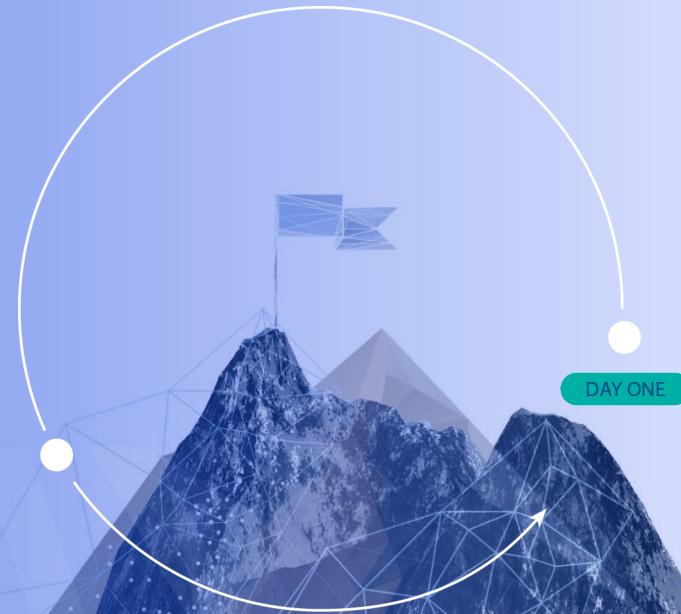


ANNUAL RESULTS

Audited results for the year ended **31 May 2023**



[bluelabeltelecoms.co.za](https://www.bluelabeltelecoms.co.za)





Key Results

Successful navigation of a
challenging operating environment.

R3.48bn

GROSS PROFIT (+19%)

+17,6% TRANSACTIONS

+8% TRADER BASE

Gross ^{*}
Revenue

R76.8bn

Growth

6%

^{*} Including the gross amount generated
on “PINless top-ups”, prepaid
electricity, ticketing and gaming

Loadshedding

Electricity not consumed

Network operators impacted

Merchants could not connect

Total of

305 days

during 01/06/22 – 31/5/23

There were seven consecutive months with some form of loadshedding every day, with electricity availability between 50% and 55% of full capacity.





Our Strategy



Progress

Customers are a priority, focus on providing them with what they need, when they need it.



Products & Services

Strong growth in BluVoucher and Ringas.
Redesigned logos and operational structure.



Partnerships

Right-sizing to ensure that products and services are available, accessible and at a reduced cost.



Performance

Reworked business model to present clients with a comprehensive and compelling offering.
Reliability of our products and trust in our name result in greater brand recognition.



Platforms

Building and expanding our platforms to ensure world-class fintech ecosystem.



People

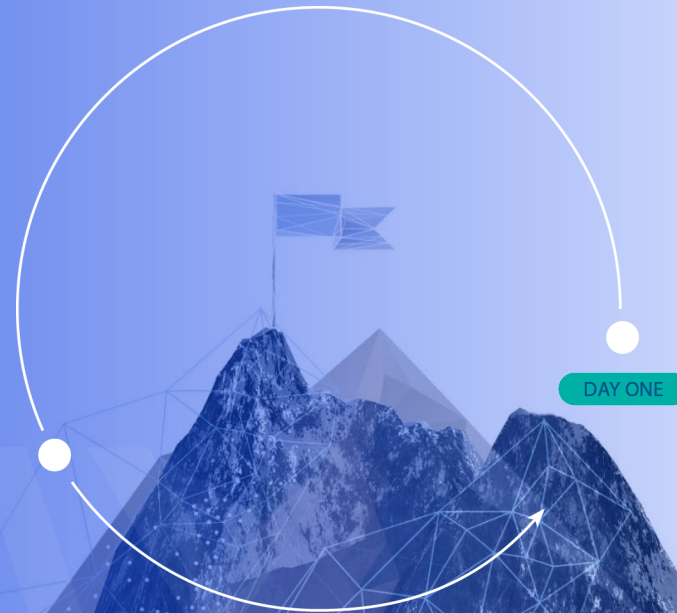
Attracting great talent, upskill people and reward excellence.



BLUE LABEL
TELECOMS

BLUE LABEL SUBSIDIARIES

bluelabeltelecoms.co.za





Blue Label Distribution

Exceeding revenue targets.



R20m

Cost Optimisation
Programme



R23m

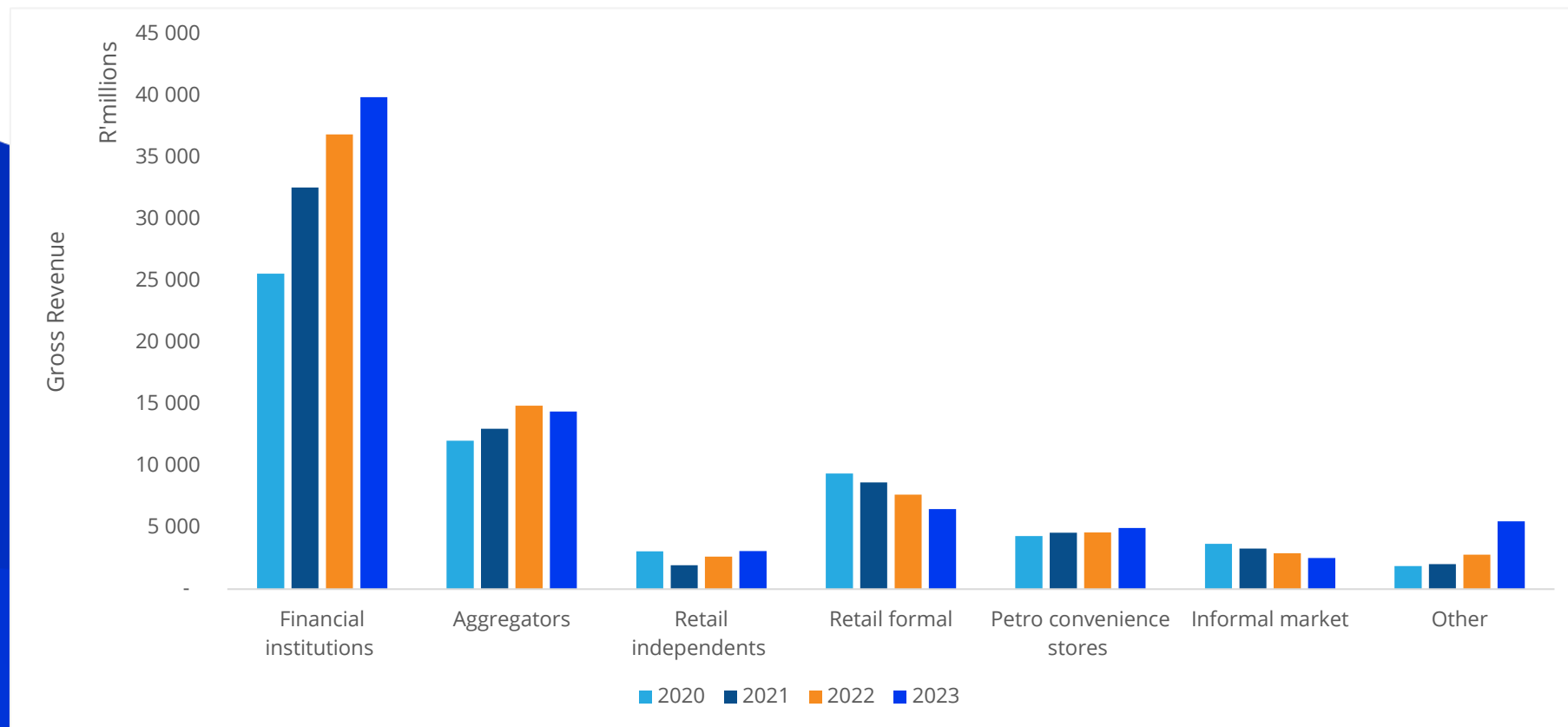
Revenue Assurance
Programme



Products where YOU are

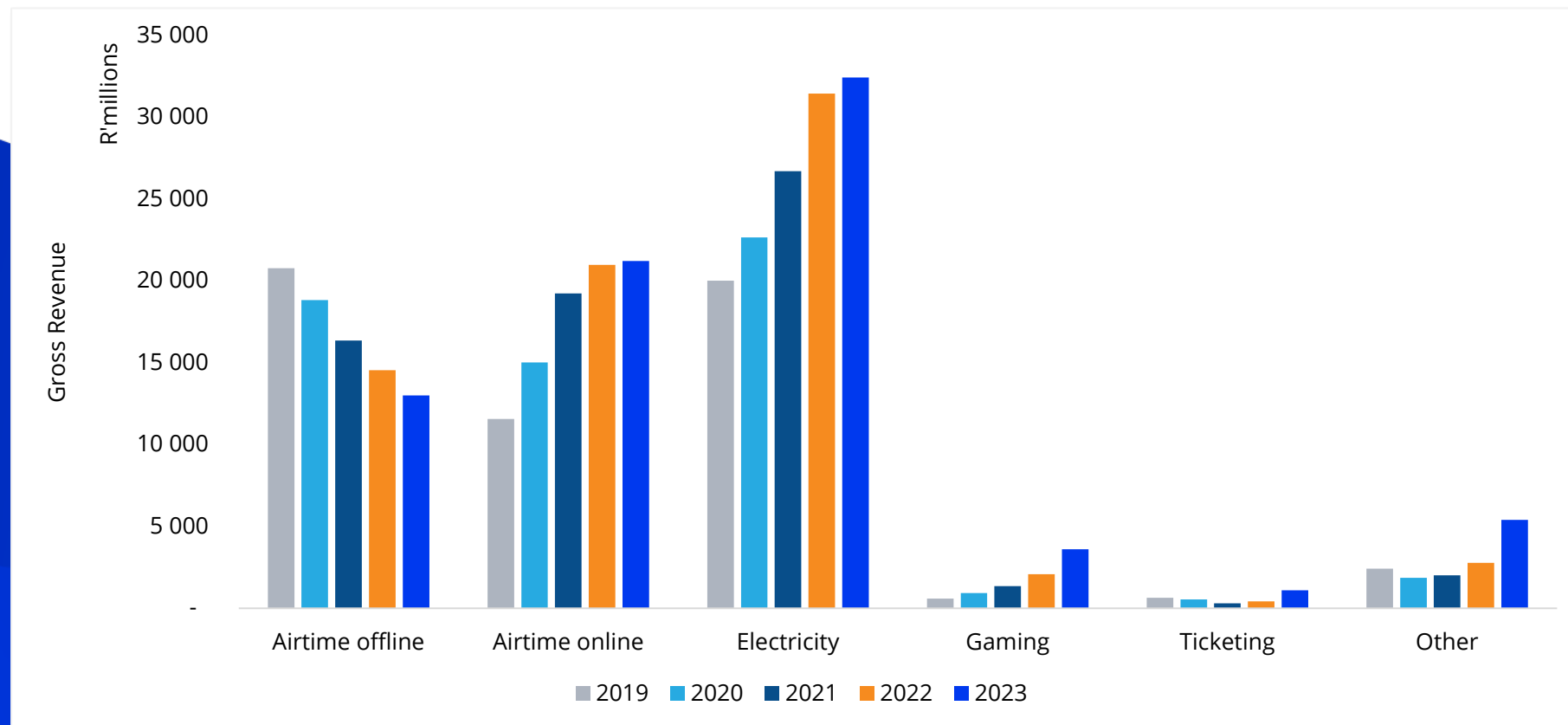
Group Channel Performance

Continued shift from pinned to pinless data and airtime. As a consequence, growth is recorded in retail independents with the strongest growth experienced in the financial institutions segment.



Group Product Performance

All products have seen solid growth except for pinned airtime and data due to the continued shift to pinless data and airtime. The steady growth experienced in gaming gives reason for optimism.





Challenges



Loadshedding

Estimated R30m loss in Blue Label

Distribution's gross profit due to loadshedding



Rand/Dollar Exchange Rate

Negative impact on international
money transfer volumes

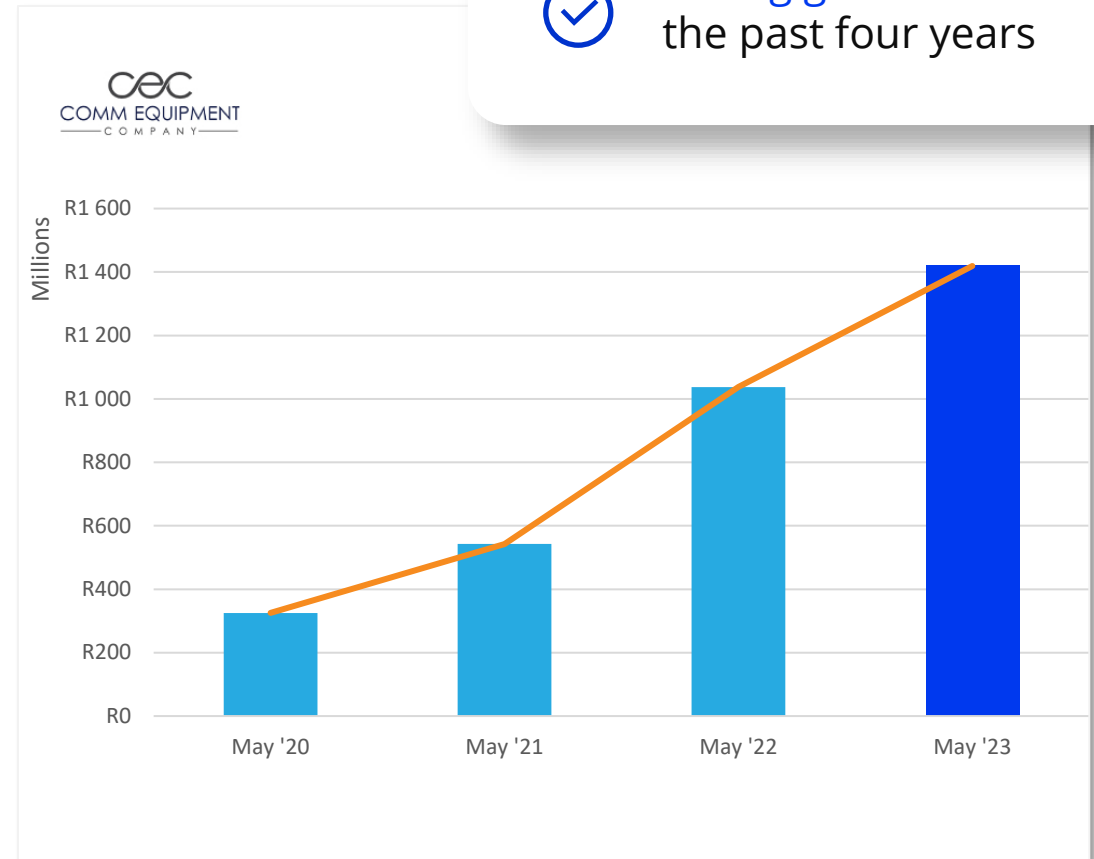
Comm Equipment Company

Service provider of choice through the provision of innovative and value-adding solutions to their customers.

This will be achieved through their acquisition and retention targets, strong growth in the postpaid base and delivering an industry-leading customer service.



Strong growth over the past four years



CEC Gross Profit May 2020 – May 2023

CEC Successes

1. NEW CONTRACT PLANS

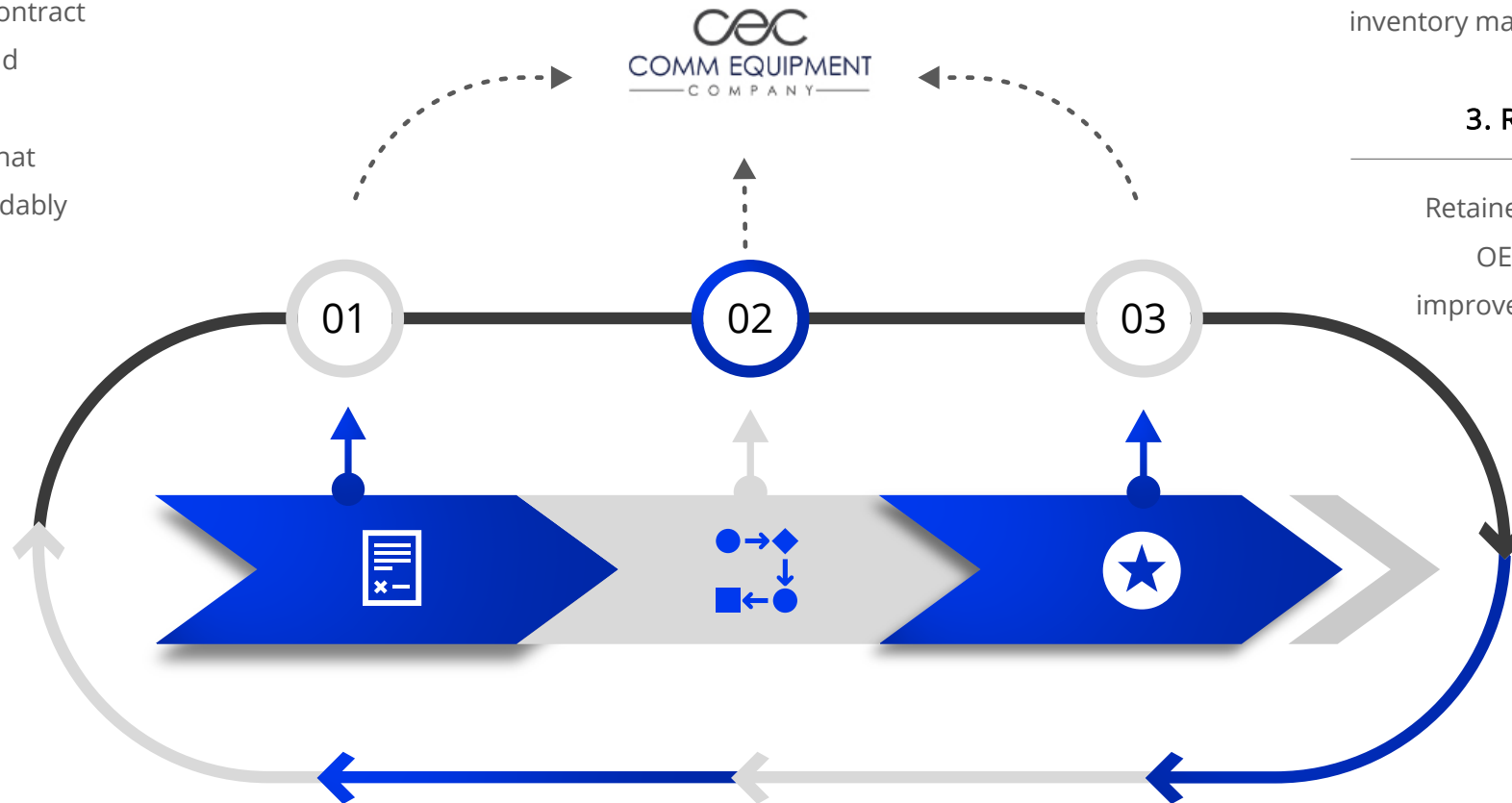
- Introduced new “elevate” contract plans that are simplified and competitive.
- Also a 36-month contract that enables customers to affordably upgrade handsets.

2. SUPPLY CHAIN

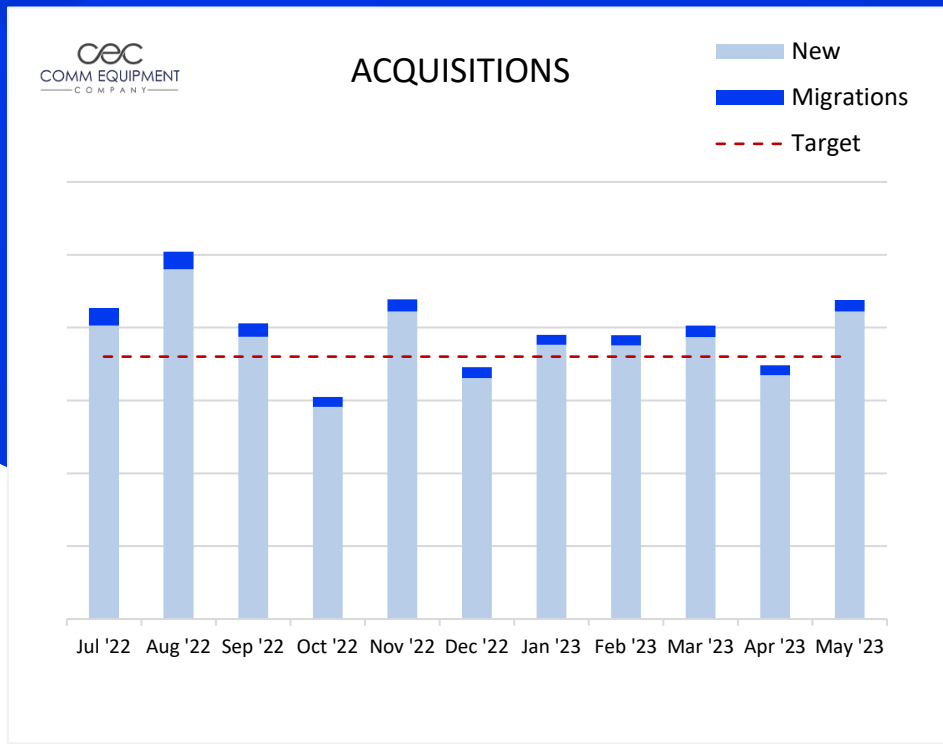
Improved stockholding, new outbound logistics partners, and improved inventory management model.

3. RELATIONSHIPS

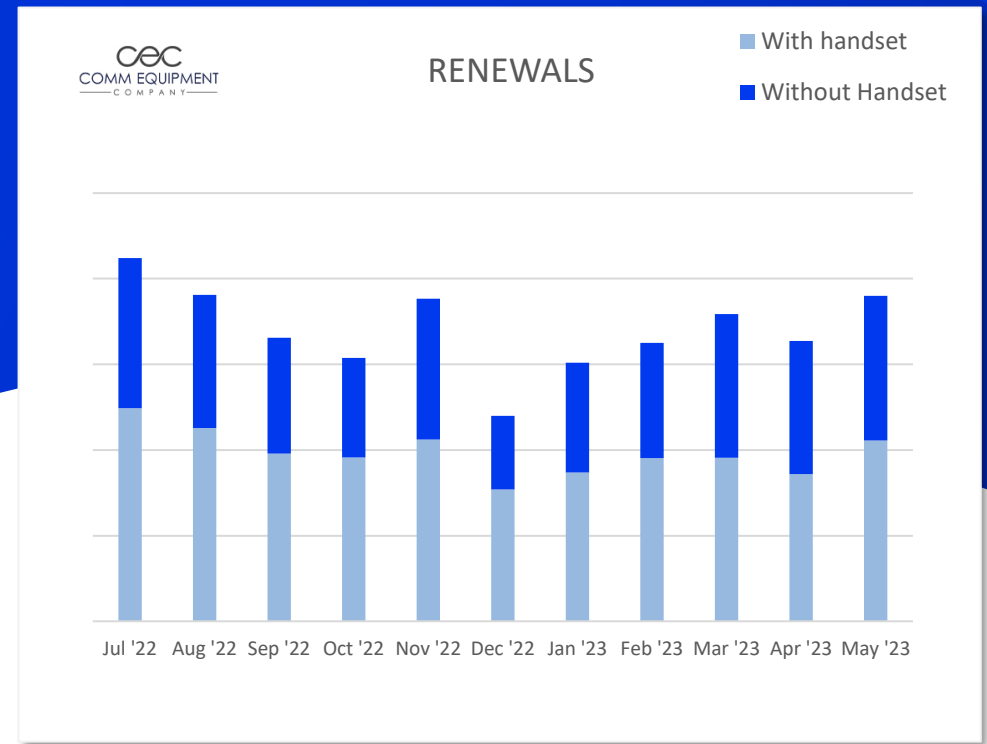
Retained strong focus on OEM relationships to improve product offering.



CEC Performance



Subscriber acquisitions have consistently outperformed target of 18 000 new subscribers per month. Target has been adjusted to 21 000.



Although renewals remain stable, when viewed in conjunction with churn, contracts that are not renewed tend to continue on a month-to-month basis and remain stable.

Cell C



Significant milestones reached

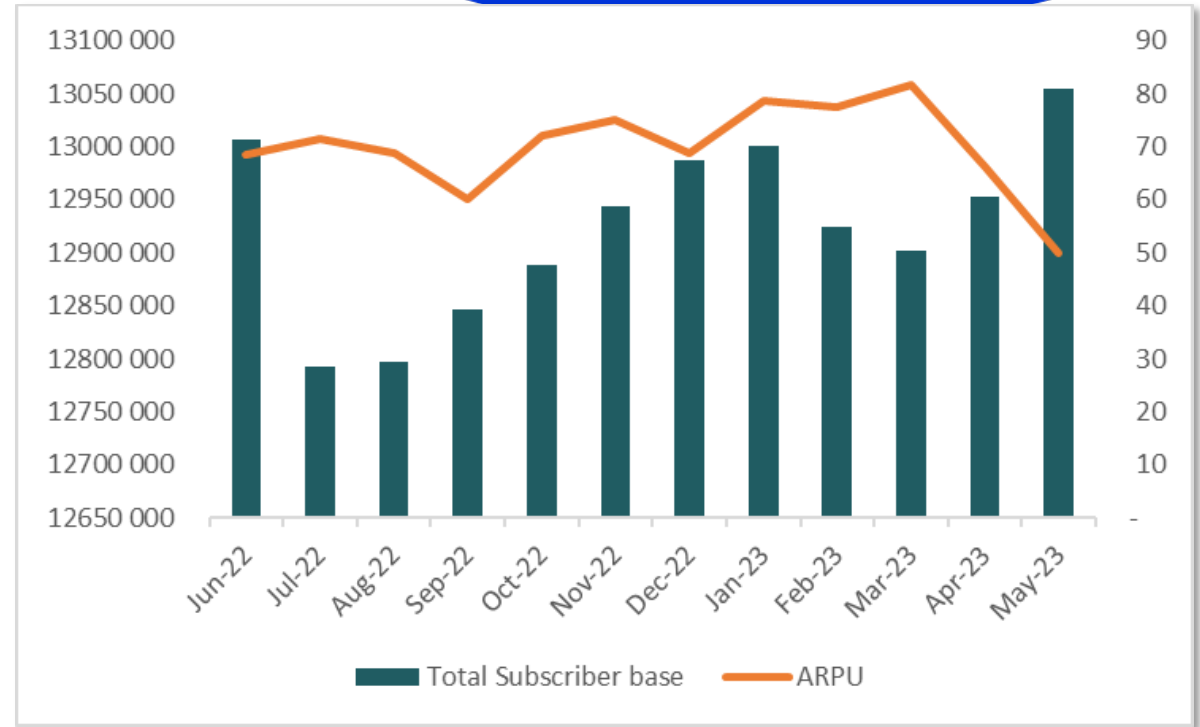


Expenses reduced by 20%



ARPU

- The competitive landscape continued to drive data prices down. This, coupled with increased data usage, resulted in a lower ARPU versus the 2022 financial period.
- ARPU was high comparative to the industry, despite a reduced base, indicating higher spend per customer.
- The business mix shifted, with the reduction of voice usage in line with global norms.



Customer base excludes fibre-to-the-home subscriber bases



People &
Stakeholder
Engagement



Network &
Network
Perception



Return to Growth



Cash Flow &
Liquidity



Brand
Positioning

Our Focus Areas



Cigicell

- Loadshedding
- Price competition and reduced usage
- Instability in some municipalities

Delivery

01

- Delivered on SLA's including revenue assurance projects.
- Learned valuable lessons on quantifying with manageable deliverables.



Technology

02

- Deployment of state-of-the-art technology for indigent management, vetting and credit control.
- Increases in collection.





15 months Before deadline

STS ASSOCIATION
Standard Transfer Specification

TID ROLLOVER
THE TIME IS NOW!
THE ROLLOVER PROJECTS MUST BE COMPLETED
BY 24 NOVEMBER 2024.



**DON'T
GET LEFT IN THE
DARK**

#TIDROLLOVER #4YearsToGo 24/11/2020

f t in  Simple ▶ Trusted ▶ Secure
www.sts.org.za | www.tidrollover.com

Token Identifier Rollover

Estimated 10 million STS-approved prepaid electricity meters are required to be updated by Nov 2024.



CigiCell has the necessary capacity and capability to assist Eskom and local authorities achieve this deadline.

BluNova

Data consolidation, insights and decisioning arm.

Continues to focus on key projects for Cell C and CEC,
as well as external monetisation initiatives.





Electricity Advances

Dial ***130*6266#** NOW
to take up an
Electricity Advance



Get a Prepaid Electricity Advance today!

***130*6266#**

ADVANCES • ANYTIME • ANYWHERE

*Free-to-dial
on any network*



R10m+
ADVANCES

600k+
TRANSACTIONS





Unconventional data sources

Connects data subscribers to a wide range of unconventional data sources by collecting, processing and analysing alternative data publishers in a compliant way.

Trends and insights

Using data science and data engineering, it publishes data features and predictive data models using modern cloud technologies to assist clients to understand market trends, consumer behaviour and competitive dynamics.

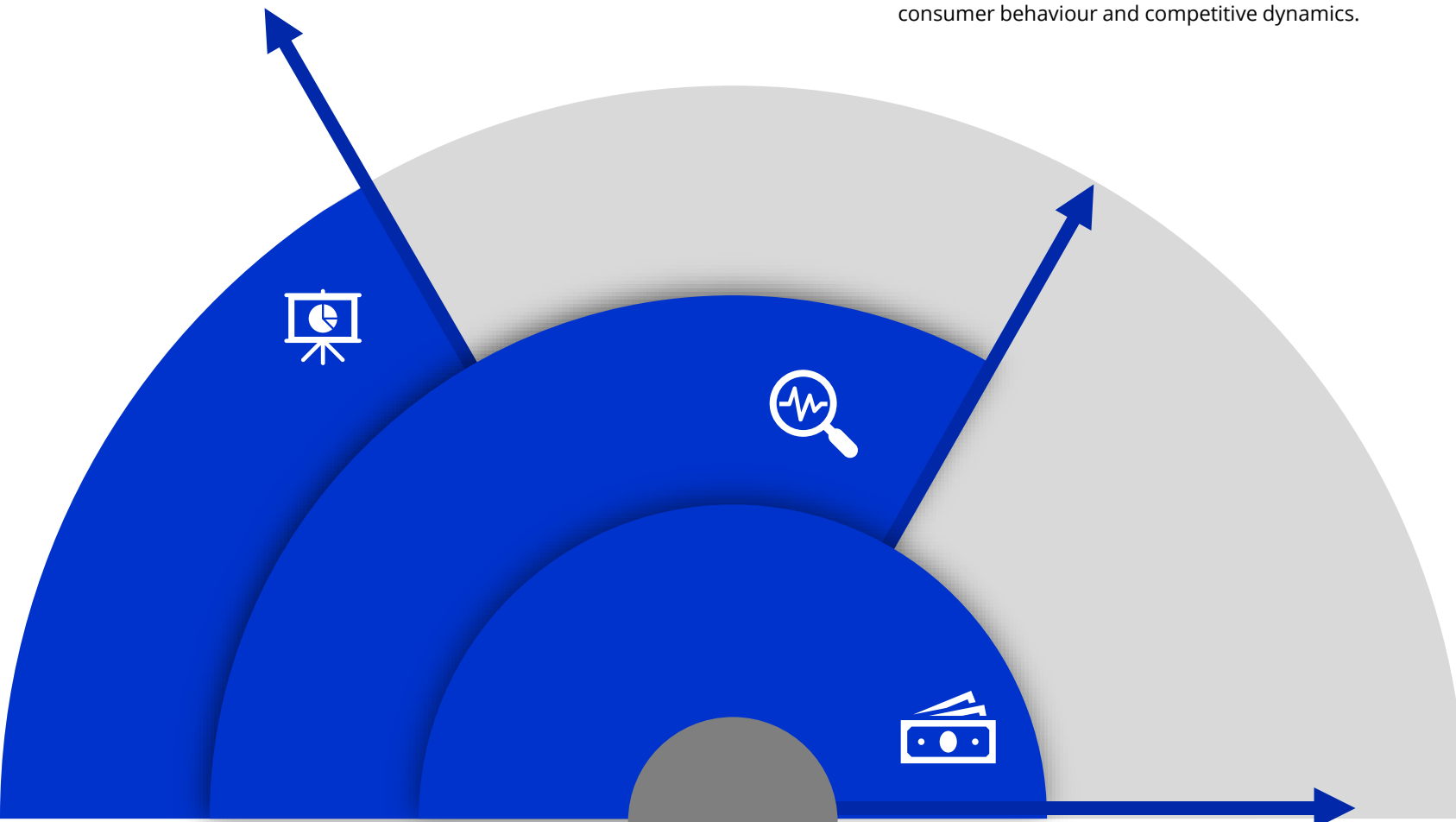


AltBureau

Bureau and distributor of one of the largest sets of alternative data in South Africa.

Financial inclusion

Enables financial inclusion by providing first-time credit access to those who historically did not qualify for credit.





Transaction Junction

32% annual growth
in merchant base



27.5% annual growth
in the Rand value of
transactions



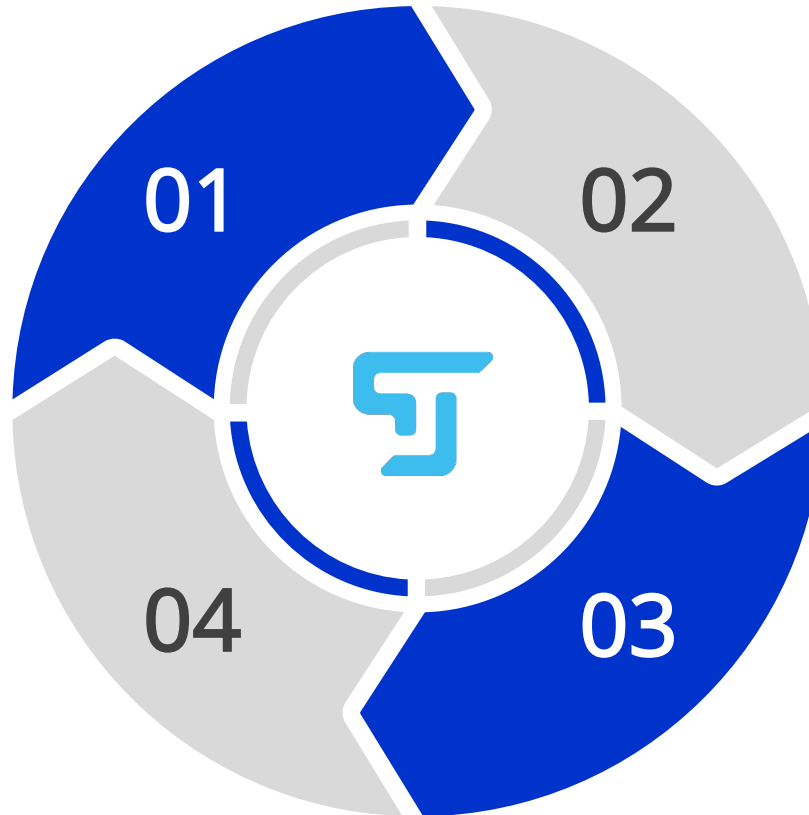
500% surge in
eCommerce revenue
contribution

UNIQUENESS

Products and services are uniquely designed for the conditions and consumer needs on our continent.

DISTRIBUTION

Expanding distribution network for an ever-growing catalogue of products and services.



CROSS-SELLING

Strengthened cross-selling opportunities within existing merchant base and future clients.

INFRASTRUCTURE

Significant investment in enhanced technology infrastructure.



More than just a ticketing company

[Events](#)

[Bus](#)

[Flights](#)

[Car Rental](#)

[Accommodation](#)

[Data](#)

[Airtime](#)

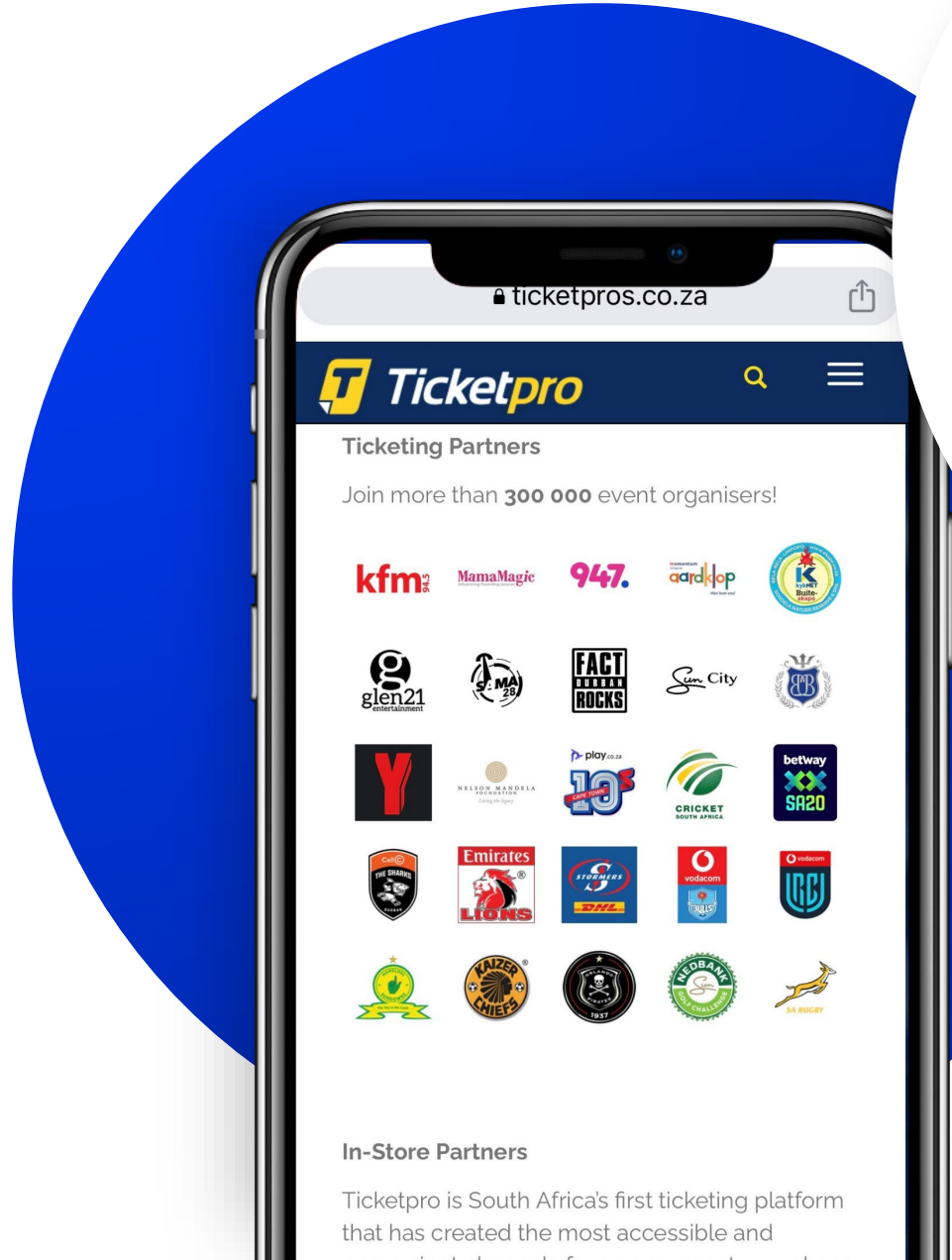
[Electricity](#)

[Ticket sales](#)

[Marketing](#)

[Access control](#)

[Bookings](#)



In-Store Partners

Ticketpro is South Africa's first ticketing platform that has created the most accessible and



Brands

[Nine different brands under TicketPro, each catering to a different demand.](#)



SPOTNANA



B2B // Spotnana

Automated travel bookings, delivered seamlessly to a single platform which is integrated into more than 165 different API's.

Travel

Competitively priced flights, car rental and accommodation.

- Cryptocurrency
- Richer content
- Cheaper rates
- Automated travel bookings
- Seamless experience with global integrations

www.ticketprotravel.co.za

Soweto Smart Tap successfully launched

600

Buses



40k

Unique taps per day



Added four new long distance
bus carriers to portfolio





Digital Business Transformation Journey



How to ACCELERATE shift towards a business that is holistically digital-by-default.

How to AMPLIFY current digital transformation efforts to realise greater, more tangible, customer, business and citizen value.

How to use digital thinking to ACTIVATE new customers, products and services, markets, paths to market, business models and ecosystems.



Innovation Pipeline

The first wave produced many innovative and exciting ideas for creating new customer and business value across the Group. This has enabled a solid innovation pipeline, with the first batch of concepts currently undergoing market testing and validation.

Exciting plans for **2024**



Outlook

Harnessing the changing and improving economic conditions and ensuring that we continue to exploit the many opportunities of growth, success and innovation.



Products & Services

Continue to look at areas of growth by developing margin accretive products that are both needed and essential.



Partnerships

Continue to grow the distribution network with the aim of bringing products and services closer to where they are needed.



Performance

Retain competitive edge and market leadership role, anchored in our customer-centricity.



Platforms

Continue to invest in the integrity and competitiveness of platforms by focusing on security features, reliability factors and dependence.



People

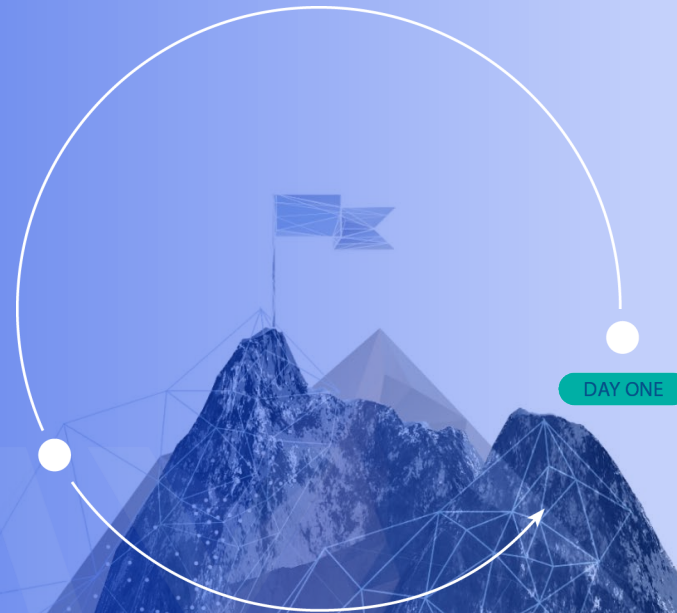
Ensure a capable team that is able to respond to the changing societal and economic demands.



BLUE LABEL
TELECOMS

FINANCIAL RESULTS

bluelabeltelecoms.co.za



FINANCIAL HIGHLIGHTS

For the year ended 31 May 2023



REVENUE *

R18.9bn

GROSS PROFIT

+19%

⬆ **R3.48bn**

(2022: R2.93n)

**GROSS PROFIT
MARGIN**

⬆ **18.41%**

(2022: 16.46%)



Cell C recap transaction
successfully completed
Sep 2022

**CORE HEADLINE
EARNINGS / SHARE** **

45.55c

(2022: 121.01c)

* On inclusion of the gross amount generated on "PINless top-ups", prepaid electricity, ticketing and gaming, the effective increase equated to 6% from R72.3 billion to R76.8 billion.

** Excluding the extraneous contributions of R523 million in the current year, primarily resulting from the recapitalisation transaction of Cell C, and R214 million in the prior year, core headline earnings per share increased by 9% to 104.83 cents per share compared to 96.56 cents per share in the prior year.

GROUP INCOME STATEMENT

For the year ended 31 May 2023



	Group May 2023 R'000	Extraneous costs* May 2023 R'000	Remaining May 2023 R'000	Group May 2022 R'000	Extraneous income** May 2022 R'000	Remaining May 2022 R'000	Growth remaining R'000	Growth remaining %
Revenue	18 918 263	-	18 918 263	17 806 262	-	17 806 262	1 112 001	6%
Gross Profit	3 483 075	-	3 483 075	2 930 974	-	2 930 974	552 101	19%
Other income	90 176	-	90 176	390 851	360 955	29 896	60 280	202%
Bad debts, expected credit losses and fair value movements	(667 649)	(88 474)	(579 175)	(264 515)	46 179	(310 694)	(268 481)	(86%)
Loss on modification of financial instrument	(57 453)	(57 453)	-	-	-	-	-	-
EBITDA	1 316 926	(145 927)	1 462 853	1 698 494	326 301	1 372 193	90 660	7%
Finance costs	(682 599)	(321 915)	(360 684)	(201 225)	-	(201 225)	(159 459)	(79%)
Finance income	411 540	238 362	173 178	80 993	-	80 993	92 185	114%
Non-controlling interest	(19 207)	-	(19 207)	(64 918)	(43 203)	(21 715)	2 508	12%
Reversal of impairments in associates	962 531	962 531	-	-	-	-	-	-
Share of (losses)/profits from associates and joint ventures	(1 329 747)	(1 328 767)	(980)	8 042	-	8 042	(9 022)	(112%)
Net profit after tax	268 966	(616 688)	885 654	1 027 079	214 410	812 669	72 985	9%
Core headline earnings	401 961	(523 157)	925 118	1 061 080	214 410	846 670	78 448	9%
Gross profit margin	18,41%		18,41%	16,46%		16,46%		
EBITDA margin	6,96%		7,73%	9,54%		7,71%		
Weighted average shares ('000)	882 530		882 530	876 857		876 857		
Share performance								
EPS (cents)	30,48		100,35	117,13		92,68	7,67	8%
HEPS (cents)	41,97		101,24	117,34		92,89	8,36	9%
Core HEPS (cents)	45,55		104,83	121,01		96,56	8,27	9%

NOTES

Core headline earnings for the year ended 31 May 2023 amounted to R402 million, equating to core headline earnings of 45.55 cents per share.

In the comparative year, core headline earnings amounted to R1.061 billion, equating to core headline earnings of 121.01 cents per share.

Excluding the extraneous contributions of R523 million in the current year and the non-recurring income of R214 million in the prior year, as illustrated in the adjacent tables, core headline earnings increased by R78 million (9%) from R847 million to R925 million. Core headline earnings per share increased by 9% from 96.56 cents per share in the prior year to 104.83 cents per share.

EXTRANEOUS COSTS

For the year ended 31 May 2023



	Extraneous costs * May 2023 R'000	Recap of Cell C ⁽¹⁾ May 2023 R'000	Once-offs ⁽²⁾ May 2023 R'000
Bad debts, expected credit losses and fair value movements	(88 474)	(110 474)	22 000
Loss on modification of financial instrument	(57 453)	(57 453)	-
EBITDA	(145 927)	(167 927)	22 000
Finance costs	(321 915)	(321 915)	-
Finance income	238 362	238 362	-
Reversal of impairments in associates	962 531	962 531	-
Share of losses from associates and joint ventures	(1 328 767)	(1 328 767)	-
Net (loss)/profit	(616 688)	(638 688)	22 000
Core headline earnings	(523 157)	(545 157)	22 000

NOTES

* The extraneous contributions to Group earnings in the current year were primarily attributable to:

- the accounting treatment relating to the recapitalisation transaction of Cell C⁽¹⁾, emanating from:
 - expected credit losses and fair value movements of R88 million;
 - loss on modification of financial instruments of R57 million primarily due to the renegotiation and reclassification of the CEC deferral amount of R1.1 billion, owed by Cell C, from 'trade and other receivables' to 'loans to associates and joint ventures';
 - finance costs of R322 million resulting from increased borrowings related to airtime sale and repurchase obligations, as well as the issue of Class A Preference Shares;
 - finance income of R238 million resulting from a loan to Cell C for its debt funding requirements;
 - a partial reversal of R962.5 million relating to the initial impairment of R2.5 billion of Blue Label's investment in Cell C as at 31 May 2019, in line with an improvement in its equity valuation; and
 - recognition of the Group's share of Cell C's net accumulated losses for the period from 1 June 2019 to 31 May 2023, limited to R1.329 billion, being the aggregate of the partial reversal of the initial impairment of R962.5 million of Blue Label's investment in Cell C, as well as additional investments therein amounting to R366 million.
- the accounting implications of the termination of the Airvantage put option obligation for the acquisition of up to 40% of the shares therein resulted in a fair value gain of R22 million⁽²⁾.

EXTRANEOUS INCOME

For the year ended 31 May 2022

	Extraneous income ** May 2022 R'000	Once-offs ⁽³⁾ May 2022 R'000
Other income	360 955	360 955
EBITDA	326 301	326 301
Non-controlling interest	(43 203)	(43 203)
Net profit	214 410	214 410
Core headline earnings	214 410	214 410

NOTES

** The extraneous contributions to Group earnings in the prior year were attributable to once-off income⁽³⁾, including:

- once-off recoupment income of R123 million, comprising the aggregate value of assets either realised by or signed over to the Group relating to the fraudulent scheme. This income was partially offset by professional fees and other costs incurred, taxation and the non-controlling interest thereon;
- the accounting effects of the settlement of the contingent consideration of R46 million relating to the disposal of the VAS operations in April 2020; and
- the accounting implications of the put option obligation of R46 million, for the acquisition of up to 40% of the shares in Airvantage.

REVENUE

For the year ended 31 May 2023



	Group May 2023 R'000	Group May 2022 R'000	Growth R'000	Growth %
Prepaid airtime, data and related revenue	34 241 009	35 541 648	(1 300 640)	(4%)
- Prepaid airtime and data	13 009 793	14 556 810	(1 547 016)	(11%)
- "PINless" airtime top-ups	21 231 215	20 984 838	246 377	1%
Postpaid airtime, data and related revenue	155 568	106 285	49 284	46%
Prepaid & Postpaid SIM cards	460 280	504 111	(43 831)	(9%)
Services	441 683	394 253	47 431	12%
Subscription income share	940 940	842 362	98 578	12%
Gross electricity revenue	32 438 598	31 455 637	982 961	3%
- Electricity commission	282 903	336 197	(53 294)	(16%)
- Gross electricity revenue	32 155 695	31 119 440	1 036 256	3%
Handsets, tablets and other devices	2 770 279	274 447	2 495 832	909%
Finance revenue	322 358	410 981	(88 623)	(22%)
Gross ticketing revenue	1 108 970	433 558	675 412	156%
Gross gaming revenue	3 604 736	2 091 143	1 513 592	72%
Other revenue	313 522	250 000	63 522	25%
Gross revenue	76 797 942	72 304 424	4 493 520	6%
Less: imputed gross revenue	(57 879 679)	(54 498 162)	(3 381 518)	6%
Reported revenue	18 918 263	17 806 261	1 112 002	6%

NOTES

Group revenue increased by R1.1 billion (6%) to R18.9 billion. However, as only the gross profit earned on "PINless top-ups", prepaid electricity, ticketing, and gaming is recognised as revenue, on imputing the gross revenue generated from these sources, the effective growth in revenue equated to R4.5 billion (6%), resulting in a total revenue of R76.8 billion compared to the prior year of R72.3 billion.

BALANCE SHEET

For the year ended 31 May 2023



	Group May 2023 R'000	Group May 2022 R'000
Non- current assets	5 700 072	3 499 479
Property, plant and equipment	224 362	195 313
Intangible assets and goodwill	2 300 706	2 347 303
Investment in associates and joint ventures	83 185	76 147
Loans to associates and joint ventures	1 913 645	22 745
Advances to customers	810 252	547 711
Other non-current assets	367 922	310 260
Current assets	9 018 238	9 829 505
Loans to associates	241 402	25 858
Inventories	2 834 914	1 143 372
Trade and other receivables	3 060 510	4 743 338
Advances to customers	1 446 950	1 119 827
Other current assets	131 692	73 519
Cash and cash equivalents	1 302 770	2 723 591
Total assets	14 718 310	13 328 984
Capital and reserves	4 439 543	4 187 598
Non-current liabilities	2 247 191	783 878
Borrowings	1 842 765	474 471
Other non-current liabilities	404 426	309 407
Current liabilities	8 031 576	8 357 508
Trade and other payables	5 636 270	6 069 027
Borrowings	2 230 355	2 094 000
Other current liabilities	164 951	194 481
Total equity and liabilities	14 718 310	13 328 984

NOTES

The increase of R1.9 billion in loans to associates and joint ventures primarily related to the recapitalisation of Cell C and comprised the following:

- Debt Funding of R1.03 billion that was required by Cell C to affect a compromise offer made by it to certain of its secured lenders. Of this amount, R915 million was accounted for as a loan to an associate and R118 million as an investment in Cell C, the latter being congruent with the fair value of the additional 9.53% shareholding acquired as part of the recapitalisation process;
- a loan of R111 million, originating from TPC's participation in the Reinvestment Instrument acquired at nominal value; and
- the CEC deferral amount, whereby the existing claim of R1.1 billion, owed by Cell C, was renegotiated to be repaid by the latter in 60 equal monthly capital instalments. This claim was reclassified from "trade and other receivables" to "loans to associates and joint ventures" at its initial fair value of R1.035 billion. Of this amount, R220 million is accounted for in current assets.

The R1.7 billion decrease in trade and other receivables is predominately related to a decline in CEC's trade receivable balances from Cell C. This reduction was attributable to the settlement of the obligation owed to CEC, reducing it to an amount of R1.1 billion, with this deferred amount being reclassified as "loans to associates and joint ventures". Excluding the trade debtors relating to CEC, the debtor's collection period increased to 40 days compared to the 28 days reported for the year ended May 2022.

The increase in inventory of R1.7 billion was primarily attributable to the Group purchasing R1.2 billion of Cell C prepaid airtime as part of the recapitalisation transaction. This purchase was necessitated in order to assist Cell C with its working capital requirements.

The reduction in trade and other payables of R433 million primarily related to a decrease in CEC's trade payable balance owed to Cell C. This decrease occurred concurrently with the decline in trade receivables, which resulted from the settlement of the obligation by Cell C to CEC to the amount of R1.1 billion. Average credit terms were 114 days, as compared to 124 days for the financial year ended 31 May 2022.

CASH FLOW

For the year ended 31 May 2023



	Group May 2023 R'000	Group May 2022 R'000
Cash generated by operations	202 876	934 577
Interest received	174 039	80 993
Interest paid	(663 908)	(201 091)
Taxation paid	(214 850)	(165 710)
Cash flows from operating activities	(501 843)	648 769
Cash flows from investing activities	(2 361 851)	(1 010 609)
Cash flows from financing activities	1 442 933	668 161
Increase/(decrease) in cash and cash equivalents	(1 420 761)	306 321
Cash and cash equivalents at the beginning of the period	2 723 528	2 417 207
Cash and cash equivalents at the end of the period	1 302 767	2 723 528

NOTES

Cash generated from trading operations amounted to R203 million. Working capital movements included an increase in inventory of R1.7 billion and advances to customers of R590 million. These increases were offset by decreases in trade receivables of R656 million and trade payables of R38 million. After incurring net finance costs of R490 million and taxation of R215 million, net cash utilised in operating activities amounted to R502 million.

Net cash flows utilised in investing activities amounted to R2.4 billion, primarily attributable to the purchase of intangible assets amounting to R936 million, net loans granted to associates and joint ventures of R898 million and an increase in the investment in Cell C of R366 million.

Cash flows generated from financing activities amounted to R1.4 billion, of which R1.5 billion related to the net increase in borrowings and R67 million from the issuance of Class B Preference Shares, the proceeds of which were applied to the Cell C recapitalisation transaction. These amounts were offset by lease payments of R42 million and the purchase of treasury shares amounting to R66 million.

BORROWINGS

For the year ended 31 May 2023

	Group May 2023 R'000	Group Nov 2022 R'000	Group May 2022 R'000	Repayment terms
African Bank Limited	1 900 000	1 890 789	1 623 342	Revolving credit facility with drawdowns available until October 2023 and final settlement date of November 2025
Working Capital facility A & B	1 002 722	1 402 441	941 584	Reduce by R20 million per month from October 2023 to September 2024. The balance of the facility is repayable in September 2024.
Bank airtime repurchase obligation	857 319	1 078 492	-	Repayable in equal monthly instalments with final settlement in September 2024.
Third-party airtime repurchase obligation	130 927	197 132	-	Repayable in equal monthly instalments with final settlement in March 2024.
Class A preference shares	172 107	169 169	-	Repayable on settlement of debt funding provided to Cell C. Final settlement in March 2028.
Other	10 046	3 546	3 546	
Total borrowings	4 073 120	4 741 568	2 568 471	

NORMALISED CASH GENERATED FROM OPERATING ACTIVITIES

For the year ended 31 May 2023

	31 May 2023 R'000	31 May 2022 R'000
Normalised cash generated from operating activities	1 324 954	1 222 755
Additional interest received	82 565	-
Additional interest paid	[321 915]	-
Restricted and excess bulk stock acquired	(1 426 447)	-
Net payment of trade balances leading up to the Cell C Recapitalisation	-	(778 986)
Settlement of lessor relating to airtime purchase agreement	(161 000)	-
Fraud recoupment	-	205 000
Cash generated from operating activities	[501 843]	648 769



BLUE LABEL
TELECOMS

THANK YOU

bluelabeltelecoms.co.za



HEAD OFFICE

75 Grayston Drive
Sandton, Johannesburg
South Africa

POSTAL ADDRESS

P.O. Box 652261
Benmore
2010

CONTACT

+27 (0)11 523 3030
info@blts.co.za
investors@blts.co.za

