



MultiChoice Group Limited
Annual financial statements
for the year ended 31 March 2020

MultiChoice Group Limited

Annual Financial Statements for the year ended 31 March 2020

Statement of responsibility by the board of directors

The annual financial statements of the company are the responsibility of the directors of MultiChoice Group Limited. In discharging this responsibility, they rely on the management of the company to prepare the annual financial statements presented on pages 1 to 38 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), Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council (FRSC), the Johannesburg Stock Exchange (JSE) Listings Requirements and the requirements of the South African Companies Act, No 71 of 2008 as amended (the Companies Act). The company 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 (King IVTM). In conformity with IFRS, the annual financial statements include amounts based on judgements and estimates made by management. The information given is comprehensive and presented in a responsible manner.

The directors accept responsibility for the preparation, integrity and fair presentation of the annual financial statements. No facts have been omitted or untrue statements made that would make the annual financial statements false or misleading. Internal financial controls have been put in place to ensure that material information relating to the issuer have been provided to effectively prepare the annual financial statements. The company operates in an established control environment, which is documented and regularly reviewed. The company risk committee plays an integral role in risk management. The internal financial controls are adequate and effective and can be relied upon in compiling the annual financial statements, having fulfilled our role and function within the combined assurance model pursuant to principle 15 of the King Code. Where we are not satisfied, we have disclosed to the risk committee, audit committee and the auditors the deficiencies in design and operational effectiveness of the internal financial controls and any fraud that involves directors, and have taken the necessary remedial action.

The company's internal audit function, which operates unimpeded by operational management, and has unrestricted access to the company's audit committee, assesses and, when necessary, recommends improvements in the system of internal control and accounting practices, based on audit plans that take cognisance of the relative degrees of risk of each function or aspect of the business.

The directors believe that the company has adequate resources to continue operations as a going concern in the foreseeable future, based on budgets, cash flow forecasts and available cash resources. The annual financial statements, reflecting the current financial position and existing borrowing facilities, support the viability of the company. The preparation of the annual financial statements was supervised by the company's Chief Financial Officer, Tim Jacobs CA(SA). These results were made public on 10 June 2020.

The independent auditing firm PricewaterhouseCoopers Inc., which was given unrestricted access to all financial records and related data, including minutes of all meetings of shareholders, the board of directors and committees of the board, has audited the annual financial statements. The directors believe that all representations made to the independent auditors during their audit were valid and appropriate. A copy of PricewaterhouseCoopers Inc.'s unqualified audit report is presented on pages 10 to 12.

The annual financial statements were approved by the board of directors on 10 June 2020 and are signed on its behalf by:



Calvo Mawela
Chief executive



Tim Jacobs
Chief financial officer

MultiChoice Group Limited

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Company Secretary's Certification

In terms of section 88(2)(e) of the Companies Act No 71 of 2008, in my capacity as interim company secretary of MultiChoice Group Limited, I confirm that for the year ended 31 March 2020 the company has lodged with the Registrar of Companies and the Companies and Intellectual Property Commission, all such returns and notices as are required of a public company in terms of the Companies Act and that all such returns and notices are, to the best of my knowledge, true, correct and up to date.



Rochelle Joy Gabriels

Company Secretary

10 June 2020

MultiChoice Group Limited

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Report of the audit committee

I am pleased to present the report of the audit committee (the committee) for the year ended 31 March 2020 (FY20). The committee submits this report, as required by section 94 of the South African Companies Act No 71 of 2008 (the Act).

Members of the audit committee and attendance at meetings

The committee consists of independent non-executive directors and meets at least three times per year in accordance with its charter. All members act independently, are financially literate, have sound business and financial acumen and comply with all other requirements of section 94 of the Act. The committee has unrestricted access to company information falling within the committee's mandate and liaises with management on the information it requires to carry out its responsibilities.

During FY20, five meetings were held including 4 formal meetings and 1 special meeting regarding the Phuthuma Nathi (PN) share offer. The internal and external auditors, in their respective capacity as auditors to the company, attended and reported at all formal meetings of the committee. Both internal and external auditors have unrestricted access to the committee through the chair as well as the opportunity at one meeting per year to report to the committee in the absence of management. The chairperson of the board, company CEO, company CFO, company secretary, corporate CFO and company general counsel while not members, attend committee meetings by invitation.

The names of the members who were in office during FY20, and up to the date of this report, and the details of the committee meetings attended by each of the members are reflected below.

Name of member	Qualification	Attendance	Category
SJZ Pacak	B.Acc (Wits) and CA(SA)	5/5	Independent non-executive chair
DG Eriksson	CTA (Wits) and CA(SA)	5/5	Independent non-executive
L Stephens	BBSc (UCT), BCom(Hons) (RAU), CA(SA), CD(SA)	5/5	Independent non-executive
CM Sabwa	BCom(Accounting), CPA(K)	4/4 ¹	Independent non-executive

¹ CM Sabwa, an independent non-executive director, was appointed as a committee member with effect from end of June 2019.

The board and the nomination committee unanimously recommend to shareholders at the Annual General Meeting (AGM) that the current committee members be re-elected, including the following changes which have occurred subsequent to 31 March 2020:

- SJZ Pacak, the independent non-executive chair, resigned as chairperson and member of the committee with effect from 3 April 2020.
- L Stephens, an independent non-executive director, was appointed as chairperson with effect from 3 April 2020.
- E Masilela, an independent non-executive director, was appointed to the committee with effect from 3 April 2020.
- DG Eriksson, an independent non-executive director, will retire as a director and member of the committee on 11 June 2020.

Responsibilities

The committee has adopted formal terms of reference, delegated by the board of directors, as set out in its charter.

The committee has discharged its responsibilities in terms of its charter and ascribed to it in terms of the Act as follows:

Financial controls

- Review and approve for presentation to and approval by the board, the company's annual financial statements and any other company press releases with material financial or internal control impacts. These reviews included:
 - taking appropriate steps to ensure the annual financial statements were prepared in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Act.
 - considering and, when appropriate, making recommendations on internal financial controls.
 - dealing with concerns or complaints on accounting policies, internal audit, the auditing or content of the annual financial statements, and internal financial controls.
 - reviewing key audit matters raised by the external auditor and management's response thereto.
 - reviewing legal matters that could have a significant impact on the annual financial statements.
 - compiling a report to be inserted in the annual financial statements, describing how the audit committee carried out its functions.

MultiChoice Group Limited

Annual Financial Statements for the year ended 31 March 2020

Report of the audit committee

Financial controls (continued)

- Disclose in the integrated report significant matters that the audit committee has considered in relation to the annual financial statements, and how these were addressed by management.
- Reviewed the ability of the company to continue as a going concern, including an analysis of the company's liquidity and solvency and recommend it to the board for approval.

External Auditor

- Receive all audit reports directly from the external auditor.
- Annually review the external auditor's performance and disclose the committee's views on the quality of the external audit, with reference to audit quality indicators such as those that may be included in inspection reports issued by external audit regulators.
- Evaluate the lead partner of the external auditor, Brett Stephen Humphreys, who will be subject to rotation as required by regulations.
- Present the committee's conclusions on the external auditor to the board, preceding the annual request to shareholders to approve the appointment of the external auditor.
- Approve the external auditor's terms of engagement and remuneration.
- Evaluate and provide commentary on the external auditor's audit plans, scope of findings, identified issues and reports.
- Develop a policy for the board to approve non-audit services performed by the external auditor. Approve non-audit services provided by the external auditor in accordance with this policy.

Internal Audit

- Approve and recommend to the board for approval, the internal audit charter, which must be reviewed annually.
- Oversee the internal audit function and assist the board in fulfilling the following responsibilities:
 - set the direction for internal audit arrangements needed to provide objective and relevant assurance contributing to the effectiveness of governance, risk management and control processes.
 - ensure that arrangements for internal audit provide for the necessary skills and resources to address the complexity and volume of risk faced by the company, and that internal audit is supplemented as required by specialists.
 - confirm the appointment of the head of the company's internal audit function and periodically review her performance.
 - monitor that internal audit follows an approved risk-based internal audit plan, review the organisational risk profile regularly, and propose adaptations to the internal audit plan accordingly.
 - ensure internal audit provides a statement annually as to the effectiveness of the company's governance, risk management and control process.
 - ensure the internal audit function is subject to an external, independent quality review every four years.
 - obtain confirmation annually from the head of the company's internal audit function that internal audit conforms to a recognised industry code of ethics and internal auditing standards.
 - review internal audit and the risk committee's reports to the audit committee.

Combined Assurance

- Ensure that the arrangements for assurance services are effective in achieving the following objectives:
 - enabling an effective internal control environment;
 - supporting the integrity of information used for internal decision-making by management, the board and its committees, and
 - supporting the integrity of external reports.
- Ensure a combined assurance model is applied which incorporates and optimises the various assurance services and functions so that, taken as a whole, they support the objectives of assurance.
- Ensure that the combined assurance model is designed and implemented to cover effectively the company's significant risks and material matters through a combination of assurance service providers and functions as is appropriate for the company.
- Disclose in the integrated report the arrangements in place for combined assurance and the committee's views on its effectiveness.

MultiChoice Group Limited

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Report of the audit committee

Other matters

- Review procedures to ensure that the listing requirements of the Johannesburg Stock Exchange (JSE) are complied with.
- Review practices with reference to the King IV™ Code on Corporate Governance and make specific disclosures recommended by the code.
- Monitor compliance with board-approved company levels of authority.
- Establish procedures for the receipt, retention and treatment of complaints received on accounting, internal control, auditing matters, risk management and management of other fraudulent activities, including procedures for confidential, anonymous reporting by employees.
- Annually evaluate the performance and appropriateness of the expertise and experience of the chief financial officer and the finance function, and disclose the results in the integrated annual report.
- Evaluate the effectiveness of risk management, controls and governance processes.
- Review audit committee reports and charters of all major subsidiaries, as well as their annual assessment of charter compliance.
- Review the JSE Limited's report on the proactive monitoring of annual financial statements and ensure correct application in the company's reported financial information.

Key areas of focus during FY20

The committee's key focus areas during the year included:

- discharging its functions in terms of its charter.
- review and approval of company policy updates.
- ensuring a successful transition for the company to a standalone listed entity after unbundling from Naspers Limited.
- assessing the impact of changes in accounting standards (specifically *IFRS 16* and *IFRIC 23*) and JSE Listings Requirements.
- reviewing the Phuthuma Nathi share offer including all legalities as well as the fairness of the transaction.
- reviewing management's plan around how mandatory audit firm rotation will be implemented by the company.
- assessing the impact of COVID-19 on the company financial statements as well as the risk management processes implemented by management.
- reviewing the company's application and extent of application of the practices set out in the King IV™ report on corporate governance.

Financial statement reporting issues

The committee's main responsibility in relation to the company's financial reporting is to review, with both management and the external auditor, the appropriateness of the annual financial statements with its primary focus being on:

- the quality and acceptability of accounting policies and practices;
- material areas where significant judgements have been made, along with any significant assumptions or estimates, or where significant issues have been discussed with or challenged by the external auditor; and
- an assessment of whether the annual financial statements, taken as a whole, are fair and balanced.

Other reporting matters

The committee has reviewed and is satisfied with the adequacy and effectiveness of accounting policies, financial and other internal control systems, and the financial reporting processes which are operating effectively.

Internal audit

The committee has oversight of the company's annual financial statements and reporting process, including the system of internal financial control. It is responsible for ensuring that the company's internal audit function is independent and has the necessary resources, standing and authority in the company to discharge its duties.

The committee oversees cooperation between internal and external auditors and serves as a link between the board of directors and these functions. The company head of internal audit reports functionally to the chair of the committee and administratively to the company CFO. An assessment of the effectiveness of the internal audit function, as well as the head of internal audit, is performed annually by the committee. Based on the assessment, the committee is of the opinion that the internal audit function, as well as the head of internal audit, are effective.

MultiChoice Group Limited

Annual Financial Statements for the year ended 31 March 2020

Report of the audit committee

Effectiveness of the company's internal financial controls

The committee reports to the board that it is of the opinion that, based on enquiries made and the reports from the internal and external auditors, the risk management processes and systems of internal control of the company were effective for the year under review. No material weaknesses in financial controls of the company were reported for the year under review.

Independence and effectiveness of the external auditor

PricewaterhouseCoopers Inc. (PwC) was reappointed as auditor of the company until the next AGM. PwC has been the auditor of the company since December 2018. The committee believes that the auditor has observed the highest level of business and professional ethics. The committee is satisfied that the auditor has, at all times, acted with unimpaired independence.

Details of fees paid to the external auditor are disclosed in note 10 to the annual financial statements. All non-audit services provided by the auditor were approved by the committee during the current financial year in accordance with the board-approved policy on non-audit services performed by the external auditor. The audit committee approved the provision of non-audit services that it believes are routine and recurring services that would not impair the independence of the auditor and are consistent with the principles of the Code of Professional Conduct set by the Independent Regulatory Board for Auditors. Approved services included general consulting advice and limited tax consulting advice such as tax compliance. Services approved for FY20 amounted to ZARnil (FY19: ZAR1.5m) for consulting advice.

During FY20, the committee reviewed representations by the external auditor and, after conducting its own review, confirmed the independence of the auditor. The quality of the external audit was reviewed, focusing on a range of factors considered relevant to audit quality and feedback from PwC on their performance against their own objectives. Based on this review, the committee concluded the external audit to be satisfactory. It was confirmed that no unresolved issues of concern exist between the company and the external auditors.

The partner responsible for the audit is required to rotate every five years. Brett Stephen Humphreys has been the audit partner for two financial years.

The committee has, in accordance with paragraph 3.84(g)(iii) of the JSE Listings Requirements, satisfied itself that the external auditors and designated auditor are accredited on the JSE list of auditors and advisers, and further confirms that it has assessed the suitability for the appointment of the external auditor and the designated individual audit partner. The committee has, as part of its assessment, requested and reviewed the information detailed in paragraph 22.15(h) of the JSE Listings Requirements from the external auditor.

Accordingly, the committee recommends the reappointment of the external auditors, PwC, and designated auditor, Brett Stephen Humphreys, at the next AGM.

Confidential meetings

Audit committee agendas provide for confidential meetings between committee members and the internal and external auditors, separately and independently from senior management.

Expertise and experience of the company's CFO and the finance function

As required by the King IV™ principle 8 practice 59f and the JSE Limited Listings Requirements 3.84(g), the audit committee has satisfied itself that the company CFO has appropriate expertise and experience. In addition, the committee satisfied itself that the composition, experience and skills set of the finance function met the company's requirements. Based on an assessment performed annually, the committee is of the opinion that the finance function, as well as the CFO, is effective.

MultiChoice Group Limited

Annual Financial Statements for the year ended 31 March 2020

Report of the audit committee

Integrated combined assurance

The board does not only rely on the adequacy of the embedded internal control process in the business but considers reports on the effectiveness of risk management activities from the risk committee. The committee ensures that the assurance functions of management as well as internal and external audit are sufficiently integrated and is satisfied that these together are effective for combined assurance. The various assurance providers to the board comprise the following:

- Senior management and the risk committee considers the company's risk strategy and policy, along with the effectiveness and efficiency thereof. The risk committee also considers the adequacy of risk management strategies, systems of internal control, risk profiles and legal compliance. The audit committee receives assurance from the risk committee that risk management activities are sufficient and effective.
- Information technology governance is assessed by the committee through reporting at each meeting from the company chief information officer.
- The annual renewal of insurance (including directors and officers' insurance) is specifically considered together with risk management and the company's external insurance consultants.
- The committee considers the systems of internal control, internal and external audit reports and reviews the independence of the auditor, the extent and nature of audit engagements, scope of work and findings.
- This committee also reviews the level of disclosure in the annual financial statements and the appropriateness of accounting policies adopted by management and jointly with the risk committee considers material issues of fraud and reporting on fraud.
- The board reviews the performance of the committee against its charter.

The chair of the committee reports to the board at the board meeting following each committee meeting on matters addressed by the committee at its last meeting.

Discharge of responsibilities

The committee determined that, during FY20, it had discharged its legal and other responsibilities as outlined in terms of its charter, details of which are included in the full corporate governance report on www.multichoice.com. The board concurred with this assessment.

Key focus areas going forward

The committee's key focus areas for the next financial year include:

- discharging its functions in terms of its charter.
- assessing the impact of changes to accounting standards and the JSE Listings Requirements.
- reviewing implementation of King IV™ recommendations.
- focusing regularly on the company's working capital requirements and ensuring that the company and its subsidiaries continue to operate as going concerns.
- review of the company's treasury risks including illiquid cash, foreign exchange and counterparty risk management;
- evaluating the company plan around mandatory audit firm rotation.
- ensuring the internal financial control and reporting impacts of COVID-19 are adequately addressed.
- reviewing at each meeting the accounting for taxation provisions and contingencies.



Louisa Stephens
Chair: Audit committee
10 June 2020

MultiChoice Group Limited

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Directors' Report

1. Incorporation

The company was incorporated on 4 September 2018 and obtained its certificate to commence business on the same day.

2. Nature of business

The principal activities of the company are to act as an investment holding company.

3. Formation of group in the prior year

MultiChoice Group Limited (formerly MultiChoice Group Proprietary Limited and K2018473845 (South Africa) Proprietary Limited) was incorporated on 4 September 2018, as a wholly owned subsidiary of the Naspers Limited Group (Naspers).

On 28 September 2018, MultiChoice Group Limited received a parent company contribution from Naspers of MultiChoice South Africa Holdings Proprietary Limited group, MultiChoice Africa Holdings B.V. group, Irdeto Holdings B.V group and the Showmax B.V group. This resulted in the formation of the MultiChoice group (MCG or the group).

On 27 February 2019 the group was listed on the Johannesburg Stock Exchange (JSE) and on 4 March 2019 was unbundled from Naspers to its shareholders as a dividend in specie. Up until this date the results of the group were consolidated within Naspers within the video-entertainment segment.

4. Share capital

Refer to note 6 of the annual financial statements for detail of the movement in authorised and issued share capital.

5. Maiden dividend

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

6. Directorate

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

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

Mr JA Mabuza, an independent non-executive director, will take over from Mr SJZ Pacak as the lead independent director, with effect from 3 April 2020.

Mr DG Eriksson will retire as an independent non-executive director of Multichoice, with effect from 11 June 2020.

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

The directors' names, details and attendance are presented below and the group company secretary's name and business and postal addresses are presented on page 37. Directors' shareholdings in the issued share capital of the group are disclosed in note 15 of the annual financial statements.

MultiChoice Group Limited

Annual Financial Statements for the year ended 31 March 2020

Directors' Report

Directors and attendance at meetings in the 2020 financial year:

	Date first appointed in current position	Board	Audit	Risk	Remuneration	Nomination	Social and ethics	Category
		Attendance						
MI Patel	6 December 2018	7/7	*	4/4	*	*	*	Executive chair
DG Eriksson	6 December 2018	7/7	5/5	4/4	*	*	*	INE ¹
FLN Letele	6 December 2018	5/7	*	*	*	*	2/4	NE ²
KD Moroka	6 December 2018	7/7	*	*	5/5	4/4	4/4	INE ¹
SJZ Pacak	6 December 2018	7/7	5/5	4/4	5/5	*	4/4	Lead INE ³
JJ Volkwyn	6 December 2018	7/7	*	*	5/5	4/4	*	NE ²
E Masilela	6 December 2018	7/7	0/0	*	*	*	*	NE ^{2,4}
TN Jacobs	6 December 2018	7/7	*	4/4	*	*	4/4	Executive - CFO
CP Mawela	6 December 2018	7/7	*	4/4	*	*	4/4	Executive - CEO
L Stephens	6 December 2018	7/7	5/5	4/4	*	4/4	*	INE ¹
CM Sabwa	14 May 2019	6/6	4/4	3/3	*	*	*	INE ¹
JA Mabuza	5 July 2019	5/5	*	*	1/1	1/1	*	INE ^{1,3}
FA Sanusi	5 July 2019	5/5	*	*	*	*	0/0	INE ¹

* Not a member.

1 Independent non-executive

2 Non-executive

3 SJZ Pacak stepped down as lead independent director with effect from 3 April 2020. JA Mabuza replaced SJZ Pacak as the lead independent director with effect from 3 April 2020.

4 E Masilela was categorised as a independent non-executive director on 2 April 2020.

7. Secretary

Ms Donna Maree Dickson resigned as company secretary on 30 September 2019. Mrs Rochelle Joy Gabriels was appointed as interim company secretary on 12 December 2019 until such time as a permanent appointment is made.

8. Borrowings

The company has unlimited borrowing powers in terms of its Memorandum of Incorporation.



Independent auditor's report

To the Shareholders of MultiChoice Group Limited

Report on the audit of the separate financial statements

Our opinion

In our opinion, the separate financial statements present fairly, in all material respects, the separate financial position of MultiChoice Group Limited (the Company) as at 31 March 2020, and its separate financial performance and its separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

What we have audited

MultiChoice Group Limited's separate financial statements set out on pages 13 to 36 comprise:

- the separate statement of financial position as at 31 March 2020;
- the separate statement of profit or loss and other comprehensive income for the year then ended;
- the separate statement of changes in equity for the year then ended;
- the separate statement of cash flows for the year then ended;
- the accounting policies; and
- the notes to the annual financial statements.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the separate financial statements* section of our report.

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

Independence

We are independent of the Company in accordance with the sections 290 and 291 of the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors (Revised January 2018)*, parts 1 and 3 of the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors (Revised November 2018)* (together the IRBA Codes) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities, as applicable, in accordance with the IRBA Codes and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Codes are consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* respectively.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the separate financial statements of the current period. We have determined that there are no key audit matters in respect of the separate financial statements.

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Other information

The directors are responsible for the other information. The other information comprises the information included in the *MultiChoice Group Limited Annual financial statements for the year ended 31 March 2020*, which includes the Company Secretary's Certification, Report of the audit committee and the Directors' Report as required by the Companies Act of South Africa, which we obtained prior to the date of this auditor's report, and the other sections of the *MultiChoice Group Limited Integrated annual report*, which is expected to be made available to us after that date. Other information does not include the consolidated and separate financial statements and our auditor's report thereon.

Our opinion on the separate financial statements does not cover the other information and we do not and will not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the separate financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the separate financial statements

The directors are responsible for the preparation and fair presentation of the separate financial statements in accordance with International Financial Reporting Standards 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 separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the separate financial statements

Our objectives are to obtain reasonable assurance about whether the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.



- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that PricewaterhouseCoopers Inc. has been the auditor of MultiChoice Group Limited for 2 years.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.
Director: Brett Stephen Humphreys
Registered Auditor
Johannesburg
10 June 2020

MultiChoice Group Limited

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Statement of financial position for the year ended 31 March 2020

	Notes	2020 ZAR'm	2019 ZAR'm
Assets			
Non-Current Assets			
Investments in subsidiaries	3	56 834	52 334
Investment at fair value through other comprehensive income	5	325	-
		57 159	52 334
Current Assets			
Amounts due from related parties	8	130	-
Cash and cash equivalents	4	1	37
		131	37
Total Assets		57 290	52 371
Equity and Liabilities			
Equity			
Share capital	6	454	-
Other reserves		(128)	-
Retained income		56 790	52 329
		57 116	52 329
Liabilities			
Current Liabilities			
Accrued expenses and other payables	7	18	14
Amounts due to related parties	8	156	28
		174	42
Total Equity and Liabilities		57 290	52 371

The accounting policies and the notes on pages 17 to 36 form an integral part of the annual financial statements.

MultiChoice Group Limited

Annual Financial Statements for the year ended 31 March 2020

Statement of profit or loss and other comprehensive income

	Notes	2020 ZAR'm	2019 ZAR'm
Revenue	9	4 593	45
Other operating expenses		(139)	(48)
Operating profit/(loss)	10	4 454	(3)
Interest income		16	-
Profit/(loss) before taxation		4 470	(3)
Taxation	11	(9)	(2)
Profit/(loss) for the year		4 461	(5)
Other comprehensive loss:			
Items that may be reclassified to profit or loss:			
Fair value losses on investment held at fair value through other comprehensive income		(129)	-
Other comprehensive loss for the year net of taxation		(129)	-
Total comprehensive income/(loss) for the year		4 332	(5)

The accounting policies and the notes on pages 17 to 36 form an integral part of the annual financial statements.

MultiChoice Group Limited

Annual Financial Statements for the year ended 31 March 2020

Statement of Changes in Equity

	Share capital ZAR'm	Other reserves ² ZAR'm	Retained income ZAR'm	Total equity ZAR'm
Balance at 4 September 2018	-	-	-	-
Loss for the year	-	-	(5)	(5)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the year	-	-	(5)	(5)
Contributions of investments (refer to note 3)	1	-	52 334	52 334
Total contributions by and distributions to owners of company recognised directly in equity	-	-	52 334	52 334
Balance at 1 April 2019	1	-	52 329	52 329
Profit for the year	-	-	4 461	4 461
Other comprehensive loss	-	(129)	-	(129)
Total comprehensive income for the year	-	(129)	4 461	4 332
Share-based compensation movement	-	1	-	1
PN share swap (note 5) ³	454	-	-	454
Total contributions by and distributions to owners of company recognised directly in equity	454	1	-	455
Balance at 31 March 2020	454	(128)	56 790	57 116

¹ Upon unbundling from Naspers Limited on 4 March 2019, 439m ordinary shares were issued at nominal value.

² Other reserves include the fair value reserve and the share-based compensation reserve.

³ During FY20, 3.7m shares were issued to PN shareholders as part of a share swap offer. Refer to note 5.

The accounting policies and the notes on pages 17 to 36 form an integral part of the annual financial statements.

MultiChoice Group Limited

Annual Financial Statements for the year ended 31 March 2020

Statement of cash flows

	Notes	2020 ZAR'm	2019 ZAR'm
Cash flows from operating activities			
Cash utilised in operations	12	(137)	-
Interest income		16	-
Tax paid		(8)	(2)
Dividend income		4 593	39
		4 464	37
Cash flows from investing activities			
Additional investment in subsidiary	3	(4 500)	-
Total cash movement for the year			
		(36)	37
Cash at the beginning of the year		37	-
Total cash at end of the year	4	1	37

The accounting policies and the notes on pages 17 to 36 form an integral part of the annual financial statements.

MultiChoice Group Limited

Annual Financial Statements for the year ended 31 March 2020

Accounting Policies

1. Significant accounting policies

1.1 Basis of preparation

The annual 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), Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council (FRSC), the Johannesburg Stock Exchange (JSE) Listings Requirements and the requirements of the South African Companies Act, No 71 of 2008 as amended (the Companies Act). The company 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 (King IV).

The annual financial statements include amounts based on judgements and estimates made by management.

The annual financial statements are prepared using the historic cost convention apart from certain financial instruments which are stated at fair value.

The annual financial statements are presented on the going concern basis.

As the company was only incorporated on 4 September 2018, only 7 months are presented for the prior financial year as comparatives.

These separate financial statements contain information about MultiChoice Group Limited as an individual company and do not contain consolidated financial information as the parent of a group. The consolidated financial statements have however been prepared and publicly issued, in addition to the separate financial statements of the company, on 10 June 2020. These are available on the company's website, www.multichoice.com.

The financial statements are prepared in South African rand (ZAR), which is the company's functional currency and reporting currency. All amounts are disclosed in millions of rands.

1.2 Investments in subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the company has the power to govern the financial and operating policies generally accompanying a shareholding of more than half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the company controls another entity.

The company's accounting policy is to recognise investments in subsidiaries at cost in accordance with IAS 27. The initial cost is determined based on the fair value of the assets received or the shares issued.

Investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investments.

1.3 Financial instruments

Financial assets and financial liabilities are recognised in the company's statement of financial position when the company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

MultiChoice Group Limited

Annual Financial Statements for the year ended 31 March 2020

Accounting Policies

1.3 Financial instruments (continued)

Financial assets

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at amortised cost. Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible within 3 months to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at amortised cost.

Impairment of financial assets

The company recognises a loss allowance for expected credit losses on cash and cash equivalents and related party receivables based on the 3-stage general impairment model. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. Refer to note 13 for details regarding recognition of loss allowances for expected credit losses on related party receivables.

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the company in accordance with the contract and all the cash flows that the company expects to receive, discounted at the original effective interest rate.

The company recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, are measured in accordance with the specific accounting policies set out below.

Financial liabilities measured subsequently at amortised cost

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination; or (ii) designated as at fair value through other comprehensive income, are measured subsequently at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating the interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Derecognition of financial liabilities

The company derecognises financial liabilities when, and only when, the company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

MultiChoice Group Limited

Annual Financial Statements for the year ended 31 March 2020

Accounting Policies

1.4 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

1.5 Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date. Management periodically evaluates positions taken in tax returns with respect to situations where the applicable tax regulations are subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to tax authorities.

The normal South African company tax rate used at the reporting date is 28%.

The company earns income through dividends received which is exempt from income tax.

1.6 Revenue recognition

Dividend income is recognised when the right to receive payment is established.

Management fee income derived by the company primarily relates to fees charged for services provided by directors of the company to companies within the MultiChoice group. These fees are earned over the period to which they relate.

1.7 Recently issued accounting standards

The adoption of *IFRS 16 Lease* and *IFRIC 23 Uncertainty over income tax treatments*, which became effective on 1 April 2019, did not have a material impact on the company.

The following new standards, interpretations and amendments to existing standards are not yet effective as at 31 March 2020. The group is currently evaluating the effects of these standards and interpretations, which have not been early adopted.

Standard/Interpretation	Title
Amendments to IFRS 3	<i>Definition of a business</i>
Amendments to IAS 1 and IAS 8	<i>Definition of material</i>
Conceptual Framework	<i>Amendments to References to the Conceptual Framework in IFRS Standards</i>
Amendments to IFRS 9, IAS 39 and IFRS 7	<i>Interest rate benchmark reform</i>

Based on the current assessment, the group does not expect that the adoption of the standards listed above will have a material impact on the financial statements in future periods. The amendments can be summarised as follows:

Amendments to IFRS 3 Definition of a business

The amendments clarify that while businesses usually have outputs, outputs are not required for an integrated set of activities and assets to qualify as a business. To be considered a business an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. Under the optional concentration test, the acquired set of activities and assets is not a business if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar assets.

The amendments are applied prospectively to all business combinations and asset acquisitions for which the acquisition date is on or after the first annual reporting period beginning on or after 1 January 2020, with early application permitted.

MultiChoice Group Limited

Annual Financial Statements for the year ended 31 March 2020

Accounting Policies

1.7 Recently issued accounting standards (continued)

Amendments to IAS 1 and IAS 8 Definition of material

The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. The concept of 'obscuring' material information with immaterial information has been included as part of the new definition.

The amendments are applied prospectively for annual periods beginning on or after 1 January 2020, with earlier application permitted.

Amendments to References to the Conceptual Framework in IFRS Standards

Together with the revised Conceptual Framework, which became effective upon publication on 29 March 2018, the IASB has also issued Amendments to References to the Conceptual Framework in IFRS Standards. The document contains amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32.

The amendments, where they actually are updates, are effective for annual periods beginning on or after 1 January 2020, with early application permitted.

Amendments to IFRS 9, IAS 39 and IFRS 7 – Interest rate benchmark reform

These amendments provide certain reliefs in connection with interest rate benchmark reform. The reliefs relate to hedge accounting and have the effect that LIBOR reform should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness should continue to be recorded in the income statement. Given the pervasive nature of hedges involving LIBOR based contracts, the reliefs will affect companies in all industries.

These amendments should be applied for annual periods beginning on or after 1 January 2020. Earlier application is permitted.

2 Critical estimates and judgements

The preparation of the financial statements necessitates the use of estimates, assumptions and judgements by management. These estimates and assumptions affect the reported amounts of assets and liabilities at the statement of financial position date. Although estimates are based on management's best knowledge and judgements of current facts as at the statement of financial position date, the actual outcome may differ from these estimates.

The significant accounting estimates and judgements relate to the valuation of the investments in subsidiaries contributed by Naspers in FY19. The fair value of the assets contributed was calculated using a discounted cash flow valuation method, applying an appropriate terminal growth rate and cost of equity and comparing this to the current listed stock value of the MultiChoice Group. The key inputs to determine the fair value i.e. the future cash flows, the cost of equity and the terminal growth rate have all been estimated by management and are disclosed in note 3.

The company tested the investment in subsidiaries for impairment at year end. The recoverable amounts of these subsidiaries have been determined based on value in use calculations. Value in use is based on discounted cash flow calculations. The company based its cash flow calculations on three year budgeted and forecast information approved by senior management and/or the various boards of directors of group companies. Long-term average growth rates for the respective countries in which the entities operate were used to extrapolate cash flows into the future. The discount rates used reflect specific risks relating to the relevant subsidiaries and the countries in which they operate while maximising the use of market observable data. Scenarios associated with the potential impact of COVID-19 on future cash flow projections have been considered, given the evidence available at the time of finalising the annual financial statements. These scenarios still supported value in use calculations exceeding the carrying value of the investments in subsidiaries.

The discount rate calculation is based on the specific circumstances of the group and its operating segments and is derived from its weighted average cost of capital. Pre-tax discount rates have been applied as value in use was determined using pre-tax cash flows. Impairment testing is performed using the appropriate local currency cash flows, and accordingly, discount rates take into account country risk premiums and inflation differentials as appropriate.

If either the discount rate applied to cash flows were to increase by 5% or the growth rate used to extrapolate cash flows were to decrease by 5%, or if both the discount rate and the growth rate were to increase and decrease by 5% respectively, there would be no impairments that would have to be recognised.

MultiChoice Group Limited

Annual Financial Statements for the year ended 31 March 2020

Accounting Policies

2. Critical estimates and judgements (continued)

COVID-19 considerations

Overview

The coronavirus (COVID-19) pandemic has had a significant impact across the world, adversely affecting the lives of the group's customers and its employees. The first impact was noted in the group in January 2020, with major markets impacted from March 2020 onwards. Based on the magnitude of the pandemic and its potential impact on the annual financial statements, management has conducted a 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 company:

COVID-19 consideration	Assessment	Potential Impact	Note reference
Financial asset impairment (Investment in subsidiaries)	Limited disruption to underlying operations. Future cash projections still support the carrying value of financial assets.	Low	Note 3
Financial asset impairment (Investment at fair value through other comprehensive income)	This investment is a level 1 financial asset. The fair value at year end is determined using the market price as at 31 March 2020, which incorporates the impact of COVID-19.	Low	Note 5
Other financial asset impairment (expected credit losses)	Limited disruption to related party operations. IFRS 9 assessments indicate that related parties will be sufficiently profitable in future and have sufficient assets to settle receivables.	Low	Note 13
Going concern	Limited disruption to operations. Strong financial position and future profitability through dividend income.	Low	Note 6

MultiChoice Group Limited

Annual Financial Statements for the year ended 31 March 2020

Notes to the Annual Financial Statements

		2020 ZAR'm	2019 ZAR'm	
3. Investments in subsidiaries				
Name of company	% voting power 2020	% voting power 2019	Cost 2020	Cost 2019
Digital Mobile Television Proprietary Limited ¹	100.00 %	100.00 %	-	-
Irdeto South Africa Proprietary Limited ²	100.00 %	100.00 %	6	6
MultiChoice Group Treasury Services Proprietary Limited ³	100.00 %	100.00 %	10 787	6 287
MultiChoice Namibia Proprietary Limited ¹	49.00 %	49.00 %	834	834
MultiChoice South Africa Holdings Proprietary Limited ²	75.00 %	75.00 %	45 199	45 199
NMS Insurance Services (SA) Limited ²	100.00 %	100.00 %	8	8
			56 834	52 334

¹ Incorporated and has principal place of business in Namibia.

² Incorporated and has principal place of business in South Africa.

³ During FY20, MultiChoice Group Treasury Services Proprietary Limited issued additional ordinary shares to MultiChoice Group Limited to the value of ZAR4.5bn which increased the cost of the investment.

On 28 September 2018, MultiChoice Group Limited received a parent company contribution from Naspers of MultiChoice South Africa Holdings Proprietary Limited, MultiChoice Africa Holdings B.V. group, Irdeto Holdings B.V group and the Showmax B.V group. This resulted in the formation of the MultiChoice group (MCG or the group).

On 27 February 2019 the group was listed on the Johannesburg Stock Exchange (JSE) and on 4 March 2019 was unbundled from Naspers to its shareholders as a dividend in specie. Up until this date the results of the group were consolidated within Naspers within the video-entertainment segment.

In FY19, the initial cost of the investments was determined based on the fair value of the assets received or the shares issued. The fair value of the investments was recognised directly in retained earnings.

Fair value determination in FY19

Digital Mobile Television Proprietary Limited

The Digital Mobile Television Proprietary Limited business was in a net liability position, loss making and investors largely discounted this value in the valuation of the group as at 31 March 2019. Management's valuation of this entity was limited to zero.

MultiChoice Group Treasury Services Proprietary Limited

MultiChoice Group Treasury Services Proprietary Limited holds investments in Irdeto Holdings B.V. Group, MultiChoice Botswana Proprietary Limited, MultiChoice Africa Holdings B.V. Group and Showmax B.V. Group. The value of MultiChoice Group Treasury Services Proprietary Limited was determined as the sum of the fair values of these 4 separate investments.

Irdeto Holdings B.V. Group

The value was calculated using a discounted cash flow valuation method, applying a terminal growth factor of 1%, applying a cost of equity of 12.2%.

The group is incorporated in the Netherlands.

MultiChoice Botswana Proprietary Limited

The value was calculated using a discounted cash flow valuation method, applying a terminal growth factor of 4%, applying a cost of equity of 13.1%.

The entity is incorporated in Botswana.

MultiChoice Group Limited

Annual Financial Statements for the year ended 31 March 2020

Notes to the Annual Financial Statements

	2020 ZAR'm	2019 ZAR'm
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3. Investments in subsidiaries (continued)

MultiChoice Africa Holdings B.V. Group

The MultiChoice Africa Holdings B.V. Group business was in a net liability position, loss making and investors largely discounted this value in the valuation of the group as at 31 March 2019. Management's valuation of this entity was limited to zero.

The group is incorporated in the Netherlands.

Showmax B.V. Group

Showmax B.V. Group largely provides a support function to the group through the Connected Video division. Therefore the valuation of Showmax B.V. Group was incorporated into the valuation of MultiChoice South Africa Holdings Proprietary Limited.

The group is incorporated in the Netherlands.

MultiChoice Namibia Proprietary Limited

The value was calculated using a discounted cash flow valuation method, applying a terminal growth factor of 6%, applying a cost of equity of 17.1%.

MultiChoice South Africa Holdings Proprietary Limited

The value was calculated using a discounted cash flow valuation method, applying a terminal growth factor of 5.5%, applying a cost of equity of 11.9%.

4. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash at bank and on hand	1	37
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The company is exposed to certain concentrations of credit risk relating to its cash and cash equivalents. It places these instruments with a major banking group that has a high credit rating.

The company's treasury policy is designed to limit exposure to any one institution and to invest excess cash in low-risk investment accounts. As at 31 March 2020, the company held its cash with a local bank with a 'Ba1' credit rating (Moody's International's Long-term Deposit rating). The counterparty that is used by the company is evaluated on a continuous basis.

The expected credit loss on cash and cash equivalents is immaterial.

5. Investments at fair value through other comprehensive income

Phuthuma Nathi (PN) share swap

In line with prior commitments, an offer was made to PN shareholders on 25 September 2019, to exchange up to 20% of their PN shares for shares in MultiChoice Group Limited (MCG). The offer closed on 28 October 2019 and resulted in 3.7m shares being issued to PN shareholders, while MCG acquired 3.8m shares in Phuthuma Nathi 1 (RF) Limited in return. Following the conclusion of this share swap, company recognised an investment in PN. The transaction was treated as a share issue at fair value with an increase in share capital and a corresponding increase in investment at fair value through other comprehensive income.

At year-end, the investment in PN was revalued to a market value of ZAR84.50 per share resulting in a fair value loss of R129m recognised in the statement of profit or loss and other comprehensive income.

MultiChoice Group Limited

Annual Financial Statements for the year ended 31 March 2020

Notes to the Annual Financial Statements

	2020 ZAR'm	2019 ZAR'm
6. Share capital		
Authorised		
1 000 000 000 ordinary no par value shares		
Issued		
442 512 678 (2019: 438 837 468) ordinary shares	454	*
	Number of shares	ZAR'm
Issued at 1 April 2019	438 837 468	*
Phuthuma Nathi share swap (refer to note 5)	3 675 210	454
Issued at 31 March 2020	442 512 678	454
* 439m ordinary shares were issued at a nominal value.		
Capital management		
The company's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can continue to provide adequate returns to shareholders.		
The company relies upon distributions, including dividends, from its subsidiaries to generate the funds necessary to meet the obligations and other cash flow requirements of the company.		
7. Accrued expenses and other payables		
Trade payables	-	14
Accrued expenses	5	-
Accrued leave pay	2	-
Accrued bonus	11	-
	18	14
8. Related parties		
Related party balances are recognised initially at fair value and subsequently stated at amortised cost using the effective interest rate method, less expected credit losses.		
Related party balances		
Amounts due from related parties		
Current		
MultiChoice Group Treasury Services Proprietary Limited	123	-
MultiChoice Group Services Proprietary Limited	7	-
	130	-
Amounts due to related parties		
Current		
MultiChoice Proprietary Limited	24	19
MultiChoice Support Services Proprietary Limited	18	9
MultiChoice Africa Holdings B.V.	31	-
MultiChoice Group Services Proprietary Limited	83	-
	156	28

MultiChoice Group Limited

Annual Financial Statements for the year ended 31 March 2020

Notes to the Annual Financial Statements

	2020 ZAR'm	2019 ZAR'm
8. Related parties (continued)		
All balances (excepted for the balance with MultiChoice Group Treasury Services Proprietary Limited) are interest free, unsecured and have no fixed terms of repayment. The receivable balance related to the cashpool with MultiChoice Group Treasury Services (Pty) Ltd is repayable on call to the company and the interest earned is based on the variable rate as per the investments held between MultiChoice Group Treasury Services (Pty) Ltd and the respective banks.		
Related party transactions		
Management fee income		
MultiChoice Support Services Proprietary Limited	-	6
Management fee expense		
MultiChoice Group Services Proprietary Limited ¹	69	-
Dividends received		
MultiChoice Namibia Proprietary Limited	93	39
MultiChoice South Africa Holdings Proprietary Limited	4 500	-
	4 593	39

¹ Management fee expense relates to recharges for expenses incurred on behalf of the company.

During FY20, MultiChoice Group Treasury Services Proprietary Limited issued additional ordinary shares to MultiChoice Group Limited to the value of ZAR4.5bn.

9. Revenue

Dividends received (non-IFRS 15)	4 593	39
Management fee income (IFRS 15)	-	6
	4 593	45

10. Operating profit/(loss)

Operating profit/(loss) for the year is stated after charging the following, amongst others:

Expenses by nature

Employee costs	48	21
Administrative costs	14	19
Auditors remuneration	4	6
Management fee expense	69	-
Travel costs	3	-
Other expenses	1	2
	139	48

10.1. SARs

In previous years, the company has granted share appreciation rights (SARs) which allow certain employees to earn a long-term incentive amount calculated with reference to the increase in the underlying entity's share price between the offer date of the SARs to the date the employee exercises their right. In respect of the SARs on exercise date, following completion of the vesting period, awards are settled with employees in the equity instruments of MCG or its subsidiaries.

The SARs were granted subject to the completion of a requisite service period by employees. The SARs granted are subject to tranche vesting. The SARs expire ten years from the date of offer. One third of SAR's in the MultiChoice 2008 SAR Scheme vests after years three, four and five from grant date.

MultiChoice Group Limited

Annual Financial Statements for the year ended 31 March 2020

Notes to the Annual Financial Statements

	2020 ZAR'm	2019 ZAR'm
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10. Operating profit/(loss) (continued)

The Multichoice 2008 SAR and Irdeto 2012 schemes were retained by the group after the unbundling from Naspers and the awards in terms of these schemes remained unchanged and continue to vest in accordance with the original vesting schedule. In the prior financial years these schemes were accounted for as cash-settled liabilities as they were settled in Naspers shares. In FY19 and FY20 these awards have been accounted for as equity-settled after remeasurement at modification date and the remeasured fair value of the liability was reclassified to an equity-settled share based payment reserve. The remeasurement was accounted for in the company where the employees were previously employed prior to their transfer to MultiChoice Group Limited.

During FY20, there were no new grants related to the MultiChoice 2008 SAR scheme.

The fair value of the awards previously issued were calculated using the Bermudan binomial tree model.

Weighted average	MCA 2008 SAR	
	Number of options	Average exercise price per option (ZAR)
Outstanding at 1 April 2019	-	-
Employee transfers ¹	1 433 636	100
Granted during the year	-	-
Outstanding at 31 March 2020	1 433 636	100

¹ Employee transfers to/(from) other entities within the MultiChoice group.

10.2. RSUs

In FY2020, employees of the MultiChoice Group Limited participated in the MCG Restricted Stock Plan Trust (RSU). RSUs were granted to employees by MultiChoice Group Limited who has the obligation to settle the awards with MultiChoice group shares. As such, the RSU awards are classified as equity settled.

The RSUs vest over a five-year period, starting in the second year after the grant date. From the second anniversary of the grant date, 25% of the awarded RSUs vest each year. RSUs are automatically settled with participants on the vesting date and do not have an exercise price.

The fair value of the RSUs at grant date (weighted average: 2020: ZAR130.80) was estimated by taking the market value of the MCG shares on that date less the present value of future dividends that will not be received by the employees during the vesting period.

Movement in number of RSUs	MultiChoice Group RSU Number of options
Outstanding at 1 April 2019	-
Granted during the year	513 914
Outstanding at 31 March 2020	513 914
Weighted average vesting period (years)	3.5

The fair value of the equity-settled options are calculated at grant date using the Bermudan binomial tree model, taking into account the following significant assumptions:

MultiChoice Group Limited

Annual Financial Statements for the year ended 31 March 2020

Notes to the Annual Financial Statements

	2020 ZAR'm	2019 ZAR'm
10. Operating profit/(loss) (continued)		
Weighted average 2020		MultiChoice Group RSU
Expected dividend yield (%)		-
Expiry date (years)		4.0
11. Taxation		
Major components of the tax expense		
Current		
Local income tax - current period	4	-
Dividends withholding tax	5	2
	9	2
Reconciliation of the tax expense		
Reconciliation between accounting profit/(loss) and tax expense.		
Accounting profit/(loss)	4 470	(3)
Tax at the applicable tax rate of 28% (2019: 28%)	1 252	(1)
Tax effect of adjustments on taxable income		
Non-taxable income - dividends received	(1 286)	(11)
Non-deductible expenses ¹	38	11
Unprovided timing differences - in respect of the assessed loss	-	1
Other taxes - dividends withholding tax	5	2
	9	2
<i>1 Non-deductible expenses relate to management fees, admin costs and other costs not incurred in the production of income.</i>		
12. Cash utilised in operations		
Profit/(loss) before taxation	4 470	(3)
Adjustments		
Interest income	(16)	-
Dividends	(4 593)	(39)
Changes in working capital		
Accrued expenses and other payables	4	14
Amounts due to related parties	128	28
Amounts due from related parties	(130)	-
	(137)	-

MultiChoice Group Limited

Annual Financial Statements for the year ended 31 March 2020

Notes to the Annual Financial Statements

13. Financial instruments and risk management

Categories of financial instruments

Categories of financial assets

2020

	Note	Fair value
Investments at fair value through other comprehensive income	5	325
		<u>325</u>

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

Financial risk management

Overview

The company's activities expose it to a variety of financial risks: credit risk, price risk and liquidity risk. The company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the company's financial performance.

Risk management is carried out by the management of the company under policies approved by the board of directors. The board of directors provides written policies covering specific areas, such as foreign exchange risk, credit risk, price risk and the investment of excess liquidity.

Currency risk

The company does not have currency risks as there are no assets and/or liabilities denominated in currencies other than the functional currency of the company.

Credit risk

The company has a concentration of credit risk in respect of its cash which is deposited at one high-credit-quality financial institution and its related party receivables.

Impairment of financial assets

The company has the following financial assets subject to the expected credit loss model:

- cash and cash equivalents
- related party receivables

Cash and cash equivalents

The company recognises a loss allowance for expected credit losses on cash and cash equivalents. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. No material impairment loss was identified.

MultiChoice Group Limited

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Notes to the Annual Financial Statements

13. Financial instruments and risk management (continued)

Related party receivables

In assessing the expected credit loss on related party receivable balances, the following was considered:

- Whether the borrower has sufficient available highly liquid current assets (which can be accessed immediately after taking into consideration any more senior external or internal loans which would need to be repaid) to repay the outstanding related party if the receivable was demanded at reporting date. If sufficient highly liquid current assets could be accessed the probability of default would approximate 0%.
- If it was determined that the borrower does not have sufficient highly liquid current assets, the group would allow the borrower to continue trading or to sell assets over a period of time. A review of a cash flow forecast was performed to give an indication of the expected trading cash flows and/or liquid assets expected to be generated during the recovery period.
- The expected credit losses was limited to the effect of discounting the amount due on the receivable over the period until cash is realised and repaid to the group. IFRS 9 requires the discount rate to be the receivable's effective interest rate. The receivable balance related to the cashpool with MultiChoice Group Treasury Services (Pty) Ltd are repayable on call to the company and the interest earned is based on the variable rate as per the investments held between MultiChoice Group Treasury Services (Pty) Ltd and the respective banks. The other related party receivables are interest free and repayable on demand and such have an effective interest rate of 0%. Accordingly, for such receivables, discounting over the recovery period has no effect.

Upon assessment the expected credit loss was determined as immaterial.

Price risk

The company has concentration of price risk in respect of its investment in PN.

Liquidity risk

Prudent liquidity risk management implies maintaining availability of funding through the company's subsidiaries. The company's payables comprise amounts due to related corporate entities, all of which are payable on demand. The amounts due in terms of the remaining contractual maturity for these financial liabilities are ZAR156m. No interest is charged on this amount.

The amounts due in terms of the remaining contractual maturity for trade payables and accrued expenses are ZAR5m (2019: ZAR14m). These amounts represent undiscounted cash flows for these financial liabilities and no interest is charged on these amounts.

Sensitivity analysis

Equity price risk

Management's best estimate of the reasonably possible changes in the market value of the investment at fair value through other comprehensive income (note 5), based on a 10% movement in the share price, assuming all other variables were held constant, would result in an increase or decrease in total equity of ZAR32.5m (2019: increase by ZARnil).

MultiChoice Group Limited

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14. Fair value information

For non-traded financial assets and liabilities, the fair values were calculated using market information and other relevant valuations techniques, and do not necessarily represent the values that the company will realise in the normal course of business. The carrying amounts of cash and cash equivalents, amounts due to related parties and payables are deemed to reflect fair value due to the short maturities of these instruments.

	Carrying amount ZAR'm	Fair value ZAR'm
31 March 2020		
Assets		
Amounts due from related parties	130	130
Investment at fair value through other comprehensive income	325	325
Cash and cash equivalents	1	1
	<u>456</u>	<u>456</u>
Liabilities		
Accrued expenses and other payables	18	18
Amounts due to related parties	156	156
	<u>174</u>	<u>174</u>
	Carrying amount ZAR'm	Fair value ZAR'm
2019		
Assets		
Cash and cash equivalents	37	37
	<u>37</u>	<u>37</u>
Liabilities		
Accrued expenses and other payables	14	14
Amounts due to related parties	28	28
	<u>42</u>	<u>42</u>

Of the instruments listed above, the Investment at fair value of ZAR325m is classified as a level 1 financial instrument.

There were no transfers between level 1 and level 2 financial instruments during the year.

The company categorises fair value measurements into levels 1 to 3 of the fair value hierarchy based on the degree to which the inputs used in measuring fair value are observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). The fair value of financial instruments that are not traded in active markets (for example, derivatives such as interest rate swaps, forward exchange contracts and certain options) is determined through valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to measure the fair value of an instrument are observable, the instrument is included in level 2.
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

MultiChoice Group Limited

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Notes to the Annual Financial Statements

15. Directors' emoluments

Executive directors and prescribed officers emoluments	56	20
Non-executive directors		
Fees for services as directors of the group	10	2
Remuneration for services to other group companies	6	14
Fees for services as directors of other group companies	5	15
	<u>21</u>	<u>31</u>
	<u>77</u>	<u>51</u>

The FY20 share-based payment charge relating to executive directors amounted to ZAR30m (FY19: ZAR38m).

No director has a notice period of more than one year.

The company directors' service contracts do not include predetermined compensation as a result of termination that would exceed one year's salary and benefits and none are linked to any restraint payments.

The individual directors received the following remuneration and emoluments:

2020	Salary and other allowances	Annual cash bonuses and performance related payments	Pension contributions paid on behalf of the director	Total
	ZAR'm	ZAR'm	ZAR'm	ZAR'm
Executive directors				
MI Patel ⁽¹⁾	18.99	6.11	0.70	25.80
CP Mawela ⁽¹⁾⁽²⁾	11.71	8.92	1.02	21.65
TN Jacobs ⁽¹⁾⁽²⁾	5.45	2.00	0.76	8.21
	<u>36.15</u>	<u>17.03</u>	<u>2.48</u>	<u>55.66</u>

(1) Paid by other companies in the group

(2) Prescribed officer

2019	Salary and other allowances	Annual cash bonuses and performance related payments	Pension contributions paid on behalf of the director	Total
	ZAR'm	ZAR'm	ZAR'm	ZAR'm
Executive directors				
MI Patel ⁽¹⁾	10.31	-	0.48	10.79
CP Mawela ⁽¹⁾	2.40	-	0.31	2.71
TN Jacobs ⁽¹⁾	2.08	3.81	0.28	6.17
	<u>14.79</u>	<u>3.81</u>	<u>1.07</u>	<u>19.67</u>

(1) Paid by other companies in the group

Executive directors' annual performance payment is based on financial, operational and discrete objectives, which were approved by the human resources and remuneration committee in advance. The on-target percentage of the bonus is 80% of annual total cost to company. With exceptional company and individual performance, an executive can earn in excess of this, however this is capped at 96% of total annual cost to company. Remuneration is earned for services rendered in connection with the carrying on of the affairs of the company.

MultiChoice Group Limited

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15. Directors' emoluments (continued)

	Directors' remuneration		Directors' fees		Committee and trustee fees		Total
	Paid for services to the company	Paid for services to other group companies	Paid for services to the company	Paid for services to other group companies	Paid for services to the company	Paid for services to other group companies	
	ZAR'm	ZAR'm	ZAR'm	ZAR'm	ZAR'm	ZAR'm	ZAR'm
2020							
Non-executive directors							
DG Eriksson	-	-	0.54	0.51	0.34	0.51	1.90
FLN Letele ⁽¹⁾	-	5.69	0.18	0.17	0.03	0.03	6.10
E Masilela	-	-	0.54	0.51	-	0.30	1.35
KD Moroka ⁽²⁾	0.54	-	0.54	0.51	0.73	0.48	2.80
SJZ Pacak	-	-	0.54	0.51	0.93	0.21	2.19
L Stephens	-	-	0.54	0.51	0.44	0.53	2.02
JJ Volkwyn ⁽³⁾	2.89	-	-	-	-	-	2.89
CM Sabwa ⁽⁴⁾	-	-	0.54	-	0.25	-	0.79
JA Mabuza ⁽⁵⁾	-	-	0.41	0.38	0.06	-	0.85
FA Sanusi ⁽⁵⁾	-	-	0.41	-	0.03	-	0.44
	3.43	5.69	4.24	3.10	2.81	2.06	21.33

(1) Effective 1 October 2019, FLN Letele changed roles from MultiChoice South Africa executive chairman to a non-executive director.

(2) In addition to Director's fees, emoluments shown are based on a consultancy agreement whereby KD Moroka provides professional advisory services to the company and its subsidiaries.

(3) Emoluments shown are based on a consultancy agreement whereby JJ Volkwyn provides consultancy services to the group.

(4) Appointed 14 May 2019.

(5) Appointed 5 July 2019.

	Directors' remuneration		Directors' fees		Committee and trustee fees ⁽²⁾⁽³⁾		Total
	Paid for services to the company	Paid for services to other group companies	Paid for services to the company	Paid for services to other group companies ⁽¹⁾	Paid for services to the company	Paid for services to other group companies	
	ZAR'm	ZAR'm	ZAR'm	ZAR'm	ZAR'm	ZAR'm	ZAR'm
2019							
Non-executive directors							
DG Eriksson	-	-	0.18	3.81	0.11	4.25	8.35
FLN Letele ⁽⁴⁾	-	11.52	-	-	-	-	11.52
E Masilela	-	-	0.18	0.56	-	0.29	1.03
KD Moroka	-	-	0.18	0.71	0.18	0.52	1.59
SJZ Pacak	-	-	0.18	4.11	0.29	0.63	5.21
L Stephens	-	-	0.18	0.24	0.14	0.14	0.70
JJ Volkwyn ⁽⁵⁾	-	2.64	-	-	-	-	2.64
	-	14.16	0.90	9.43	0.72	5.83	31.04

(1) Includes fees paid by Naspers for 11 months for DG Eriksson and SJZ Pacak relating to Naspers board services.

(2) Committee fees include fees for the attendance of the audit committee, risk committee, human resources and remuneration committee, the nomination committee and the social and ethics committee meetings of the board. Other fees relate to payments for other services to the group.

(3) Trustee fees include fees for the attendance of the various retirement fund trustee meetings of the group's retirement funds. An additional fee may be paid to directors for work done as directors with specific expertise.

(4) Remunerated as an employee of the MultiChoice South Africa group.

(5) Remunerated as an employee of MultiChoice Africa Services BV.

Non-executive directors are subject to regulations on appointment and rotation in terms of the company's memorandum of incorporation and the South African Companies Act.

MultiChoice Group Limited

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15. Directors' emoluments (continued)

Directors' interest in the group's share incentive schemes

2020

Name	Share plan	Offer date	Number of shares	Offer price	Release date	Option fair value R
TN Jacobs	MCA 2008 SAR Plan	03-Dec-18	151 142	77.19	03-Dec-21	35.15
		03-Dec-18	151 142	77.19	03-Dec-22	39.48
		03-Dec-18	151 143	77.19	03-Dec-23	43.19
			453 427			
	MultiChoice Group RSU ¹	18-Jun-19	15 768	0.00	18-Jun-21	130.80
		18-Jun-19	15 768	0.00	18-Jun-22	130.80
		18-Jun-19	15 768	0.00	18-Jun-23	130.80
		18-Jun-19	15 769	0.00	18-Jun-24	130.80
			63 073			

2020

Name	Share plan	Offer date	Number of shares	Offer price	Release date	Option fair value R
CP Mawela	MCA 2008 SAR Plan	15-Sep-15	16 242	113.19	15-Sep-20	17.19
		01-Sep-16	13 958	116.30	01-Sep-20	18.18
		01-Sep-16	13 958	116.30	01-Sep-21	20.40
		28-Jun-17	10 594	94.39	28-Jun-20	22.06
		28-Jun-17	10 594	94.39	28-Jun-21	26.07
		28-Jun-17	10 595	94.39	28-Jun-22	30.01
		27-Jun-18	26 119	77.19	27-Jun-21	32.80
		27-Jun-18	26 119	77.19	27-Jun-22	37.80
		27-Jun-18	26 119	77.19	27-Jun-23	41.16
		154 298				
	MultiChoice Group RSU ¹	18-Jun-19	61 162	0.00	18-Jun-21	130.80
		18-Jun-19	61 162	0.00	18-Jun-22	130.80
		18-Jun-19	61 162	0.00	18-Jun-23	130.80
		18-Jun-19	61 162	0.00	18-Jun-24	130.80
		244 648				

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Notes to the Annual Financial Statements

15. Directors' emoluments (continued)

2020

Name	Share plan	Offer date	Number of shares	Offer price	Release date	Option fair value R	
MI Patel	MCA 2008 SAR Plan	15-Sep-15	82 276	113.19	15-Sep-20	17.19	
		01-Sep-16	58 369	116.30	01-Sep-20	18.18	
		01-Sep-16	58 370	116.30	01-Sep-21	20.40	
		28-Jun-17	67 996	94.39	28-Jun-20	22.06	
		28-Jun-17	67 996	94.39	28-Jun-21	26.07	
		28-Jun-17	67 996	94.39	28-Jun-22	30.01	
		27-Jun-18	119 527	77.19	27-Jun-21	32.80	
		27-Jun-18	119 527	77.19	27-Jun-22	37.30	
		27-Jun-18	119 529	77.19	27-Jun-23	41.16	
				761 586			
	MultiChoice Group RSU ¹		18-Jun-19	51 548	0.00	18-Jun-21	130.80
			18-Jun-19	51 548	0.00	18-Jun-22	130.80
			18-Jun-19	51 548	0.00	18-Jun-23	130.80
18-Jun-19			51 549	0.00	18-Jun-24	130.80	
			206 193				

¹ 50% of RSUs issued are subject to performance conditions.

2019

Name	Share plan	Offer date	Number of shares	Offer price	Release date	Option fair value R
CP Mawela	MCA 2008 SAR Plan	15-Sep-14	5 087	125.60	15-Sep-19	58.08
		15-Sep-15	16 240	113.19	15-Sep-19	46.75
		15-Sep-15	16 242	113.19	15-Sep-20	51.69
		01-Sep-16	13 958	116.30	01-Sep-19	39.54
		01-Sep-16	13 958	116.30	01-Sep-20	45.30
		01-Sep-16	13 958	116.30	01-Sep-21	50.62
		28-Jun-17	10 594	94.39	28-Jun-20	35.73
		28-Jun-17	10 594	94.39	28-Jun-21	39.76
		28-Jun-17	10 595	94.39	28-Jun-22	43.51
		27-Jun-18	26 119	77.19	27-Jun-21	29.48
		27-Jun-18	26 119	77.19	27-Jun-22	32.92
		27-Jun-18	26 119	77.19	27-Jun-23	36.00
					189 583	

2019

Name	Share plan	Offer date	Number of shares	Offer price	Release date	Option fair value R
JJ Volkwyn	MCG - MIH Services FZ LLC - N - ZAR (Naspers shares)	24-Jul-15	3 636	0.00	24-Jul-19	106.10
		24-Jul-15	3 638	0.00	24-Jul-20	106.10
		7 274				
	MIH Services FZ LLC - N - ZAR (Naspers shares)	24-Jul-15	3 636	1 822.89	24-Jul-19	829.44
		24-Jul-15	3 638	1 822.89	24-Jul-20	903.61
		7 274				

MultiChoice Group Limited

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Notes to the Annual Financial Statements

15. Directors' emoluments (continued)

2019

Name	Share plan	Offer date	Number of shares	Offer price	Release date	Option fair value R	
MI Patel	MCA 2008 SAR Plan	15-Sep-14	28 198	125.60	15-Sep-19	58.08	
		15-Sep-15	82 276	113.19	15-Sep-19	46.75	
		15-Sep-15	82 276	113.19	15-Sep-20	51.69	
		01-Sep-16	58 369	116.30	01-Sep-19	39.54	
		01-Sep-16	58 369	116.30	01-Sep-20	45.30	
		01-Sep-16	58 370	116.30	01-Sep-21	50.62	
		28-Jun-17	67 996	94.39	28-Jun-20	35.73	
		28-Jun-17	67 996	94.39	28-Jun-21	39.76	
		28-Jun-17	67 996	94.39	28-Jun-22	43.51	
		27-Jun-18	119 527	77.19	27-Jun-21	29.48	
	27-Jun-18	119 527	77.19	27-Jun-22	32.92		
	27-Jun-18	119 529	77.19	27-Jun-23	36.00		
				930 429			
		Showmax SAR Plan	18-Sep-15	2 222	18.00	18-Sep-19	9.83
			18-Sep-15	2 223	18.00	18-Sep-19	10.28
			4 445				

2019

Name	Share plan	Offer date	Number of shares	Offer price	Release date	Option fair value R
TN Jacobs	MCA 2008 SAR Plan	03-Dec-18	151 142	77.19	03-Dec-21	30.37
		03-Dec-18	151 142	77.19	03-Dec-22	33.97
		03-Dec-18	151 143	77.19	03-Dec-23	37.27
			453 427			

Directors' interest in MultiChoice Group Limited shares

The directors of MultiChoice Group Limited (and their associates) had the following beneficial interest in MultiChoice Group Limited ordinary shares at 31 March:

2020

MultiChoice Group Limited - Ordinary shares

Name	Direct	Indirect	Total
MI Patel	1 412	-	1 412
FLN Letele ¹	88 836	-	88 836
SJZ Pacak	376 635	291 548	668 183
JJ Volkwyn	5 000	-	5 000
TN Jacobs	2 731	-	2 731
JA Mabuza ²	9 850	-	9 850
	484 464	291 548	776 012

¹ FLN Letele acquired additional MultiChoice Group Limited ordinary shares for no consideration in FY20 as a result of the PN share swap transaction (note 5).

² JA Mabuza acquired MultiChoice Group Limited ordinary shares prior to his appointment on 5 July 2019.

MultiChoice Group Limited

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Notes to the Annual Financial Statements

15. Directors' emoluments (continued)

2019

MultiChoice Group Limited - Ordinary shares

Name	Direct	Indirect	Total
MI Patel	1 412	-	1 412
FLN Letele	737	-	737
KD Moroka	290	-	290
SJZ Pacak	376 635	291 548	668 183
JJ Volkwyn	15 000	10 910	25 910
TN Jacobs	2 731	-	2 731
	396 805	302 458	699 263

All FY19 ordinary shares were obtained as part of the unbundling process from Naspers Limited.

There have been no further changes to the directors' interests in the tables above between the end of the financial year and 10 June 2020.

16. Subsequent events

Maiden dividend

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

COVID-19

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

Other subsequent events

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 annual financial statements.

MultiChoice Group Limited

Annual Financial Statements for the year ended 31 March 2020

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Registration number

2018/473845/06
Incorporated in South Africa

Auditor

PricewaterhouseCoopers Inc.

Transfer secretaries

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MultiChoice Group Limited

Annual Financial Statements for the year ended 31 March 2020

Analysis of shareholders

Size of holdings

	Number of shareholders	Ordinary shares
1 – 1000 shares	51 151	11 701 709
1001 – 10 000 shares	3 472	9 307 853
10 001 – 100 000 shares	253	8 194 784
100 001 – 1 000 000 shares	120	42 392 194
More than 1 000 000 shares	63	370 916 138

The following shareholders hold 5% and more of the ordinary issued share capital of the company:

Name	% held	Ordinary shares
Public Investment Corporation	13.43 %	59 445 444
Allan Gray	10.05 %	44 490 188
Prudential Portfolio Managers	9.00 %	39 822 586

Public shareholder spread

To the best knowledge of the directors, the spread of public shareholders in terms of paragraph 4.25 of the JSE Limited Listings Requirements at 31 March 2020 was 72.80%, represented by 55 043 shareholders holding 322 136 637 ordinary shares in the company. The non-public shareholders of the company comprising 16 shareholders representing 120 369 234 ordinary shares are analysed as follows:

Category	Ordinary shares	% of ordinary issued share capital
Share schemes	5 545 314	1.25 %
Treasury shares	10 100 364	2.28 %
Directors	787 924	0.18 %
Beneficial holders > 10%	103 935 632	23.49 %
