

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS

CONTINUED

for the year ended 31 May 2024

1. RESULTS OF OPERATIONS continued

1.2 Revenue continued

	Total		Africa Distribution		Solutions	
	2024 R'000	2023 R'000	2024 R'000	2023 R'000	2024 R'000	2023 R'000
Revenue from contracts with customers	13 715 014	17 654 965	13 460 523	17 380 512	254 491	274 453
Prepaid airtime, data and related revenue	9 078 108	13 009 793	9 078 108	13 009 793	—	—
Postpaid airtime, data and related revenue	144 314	155 568	144 314	155 568	—	—
Prepaid and postpaid SIM cards	356 982	460 280	356 982	460 280	—	—
Services	462 382	441 683	207 891	167 230	254 491	274 453
Electricity commission	287 065	282 903	287 065	282 903	—	—
Handsets, tablets and other devices	2 735 524	2 770 279	2 735 524	2 770 279	—	—
Other revenue*	650 639	534 459	650 639	534 459	—	—
Subscription income share	460 574	940 940	460 574	940 940	—	—
Revenue	14 175 588	18 595 905	13 921 097	18 321 452	254 491	274 453
Finance revenue	422 856	322 358	422 856	322 358	—	—
Total revenue	14 598 444	18 918 263	14 343 953	18 643 810	254 491	274 453

* Other revenue predominantly includes audit projects on municipalities and commissions earned on the sale of universal vouchers, bus ticketing and the facilitation of bill payments.

1.3 Operating profit

	2024 R'000	2023 R'000
The following has been charged/(credited) in arriving at operating profit:		
Advertising and promotional expenses	57 553	52 159
Audit fees – services as auditors relating to the year-end audit	28 127	27 498
Audit fees – other	132	7 524
Bad debts recovered	(29 578)	(645)
Consulting fees	93 142	79 424
Foreign exchange (gain)/loss	(1 051)	1 676
Impairment of inventory	9 684	8 495
Insurance	15 663	15 095
IT infrastructure costs and computer-related costs	64 306	57 582
Legal fees	13 923	3 594
Licence fees	74 678	66 419
Motor vehicle expenses	17 056	23 541
Loss/(profit) on disposal of property, plant and equipment	966	(1 919)
Staff training	52 203	68 310
Travel – local and overseas	13 595	9 770

	2024 R'000	2023 R'000
Fair value movements comprise the following:		
Fair value gain on surety receivable	(2 555)	(32 743)
Fair value gain on put option	—	(22 000)
Fair value gain on financial instruments	(4 658)	(14 533)
	(7 213)	(69 276)
Bad debts and expected credit loss, arising from the application of IFRS 9, comprise the following:		
Bad debts and expected credit loss on loans	124 466	69 480
Expected credit loss on 2DFine and OSI loans	—	98
Bad debts and expected credit losses on trade receivables, other receivables and advances to customers	383 316	667 347
	507 782	736 925
Loss on modification/derecognition of financial instruments		
Loss on modification of financial asset – Deferral Loan	—	64 500
Gain on modification of financial liability – Class A Preference Shares ¹	(20 682)	(7 047)
Loss on derecognition of financial assets measured at amortised cost ²	53 258	—
	32 576	57 453

¹ For details regarding the modification of the Class A Preference Shares, refer to note 3.4.2.

² For details regarding the derecognition of financial assets measured at amortised cost, refer to note 3.3.3.

1.4 Finance costs and finance income

Finance costs/income are recognised in profit or loss using the effective interest rate method as the instruments to which this relates are measured at amortised cost.

Where the core business of a Group subsidiary is providing finance to its customers, the interest earned from these customers is recognised as revenue in profit or loss. In all other scenarios, interest is recognised as a finance income or finance expense below operating profit.

	2024 R'000	2023 R'000
Finance costs		
– Bank	292	243
– Loans and facilities	1 082 061	664 179
– Other	34 920	14 362
– Unwinding of lease liability	4 083	3 815
	1 121 356	682 599
Finance income		
– Bank	(43 579)	(76 401)
– Loans	(8 453)	(2 132)
– Related party loans (refer to note 8)	(707 521)	(323 993)
– Related party other (refer to note 8)	(137 617)	—
– Other	(4 714)	(9 014)
	(901 884)	(411 540)