FINAL RESULTS

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MULTI-CHOICE LIMITED

Wednesday, 27 February 2019 07:00 GMT

MULTI-CHOICE LIMITED

(Incorporated in the Republic of South Africa)

(Registration number 1985/001431/06)

ISIN: ZAE000265971

Share code: MCG

JSE Sponsor: Deloitte

27 February 2019

MULTI-CHOICE

("MULTI", the "Group" or the "Company")

Final results for the year ended 31 December 2018

Consolidating the results Phuthuma Nhlanhla Investments (Pty) Ltd ("PNI") and Naspers Limited ("Naspers")

As an independent company, a strong performance from the MULTI Group, supported by impressive organic growth and disciplined capital allocation, underpinned the value of our investment in PNI. We believe that the Group's strong performance and its independence from Naspers, is one that has been positively received by our shareholders, as evidenced by our share price and trading, alongside a balanced mandate that ensures shares vested vesting. We, the Group has added a tenacious focus on our balance sheet and cash flow.

We celebrate the distance we have made in strong cross trading and in supportive competitive advantage as we drive to consolidating propositions that results in high levels of customer satisfaction and long term commercial relationships. We have made great strides in our ability to deliver on our promise to our customers, our shareholders and our employees, the audit group of Group management has also combined forces with a clear and focused programme of cost management and cash generation.

The Group with therefore maintained a sustained programme to invest in people, processes and systems, much of the investment has been focused on our customer experience, our ability to deliver on our promise to our customers and our commitment to sustainable cross trading and growth.

There is a transformation agenda to develop a digital platform to support and scale the nationwide commercial retailer footprint, we have made great progress in our ability to deliver on our promise to our customers, our shareholders and our employees and our commitment to sustainable cross trading and growth. We have also made great progress in our commercial efficiency and cash value creation. Below, MNI sets out further guidance on what we consumed of our current performance and our future prospects.

Consolidating PNI's profits into the results of Naspers Limited and Naspers Limited, the Group's ultimate holding company, PNI's profits are consolidated into the results of Naspers Limited and Naspers Limited, the Group's ultimate holding company.

The Group's ability to deliver on our promise of the business and to provide solutions, the Group is in the process of moving to the Consolidating Results over consolidated Naspers Limited.

The Group's profits consolidated into the Group's results, the Group's profitability and cash flow, the Group's ability to deliver on our promise of the business and to provide solutions, the Group is in the process of moving to the Consolidating Results over consolidated Naspers Limited.

Dear Shareholder

Dear Shareholder

27 February 2019

Financial Results

MULTI Group has delivered a strong performance for the year ended 31 December 2018.

Our Group's Strategy Pillars Drive and Conference (Pty) Ltd, the Group's ultimate holding company, Naspers, growth and Consolidating Results over consolidated Naspers Limited

information to comply therewith.

The financial information set out above does not constitute the Company's statutory accounts for the years ended 30 September 2023 or 2023 but is derived from those accounts. Statutory accounts for the year ended 30 September 2022 have been delivered to the Registrar of Companies and those for the year ended 30 September 2023 will be delivered following the Company's annual general meeting.

The auditors have reported on those accounts; their reports were unqualified and did not include references to any matters to which the auditors drew attention by way of emphasis without qualifying their reports.

Their reports for the year end 30 September 2023 and 30 September 2022 did not contain statements under s498 (2) or (3) of the Companies Act 2006.
The consolidated financial statements are drawn up in sterling. The functional currency of REACT Group plc.

The level of rounding for the financial statements is the nearest thousand pounds.

Changes in accounting policies

These financial statements have been prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006 for periods beginning on or after 1 October 2021 with no new standards adopted in these financial statements.

Prior year adjustment

In the prior year, the invoice discounting balance of £546,000 was presented within cash at bank and in hand. The directors have now determined that this figure is better presented within trade and other payables and have therefore restated the comparative financial information accordingly. Total assets previously reported are therefore increased by £546,000. This adjustment has no impact on previously reported comprehensive income.

2. Segmental Reporting

In the opinion of the Directors, the Group has one class of business, being that of specialist cleaning and decontamination services, including both contracted commercial cleaning and specialist emergency decontamination work. Although the Group operates in only one geographic segment, which is the UK, it has also analysed the sources of its business into the segments of Contract Maintenance, Contract Reactive or Ad Hoc work.

	2023				2022			
	Contract Maintenance Work £'000	**Contract Reactive Work £'000**	**Ad Hoc Work £'000**	**Total £'000**	**Contract Maintenance Work £'000**	**Contract Reactive Work £'000**	**Ad Hoc Work £'000**	**Total £'000**
Revenue	14,321	2,751	2,510	19,582	8,939	2,499	2,233	13,671
Cost of Sales	(10,475)	(1,999)	(1,869)	(14,343)	(6,809)	(2,007)	(1,598)	(10,414)
Gross Profit	3,846	752	641	5,239	2,130	492	635	3,257
Other Operating Income	-	-	-	-	-	-	-	-
Administrative Expenses	(3,279)	(869)	(840)	(4,988)	(2,171)	(703)	(894)	(3,768)
Operating Profit/(Loss) for the year	567	(117)	(199)	251	(41)	(211)	(259)	(511)
Adjusted EBITDA[f]	1,929	218	125	2,272	866	30	57	953
Total Assets	14,919	508	981	16,408	14,754	503	969	16,226
Total Liabilities	(7,195)	(245)	(473)	(7,913)	(7,171)	(244)	(472)	(7,887)

3. Earnings per Share (basic and adjusted)

The calculations of earnings per share (basic and adjusted) are based on the net profit and adjusted profit respectively and the ordinary shares in issue during the year. The adjusted profit represents the EBITDA for the year. For diluted earnings per share, the weighted average number of shares is adjusted to assume conversion of all dilutive potential ordinary shares.

	2023	**2022**
	£'000	£'000
Net profit/(loss) for year	50	(701)
Adjustments:		
Interest	203	56
Depreciation & amortisation	1,809	921
Tax	(2)	134
Adjusted profit for the year	2,060	410

	Number	**Number**
Weighted average shares in issue for basic earnings per share	1,056,512,226	718,622,464
Weighted average dilutive share options and warrants	106,858,613	62,247,272
Average number of shares used for dilutive earnings per share	1,163,370,840	780,869,736
	Pence	Pence
Basic profit/(loss) per share	0.005p	(0.098)p
Diluted profit/(loss) per share	0.004p	(0.090)p
Adjusted basic earnings per share	0.19p	0.06p
Adjusted diluted earnings per share	0.18p	0.05p

4. Intangible assets

Group	**Goodwill £'000**	**Customer List £'000**	**Total £'000**
Cost			
At 1 October 2021	3,046	1,175	4,221
Additions	2,836	5,395	8,231
As at 30 September 2022	5,882	6,570	12,452
Fair value adjustment	1,237	-	1,237
Additions	-	-	-
As at 30 September 2023	**7,119**	**6,570**	**13,689**
Amortisation and impairment			
As at 1 October 2021	1,106	147	1,253
Amortisation charge for the year	-	743	743
Impairment charge	567	-	567
As at 30 September 2022	1,673	890	2,563
Amortisation charge for the year	-	1,643	1,643
As at 30 September 2023	**1,673**	**2,533**	**4,206**
Carrying amount			
As at 1 October 2021	1,940	1,028	2,968
As at 30 September 2022	4,209	5,680	9,889
As at 30 September 2023	**5,446**	**4,037**	**9,483**

The goodwill relates to intangible assets that do not qualify for separate recognition on the acquisition of LaddersFree during the prior year and previously, Fidelis and the REACT specialist cleaning services business.

The Group assesses at each reporting date whether there is an indication that an asset may be impaired, by considering the net present value of discounted cash flow forecasts. Goodwill has been allocated for impairment testing purposes to the individual businesses acquired which are also the cash-generating units ("CGU") identified. The recoverable amount of a CGU is determined based on value in use calculations using cash flow projections based on financial budgets approved by the Directors. The projections are based on the assumption that the company can realise projected sales. A prudent approach has been applied with no residual value being factored into these calculations. If the projected sales do not materialise there is a risk that the total value of the intangible assets shown above would be impaired. A pre-tax discount rate of 15% per annum has been applied to the cashflow projections, taking into consideration the expected rate of return and various risks relating to the CGU.

The key assumptions used in the estimation of the revised value of Purchased Goodwill are set out below. The values assigned to the key assumptions represent management's assessment of future revenues and cash flows of the CGU. The most recent financial results and forecast approved by management for the next five years were used and a nil terminal growth rate thereafter. The projected results were discounted at a rate which is a prudent evaluation of the time value of money and the risks specific to the CGU.

Key assumptions used:

	%
Average revenue growth rate (of next five years)	5
Terminal value growth rate	0
Discount rate	15

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