

NOTES TO THE COMPANY ANNUAL FINANCIAL STATEMENTS

for the year ended 31 May 2024

1. MATERIAL ACCOUNTING POLICIES

1.1 Basis of preparation

The annual financial statements relate to the statutory entity. The consolidated annual financial statements of Blue Label Telecoms Limited (Blue Label, BLT or the Company) are available from BLT's registered office and online from BLT's website.

The annual financial statements have been prepared on the going concern basis in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board (IASB) and comply with the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, Financial Pronouncements as issued by the Financial Reporting Standards Council, the Johannesburg Stock Exchange Limited (JSE) Listings Requirements and the requirements of the South African Companies Act, as amended.

The annual financial statements are presented in South African rand (R), which is BLT's functional and presentation currency.

The material accounting policies applied in the preparation of the annual financial statements are in the related notes and are consistent with those adopted in the prior year, unless otherwise specified.

The Company has adopted Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practise Statement 2) which requires the disclosure of 'material' rather than 'significant' accounting policies. Although the requirements did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in certain instances. Material accounting policies are in the related notes.

The annual financial statements have been prepared on the historic cost basis, except for certain financial instruments which are measured at fair value or at amortised cost.

1.2 Going concern

The Directors believe that BLT has adequate financial resources to continue in operation for the foreseeable future and accordingly the annual financial statements have been prepared on a going concern basis. The Directors have satisfied themselves that BLT is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The Directors are not aware of any new material changes that may adversely impact BLT. The Directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect BLT.

BLT's forecasts and projections, taking account of reasonably possible changes in trading performance, show that BLT should be able to operate within its current funding levels into the foreseeable future.

After making enquiries, the Directors have a reasonable expectation that BLT has adequate resources to continue in operational existence for the foreseeable future. BLT therefore continues to adopt the going concern basis in preparing the financial statements.

1.3 Significant judgements and sources of estimation uncertainty

The preparation of annual financial statements in conformity with IFRS requires management, from time to time, to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Impairment of financial assets

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. BLT uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on BLT's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

Assessment of investments in subsidiaries, associates and joint ventures for impairment

An investment in an associate or joint venture is tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The Company assesses at each reporting date whether such indicators exist.

Similarly, the investment in an associate or joint venture is subsequently reassessed for indications of impairment loss previously recognised that may no longer exist. If there is an indication that an impairment loss has reversed, the Company is required to estimate the recoverable amount of the previously impaired investment. The impairment loss is reversed if the recoverable amount exceeds its carrying amount. The recoverable amounts of the investment in an associate or joint ventures are determined based on value-in-use calculations. Where such calculations are performed, it would require the use of estimates.

For details of the significant judgements and estimates used, including key assumptions and inputs where applicable, refer to the individual notes:

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