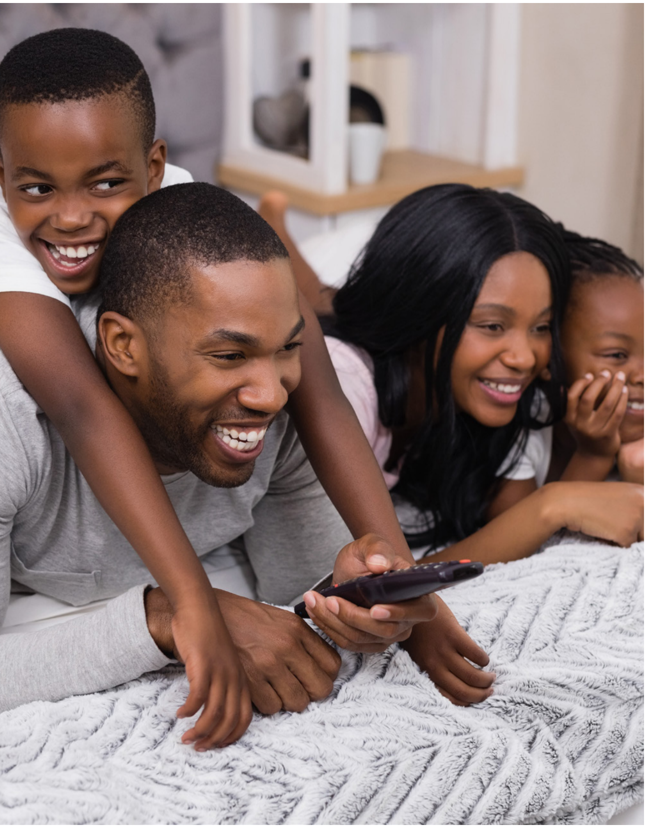

We are committed to uplifting, supporting, and investing in the communities in which we operate

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

MultiChoice Group (MCG or the group) delivered resilient results for the period ended 30 September 2020

The group added 1.2m 90-day active subscribers year on year (YoY) to close the period ended 30 September 2020 (1H FY21) on 20.1m households and exceeds the 20m subscriber milestone for the first time. This represents growth of 6% YoY, similar to the prior year, as increased consumer demand for video entertainment services and an easing of electricity shortages in southern Africa were offset by rising consumer pressure in many markets. The 90-day subscriber base is split between 11.4m households (57%) in the Rest of Africa and 8.7m (43%) in South Africa.

Revenue increased 2% (-1% organic) to ZAR26.1bn, with subscription revenues of ZAR22.2bn increasing a solid 5% (3% organic) YoY. Top-line momentum was significantly impacted by COVID-19 in the following areas:

- Advertising revenue declined ZAR0.6bn YoY, mainly due to a lack of sport advertising and a generally softer advertising market as a result of lower economic activity. This has, however, returned to nearly pre-COVID-19 levels in the months of August and September.
- Commercial subscriptions were ZAR0.3bn lower than the prior period with hotels, restaurants and other commercial customers largely closed during lockdowns. Although business in the hospitality industry has resumed in recent months, it is expected to take some time to fully normalise.

Group trading profit rose 19% to ZAR5.7bn (38% organic), benefitting from a ZAR0.5bn (ZAR1.2bn organic) reduction in losses in the Rest of Africa and a resilient performance in South Africa. The trading profit impact of COVID-19 was largely neutral, as the ZAR0.9bn revenue loss mentioned above was offset by ZAR0.8bn in delayed content costs.

A strong focus on cost reduction allowed for a further ZAR1bn in costs being eliminated from the base during the period. Overall costs decreased 2% compared to the prior period (-9% organic) and resulted in the group maintaining its target of delivering positive operating leverage by keeping the growth rate in costs below that of revenue growth.

The group continued its strategic focus of investing in local content and produced 1 870 additional hours, despite disruptions caused by strict early COVID-19 lockdown measures. As a result, the total local content library is now nearing 59 000 hours. Since the start of the financial year, the group launched nine new channels across sub-Saharan Africa, as well as 13 further channels as part of the Ethiopian relaunch strategy, to keep its customers entertained, informed and educated. In Nigeria, it recently concluded another successful season of *Big Brother* and South Africa saw the launch of several local productions such as *Inconceivable, Gomora* and *Legacy*, the renegotiation of two major international content agreements in South African Rand (ZAR) and the signing of three new co-productions with global content producers.

Core headline earnings, the board's measure of sustainable business performance, was up 41% on the prior period at ZAR2.7bn. The strong earnings growth was attributable to the improvement in trading profit and lower realised foreign exchange losses.

Consolidated free cash flow of ZAR2.1bn was down 13% compared to the prior period. This was mainly due to the end of a contractual agreement on the southern Africa transponder lease whereby an upfront prepayment reduced lease payments for the first 36 months of the lease term, together with current period foreign exchange movements (ZAR0.5bn), as well as an increase in capital expenditure related to a multiyear investment programme to futureproof the group's customer service, billing and data capabilities (ZAR0.4bn).

As one of the largest taxpayers in Africa, the group paid direct cash taxes of ZAR2.0bn, slightly more than the prior year due to higher profitability.

Net interest paid increased to ZAR252m, primarily as a result of the translation of interest on United States Dollar (USD) transponder lease liabilities at a weaker ZAR:USD exchange rate.

The strength of the balance sheet is critically important given the uncertain longer-term economic impact of COVID-19 and potential challenges for certain markets in the Rest of Africa as a result of a lower oil price. Some ZAR9.0bn in net assets, including ZAR7.3bn in cash and cash equivalents, combined with ZAR4.5bn in undrawn facilities, provide ZAR11.8bn 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.

SEGMENTAL REVIEW

South Africa

The South African business held up well in a tough consumer climate, delivering subscriber growth of 7% YoY or 0.5m subscribers on a 90-day active basis. The impact of COVID-19 and the associated lockdown saw consumers prioritise video services, but a lack of live sport and the inability of commercial subscribers to trade negatively impacted revenue generation.

Revenue declined 3% to ZAR16.5bn due to lower advertising (ZAR0.6bn) and commercial subscriber revenues (ZAR0.3bn). Excluding the YoY movements on the above revenue categories which were impacted by COVID-19, revenue growth would have been positive as healthy subscriber growth in the mass market and the annual price increases were negated by a lower average Premium subscriber base in the absence of live sport. The ongoing shift in subscriber mix towards the mass market, combined with the impact on Premium and commercial subscribers as mentioned, resulted in the monthly average revenue per user (ARPU) declining 5% from ZAR292 to ZAR278.

Trading profit increased 12% to ZAR5.8bn. This higher profitability can be attributed to a doubling down on the group's cost optimisation programme, the non-recurrence of three major sporting events expensed in the comparative prior period, lower operational costs in a COVID-19 environment and a temporary shift in content costs as a result of delays in sporting events.

SuperSport had to contend with no live sport for most of 1H FY21 and nimbly adapted by changing channel line-ups, broadcasting top-quality documentaries and showcasing blockbuster sporting movies to keep subscribers entertained. Highlights for the interim reporting period included renewing the English Premier League and UEFA Champions League rights to the 2024/2025 seasons, enhancing the portfolio with two ESPN channels and launching a refreshed thematic channel line-up to improve content discovery for sport lovers.

Connected video users on the DStv Now and Showmax platforms continue to grow as online consumption increases. During the reporting period Showmax launched Showmax Pro, the group's first standalone online sport offering. Showmax Pro allows subscribers to watch their series, movies, kids and sport content across several devices, while also offering a mobile option at a lower price point. During November, the group launched Netflix on its platform and will be adding another major international subscription video on demand (SVOD) service soon.

On the product front, numerous innovative and customer-centric product launches occurred since the start of the financial year. The Explora Ultra decoder will allow subscribers to seamlessly shift between satellite and online platforms, with all content aggregation occurring centrally via one billing platform. DStv Rewards will leverage the group's supplier relationships to reward customers based on their behaviours, while DStv Communities will allow collective payments to improve active days and retention once implemented.

Rest of Africa

The Rest of Africa business grew the 90-day active subscriber base by 6% YoY or 0.6m subscribers. The macroeconomic environment remained challenging with sharp currency depreciation and ongoing consumer pressure impacting reported results. Much needed rainfall reduced electricity shortages in southern Africa, resulting in a recovery of customers in Zambia and Zimbabwe. However, operations in Zimbabwe remain affected by persistent economic difficulties. As part of its growth strategy, the group relaunched its operations in Ethiopia in September, with a much stronger local offering which includes localised billing, more Amharic content and SuperSport local language commentary.

Revenue of ZAR8.7bn represented 11% growth YoY (6% organic). Subscription revenue grew at a similar rate and contributed ZAR8.0bn. ARPU improved to ZAR118 (1H FY20: ZAR111), supported by the weaker ZAR versus most local currencies as well as inflationary price increases. Currency depreciation impacted results more than in the previous year, mainly due to the material depreciation of the Angolan Kwanza (-70%) and the Zambian Kwacha (-45%).

Trading losses narrowed by 59% (150% organic) or ZAR0.5bn (ZAR1.2bn organic) to ZAR0.3bn. This represents a 7% improvement in the trading margin, driven by a combination of revenue growth, effective cost control, content refunds and lower content costs with football leagues being delayed.

Cash balances of ZAR3.2bn (1H FY20: ZAR1.5bn) held in Nigeria, Angola and Zimbabwe remain exposed to weaker currencies. A large part of the YoY increase can be attributed to renewed liquidity challenges in Nigeria, where the central bank has provided limited USD liquidity to the market.

TECHNOLOGY SEGMENT

The technology segment, Irdeto, was impacted by the non-recurrence of USD8m in once-off revenues in the prior period and the deferral of certain project revenues due to COVID-19. It contributed ZAR0.9bn in revenues, a decrease of 1% YoY (-17% organic), with the trading profit margin normalising to 28%.

During the reporting period, Irdeto gained market share in providing digital security services and won 18 new customers across both traditional video entertainment and connected industries. Beijing Hyundai, which now incorporates Irdeto's Keystone security technology into all new models, has already shipped 50 000 new vehicles with this technology into the market. Irdeto is now providing security services to five of the six largest global over the top (OTT) players.

SHARE TRANSACTIONS

In order to preserve cash reserves, the group transferred 3.6m (with a value of ZAR0.3bn on the date of transfer) of the 10.1m treasury shares repurchased in the prior year, to fund the current year awards under the group restricted stock unit (RSU) share plan (this transfer was between two group companies).

SUBSEQUENT EVENTS

In order to expand the group's entertainment ecosystem further, it finalised an investment for a 20% shareholding in BetKing, a pan-African sports betting group. The transaction price is made up of an upfront investment of USD81m (ZAR1.3bn), with the potential for a further payment of USD31m (ZAR0.5bn) should certain earn-out targets be met between December 2021 and December 2023. As the group exercises significant influence over BetKing, the business will be equity accounted as an associate from 1 October 2020.

To improve the group cost of capital and reinforce the statement of financial position, an amortising working capital loan of ZAR1.5bn was concluded in November 2020. The loan has a three-year term and bears interest at three-month JIBAR + 1.70%.

DIVIDEND

No dividend has been declared based on the interim results.

PROSPECTS

The group's focus for the full year, subject to a stable regulatory environment and potentially adverse consequences of COVID-19, will be to continue scaling its video entertainment platform across the continent, focusing on both traditional broadcasting and streaming services, and increasing its investment in local content.

It will also look to further expand its entertainment ecosystem and revenue prospects by offering new products and services and by pursuing new growth opportunities. At the same time, the group will continue focusing on developing employees and making a meaningful impact on the communities where it operates.

Given the risks associated with a weak macroeconomic and consumer environment, and the potential COVID-19 fallout, the group will be looking to maintain tight cost controls, prioritise cash generation and preserve balance sheet strength.

DIRECTORATE

Mrs RJ Gabriels resigned as interim company secretary on 11 June 2020 with Ms CC Miller appointed as group company secretary on the same date.

Mr MI Patel, the board chair, was recategorised as a non-executive director, with effect from 1 October 2020.

Mr DG Eriksson retired as an independent non-executive director on 11 June 2020.

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

PREPARATION OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

The preparation of the condensed consolidated interim 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 12 of these condensed consolidated interim 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 condensed consolidated interim financial statements. The review report of the group's external auditor is included on page 22 and the assurance report on non-IFRS measures included on pages 27 to 28. The auditor's report does not necessarily report on all the information contained in these condensed consolidated interim 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 accompanying financial information from the company's registered office.

On behalf of the board

MI Patel
Chair

CP Mawela
Chief executive

CONDENSED CONSOLIDATED INCOME STATEMENT

for the period ended 30 September 2020

	Notes	Reviewed half-year 30 September 2020 ZAR'm	Restated[1] Reviewed half-year 30 September 2019 ZAR'm	% change
Revenue	3	**26 055**	25 655	2
Cost of providing services and sale of goods[2]		**(12 929)**	(13 860)	
Selling, general and administration expenses		**(7 192)**	(6 774)	
Net impairment loss on trade receivables[1]		**(166)**	(94)	
Other operating gains/(losses) – net	6	**8**	(1)	
Operating profit		**5 776**	4 926	17
Interest income	5	**152**	291	
Interest expense	5	**(582)**	(533)	
Net foreign exchange translation gains/(losses)	5	**576**	(358)	
Share of equity-accounted results		**(13)**	(62)	
Other losses	6	**(25)**	–	
Profit before taxation	6	**5 884**	4 264	38
Taxation[3]		**(2 333)**	(1 890)	
Profit for the period		**3 551**	2 374	50
Attributable to:				
Equity holders of the group		**2 447**	1 467	
Non-controlling interests		**1 104**	907	
		3 551	2 374	
Basic and diluted earnings for the period (ZAR'm)		**2 447**	1 467	67
Basic earnings per ordinary share (SA cents)		**573**	336	71
Diluted earnings per ordinary share (SA cents)		**564**	334	69

[1] The group has reclassified expected credit losses on trade receivables from selling, general and administration expenses to net impairment loss on trade receivables. This reclassification was done to align with the requirements of IAS 1 in FY20. The amount reclassified is not considered to be material. The restatement is in line with what was reported in the consolidated annual financial statements for the year ended 31 March 2020.

[2] The reduction in the cost of providing services and sale of goods is due to lower content costs in the current period. These lower content costs are due to the delay in sport events due to COVID-19 which reduces content amortisation, refunds received from content owners for content received in different formats, lower local production spend due to the inability to produce content due to lockdown restrictions and the non-recurrence of major sporting events that occurred in the prior period.

[3] The effective tax rate has reduced from the prior period due to a reduction in losses in the Rest of Africa segment.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the period ended 30 September 2020

	Reviewed half-year 30 September 2020 ZAR'm	Reviewed half-year 30 September 2019 ZAR'm
Profit for the period	**3 551**	2 374
Total other comprehensive income for the period:		
Exchange (losses)/gains arising on translation of foreign operations[1,2]	**(269)**	79
Fair value losses on investments held at fair value	**(102)**	(20)
Hedging reserve[1]	**380**	(141)
– Net fair value losses	**(768)**	(599)
– Hedging reserve recycled to the income statement	**729**	750
– Hedging reserve recycled to the statement of financial position	**–**	(302)
– Net tax effect of movements in hedging reserve	**419**	10
	9	(82)
Total comprehensive income for the period	**3 560**	2 292
Attributable to:		
Equity holders of the group	**2 461**	1 585
Non-controlling interests	**1 099**	707
	3 560	2 292

[1] These components of other comprehensive income may subsequently be reclassified to the condensed consolidated income statement during future reporting periods.

[2] Relates to the translation of foreign currency pertaining to the Rest of Africa and Technology segments. This is due to the effects of foreign exchange fluctuations related to the group's net investments in all subsidiaries with functional currencies which differ from the group's presentation currency of ZAR. This movement is recognised in other reserves on the condensed consolidated statement of changes in equity and primarily relates to the movement in the ZAR which appreciated against the USD from a closing rate of ZAR17.86 in FY20 to ZAR16.75 in 1H FY21.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 September 2020

	Notes	Reviewed half-year 30 September 2020 ZAR'm	Audited full-year 31 March 2020 ZAR'm
ASSETS			
Non-current assets		**23 499**	25 408
Property, plant and equipment[1]		**16 413**	17 737
Goodwill and other intangible assets		**4 636**	4 337
Investments and loans		**232**	351
Amounts due from related parties	10	**83**	224
Derivative financial instruments[2]		**169**	634
Deferred taxation		**1 966**	2 125
Current assets		**21 562**	20 849
Inventory		**958**	874
Programme and film rights[3]		**8 111**	4 750
Trade and other receivables		**3 724**	3 888
Derivative financial instruments[2]		**1 019**	1 733
Restricted cash[4]		**415**	459
Cash and cash equivalents	8	**7 335**	9 145
Total assets		**45 061**	46 257
EQUITY AND LIABILITIES			
Equity reserves attributable to the group's equity holders		**12 573**	12 722
Share capital		**454**	454
Other reserves		**(13 565)**	(13 048)
Retained earnings		**25 684**	25 316
Non-controlling interests		**(3 559)**	(2 917)
Total equity		**9 014**	9 805
Non-current liabilities		**15 388**	18 181
Lease liabilities[1]		**14 964**	16 894
Long-term loans and other liabilities		**72**	78
Amounts due to related parties	10	**–**	185
Derivative financial instruments		**2**	3
Deferred taxation[5]		**350**	1 021
Current liabilities		**20 659**	18 271
Lease liabilities[1]		**1 981**	2 057
Short-term loans and other liabilities[6]		**500**	–
Programme and film rights[7]		**6 362**	4 085
Provisions		**298**	140
Accrued expenses and other current liabilities		**9 297**	9 223
Derivative financial instruments		**63**	116
Taxation liabilities		**2 158**	2 650
Total equity and liabilities		**45 061**	46 257

[1] *Decrease relates primarily to the ZAR appreciation from a closing rate of ZAR17.86 in FY20 to ZAR16.75 in 1H FY21 on translation of the group's foreign assets and USD lease liabilities.*

[2] *Decrease relates primarily to the ZAR appreciation against the USD from a closing rate of ZAR17.86 in FY20 to ZAR16.75 in 1H FY21.*

[3] *Programme and film rights assets are higher than FY20 mainly as a result of football properties coming into licence in August each year and delays in sport events due to COVID-19 which resulted in some of these only coming into licence in September 2020.*

[4] *Restricted cash comprises initial margin deposits on Nigerian futures hedging instruments that are not highly liquid and have maturities of greater than three months. The decrease from FY20 is due to the depreciation of the Nigerian Naira (NGN) against the ZAR.*

[5] *Decrease relates primarily to the ZAR appreciation against the USD from a closing rate of ZAR17.86 in FY20 to ZAR16.75 in 1H FY21. In addition, this appreciation in the ZAR resulted in less future taxable gains being recognised in the hedging reserve at 30 September 2020 resulting in reduced deferred tax liabilities.*

[6] *During September 2020, the group utilised a short-term banking facility. The facility attracts interest at a market-related interest rate and is repayable in one month. The facility was utilised as part of the working capital cycle of the group.*

[7] *Programme and film rights liabilities are higher than FY20 primarily due to the timing of football property payments. At 31 March, football property liabilities are fully paid off whereas at 30 September further payments are still outstanding which are settled in the second half of the financial year.*

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the period ended 30 September 2020

	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 2019	–	(12 445)	24 499	(2 259)	9 795
Profit for the period	–	–	1 467	907	2 374
Other comprehensive income	–	118	–	(200)	(82)
Total comprehensive income for the period	–	118	1 467	707	2 292
Share-based compensation movement	–	–	127	47	174
Treasury shares acquired[2]	–	(768)	–	–	(768)
Dividends declared[3]	–	–	–	(1 574)	(1 574)
Balance at 30 September 2019	–	(13 095)	26 093	(3 079)	9 919
Balance at 1 April 2020	**454**	**(13 048)**	**25 316**	**(2 917)**	**9 805**
Profit for the period	**–**	**–**	**2 447**	**1 104**	**3 551**
Other comprehensive income	**–**	**14**	**–**	**(5)**	**9**
Total comprehensive income for the period	**–**	**14**	**2 447**	**1 099**	**3 560**
Hedging reserve basis adjustment[4]	**–**	**(531)**	**–**	**(159)**	**(690)**
Share-based compensation expense	**–**	**–**	**222**	**–**	**222**
Other share-based compensation movements[5]	**–**	**–**	**(50)**	**1**	**(49)**
Transactions with non-controlling interest[6]	**–**	**–**	**160**	**(160)**	**–**
Dividends declared[3,7]	**–**	**–**	**(2 411)**	**(1 423)**	**(3 834)**
Balance at 30 September 2020	**454**	**(13 565)**	**25 684**	**(3 559)**	**9 014**

[1] Other reserves include treasury shares, the hedging reserve, fair value reserve and foreign currency translation reserve.
[2] During the prior period the group repurchased 6m treasury shares which resulted in a decrease in the number of ordinary shares issued. In total, 5.5m shares were repurchased for the group's RSU scheme and 0.5m shares were repurchased as a general share buyback.
[3] Non-controlling interests dividends relate primarily to dividends paid to PN.
[4] Relates to the basis adjustment (net of tax of ZAR188m on other reserves and ZAR57m on non-controlling interests) on programme and film rights assets as content comes into licence.
[5] Primarily relates to the settlement of share-based compensation benefits.
[6] Relates primarily to a transaction in 1H FY21 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. No cash consideration was paid.
[7] Dividends declared by the group exclude dividends related to treasury shares held by the group.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

for the period ended 30 September 2020

	Reviewed half-year 30 September 2020 ZAR'm	Reviewed half-year 30 September 2019 ZAR'm
Cash flows from operating activities		
Cash generated from operating activities	**5 994**	5 277
Interest income received	**148**	251
Interest costs paid	**(400)**	(415)
Taxation paid	**(1 960)**	(1 885)
Net cash generated from operating activities	**3 782**	3 228
Cash flows from investing activities		
Property, plant and equipment acquired	**(391)**	(253)
Proceeds from sale of property, plant and equipment	**4**	29
Intangible assets acquired[1]	**(277)**	(51)
Proceeds from sale of intangible assets	**8**	–
Loans to related parties	**(46)**	(19)
Decrease in restricted cash	**23**	–
Loans to Enterprise Development Trust beneficiaries	**(9)**	–
Cash movements in other investments and loans	**(5)**	(15)
Net cash utilised in investing activities	**(693)**	(309)
Cash flows from financing activities		
Proceeds from long and short-term loans raised	**500**	–
Repayment of lease liabilities[2]	**(942)**	(487)
Repurchase of treasury shares	**–**	(768)
Purchase of group shares[3]	**(50)**	–
Dividends paid by holding company[4]	**(2 500)**	–
Dividends paid by subsidiaries to non-controlling shareholders[5]	**(1 423)**	(1 574)
Net cash utilised in financing activities	**(4 415)**	(2 829)
Net movement in cash and cash equivalents	**(1 326)**	90
Foreign exchange translation adjustments on cash and cash equivalents	**(484)**	104
Cash and cash equivalents at the beginning of the period	**9 145**	6 723
Cash and cash equivalents at the end of the period	**7 335**	6 917

[1] The increase relates primarily to the group's investment in a multiyear programme to futureproof the group's customer service, billing and data capabilities.
[2] The increase is primarily due to the weaker average ZAR rate against the USD of ZAR17.35 (1H FY20: ZAR14.61) and the end of a contractual agreement on the southern Africa transponder lease whereby an upfront prepayment reduced lease payments for the first 36 months of the lease term. Subsequently, regular monthly lease payments resumed from October 2019 resulting in increased outflows.
[3] Relates to the purchase of group shares during 1H FY21 which were used to settle the group's share-based compensation awards.
[4] During 1H FY21, the ZAR2.5bn dividend declared in June 2020 was paid by the group to the group's broker, Sasfin Holdings Limited (Sasfin), for distribution to shareholders. Included in this payment was an amount of ZAR89m related to dividends due to the group for treasury shares held. At 30 September 2020, the amount of ZAR89m had not yet been received by the group and the group recognised a receivable from Sasfin in the condensed consolidated statement of financial position.
[5] Relates primarily to dividends paid to PN.

SEGMENTAL REVIEW

for the period ended 30 September 2020

Revenue and trading profit	Reviewed half-year 30 September 2020 ZAR'm Revenue External	Inter-segment	Total	Reviewed half-year 30 September 2019 ZAR'm Revenue External	Inter-segment	Total	Reviewed half-year 30 September Trading profit[1] 2020 ZAR'm	2019 ZAR'm
South Africa	**16 511**	**2 467**	**18 978**	16 952	2 863	19 815	**5 783**	5 156
Rest of Africa	**8 646**	**57**	**8 703**	7 796	110	7 906	**(338)**	(830)
Technology	**898**	**887**	**1 785**	907	895	1 802	**254**	455
Eliminations	**–**	**(3 411)**	**(3 411)**	–	(3 868)	(3 868)	**–**	–
Total	**26 055**	**–**	**26 055**	25 655	–	25 655	**5 699**	4 781

[1] *During the current year, the group's definition of trading profit was amended to include movements in futures contracts (note 1). Comparative trading profit disclosure has not been restated for this change; however, the comparative impact of this change would have resulted in a ZAR5m increase in 1H FY20 trading profit and a ZAR25m decrease in 1H FY19 trading profit.*

Revenue by nature	Reviewed half-year 30 September 2020 ZAR'm South Africa	Rest of Africa	Tech-nology	Total	Reviewed half-year 30 September 2019 ZAR'm South Africa	Rest of Africa	Tech-nology	Total
Subscription fees	**14 279**	**7 927**	**–**	**22 206**	14 105	7 134	–	21 239
Advertising	**916**	**163**	**–**	**1 079**	1 435	203	–	1 638
Set-top boxes	**452**	**489**	**–**	**941**	472	376	–	848
Installation fees	**165**	**–**	**–**	**165**	156	–	–	156
Technology contracts and licensing	**–**	**–**	**898**	**898**	–	–	907	907
Other revenue	**699**	**67**	**–**	**766**	784	83	–	867
Total external revenue	**16 511**	**8 646**	**898**	**26 055**	16 952	7 796	907	25 655

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:

	Reviewed half-year 30 September 2020 ZAR'm	Reviewed half-year 30 September 2019 ZAR'm
Trading profit per segmental income statement	**5 699**	4 781
Adjusted for:		
Interest on transponder leases	**378**	329
Amortisation of intangibles (other than software)	**(37)**	(36)
Other operating gains/(losses) – net (note 6)	**8**	(1)
Share-based compensation	**(222)**	(136)
Severance provision	**(10)**	(11)
Fair value movements on futures contracts	**(40)**	–
Operating profit per the income statement[1]	**5 776**	4 926

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the period ended 30 September 2020

1. BASIS OF PRESENTATION AND ACCOUNTING POLICIES

The condensed consolidated interim financial statements for the six months ended 30 September 2020 are prepared in accordance with the requirements of the JSE Listings Requirements for interim financial statements and the requirements of the South African Companies Act No 71 of 2008, as amended (Companies Act) applicable to interim financial statements. The condensed consolidated interim financial statements were prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee (APC), the Financial Pronouncements as issued by the Financial Reporting Standard Council (FRSC), and as a minimum, the information required by IAS 34 *Interim Financial Reporting.*

The condensed consolidated interim financial statements are presented on the going concern basis.

The condensed consolidated interim financial statements are presented in South African Rand (ZAR), which is the group's presentation currency, rounded to the nearest million. The condensed consolidated statement of financial position was prepared using a closing USD exchange rate at 30 September 2020 of 16.75:1 (31 March 2020: 17.86:1) and has been utilised for the consolidation of the Rest of Africa and Technology segments that have a USD presentation currency. The condensed consolidated income statement and statement of comprehensive income was prepared using the average USD exchange rate utilised for the period ended 30 September 2020 of 17.35:1 (30 September 2019: 14.61:1).

The accounting policies applied in the preparation of the condensed consolidated interim financial statements are in terms of IFRS and are consistent with those accounting policies applied in the preparation of the previous consolidated annual financial statements, other than the change in the trading profit definition noted below.

The condensed consolidated interim financial statements do not include all the notes normally included in a set of consolidated annual financial statements. Accordingly, this report is to be read in conjunction with the full consolidated annual financial statements for the year ended 31 March 2020.

The group has adopted all new and amended accounting pronouncements issued by the International Accounting Standards Board that are effective for financial years commencing 1 April 2020. A number of amendments to accounting pronouncements are effective from 1 January 2020, but they do not have a material effect on the group's interim 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 of assets, equity-settled share-based payment expenses and other operating gains/losses.

1. BASIS OF PRESENTATION AND ACCOUNTING POLICIES continued

Change in trading profit definition

The group earns revenue in NGN through its subsidiary in Nigeria. The transactional currency between the intermediary parent and the subsidiary is USD; therefore, the group is exposed to foreign currency fluctuations between the USD and NGN. The group entered into futures contracts in Nigeria as a hedging mechanism in FY18. The futures assist to economically hedge the NGN exposure by changing it to USD exposure. In 1H FY21, the CODM has considered the profit or loss derived from these futures as a significant contributor in evaluating segment operational performance and in allocating resources. Therefore, the definition of trading profit has been amended to reflect the movements in the futures as recorded in the condensed consolidated income statement. The impact of this change has been disclosed on page 10.

COVID-19 CONSIDERATIONS

Overview

COVID-19 continues to disrupt the operations and financial reporting processes of the majority of businesses globally, including MCG customers, employees and other stakeholders. Based on the magnitude of the pandemic and its potential impact on the condensed consolidated interim financial statements, management has conducted an updated review of all possible financial effects the virus could have on the measurement, presentation and disclosure provided.

Consideration of potential impact

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

COVID-19 consideration	Assessment	Potential impact
Programme and film rights (recoverability and classification)	General entertainment content assets will be recovered through the airing of content, with productions largely resuming as normal across the group since May 2020.	Low (general entertainment)
	Based on the success of the 'behind closed doors' protocols implemented, the cancellation and deferral of sport events are considered less likely than at 31 March 2020.	Moderate (sport rights)
Subsequent events	COVID-19 was assessed as being prevalent in the group's markets before 30 September 2020.	Moderate
Hedging on uncertain sport right obligations	Forecast transactions that relate to upcoming seasons or events, unless formally cancelled, still meet the 'highly probable' criteria. Given the second wave in Europe, we continue to monitor the potential impact. The group deems it unlikely that there will be material disruptions going forward as the protocols seem to be working well.	Moderate
Going concern	Limited disruption to operations. Strong financial position and cash flow generation.	Low

1. BASIS OF PRESENTATION AND ACCOUNTING POLICIES continued

COVID-19 consideration	Assessment	Potential impact
Financial asset impairment (expected credit losses)	Prepaid business with limited receivables, which are not cash backed or covered by insurance.	Low
Non-financial asset impairment (property, plant and equipment, goodwill, intangible assets)	Limited disruption to operations has resulted in non-financial assets being recovered through use in the normal course. Future cash projections still support the carrying value of non-financial assets.	Low
Inventories	Limited disruption to operations. Inventory will be recovered through the normal operations of the group.	Low
Onerous contracts	The nature of the group's services does not lead to any likely significant onerous contract provisions.	Low
Deferred tax assets recoverability	No deferred tax assets raised for unutilised tax losses.	None

UPDATE ON AREAS THAT HAD A POTENTIALLY HIGH/MODERATE IMPACT AS AT 31 MARCH 2020

The group's assessment of the following items has changed from potentially having a high impact at the previous year-end to having a potentially moderate impact on the group at 30 September 2020 and, therefore, specific accounting policies were developed.

Programme and film rights

At year-end, the group disclosed a high risk related to the likelihood of sport events (in respect of which the group has the broadcasting rights) taking place and the associated contractual rights in the event that these are expected to or have been cancelled. The group engaged with rights owners to negotiate refunds for the disruption to the business and subscribers due to a truncated season as well as games, delays in seasons and fixtures held behind closed doors. These refunds will be deducted against payments for future seasons. The refunds are treated as a reduction in the amortisation costs for the interrupted portion of the season.

Subsequent events

The group considers information obtained subsequent to the reporting date, in relation to known or knowable events and expected eventualities identified as at 30 September 2020, as adjusting subsequent events. New events which occur after 30 September 2020, which do not relate to existing assets and liabilities related to COVID-19 at the reporting date, are considered to be non-adjusting subsequent events, and these, together with their financial effects, have been disclosed to the extent that they are considered to be material. Refer to note 11 for disclosure of adjusting and non-adjusting events.

2. REVIEW BY THE INDEPENDENT AUDITOR

These condensed consolidated interim financial statements for the period ended 30 September 2020 have been reviewed by PricewaterhouseCoopers Inc., who expressed an unmodified conclusion thereon.

	Reviewed half-year 30 September 2020 ZAR'm	Reviewed half-year 30 September 2019 ZAR'm
3. REVENUE		
Subscription fees	**22 206**	21 239
Advertising	**1 079**	1 638
Set-top boxes	**941**	848
Installation fees	**165**	156
Technology contracts and licensing	**898**	907
Other revenue[1]	**766**	867
	26 055	25 655

[1] *Other revenue primarily includes sublicensing and production revenue.*

The following table shows unsatisfied performance obligations resulting from long-term technology contracts as at 30 September 2020 and 31 March 2020:

Aggregate amount of the transaction price allocated to long-term technology contracts that are partially or fully unsatisfied	**73**	219

Management expects that 75% of the transaction price allocated to the unsatisfied contracts as of 30 September 2020 will be recognised as revenue during FY22 (ZAR55m) and 11% (ZAR8m) will be recognised as revenue in the FY23 reporting period. The remaining 14% (ZAR10m) will be recognised as revenue in FY24 and thereafter. The amount disclosed above does not include variable consideration which is constrained.

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

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.

	Reviewed half-year 30 September 2020 ZAR'm	Reviewed half-year 30 September 2019 ZAR'm
4. HEADLINE EARNINGS		
Profit attributable to equity holders of the group	**2 447**	1 467
– (Profit)/loss on sale of assets	**(8)**	2
– Impairment of investment	**–**	24
	2 439	1 493
– Total tax effects of adjustments	**2**	–
– Total non-controlling interest effects of adjustments	**1**	(6)
Headline earnings	**2 442**	1 487
Basic and diluted headline earnings for the period (ZAR'm)	**2 442**	1 487
Basic headline earnings per ordinary share (SA cents)	**572**	341
Diluted headline earnings per ordinary share (SA cents)[1]	**563**	339
Net number of ordinary shares issued (million)		
– at period end (including treasury shares)	**443**	439
– at period end[2,3]	**427**	433
– weighted average for the period	**427**	436
– diluted weighted average for the period[1]	**434**	439

[1] *As at 30 September 2020, 8.4m RSUs have already been offered resulting in a dilutive impact in the current period.*

[2] *As at 30 September 2020, the group held 15.6m treasury shares which resulted in a decrease in the number of ordinary shares issued.*

[3] *During FY20, 5.5m shares were repurchased for the group's RSU scheme and 10.1m shares were repurchased as part of a general share buyback. During 1H FY21, the group transferred 3.6m (with a value of ZAR0.3bn at the date of transfer) of the 10.1m treasury shares purchased as part of a general share buyback to the MultiChoice Group Restricted Share Plan Trust (a fellow group company) to fund the FY21 awards under the group's RSU scheme. 18 994 RSUs were exercised during 1H FY21 which reduced the number of treasury shares held by the group at 30 September 2020.*

5. INTEREST (EXPENSE)/INCOME

	Reviewed half-year 30 September 2020 ZAR'm	Restated[1] reviewed half-year 30 September 2019 ZAR'm
Interest expense		
Loans and overdrafts	**(2)**	(91)
Leases[2]	**(400)**	(329)
Other[3]	**(180)**	(113)
	(582)	(533)

[2] Relates primarily to transponder leases of ZAR378m (1H FY20: ZAR329m).
[3] Relates primarily to discounting of liabilities in relation to programme and film rights of ZAR131m (1H FY20: ZAR88m).

	Reviewed half-year 30 September 2020 ZAR'm	Restated[1] reviewed half-year 30 September 2019 ZAR'm
Interest income		
Loans and bank accounts	**139**	245
Other	**13**	46
	152	291

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

	Reviewed half-year 30 September 2020 ZAR'm	Restated[1] reviewed half-year 30 September 2019 ZAR'm
Net gain/(loss) from foreign exchange translation and fair-value adjustments on derivative financial instruments		
On translation of liabilities[2]	**164**	(134)
On translation of transponder leases[3]	**711**	(437)
Gains on translation of forward exchange contracts[1]	**758**	1 020
Losses on translation of forward exchange contracts[1]	**(1 057)**	(807)
Net foreign exchange translation gains/(losses)	**576**	(358)

[1] 1H FY20 numbers have been restated to disclose these lines on a gross basis.
[2] 1H FY20 movement primarily relates to the appreciation of the NGN against the USD of NGN386.51 in FY20 to NGN380.50 in 1H FY21 which decreases losses on non-quasi equity loans.
[3] Movement relates to the ZAR appreciation from a closing rate of ZAR17.86 in FY20 to ZAR16.75 in 1H FY21 on our USD transponder lease liability.

6. PROFIT BEFORE TAXATION

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

	Reviewed half-year 30 September 2020 ZAR'm	Reviewed half-year 30 September 2019 ZAR'm
Depreciation of property, plant and equipment	**(1 332)**	(1 293)
Amortisation	**(123)**	(132)
– software	**(86)**	(96)
– other intangible assets	**(37)**	(36)
Net realisable value adjustments on inventory, net of reversals[1]	**(327)**	(197)
Other operating gains/(losses) – net		
Dividends received	**–**	21
Profit/(loss) on sale of assets	**8**	(2)
Impairment of other assets	**–**	(20)
	8	(1)
Acquisition-related costs	**(25)**	–

[1] *Net realisable value adjustments relate to set-top box subsidies in South Africa and the Rest of Africa segments.*

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 condensed consolidated statement of financial position.

	Reviewed half-year 30 September 2020 ZAR'm	Audited full-year 31 March 2020 ZAR'm
Commitments		
– Capital expenditure	**112**	92
– Programme and film rights	**33 319**	32 495
– Set-top boxes	**1 569**	1 719
– Lease commitments[1]	**16**	26
– Other[2]	**4 371**	4 222
	39 387	38 554

[1] Current period commitments relate to short-term leases and leases of low-value assets.
[2] These commitments primarily relate to contracts for the provision of playout and uplink broadcast services and various annual software as service licence arrangements. The majority of these commitments are denominated in USD or EUR.

The group operates a number of businesses in jurisdictions where taxes may be payable on certain transactions or payments. The group continues to seek relevant advice and works with its advisers to identify and quantify such tax exposures. Our current assessment of possible withholding and other tax exposures, including interest and potential penalties, amounts to approximately ZAR0.3bn (31 March 2020: ZAR0.2bn). No provision has been made as at 30 September 2020 for these possible exposures.

8. CASH AND CASH EQUIVALENTS

As part of the group's cash management strategy, during 1H FY21, the group acquired liquid notes in Nigeria to the value of ZAR1.2bn, which are backed by treasury bills in Nigeria. The amounts held by the group in relation to these liquid notes are mainly held within the group's working capital cycle and used to meet the group's short-term commitments. Based on the contractual terms of these investments, the local financial institution issues these liquid notes directly to the group and the group has the ability to exit its investment at its own discretion and election with immediate effect at any point in time, with no penalties being incurred. The group is guaranteed a fixed 2.5% return on its investment, even if the group exits the investment prior to its maturity date. These investments are therefore not susceptible to fluctuations in rates/returns. Upon maturity of the group's investment in these liquid notes, the group will sell its investment back to the local financial institution directly.

The instrument meets the definition of cash equivalents as the investment is short term in nature, highly liquid, readily convertible and subject to an insignificant risk of changes in value and is therefore reflected as part of cash and cash equivalents in the condensed consolidated statement of financial position.

9. 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 Reviewed half-year 30 Sept 2020 ZAR'm	Fair value Audited full-year 31 March 2020 ZAR'm	Valuation method	Level in fair value hierarchy
Financial assets				
Investments held at fair value through other comprehensive income	**–**	101	Quoted prices in a public market	Level 1
Forward exchange contracts	**887**	2 086	Fair value derived from forward exchange rates that are publicly available	Level 2
Futures contracts	**263**	215	Quoted prices in a public market	Level 1
Currency depreciation features	**38**	66	The fair value is calculated based on the London Inter Bank Offered Rate (LIBOR) rate of 0.15%	Level 3
Financial liabilities				
Forward exchange contracts	**65**	119	Fair value derived from forward exchange rates that are publicly available	Level 2

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

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

The group does not have material fair value measurements for financial instruments based on unobservable inputs (referred to as level 3 measurements). Fair values are determined using observable inputs, which reflect the market conditions including that of COVID-19 in their expectations of future cash flows related to the asset or liability at 30 September 2020.

10. RELATED PARTY TRANSACTIONS AND BALANCES

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

11. SUBSEQUENT EVENTS

Acquisition of associate

In order to expand the group's entertainment ecosystem further, it finalised an investment for a 20% shareholding in BetKing, a pan-African sports betting group. The transaction price is made up of an upfront investment of USD81m (ZAR1.3bn), with the potential for a further payment of USD31m (ZAR0.5bn) should certain earn-out targets be met between December 2021 and December 2023. As the group exercises significant influence over BetKing, the business will be equity accounted as an associate from 1 October 2020.

Treasury activities

FUNDING

To improve the group cost of capital and reinforce the statement of financial position, an amortising working capital loan of ZAR1.5bn was concluded in November 2020. The loan has a three-year term and bears interest at three-month JIBAR + 1.70%.

FACILITY DRAWDOWNS

During September 2020, the group utilised a short-term banking facility for an amount of ZAR500m. The transaction was appropriately accounted for as a financial liability at 30 September 2020. The facility was utilised as part of the working capital cycle of the group. During October 2020, the loan was repaid and the liability has been subsequently derecognised appropriately.

Subsequent to 30 September 2020, the group has utilised short-term banking facilities to the value of ZAR750m. The facilities attract interest at a market-related interest rate. The facilities were utilised as part of the working capital cycle of the group. The group will initially measure the drawdowns at fair value and subsequently at amortised cost using the effective interest method. A repayment of ZAR250m was subsequently made on 20 October 2020.

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

INDEPENDENT AUDITOR'S REVIEW REPORT ON INTERIM FINANCIAL STATEMENTS

TO THE SHAREHOLDERS OF MULTICHOICE GROUP LIMITED

We have reviewed the condensed consolidated interim financial statements of MultiChoice Group Limited in the accompanying interim report on pages 5 to 21, which comprise the condensed consolidated statement of financial position as at 30 September 2020 and the related condensed consolidated income statement, condensed consolidated statements of comprehensive income, changes in equity and cash flows for the six-months then ended, and selected explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE INTERIM FINANCIAL STATEMENTS

The directors are responsible for the preparation and presentation of these interim financial statements in accordance with the International Financial Reporting Standard, (IAS) 34 *Interim Financial Reporting*, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of interim financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express a conclusion on these interim financial statements. We conducted our review in accordance with International Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. ISRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the interim financial statements are not prepared in all material respects in accordance with the applicable financial reporting framework. This standard also requires us to comply with relevant ethical requirements.

A review of interim financial statements in accordance with ISRE 2410 is a limited assurance engagement. We perform procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluate the evidence obtained.

The procedures in a review are substantially less than and differ in nature from those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on these interim financial statements.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements of MultiChoice Group Limited for the six months ended 30 September 2020 are not prepared, in all material respects, in accordance with the International Financial Reporting Standard, (IAS) 34 *Interim Financial Reporting*, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and the requirements of the Companies Act of South Africa.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.
Director: Brett Stephen Humphreys
Registered auditor
Johannesburg
12 November 2020

12. NON-IFRS PERFORMANCE MEASURES

The group has presented certain revenue, cost and trading profit metrics in constant currency, excluding the effects of changes in the composition of the group (non-IFRS performance measures). The non-IFRS performance measures are the responsibility of the board of directors and are presented for illustrative purposes. Pro forma information presented on a non-IFRS basis has been extracted from the group's management accounts, the quality of which the board is satisfied with.

Shareholders are advised that, due to the pro forma nature of the non-IFRS performance measures and the fact that it has been extracted from the group's management accounts, it may not fairly present the group's financial position, changes in equity, results of operations or cash flows.

The non-IFRS performance measures have been prepared to illustrate the impact of changes in foreign exchange rates and changes in the composition of the group on its results for the period ended 30 September 2020. The following methodology was applied in calculating the non-IFRS performance measures:

1. Foreign exchange/constant currency adjustments have been calculated by adjusting the current period's results to the prior period's average foreign exchange rates, determined as the average of the monthly exchange rates for that period. 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 (1H FY21: 17.35; 1H FY20: 14.61); Nigerian Naira (1H FY21: 22.27; 1H FY20: 24.76); Angolan Kwanza (1H FY21: 33.92; 1H FY20: 23.60); Kenyan Shilling (1H FY21: 6.20; 1H FY20: 7.04) and Zambian Kwacha (1H FY21: 1.09; 1H FY20: 0.89).
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 period results of the entity with which the merger took place. There were no significant changes in the composition of the group during the respective reporting periods.

Non-IFRS performance measures are unaudited; however, a separate assurance report issued in respect of the non-IFRS performance measures, by the group's external auditor, can be found on pages 27 to 28.

12. 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:

12.1 Key performance indicators as at 30 September

	2019 Reported	2020 Currency impact	2020 Organic growth	2020 Reported	2020 versus 2019 Reported %	2020 versus 2019 Organic %
90-day active subscribers ('000)[1]	18 877	n/a	1 184	20 061	6	6
South Africa	8 163	n/a	541	8 704	7	7
Rest of Africa	10 714	n/a	643	11 357	6	6
90-day active ARPU (ZAR)[2]						
Blended	189	3	(5)	187	(1)	(3)
South Africa	292	–	(14)	278	(5)	(5)
Rest of Africa	111	6	1	118	6	1
Subscribers ('000)[3]	15 052	n/a	978	16 030	6	6
South Africa	7 675	n/a	433	8 108	6	6
Rest of Africa	7 377	n/a	545	7 922	7	7
ARPU (ZAR)[2]						
Blended	235	4	(6)	233	(1)	(3)
South Africa	311	–	(13)	298	(4)	(4)
Rest of Africa	158	8	2	168	6	1

[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 30 September of the respective year, regardless of the type of programming package to which they subscribe.

12. NON-IFRS PERFORMANCE MEASURES continued

12.2 Group financials including segmental analysis

12.2.1 SEGMENTAL RESULTS

As at 30 September	2019 IFRS ZAR'm	2020 Currency impact ZAR'm	2020 Organic growth ZAR'm	2020 IFRS ZAR'm	2020 versus 2019 IFRS %	2020 versus 2019 Organic %
Revenue[1]	25 655	**590**	**(150)**	**26 095**	2	(1)
South Africa	16 952	**–**	**(441)**	**16 511**	(3)	(3)
Rest of Africa[1]	7 796	**446**	**444**	**8 686**	11	6
Technology	907	**144**	**(153)**	**898**	(1)	(17)
Trading profit	4 781	**(883)**	**1 801**	**5 699**	19	38
South Africa	5 156	**–**	**627**	**5 783**	12	12
Rest of Africa	(830)	**(749)**	**1 241**	**(338)**	59	150
Technology	455	**(134)**	**(67)**	**254**	(44)	(15)

[1] Total group revenue and Rest of Africa revenue presented above include ZAR40m gains related to fair value movements on Nigeria futures contracts (note 1 – Change in trading profit definition).

12.2.2 REVENUE AND COSTS BY NATURE

	2019 IFRS ZAR'm	2020 Currency impact ZAR'm	2020 Organic growth ZAR'm	2020 IFRS ZAR'm	2020 versus 2019 IFRS %	2020 versus 2019 Organic %
Revenue	25 655	**590**	**(150)**	**26 095**	2	(1)
Subscription fees[1]	21 239	**390**	**617**	**22 246**	5	3
Advertising	1 638	**13**	**(572)**	**1 079**	(34)	(35)
Set-top boxes	848	**34**	**59**	**941**	11	7
Technology contracts and licensing	907	**144**	**(153)**	**898**	(1)	(17)
Other revenue	1 023	**9**	**(101)**	**931**	(9)	(10)
Operating expenses	20 874	**1 473**	**(1 951)**	**20 396**	(2)	(9)
Content	8 949	**656**	**(1 953)**	**7 652**	(14)	(22)
Set-top box purchases	2 530	**159**	**112**	**2 801**	11	4
Staff costs[2]	2 927	**232**	**(232)**	**2 927**	–	(8)
Sales and marketing	1 033	**35**	**(56)**	**1 012**	(2)	(5)
Transponder costs	1 318	**95**	**(34)**	**1 379**	5	(3)
Other	4 117	**296**	**212**	**4 625**	12	5

[1] Subscription fees presented above include ZAR40m gains related to fair value movements on Nigeria futures contracts (note 1 – Change in trading profit definition).
[2] Excludes equity-settled share-based payment expense.

12. NON-IFRS PERFORMANCE MEASURES continued

12.3 Reconciliation of headline earnings to core headline earnings

Core headline earnings exclude 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.

	Half-year 30 September 2020 ZAR'm	Half-year 30 September 2019 ZAR'm	% change
Headline earnings attributable to shareholders (IFRS)	**2 442**	1 487	
Adjusted for (after tax effects and non-controlling interests):			
– Amortisation of other intangible assets	**24**	24	
– Acquisition-related costs	**25**	–	
– Equity-settled share-based payment expense	**222**	140	
– Foreign currency (gains)/losses and fair value adjustments	**(59)**	457	
– Realised gains/(losses) on foreign exchange contracts	**24**	(202)	
Core headline earnings (ZAR'm)	**2 678**	1 906	41
Core headline earnings per ordinary share issued (SA cents)	**627**	437	43
Diluted core headline earnings per ordinary share issued (SA cents)	**617**	434	42

12.4 Reconciliation of cash generated from operating activities to free cash flow

	Half-year 30 September 2020 ZAR'm	Half-year 30 September 2019 ZAR'm	% change
Cash generated from operating activities	**5 994**	5 277	14
Adjusted for:			
– Lease repayments[1]	**(1 320)**	(776)	
– Net capital expenditure	**(656)**	(275)	
– Investment income	**–**	19	
– Taxation paid	**(1 960)**	(1 885)	
Free cash flow	**2 058**	2 360	(13)

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

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE COMPILATION OF PRO FORMA FINANCIAL INFORMATION INCLUDED IN THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

TO THE DIRECTORS OF MULTICHOICE GROUP LIMITED

Report on the Assurance Engagement on the Compilation of Pro Forma Financial Information included in the Condensed Consolidated Interim Financial Statements

We have completed our assurance engagement to report on the compilation of pro forma financial information of MultiChoice Group Limited and its subsidiaries (together the "Group") by the directors. The pro forma financial information, as set out on pages 23 to 26 of the Condensed Consolidated Interim Financial Statements for the six months ended 30 September 2020, consists of certain revenue, cost and trading profit metrics in constant currency, excluding the effects of changes in the composition of the Group (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 Johannesburg Stock Exchange (JSE) Limited Listings Requirements and described in note 12 to the Condensed Consolidated Interim Financial Statements.

The pro forma financial information has been compiled by the directors to illustrate the impact of changes in foreign exchange rates and changes in the composition of the Group on its results for the period ended 30 September 2020, described in note 12 to the Condensed Consolidated Interim 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 six months ended 30 September 2020.

DIRECTORS' RESPONSIBILITY FOR THE PRO FORMA FINANCIAL INFORMATION

The directors 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 12 to the Condensed Consolidated Interim Financial Statements for the six months period ended 30 September 2020.

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 specified in the JSE Listings Requirements based on our procedures performed.

We conducted our engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information 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.

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE COMPILATION OF PRO FORMA FINANCIAL INFORMATION INCLUDED IN THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS continued

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 included in a prospectus is solely to illustrate the impact of a significant corporate action or event on unadjusted financial information of the Group as if the corporate action or event had occurred or had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the impact of changes in foreign exchange rates and changes in the composition of the Group on its results for the period ended 30 September 2020 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.

Our procedures selected depend on our judgement, having regard to our understanding of the nature of the Group, the corporate action or event 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 12 to the Condensed Consolidated Interim Financial Statements for the six months ended 30 September 2020.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.
Director: Brett Stephen Humphreys
Registered auditor
Johannesburg
12 November 2020

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