BLUE LABEL
TELECOMS

Blue Label Telecoms Limited
Consolidated Financial Statements
2025

SAME GAME
NEW PLAY

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DISCLAIMER This document contains certain statements that are "forward-looking" with respect to certain of the Group's plans, goals and expectations relating to its future performance, results, strategies and objectives. Words such as "may", "could", "will", "expect", "intend", "estimate", "anticipate", "aim", "outlook", "believe", "plan", "seek", "predict" or similar expressions typically identify forward looking statements. These forward looking statements are not statements of fact or guarantees of future performance, results, strategies and objectives, and by their nature involve risk and uncertainty because they relate to future events and circumstances which are difficult to predict and are beyond the Group's control, including but not limited to, domestic and global economic business conditions, market-related risks such as fluctuations in interest rates and exchange rates, the policies and actions of regulatory authorities, the impact of competition, inflation, deflation, the timing impact and other uncertainties of future acquisitions or combinations within relevant industries, as well as the impact of changes in domestic and global legislation and regulations in the jurisdictions in which the Group and its affiliates operate. The Group's actual future performance, results, strategies and objectives may differ materially from the plans, goals and expectations expressed or implied in the forward looking statements. The Group makes no representations or warranty, express or implied, that these forward looking statements will be achieved, and undue reliance should not be placed on such statements. The forward looking statements in this document are not reviewed and reported on by the Group's external assurance providers. The Group undertakes no obligation to update the historical information or forward looking statements in this document and does not assume responsibility for any loss or damage arising as a result of the reliance by any party thereon.

NON-IFRS INFORMATION

The non-IFRS performance measures are compiled in terms of the JSE Limited (JSE) Listings Requirements and the Guide on Pro Forma Financial Information, issued by SAICA and are the responsibility of the Board of Directors and are presented for illustrative purposes. Pro forma information presented on a non-IFRS basis has been extracted from the information underlying the Group's consolidated financial statements, the quality of which the Board is satisfied with.

Shareholders are advised that, due to the pro forma nature of the non-IFRS performance measures, they may not fairly present the Group's financial position, changes in equity, results of operations or cash flows.

The non-IFRS performance measures have been prepared to illustrate the impact of changes in the recapitalisation transaction, sale of advances to customers under post-paid contract device arrangements and core headline earnings.

REASONABLE ASSURANCE REPORT

TO THE DIRECTORS OF BLUE LABEL TELECOMS LIMITED

REPORT ON THE ASSURANCE ENGAGEMENT ON THE COMPILATION OF PRO FORMA FINANCIAL INFORMATION INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS

We have completed our assurance engagement to report on the compilation of the pro forma financial information of Blue Label Telecoms Limited and its subsidiaries, associates and joint ventures (the "Group") by the directors. The pro forma financial information, as set out in the Financial Highlights announcement and Commentary, consists of certain income, costs and trading profit metrics, excluding the effects of specified commercial transactions in the composition of the Group and excluding the impact of what management term "extraneous contributions" which includes "extraneous costs" and/or "extraneous income" and core headline earnings (non-IFRS performance measure or the "pro-forma financial information") as at 31 May 2025. The applicable criteria on the basis of which the directors have compiled the pro forma financial information are specified in the JSE Listings Requirements and described above under Non-IFRS information.

The pro forma financial information has been compiled by the directors to illustrate the impact of specified transactions, including the recapitalisation of Cell C undertaken, sale of advances to customers under post-paid contract device arrangements and extraneous contributions from the Group's operational performance, earnings and headline earnings. As part of this process, information about the Group's financial position and financial performance has been extracted by the directors from the Group's financial statements for the year ended 31 May 2025, on which an audit report has been published.

Directors' responsibility

The directors of the Group are responsible for compiling the pro forma financial information on the basis of the applicable criteria specified in the JSE Listings Requirements and described in the Commentary of the consolidated financial statements for the year ended 31 May 2025.

Our independence and quality management

We have complied with the independence and other ethical requirements of the Code of Professional Conduct for Registered Auditors, issued by the Independent Regulatory Board for Auditors' (IRBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards). The firm applies International Standard on Quality Management 1, Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements, which requires the firm to design, implement and operate a system of quality management, including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting accountant's responsibility

Our responsibility is to express an opinion about whether the pro forma financial information has been compiled, in all material respects, by the directors on the basis of the applicable criteria specified in the JSE Listings Requirements.

We conducted our engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3420, Assurance Engagements to Report on the Compilation of Pro Forma Financial Information included in a Prospectus issued by the International Auditing and Assurance Standards Board. This standard requires that we plan and perform our procedures to obtain reasonable assurance about whether the pro forma financial information has been compiled, in all material respects, on the basis specified in the JSE Listings Requirements.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma financial information.

The purpose of pro forma financial information is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction would have been as presented.

REASONABLE ASSURANCE REPORT CONTINUED

Reporting accountant's responsibility continued

A reasonable assurance engagement to report on whether the pro forma financial information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on our judgement, having regard to our understanding of the nature of the Group, the event or transaction in respect of which the pro forma financial information has been compiled, and other relevant engagement circumstances.

Our engagement also involves evaluating the overall presentation of the pro forma financial information.

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

Opinion

In our opinion, the pro forma financial information has been compiled, in all material respects, on the basis of the applicable criteria specified by the JSE Listings Requirements.

Alex Philippou
SizweNtsalubaGobodo Grant Thornton Inc.
Engagement Director
Registered Auditor

27 August 2025

152 14th Road
Noordwyk
Midrand
Gauteng

FINANCIAL HIGHLIGHTS

A snapshot overview of Blue Label's performance for the year ended 31 May 2025:

Revenue of
R14.1 billion*

Increase in gross profit of 2% to
R3.38 billion
(2024: R3.30 billion)

Increase in gross profit margin to
24.02%
(2024: 22.57%)

Increase in EBITDA of
31% to R1.60 billion
(2024: R1.23 billion)

Core headline earnings of
461.63 cents per share
(2024: 76.08 cents per share)

* On inclusion of the gross amount generated on "PINless top-ups", prepaid electricity, ticketing and universal vouchers, the effective increase equated to 7% from R89.3 billion to R96 billion.

COMMENTARY

SUMMARISED GROUP INCOME STATEMENT

	Group May 2025 R'000	Extraneous contributions* May 2025 R'000	Remaining May 2025 R'000	Group May 2024 R'000	Growth remaining R'000	Growth remaining %
Revenue	**14 050 177**	—	14 050 177	**14 598 444**	(548 267)	(4%)
Gross profit	**3 375 003**	—	3 375 003	**3 295 038**	79 965	2%
EBITDA	**1 604 090**	176 313	1 427 777	**1 225 475**	202 302	17%
Finance costs	**(1 090 314)**	—	(1 090 314)	**(1 121 356)**	31 042	3%
Finance income	**803 857**	—	803 857	**901 884**	(98 027)	(11%)
Reversal of impairments in associates	**1 555 042**	1 558 621	(3 579)	**—**	(3 579)	
Share of (loss)/profit from associates and joint ventures	**(55 376)**	(1 606 557)	1 551 181	**15 416**	1 535 765	9962%
– Group's share of Cell C's accumulated net losses from 1 June 2019 to 31 May 2024	**(1 606 557)**	(1 606 557)	—	**—**	—	
– Group's share of profits from Cell C from 1 June 2024 to 31 May 2025	**1 507 904**	—	1 507 904	**—**	1 507 904	
– Group's share of profits from other associates and joint ventures	**43 277**	—	43 277	**15 416**	27 861	181%
Net profit after tax	**2 484 243**	128 375	2 355 868	**647 386**	1 708 482	264%
Headline earnings adjustment	**1 612 163**	1 584 653	27 510	**10 311**	17 199	167%
Headline earnings	**4 096 406**	1 713 028	2 383 378	**657 697**	1 725 681	262%
Core headline earnings	**4 147 296**	1 713 028	2 434 268	**679 488**	1 754 780	258%
Gross profit margin (%)	**24.02%**		24.02%	**22.57%**		
EBITDA margin (%)	**11.42%**		10.16%	**8.39%**		
Weighted average shares ('000)	**898 408**		898 408	**893 117**		
Share performance						
EPS (cents)	**276.52**		262.23	**72.49**	189.74	262%
HEPS (cents)	**455.96**		265.29	**73.64**	191.65	260%
Core HEPS (cents)	**461.63**		270.95	**76.08**	194.87	256%

* The net positive extraneous contributions to Group earnings for the year ended 31 May 2025 were all attributable to the Group's investment in Cell C and can be broken down as follows:

- Fair value movements amounted to R176 million, comprising fair value gains of R223 million and R149 million on the Gramercy and SPV1 derivative instruments respectively, partially offset by a fair value loss of R196 million on the Class B Preference Shares.
- Reversal of investment impairment of R1.559 billion relating to the initial impairment of R2.5 billion on Blue Label's investment in Cell C, originally recognised as at 31 May 2019. Of the total impairment, R962.5 million was reversed in November 2022, with the balance of R1.559 billion reversed in the current year, in line with an improvement in Cell C's equity valuation.
- Recognition of the Group's share of Cell C's accumulated net losses of R1.607 billion for the period from 1 June 2019 to 31 May 2024. As at 31 May 2025, the Group has fully recognised its share of all previously unrecognised historical losses associated with Cell C.
- Positive headline earnings adjustments of R1.585 billion, attributable to the reversal of the Group's share of historical impairments recognised by Cell C of R3.144 billion, partially offset by the reversal of the impairment previously recognised on Blue Label's investment in Cell C of R1.559 billion.

Group revenue amounted to R14.1 billion. As only the gross profit earned on "PINless top-ups", prepaid electricity, ticketing and universal vouchers is recognised as revenue, on imputing the gross revenue generated from these sources, the effective growth in revenue equated to R6.7 billion (7%), resulting in a total revenue of R96 billion compared to the prior year of R89.3 billion.

Gross profit increased by R80 million (2%) from R3.295 billion to R3.375 billion, corresponding to an increase in margins from 22.57% to 24.02%. This increase in margins can be partially attributed to the growth in "PINless top-ups", prepaid electricity, ticketing and universal vouchers, where only the gross profit earned thereon is recognised as revenue.

Excluding net positive extraneous contributions of R176 million in the current year, EBITDA increased by R202 million (17%), from R1.225 billion to R1.428 billion. This increase reflected a R288 million decline in Comm Equipment Company (CEC), offset by a R490 million increase across the remaining Group entities compared to the prior year.

The decline in EBITDA in CEC was primarily driven by a reduction in the subscriber base and a lower average revenue per user (ARPU).

Included in the Group's share of losses from associates of R55 million is the recognition of the Group's share of Cell C's accumulated net losses from 1 June 2019 to 31 May 2024, which amounted to R1.607 billion. This was partially offset by the Group recognising its share of Cell C's net profits of R1.508 billion in the current year, primarily attributable to the recognition of a portion of Cell C's deferred tax asset, as well as R43 million in profits from other associates. As at 31 May 2025, the Group has fully recognised its share of all previously unrecognised historical losses associated with Cell C.

Excluding net positive extraneous contributions of R1.713 billion, arising primarily from the reversal of the Cell C impairment, the subsequent recognition of the Group's share of previously unrecognised losses, and related headline earnings adjustments, core headline earnings increased by R1.755 billion (258%), from R679 million to R2.434 billion. This increase reflected a R347 million decline in CEC, offset by a R2.101 billion increase across the remaining Group entities compared to the prior year.

Core headline earnings per share (excluding extraneous contributions) increased by 256% from 76.08 cents in the prior year to 270.95 cents.

Earnings per share for the current and prior years were 276.52 cents and 72.49 cents, respectively. Headline earnings per share for the same years were 455.96 cents and 73.64 cents, respectively.

Excluding the extraneous contributions in the current year, earnings per share increased by 262% to 262.23 cents, while headline earnings per share increased by 260% to 265.29 cents.

SEGMENTAL REPORT

Africa Distribution

	May 2025 R'000	Extraneous income* May 2025 R'000	Remaining May 2025 R'000	May 2024 R'000	Growth remaining R'000	Growth remaining %
Revenue	**13 824 555**	—	13 824 555	**14 343 953**	(519 398)	(4%)
Gross profit	**3 293 626**	—	3 293 626	**3 215 296**	78 330	2%
EBITDA	**1 756 679**	176 313	1 580 366	**1 354 629**	225 737	17%
Finance costs	**(1 087 912)**	—	(1 087 912)	**(1 120 225)**	32 313	3%
Finance income	**799 853**	—	799 853	**896 028**	(96 175)	(11%)
Reversal of impairments in associates	**1 558 621**	1 558 621	—	**—**	—	
Share of (losses)/profit from associates and joint ventures	**(80 624)**	(1 606 557)	1 525 933	**(2 489)**	1 528 422	61 407%
– Group's share of Cell C's accumulated net losses from 1 June 2019 to 31 May 2024	**(1 606 557)**	(1 606 557)	—	**—**	—	
– Group's share of profits from Cell C from 1 June 2024 to 31 May 2025	**1 507 904**	—	1 507 904	**—**	1 507 904	
– Group's share of profits from other associates and joint ventures	**18 029**	—	18 029	**(2 489)**	20 518	824%
Net profit after tax	**2 628 052**	128 375	2 499 677	**769 270**	1 730 407	225%
Headline earnings adjustment	**1 601 195**	1 584 653	16 542	**10 510**	6 032	57%
Headline earnings	**4 229 247**	1 713 028	2 516 219	**779 780**	1 736 439	223%
Core headline earnings	**4 280 137**	1 713 028	2 567 109	**801 571**	1 765 538	220%
Gross profit margin (%)	**23.82%**		23.82%	**22.42%**		
EBITDA margin (%)	**12.71%**		11.43%	**9.44%**		

Revenue generated within the Africa Distribution segment declined by R519 million (4%) from R14.3 billion to R13.8 billion. As only the gross profit earned on "PINless top-ups", prepaid electricity, ticketing and universal vouchers is recognised as revenue, on imputing the gross revenue generated thereon, the effective growth in revenue equated to R6.7 billion (8%) from R89.1 billion to R95.8 billion.

Gross revenue generated on "PINless top-ups" increased by R72 million from R21.76 billion to R21.83 billion, in line with expectation.

Electricity revenue generated on behalf of the utilities increased by R8.1 billion (22%) from R36.2 billion to R44.2 billion. Net commission earnings, primarily calculated based on kilowatt-hour (kWh) consumption, increased by R30 million (12%) from R263 million to R293 million. The growth in commissions was driven by inflationary increases linked to kWh usage and higher electricity consumption. However, this was offset by margin compression, despite overall growth in gross electricity revenue, supported by NERSA-approved tariff adjustments.

Gross revenue from universal vouchers declined by R601 million (4%) to R15.3 billion, compared to R15.9 billion in the prior year. The decrease resulted from the termination, at the end of the previous year, of voucher sales that contributed R5.2 billion in the comparative year but carried negligible margin. Excluding this once-off impact, underlying growth amounted to R4.6 billion (42%), underpinned by the continued expansion of BluVoucher sales through financial institution channels.

Despite a decline in gross ticketing revenue of R143 million (9%), commissions earned increased by R2 million (2%). The improvement was driven by growth in commuter bus channel revenues, offset by a reduction in sales from music festivals and concerts, which have historically generated lower margins.

Gross profit increased by R78 million (2%) to R3.294 billion, up from R3.215 billion, with the gross profit margin improving from 22.42% to 23.82%.

Excluding net positive extraneous contributions of R176 million in the current year, EBITDA increased by R226 million (17%), from R1.355 billion to R1.580 billion. This increase reflected a R288 million decline in CEC, offset by a R514 million increase across the remaining Group entities compared to the prior year.

The total reversal of impairments on associates of R1.559 billion related to the initial impairment of R2.5 billion recognised against Blue Label's investment in Cell C as at 31 May 2019. This reversal aligns with the improvement in Cell C's equity valuation. Of the total impairment, R962.5 million was reversed in November 2022, with the balance of R1.559 billion reversed in the current year.

Included in the Group's share of losses from associates of R81 million is the recognition of the Group's share of Cell C's accumulated net losses from 1 June 2019 to 31 May 2024, which amounted to R1.607 billion. This was partially offset by the Group recognising its share of Cell C's net profits of R1.508 billion in the current financial year, primarily attributable to the recognition of a portion of Cell C's deferred tax asset, as well as R18 million in profits from other associates. As at 31 May 2025, the Group has fully recognised its share of all previously unrecognised historical losses associated with Cell C.

Core headline earnings increased by R3.478 billion, from R802 million to R4.280 billion.

Excluding the net positive extraneous contributions of R1.713 billion, core headline earnings increased by R1.766 billion (220%), from R802 million to R2.567 billion. This growth reflects a R347 million decline in CEC, offset by a R2.112 billion increase across the remaining Group entities compared to the prior year.

Solutions

	May 2025 R'000	May 2024 R'000	Growth R'000	Growth %
Revenue	**225 622**	**254 491**	(28 869)	(11%)
Gross profit	**81 377**	**79 742**	1 635	2%
EBITDA	**20 050**	**29 193**	(9 143)	(31%)
Share of profit from associates and joint ventures	**25 248**	**17 905**	7 343	41%
Core headline earnings	**53 874**	**43 831**	10 043	23%
Gross profit margin	**36.07%**	**31.33%**		
EBITDA margin	**8.89%**	**11.47%**		

A decline in SMS volumes resulted in a decrease in revenue of R29 million (11%) from R254 million to R226 million.

Gross profit increased marginally by R1.6 million (2%) from R79.7 million to R81.3 million, while the gross profit margin improved from 31.33% to 36.07%, despite a decline in revenue.

EBITDA declined by R9 million (31%) from R29 million to R20 million, primarily due to a R8 million loss on the disposal of an associate company during the year. Excluding this loss, as well as the impact of learnership initiative costs of R20 million in the current year and R17 million in the prior year, EBITDA increased by R2 million (4%) from R46 million to R48 million. Core headline earnings increased by R10 million (23%) from R44 million to R54 million.

Of the core headline earnings of R53.9 million, BLDS accounted for R32.4 million. Blue Label Communications and Blu Train generated earnings of R17.1 million and R21.1 million, of which the Group's share amounted to R8.2 million and R13.3 million, respectively.

Of the core headline earnings of R43.8 million in the prior year, BLDS accounted for R29.7 million, I Talk Holdings and I Talk Financial Services generated earnings of R18 million, of which the Group's share amounted to R5.4 million. Blue Label Communications and Blu Train generated earnings of R1.5 million and R14.7 million, of which the Group's share amounted to R0.9 million and R7.8 million, respectively.

Corporate

	May 2025 R'000	May 2024 R'000	Growth remaining R'000	Growth remaining %
EBITDA	**(174 857)**	**(157 957)**	(16 900)	(11%)
Net loss after tax	**(188 645)**	**(164 174)**	(24 471)	(15%)
Core headline earnings	**(188 209)**	**(164 174)**	(24 035)	(15%)

The negative contribution to Group core headline earnings increased by R24 million (15%) from R164 million to R188 million.

Depreciation, amortisation and Impairment charges

Depreciation, amortisation and impairment charges increased by R29 million to R193 million. Of the latter amount, R70 million (2024: R69 million) pertained to depreciation on capital expenditure, R24 million (2024: R13 million) to depreciation raised in terms of IFRS 16 – Leases, R22 million (2024: R14 million) to impairments and R76 million (2024: R68 million) to the amortisation of intangible assets of which R30 million (2024: R30 million) emanated from purchase price allocations on historical acquisitions.

Finance costs

Finance costs declined by R31 million from R1.121 billion to R1.090 billion. Of the latter amount, R1.004 billion related to interest paid on borrowed funds, R6 million to the unwinding of the lease liability in accordance with IFRS 16, and R80 million to other finance costs. In comparison, to the prior year, R1.082 billion related to interest paid on borrowed funds, R4 million to the unwinding of the lease liability, and R35 million to other finance costs.

The recapitalisation of Cell C gave rise to additional finance costs of R231 million (2024: R462 million). These costs comprised R57 million (2024: R272 million) relating to borrowings associated with the airtime sale and repurchase obligations, R22 million (2024: R29 million) attributable to the issue of Class A Preference Shares, R15 million (2024: Nil) from the unwinding of Cell C recapitalisation obligations to SPV5 and Gramercy, and R137 million (2024: R161 million) arising from finance costs recognised on the sale of CEC's handset receivable books.

Excluding the impact of the Cell C recapitalisation, underlying finance costs increased by R200 million, from R659 million to R859 million. This increase was primarily driven by an additional R144 million in interest incurred on short-term working capital facilities secured to fund bulk inventory purchases at favourable rebates. A further R41 million arose from CEC's R1.9 billion working capital financing facility with African Bank, while the remaining R46 million related to other finance costs. These increases were partially offset by a R31 million reduction in finance costs, following a decrease in the Group's working capital facility from R1.34 billion to R1.16 billion, together with a blended 0.46% decline in interest rates compared to the prior year.

Finance income

Finance income declined by R98 million from R902 million to R804 million. Of the latter amount, R35 million was attributable to interest received on cash resources, R78 million to the loan provided to Cell C relating to the CEC R1.1 billion deferral amount, R632 million from the loan extended to Cell C as a component of the debt-funding required as part of the recapitalisation transaction, R47 million from interest accrued on the overdue trade receivable balance owed to CEC by Cell C and R12 million from other loans advanced.

In the prior period, R44 million was attributable to interest received on cash resources, R102 million to the loan provided to Cell C relating to the CEC R1.1 billion deferral amount, R600 million from the loan extended to Cell C as a component of the debt-funding, R100 million from interest accrued on the overdue trade receivable balance owed to CEC by Cell C and R56 million from other loans granted.

Statement of financial position

Total assets increased by R4.6 billion to R19.8 billion, comprising growth of R1.2 billion in non-current assets and R3.4 billion in current assets.

The increase in non-current assets included a R1.711 billion increase in investments in associates, a R168 million increase in advances to customers, a R44 million increase in intangible assets and a R61 million increase in deferred taxation assets. These increases were partially offset by a R664 million decline in loans to associates and joint ventures, a R55 million decrease in property, plant and equipment, and a R28 million decline in financial assets measured at fair value through profit or loss.

The net growth in current assets included increases of R1.501 billion in loans to associates and joint ventures, R1.064 billion in trade and other receivables, R410 million in financial assets at fair value through profit and loss, R240 million in advances to customers and R256 million in inventory.

The increase in investments in associates of R1.711 billion included the reversal of R1.559 billion relating to the initial impairment of R2.5 billion in Blue Label's investment in Cell C, an additional investment of R241 million relating to SPV5's funding obligation to Dark Fibre Africa, as a result of the Cell C recapitalisation, and the Group's share of Cell C's earnings for the current year amounting to R1.508 billion, offset by the recognition of the Group's share of Cell C's accumulated net losses for the period 1 June 2019 to 31 May 2024 amounting to R1.607 billion.

The increase in financial assets at fair value through profit or loss of R382 million related primarily to the Group's rights to acquire an equity interest in Cell C from SPV1 and Gramercy. These rights are accounted for as derivative instruments measured at fair value.

The net increase of R837 million in current and non-current loans to associates and joint ventures primarily related to the Cell C debt-funding and reinvestment instruments, the CEC deferral loan, and the acquisition of a new loan from Gramercy of R408 million. Total interest accrued on these instruments amounted to R709 million, reversals of expected credit losses totalled R308 million, partially offset by repayments of R538 million. Loans receivable also decreased by R23 million following the reclassification of iTalk loans to third-party loans following the disposal thereof.

Net profit attributable to equity holders amounted to R2.5 billion, resulting in accumulated capital and reserves of R7.6 billion.

Non-current liabilities decreased by R105 million, reflecting a reduction in non-current borrowings of R166 million and deferred tax liabilities of R133 million, partially offset by an increase of R185 million in financial liabilities at fair value through profit or loss relating to the Class B Preference Shares.

Current liabilities increased by R2.2 billion, primarily due to an increase in current borrowings of R1.5 billion and an increase of R640 million in trade and other payables.

The total increase of R1.3 billion in current and non-current borrowings mainly reflected higher utilisation of short-term working capital facilities for bulk inventory purchases.

Statement of cash flows

Cash generated from trading operations amounted to R488 million. Working capital movements include an increase in inventory of R264 million, trade and other receivables of R1.1 billion and advances to customers of R479 million, offset by an increase in accounts payable of R694 million. After incurring net finance costs of R633 million and taxation of R321 million, net cash utilised in operating activities amounted to R466 million.

Net cash flows utilised in investing activities amounted to R301 million, primarily attributable to the purchase of intangible assets amounting to R443 million, property, plant and equipment of R49 million and the additional investment in Cell C through SPV5 of R100 million. These outflows were partially offset by the repayment of loans by associates and joint ventures of R245 million.

Included in loan repayments by associates and joint ventures of R245 million are capital repayments by Cell C of R231 million and capital payments by other associates and joint ventures of R14 million.

Cash flows generated from financing activities amounted to R692 million, of which R750 million related to a net increase in interest-bearing borrowings. These inflows were partially offset by dividend payments of R26 million to minority shareholders of subsidiary companies and lease repayments of R30 million.

Cash and cash equivalents accumulated to R821 million at 31 May 2025.

Conditional share plan

Conditional shares totalling 6 674 989 (2024: 17 000 314) were issued to qualifying employees. During the year, 4 172 301 (2024: 835 508) shares were forfeited and 3 014 702 (2024: 12 694 462) shares vested.

Appreciation

The Blue Label Board would like to extend its gratitude to the staff, suppliers, customers, and business partners for their ongoing support and dedication to the Group.

For and on behalf of the Board

LM Nestadt
Chairman

BM Levy and MS Levy
Joint Chief Executive Officers

DA Suntup* CA(SA)
Financial Director

26 August 2025

* Supervised the preparation and review of the Group's audited year-end results.

PROMINENT NOTICE

These annual financial statements have been audited by our external auditor SizweNtsalubaGobodo Grant Thornton in compliance with the applicable requirements of the Companies Act, No 71 of 2008. Dean Suntup, Financial Director, supervised the preparation of the annual financial statements.

DA Suntup CA(SA)
Financial Director

STATEMENT OF DIRECTORS' RESPONSIBILITY

for the year ended 31 May 2025

The Directors are responsible for the maintenance of adequate accounting records and the preparation, integrity and fair presentation of the Group financial statements of Blue Label Telecoms Limited, its subsidiaries, joint ventures and associates (the Group).

The financial statements have been prepared in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board (IASB), the Financial Reporting Guides as issued by the South African Institute of Chartered Accountants (SAICA) Accounting Practices Committee, Financial Pronouncements as issued by the Financial Reporting Standards Council, the JSE Listings Requirements and the requirements of the Companies Act of 2008.

The Directors consider that having applied IFRS Accounting Standards in preparing the Group financial statements they have selected the most appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that all IFRS Accounting Standards that they consider to be applicable have been followed.

The Directors are satisfied that the information contained in the Group financial statements fairly presents the results of operations for the year and the financial position of the Group at year-end. The Directors prepared the other information included in the Group financial statements and are responsible for both its accuracy and its consistency.

In addition, the Directors are responsible for the Group's system of internal financial control. These are designed to provide reasonable, but not absolute, assurance as to the reliability of the financial statements, and to adequately safeguard, verify and maintain accountability of the assets, and to prevent and detect misstatement and loss. Nothing has come to the attention of the Directors to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year under review.

The Group financial statements have been prepared on the going concern basis, since the Directors have every reason to believe that the Group has adequate resources in place to continue in operation for the foreseeable future, based on forecasts and available cash resources. These Group financial statements support the viability of the Group.

The independent auditing firm SizweNtsalubaGobodo Grant Thornton 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 Group financial statements. The Directors believe that all representations made to the independent auditors during their audit are valid and appropriate.

APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were produced and approved by the Board of Directors on 26 August 2025 and are signed on its behalf by:

LM Nestadt
Non-Executive Chairman

BM Levy
Joint Chief Executive Officer

DA Suntup
Financial Director

MS Levy
Joint Chief Executive Officer

JOINT CHIEF EXECUTIVE OFFICERS AND FINANCIAL DIRECTOR RESPONSIBILITY STATEMENT ON INTERNAL FINANCIAL CONTROLS

In line with paragraph 3.84(k) of the JSE Listings Requirements, each of the Directors whose names are stated below, hereby confirm that:

- the annual financial statements set out on pages 24 to 117 fairly present in all material respects the financial position, financial performance and cash flows of the issuer in terms of IFRS Accounting Standards;
- to the best of our knowledge and belief, 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 and its consolidated subsidiaries have been provided to effectively prepare the financial statements of the issuer;
- 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 as Executive Directors with primary responsibility for implementation and execution of controls;
- where we are not satisfied, we have disclosed to the Audit Committee and the auditors any deficiencies in design and operational effectiveness of the internal financial controls, and have taken steps to remedy the deficiencies; and
- we are not aware of any fraud involving Directors.

BM Levy
Joint Chief Executive Officer

MS Levy
Joint Chief Executive Officer

DA Suntup
Financial Director

Sandton
26 August 2025

DECLARATION BY THE COMPANY SECRETARY

for the year ended 31 May 2025

In terms of section 88(2)(e) of the Companies Act, No 71 of 2008 (the Companies Act), I confirm that for the year ended 31 May 2025, Blue Label Telecoms Limited has lodged with 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 true, correct and up to date.

J van Eden
Group Company Secretary

Sandton
26 August 2025

DIRECTORS' REPORT

The Directors have pleasure in presenting the Group annual financial statements of Blue Label Telecoms Limited (Group or the Company) and its subsidiary, associate and joint venture companies (the Group) for the year ended 31 May 2025.

PRINCIPAL ACTIVITIES AND STRATEGY

Blue Label Telecoms Limited's core business is the virtual distribution of secure electronic tokens of value and transactional services across its global footprint of touch points. The Group's stated strategy is to extend its global footprint of touch points, both organically and acquisitively, to meet the significant demand for the delivery of multiple prepaid products and services through a single distributor, across various delivery mechanisms and via numerous merchants or vendors.

STRATEGIC REVIEW AND PROPOSED RESTRUCTURE OF BLUE LABEL

Blue Label has been evaluating a range of strategic options and initiatives to unlock and enhance shareholder value. These strategic options include a potential restructuring of the Group's subsidiaries and associates, with the objective of facilitating the separation of Cell C Limited ("Cell C") and positioning it for a potential future listing on the Main Board of the Johannesburg Stock Exchange.

The proposed restructure is expected to include a series of related transactions designed to optimise Cell C's capital structure and balance sheet in preparation for such a listing.

Implementation of the restructure and potential listing will remain subject to, inter alia, approval by the boards of Blue Label and Cell C, requisite shareholder and regulatory approvals, and prevailing market conditions.

If implemented, the restructure is anticipated to deliver significant benefits to Blue Label and its shareholders. It will enable the separation of Cell C from Blue Label's existing businesses, allowing investors to evaluate the value and strategic focus of Blue Label on a standalone basis.

The proposed restructure includes, among other transactions, the acquisition by Cell C of 100% of Comm Equipment Company Proprietary Limited ("CEC") – a wholly owned subsidiary of Blue Label – from The Prepaid Company Proprietary Limited, in exchange for additional shares in Cell C ("the proposed acquisition"). CEC is the subsidiary responsible for Cell C's postpaid offerings. Its internalisation will enable Cell C to assume full responsibility for its postpaid customer base, including oversight of the supply chain, commercial operations, marketing, billing, credit management, and collections. The proposed acquisition remains subject to the final agreement of terms and the fulfilment of customary conditions for a transaction of this nature, including standard conditions precedent. One such condition precedent is approval by the Competition Commission. In this regard, the Competition Tribunal has granted approval for the proposed acquisition, marking a significant milestone in the overall restructure of the Blue Label Group.

FINANCIAL RESULTS

The Group recorded a net profit after tax attributable to equity holders for the year ended 31 May 2025 of R2.484 billion (2024: R647 million). Full details of the financial position and results of the Group and its segments are set out in the Group annual financial statements. The Group annual financial statements for the year ended 31 May 2025 were approved by the Board and signed on its behalf on 26 August 2025.

SHARE CAPITAL

Full details of the authorised, issued and unissued capital of the Company at 31 May 2025 are contained in note 6.1 of the Group annual financial statements.

DIVIDENDS

The Board of Directors have elected not to declare a dividend.

GOING CONCERN

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

After making enquiries, the Directors have a reasonable expectation that the Group has adequate resources and facilities to continue in operational existence for the foreseeable future and is not at risk of breaching its covenants. The Group therefore continues to adopt the going concern basis in preparing the financial statements.

DIRECTORATE

The following are the details of the Company's Directors:

Name	Office	Appointment date
Larry M Nestadt (Chairman)	Independent Non-Executive Director	5 October 2007
Brett M Levy	Joint Chief Executive Director	1 February 2007
Mark S Levy	Joint Chief Executive Director	1 February 2007
Nomavuso P Mnxasana	Independent Non-Executive Director	18 September 2020
Joe S Mthimunye	Independent Non-Executive Director	5 October 2007
Dean A Suntup	Financial Director	14 November 2013
Jeremiah S Vilakazi	Independent Non-Executive Director	19 October 2011
Lindiwe E Mthimunye	Independent Non-Executive Director	1 November 2022
Happy Masondo	Independent Non-Executive Director	1 August 2023

DIRECTORS' INTERESTS

The individual interests declared by Directors in the Company's share capital as at 31 May 2025, held directly or indirectly, were as follows:

	Nature of interest			
	Direct beneficial		Indirect beneficial	
Director/officer	**2025**	2024	**2025**	2024
LM Nestadt (Chairman)	**—**	—	**10 000 000**	10 000 000
BM Levy[1]	**71 251 324**	71 251 324	**17 772 777**	17 772 777
MS Levy[1]	**63 843 916**	63 843 916	**19 120 980**	19 120 980
JS Mthimunye	**130 000**	130 000	**242 573**	242 573
DA Suntup[1]	**5 985 092**	5 985 092	**177 778**	177 778
SJ Vilakazi	**—**	—	**8 200**	8 200

[1] Although 578 521 shares vested to BM Levy and MS Levy and 306 407 to DA Suntup during the year, the transfer and/or sale of these shares were restricted due to a closed period in terms of the JSE Listings Requirements. The shares will be transferred once the closed period expires. The shares are included in treasury shares and management has concluded that no agency relationship exists over the shares while these rights are restricted.

There was no change in the interests held by Directors between 31 May 2025 and the date of approval of these annual financial statements.

The aggregate interest of the current Directors in the capital of the Company was as follows:

	Number of shares	
Director/officer	**2025**	2024
Beneficial	**188 532 640**	188 532 640

The beneficial interest held by Directors and officers of the Company constitutes 20.63% (2024: 20.63%) of the issued share capital of the Company.

Details of Directors' emoluments and equity compensation benefits are set out in note 5.3 of the Group annual financial statements and details of the conditional share plan are set out in note 5.1.

RESOLUTIONS

On 28 November 2024, the Company passed and filed with the Companies and Intellectual Property Commission the following special resolutions:

- approving the remuneration of Non-Executive Directors;
- granting a general authority to repurchase the Company's shares; and
- approval to grant financial assistance in terms of sections 44 and 45 of the Companies Act.

On 11 August 2025, the Company passed and filed with the Companies and Intellectual Property Commission the following special resolutions:

- change of Company name; and
- amendment of the Company's Memorandum of Incorporation.

Except for the aforementioned, no other special resolutions, the nature of which might be significant to shareholders in their appreciation of the state of affairs of the Group, were passed by the Company or its subsidiaries during the period covered at the date of signing these Group annual financial statements.

COMPANY SECRETARY

The Board is satisfied that Ms J van Eden has the requisite knowledge and experience to carry out the duties of a Company Secretary of a public company in accordance with section 88 of the Companies Act and is not disqualified to act as such. She is not a Director of the Board and maintains an arm's-length relationship with the Board.

The business and postal address of the Company Secretary appear on the Company's website at www.bluelabeltelecoms.co.za.

SUBSEQUENT EVENTS

On 11 August 2025, a general meeting of shareholders was held to approve the name change of the Company. The requisite additional administrative approvals are still in process at the date of this report. Following these approvals, the Company will be known as Blu Label Unlimited Group Limited ('BLU') effective 3 September 2025.

AUDITORS

SizweNtsalubaGobodo Grant Thornton Inc. (SNGGT) will continue in office in accordance with section 90(6) of the Companies Act.

Larry Nestadt
Chairman

AUDIT, RISK AND COMPLIANCE COMMITTEE'S REPORT

The Audit, Risk and Compliance Committee (ARCC) is pleased to present its report for the financial year ended 31 May 2025.

The ARCC is an independent statutory committee appointed by the shareholders of the Company. In addition to its statutory duties, the Board has delegated further duties to the Committee. This report covers both these sets of duties and responsibilities.

MANDATE AND TERMS OF REFERENCE

The Committee has adopted comprehensive and formal terms of reference which have been approved by the Board and which are reviewed on an annual basis. The responsibilities of the ARCC include:

- examining and reviewing the Group's financial statements and reporting of interim and final results;
- reviewing and considering, for recommendation to the Board, the consolidated budget for the ensuing financial year;
- overseeing integrated reporting;
- overseeing the Internal Risk and Compliance Committee function;
- overseeing the function of the Group Compliance Officer;
- ensuring that Blue Label implements an effective policy and plan for risk management that has been disseminated throughout the organisation and integrated within day-to-day activities in order to enhance the Company's ability to achieve its strategic objectives;
- ensuring that the disclosure regarding risk is comprehensive, timely and relevant;
- ensuring that a combined/integrated assurance model is applied to provide a co-ordinated approach to all assurance activities and appropriately address all the significant risks facing Blue Label;
- reviewing and satisfying itself of the expertise, resources, and experience of the Blue Label finance function;
- overseeing the Group internal audit function; establishing, implementing, and maintaining a compliance function with adequate policies and procedures to ensure compliance with rules, regulations, statutes and procedures applicable to Blue Label;
- establishing, implementing, and maintaining a compliance function with adequate policies and procedures to ensure compliance with rules, regulations, statutes and procedures applicable to Blue Label;
- reporting annually to the Board and shareholders describing the Committee's composition, responsibilities, and how they were discharged, as well as any other information required by rule, including the approval of non-audit services;
- resolving any disagreements between management and the auditor regarding financial reporting;
- retaining independent counsel, accountants, or others to advise the Committee or assist in the conduct of an investigation;
- seeking any information it requires from employees – all of whom are directed to co-operate with the Committee's requests – or external parties; and
- meeting with the organisation's officers, external auditors, internal auditors, or outside counsel as necessary.

MEMBERSHIP AND MEETINGS HELD

In accordance with the requirements of the Companies Act, No 71 of 2008 (the Companies Act), Mr JS Mthimunye, Ms NP Mnxasana, Ms LE Mthimunye and Mr SJ Vilakazi were appointed to the Committee by shareholders at the AGM held on 28 November 2024 in the following positions:

- JS Mthimunye (Independent Non-Executive Chairman);
- NP Mnxasana (Independent Non-Executive Director);
- LE Mthimunye (Independent Non-Executive Director); and
- SJ Vilakazi (Independent Non-Executive Director).

The members of the Committee collectively have experience in audit, accounting, commerce, economics, law, corporate governance and general industry. All the members of the ARCC are Independent Non-Executive Directors.

The Committee meets quarterly and the quorum for each meeting is three members present throughout the meeting. Mandatory attendees at the meetings are the Joint Chief Executive Officers and the Financial Director of Blue Label. The external audit partner from SNGGT and a director from Deloitte, to whom Blue Label outsources its internal audit function, are also attendees. Both internal and external auditors are afforded the opportunity to address the meeting and have unlimited access to the Committee. During the year, the Committee met with the external and internal auditors respectively without the presence of management. The internal audit function reports directly to the ARCC and is also responsible to the Financial Director on day-to-day administrative matters.

STATUTORY DUTIES DISCHARGED

In execution of its statutory duties during the year under review, the Committee:

- nominated and recommended to shareholders the reappointment of SNGGT as independent external auditors, with Mr Alex Philippou, the audit partner, as the registered independent auditor;
- approved the fees to be paid to SNGGT and other external auditors, where applicable, and approved the terms of engagement;
- maintained a non-audit services policy which determines the nature and extent of any non-audit services that SNGGT may provide to the Group;
- discharged those statutory duties as prescribed by section 94 of the Companies Act, acting in its capacity as the appointed Audit Committee of the subsidiary companies of Blue Label;
- considered the Committee's report describing how duties have been discharged; and
- submitted matters to the Board concerning the Company's accounting policies, financial controls, records and reporting, and key risks identified in the enterprise-wide risk management (ERM) process, as appropriate.

OTHER DUTIES TO DISCHARGE

Financial statements and reporting

The Committee:

- monitored compliance with accounting standards and legal requirements and ensured that all regulatory compliance matters had been considered in the preparation of the financial statements;
- reviewed feedback from the JSE proactive monitoring panel and included additional disclosure where relevant;
- reviewed and confirmed compliance with the JSE regulations relating to the sign-off by the CEOs and FD on the internal financial controls;
- reviewed the external auditor's report to the Committee and management's responses thereto and made appropriate recommendations to the Board of Directors regarding actions to be taken;
- reviewed and commented on the annual financial statements, interim reports, paid advertisements, announcements and the accounting policies and recommended these to the Board for approval;
- reviewed and recommended to the Board for adoption the consolidated budget for the ensuing financial year; and
- considered the going concern status of the Company and Group on the basis of review of the annual financial statements and the information available to the Committee and recommended such going concern status for adoption by the Board.

The Board statement on the going concern status of the Group and Company is contained in the Directors' report.

External audit and non-audit services

The ARCC has satisfied itself as to the independence of the external auditor, SNGGT, as set out in section 94(7) of the Companies Act, which includes consideration of compliance with criteria relating to independence or conflicts of interest as prescribed by the Independent Regulatory Board for Auditors, including tenure of the audit firm and rotation of the designated individual partner. Requisite assurance was sought from and provided by SNGGT that internal governance processes within the firm support and demonstrate its claim to independence. SNGGT has been the auditor of the Company for three years.

To assess the effectiveness of the external auditors, the Committee considered the quality, delivery and execution of the agreed audit plan and variations from the plan, as well as the robustness and perceptiveness of SNGGT in its handling of key accounting treatments and disclosures. The ARCC has been informed of the most recent results of SNGGT's regulatory and firm inspection and is satisfied with the results thereof.

The Committee, in consultation with Executive Management, agreed to the engagement letter, terms, audit plan and budgeted audit fees for the 2025 financial year.

Any non-audit services to be provided by the external auditors are governed by a formal written policy which incorporates a monetary delegation of authority in terms of non-audit services to be provided. The non-audit services rendered by the external auditors during the year ended 31 May 2025 comprised tax advisory services, tax compliance services and general advisory services.

The fees applicable to the services totalled Rnil (2024: R0.1 million).

The ARCC has nominated, for approval at the AGM, the reappointment of SNGGT as registered auditors for the 2026 financial year. The Committee also satisfied itself in terms of paragraph 3.84(g)(ii) of the JSE Listings Requirements that SNGGT and the designated individual partner are suitable for appointment.

Internal audit and internal controls

Blue Label's internal audit was outsourced to Deloitte for the year and the role of the Chief Audit Executive is fulfilled by the Engagement Director. The ARCC concludes that the Chief Audit Executive and internal audit arrangements are effective and independent.

The Committee:

- reviewed the co-operation and co-ordination between the internal and external audit functions in order to avoid duplication of work and to work towards an effective and efficient combined/integrated assurance approach;
- examined and reviewed the progress made by internal audit against the approved 2024/25 audit plan;
- considered the combined/integrated assurance arrangements for the 2024/25 financial year;
- approved the risk-based internal audit plan for the 2024/25 financial year;
- considered the effectiveness of internal audit;
- considered internal audit findings and corrective actions taken in response to such findings; and
- reviewed the annual statement from internal audit on the effectiveness of the organisation's governance, risk management and internal control processes.

The ARCC concluded that appropriate financial reporting procedures have been established and were operating, as contemplated in paragraph 3.84(g)(ii) of the JSE Listings Requirements, which includes consideration of all the entities in the consolidated annual financial statements.

In carrying out its responsibility of ensuring appropriate financial reporting procedures are in place, the ARCC has had oversight of the procedures performed by management to ensure that internal financial controls are adequate in design and operating effectiveness, and has considered all deficiencies reported by management to the ARCC and external auditors together with steps taken to remedy such deficiencies.

The ARCC concludes that the combined assurance arrangement is effective and will continue to evolve as the Group grows.

Risk management and compliance

In relation to the governance of risk, the Committee:

- reviewed the integrity of the risk control systems and ensured that the risk policies and strategies of the Company are effectively managed;
- made recommendations to the Board concerning the levels of risk tolerance and appetite, and monitored the management of risk exposures against these levels;
- reviewed and recommended to the Board the approval of the Integrated Risk Assurance Policy and Framework;
- monitored bi-annual risk assessments and reviewed the consolidated strategic risk profile to evaluate and ensure all material risks had been identified as they pertain to the triple context of Blue Label, and are being managed appropriately;
- provided feedback to the Board on significant risks, including emerging risks, and significant changes to the Company's risk profile;
- ensured that management considered and implemented appropriate risk responses to significant risks;
- considered the relevance and effectiveness of information and technology governance systems, processes and mechanisms to manage technology-related risks;
- reviewed and recommended to the Board risk information for disclosure, in accordance with King IV principles;
- reviewed legal matters that could have a material impact on the Group in conjunction with Blue Label's legal adviser; and
- reviewed developments in corporate governance and best practice and considered their impact and implications across the Group with particular reference to the principles of King IV.

The ARCC is satisfied that it has dedicated sufficient time to its responsibility towards the governance of risk.

The Committee is satisfied that it has exercised sufficient, ongoing oversight of compliance through:

- the continued appointment of a dedicated Compliance Officer for the Group;
- the approval of the compliance strategy;
- the approval of the regulatory compliance policy and the compliance process;
- annual review of the Company's regulatory universe in order to prioritise regulatory compliance efforts;
- ongoing development and review of compliance risk management plans;
- continuous monitoring of the regulatory environment to ensure that the Group keeps abreast of matters affecting its regulatory environment; and
- identification and monitoring of key compliance risks across the Group.

EXPERTISE AND EXPERIENCE OF THE FINANCIAL DIRECTOR AND FINANCE FUNCTION

The Committee considered the appropriateness of the expertise and experience of the Financial Director and finance function in accordance with the JSE Listings Requirements and governance best practice and has satisfied itself in terms of JSE Listings Requirement 3.84(g)(i) that the Group Financial Director has appropriate expertise and experience.

The ARCC concluded that the finance function is adequately resourced with technically competent individuals and is effective. The Committee confirms that it is satisfied that Mr Dean Suntup possesses the appropriate expertise and experience to discharge his responsibilities as Financial Director. The Committee is also satisfied that appropriate financial reporting procedures have been established and that those procedures are operating effectively.

AUDIT, RISK AND COMPLIANCE COMMITTEE'S REPORT
CONTINUED

ANNUAL FINANCIAL STATEMENTS

The Committee has reviewed the accounting policies and financial statements of the Company and the Group and is satisfied that they are appropriate and comply with IFRS Accounting Standards, the JSE Listings Requirements, and the requirements of the Companies Act of South Africa.

The Committee has evaluated the Group annual financial statements of Blue Label Telecoms Limited for the year ended 31 May 2025 and based on the information provided to the Committee, the Committee recommends the adoption of the annual financial statements by the Board.

The significant audit matters considered by the Committee were the reversal of impairment of investment in Cell C Limited and the change of economic interest in Cell C.

These matters were addressed as follows:

Reversal of impairment of investment in Cell C Limited

For the year ended 31 May 2025, management reviewed the carrying value of the Group's investment in Cell C in accordance with the requirements of IAS 36, due to an indication of reversal of the previous impairment as a result of the performance of Cell C. The investment was fully impaired in prior years, with a portion of the impairment being reversed in the 2023 financial year.

The review was performed as follows:

- assessing the recoverable amount as being value-in-use, as Cell C is held-for-trading and not for sale;
- calculating the value-in-use of Cell C using a discounted cash flow model;
- carefully considering the inputs used in deriving the appropriate discount rate and projected cash flows used in the calculation; and
- performing a sensitivity analysis over the value-in-use calculation, by varying the assumptions used (growth rates, terminal growth rate and WACC, i.e. discount rate) to assess the impact of any changes on the valuation performed.

Based on the work performed, management concluded that the balance of the impairment loss in Cell C, recognised in prior years, was no longer observable and could be reversed. The sensitivities were stress tested at year-end and no further adjustments were required.

Change of economic interest in Cell C Limited

Management performed a detailed assessment of the accounting treatment of the effects of the 2 transactions that gave rise to a net increase in Blue Label's economic interest in Cell C Limited during the 2025 financial year.

The divestment of a portion of TPC's effective economic interest in Cell C Limited through the SPV1 shares that were held as security, and the recognition of the additional 10% interest in Cell C via SPV5 were considered in terms of IFRS Accounting Standards. The effects of these transactions over Blue Label's control of Cell C were also assessed in terms of IFRS 10 and it was assessed that the Group still does not have control of Cell C.

On behalf of the Audit, Risk and Compliance Committee

JS Mthimunye
Chairman

26 August 2025

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF BLUE LABEL TELECOMS LIMITED

OPINION

We have audited the Consolidated Financial Statements of Blue Label Telecoms Limited (the Group) set out on pages 24 to 117, which comprise the Consolidated Statement of Financial Position as at 31 May 2025, and the Consolidated Statement of Profit or Loss and Other Comprehensive Income, the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year then ended, and notes to the Consolidated Financial Statements, including material accounting policy information.

In our opinion, the Consolidated Financial Statements present fairly, in all material respects, the Consolidated Financial Position of Blue Label Telecoms Limited as at 31 May 2025, and its Consolidated financial performance and Consolidated Cash Flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Companies Act of South Africa.

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 Consolidated Financial Statements section of our report. We are independent of the Group and company in accordance with the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of Financial Statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

FINAL MATERIALITY

The ISAs recognise that:

- misstatements, including omissions, are considered to be material if the misstatements, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements;
- judgements about materiality are made in light of surrounding circumstances, and are affected by the size or nature of a misstatement, or a combination of both; and
- judgements about matters that are material to users of the financial statements consider users as a group rather than as specific individual users, whose needs may vary greatly.

The amount we set as materiality represents a quantitative threshold used to evaluate the effect of misstatements to the financial statements as a whole, based on our professional judgement. Qualitative factors are also considered in making final determinations regarding what is material to the financial statements.

In light of the above we utilised 2% of revenue as the benchmark for assessing our materiality at R291 973 280. We have identified revenue as the most appropriate basis as we typically believe that profit-making companies are principally evaluated by users on their ability to generate revenue.

The main users of the financial statements will be investors, suppliers, banks, creditors, regulators and prospective investors. The materiality figure is determined for the principal users of the financial statements.

The users of the group financial statements will however place more focus on certain disclosure and account balances for which materiality is determined at a lower percentage being 75% of overall materiality.

GROUP AUDIT SCOPE

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

We considered the Group's organisation or legal structure and its financial reporting processes when identifying components for purposes of planning and performing audit procedures.

In establishing the group audit scope, we considered those components which will be subject to further audit procedures and the scope of work to be performed at these components.

In determining which components will be subject to audit procedures, we considered whether these components are significant (due to risk or size), non-significant or inconsequential to the Group.

We conducted full scope audits on three components and specific scope audits on 4 components where our procedures were more focused or limited to specific accounts which we considered had the potential for the greatest impact on the significant accounts in the financial statements given the specific risks identified.

Analytical review procedures were performed over the remaining components that were non-significant and inconsequential to the Group.

We determined the type of work that needed to be performed by us, as the group auditor and component auditors from within the firm operating under our instruction. Where the work was performed by a component auditor, we determined the level of involvement we needed to have in the audit work at that component to be able to conclude whether sufficient appropriate audit evidence had been obtained as a basis for our opinion on the consolidated financial statements as a whole.

KEY AUDIT MATTERS

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the Consolidated Financial Statements of the current period. These matters were addressed in the context of our audit of the Consolidated Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Key Audit Matters in the current year include:

Key audit matter	How our audit addressed the key audit matter
Reversal of impairment of investment in Cell C Limited The Group's investment in Cell C is assessed at each reporting period and when there is an indication that the investment may be impaired. The Group also assess at each reporting period whether the impairment loss recognised in previous reporting periods can be reversed. If an indication of possible reversal is identified, management must estimate the recoverable amount of that asset. As at 31 May 2025, there was an indication that the impairment loss recognised in prior periods may no longer exist. Evidence, based on internal reporting sources indicated the economic performance of its investment is, or will be, better than expected. The events and circumstances that led to the reversal of the impairment loss has been disclosed in note 2.2.1. The Group calculated the recoverable amount of its net investment in Cell C which was based on value-in-use representative of its share of the present value of the estimated future cash flows expected to be generated by Cell C in its current position. With the assistance of management experts, the calculated recoverable amount resulted in a reversal of a previously recognised impairment loss amounting to R1.559 billion. The reversal of the impairment loss does not exceed the carrying amount that would have been recognised had no impairment loss been recognised for the investment in prior years. The reversal of impairment also resulted in the group recognising its share of losses disclosed in note 2.1.1 in accordance with the requirements of IAS 28 *Investments in Associates and Joint Ventures* ("IAS 28").	We have audited and agreed with the evidence presented by management as it relates to the indication that a reversal of the impairment loss previously recognised is appropriate. The calculation of the recoverable amount based on a value-in-use calculation as performed by management at the reporting date was reperformed by our valuation specialists. No material differences relating to the valuation has been identified. The reversal of impairment was recalculated by the audit team using the outcome of the value-in-use calculation and the historical impairment schedule. We audited the significant inputs used by management, which included the growth rates, including the discrete growth rate assumptions to extrapolate cash flows, and the pre-tax discount rate used. We also reviewed the relevant assumptions applied in determining the recoverable amount of the investment in Cell C. It's an overarching principle of the value-in-use calculation that assumptions should be reasonable and supportable and in this respect, we carefully considered the risk factors present in the Group's holding of the investment in Cell C. In particular, IAS 36 *Impairment of Assets* ("IAS 36") requires the valuation to incorporate expectations around possible variations in the timing or amount of the cash flows and the price of bearing the uncertainty inherent in the investment. We assessed whether a distress overlay should be applied and the relevant assumptions taken into account by management in this regard. We deemed the inputs and assumptions appropriate for the purposes of the valuation performed. In addition, we recalculated the stress tests performed by management, and considered whether the stress tests were sufficiently robust. The recoverable amount calculated by management at the reporting date was found to be appropriate and no adjustment was required. The share of losses relating to the investment in Cell C were recalculated and no material differences were identified.

Key audit matter	How our audit addressed the key audit matter
Change of economic interest in Cell C Limited At the reporting date, the Group holds an economic interest in Cell C of 70%, this reflects a net increase of 6.81% as at the end of May 2024. The shareholding with voting rights remained unchanged at 49.53% for the current and comparative reporting periods. The control assessment over Cell C as performed by management remains unchanged and Cell C continues to be accounted for as an associate using the equity method as prescribed in IAS 28. The net increase in the economic interest of Cell C is made up of an increase of 10% due to its funding in SPV 5, and a divestment by SPV 1. The transactions as they relates to SPV5 and SPV1 respectively, are set out below. • From the 2022 Cell C recapitalisation, the Group, through its subsidiary, The Prepaid Company ("TPC"), undertook to provide the necessary funding to SPV5 to enable it to settle the amount that Cell C previously owed to a lessor of Cell C. On 31 December 2024, TPC advanced the first tranche of funding to SPV5 in exchange for a 10% shareholding in Cell C. SPV5 is required to repay TPC for the amounts advanced from any future sale of the Cell C shares it holds or from dividends earned thereon, along with an additional consideration equal to the fair value of its 10% shareholding in Cell C. Since the only asset SPV5 has is the 10% shareholding in Cell C, TPC's loan to SPV5 represents a 10% economic interest in Cell C. TPC would have a claim against the 10% shareholding in the event that SPV5 defaults on its loan repayment to TPC. The economic interests (without voting rights) of the additional 10% in Cell C have been included in the economic interest of TPC in Cell C and equity accounted as part of TPC's investment in associate. • Included in the economic interest in Cell C, are the shares held as security against the notes advanced to SPV1. TPC's share of the economic interest represents 3.19% in Cell C. As a result of a default by SPV1, the noteholders of SPV1 exercised their rights to enforce the provisions of the pledge of the Cell C shares held by SPV1 as security for the repayment of the notes. The Cell C shares were required to be applied to any outstanding amounts, Accordingly, TPC lost its share of the economic interest held in Cell C through SPV 1.	The accounting treatment of the net increase of the economic interest and presentation and disclosure of the transactions in the annual financial statements have been assessed with the support of our financial reporting specialists. Our reporting specialists also assessed whether the control assessment performed by management remains appropriate in these circumstances. The increase in the percentage shareholding in Cell C to 70% was carefully considered to determine whether TPC controls Cell C after concluding these transactions. We specifically considered whether TPC has power of the investee by considering the board representation, and outstanding Competition Commission approval and all relevant facts and circumstances as disclosed in note 2.2.1 which could give TPC the practical ability to exercise power over Cell C. It was concluded that Cell C remains an associate for the reporting period as the criteria for control as per IFRS 10.7 were not met. We will continually assess the relationship between TPC, the Group and Cell C. As it relates to the increase of 10% economic interest through SPV 5, our financial reporting specialists reviewed the proposed accounting treatment and disclosure of the increase in the economic interest, the derecognition of the loan commitment accounted for as a derivative at the interim reporting date, and the recognition of the loan advanced to SPV5. Open and robust discussions with management were held where the positions taken by management were challenged and the accounting treatment of the SPV5 transaction, including the presentation thereof in the financial statements was accepted without material deviation. The divestment of the shares in SPV1 and the resulting decrease in the economic interest was also assessed by our financial reporting specialists and the accounting treatment, including the presentation of the transaction in the financial statements have been considered as appropriate in accordance with the requirements of IFRS Accounting Standards. The presentation and disclosure of the transactions in the Financial Statements were carefully considered so as to ensure the information is appropriately presented and complete, specifically as it relates to significant judgements made in applying the standards and the accounting policies of the Group.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the document titled "Blue Label Telecoms Limited Group Annual Financial Statements 2025", which includes the Directors' Report, the Report of the Audit and Risk Committee and the Certificate by the Company Secretary, 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 document titled "Blue Label Telecoms Limited Integrated Annual Report 2025", which is expected to be made available to us after that date. The other information further comprises the Shareholder Analysis on pages 118 to 119. The other information does not include the consolidated financial statements and our audit report thereon.

Our opinion on the Consolidated Financial Statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the Consolidated Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Consolidated 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 CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation and fair presentation of the Consolidated Financial Statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board 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 Consolidated Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Consolidated Financial Statements, the directors are responsible for assessing the Group'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 Group or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the Consolidated 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 Consolidated 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 Consolidated 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 Group'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 Group'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 Consolidated 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Consolidated Financial Statements, including the disclosures, and whether the Consolidated Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, amongst 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 Consolidated 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 SizweNtsalubaGobodo Grant Thornton Inc. has been the auditor of Blue Label Telecoms Limited for three years.

Alex Philippou
SizweNtsalubaGobodo Grant Thornton Inc.
Engagement Director
Registered Auditor

27 August 2025

152 14th Road
Noordwyk
Midrand
Gauteng

GROUP INCOME STATEMENT

for the year ended 31 May 2025

	Notes	2025 R'000	2024 R'000
Revenue	1.2	**13 730 344**	14 175 588
Finance revenue	1.2	**319 833**	422 856
Total revenue	1.2	**14 050 177**	14 598 444
Other income		**76 675**	93 089
Direct operating costs*		**(10 675 174)**	(11 303 406)
Employee compensation and benefit expense	5.2	**(1 052 704)**	(961 883)
Depreciation and amortisation		**(192 774)**	(163 879)
Fair value movements	1.3	**174 316**	7 213
Bad debts and expected credit loss	1.3	**(235 524)**	(507 782)
Modification/derecognition of financial instruments	1.3	**(52 872)**	(32 576)
Other expenses		**(680 804)**	(667 624)
Operating profit	1.3	**1 411 316**	1 061 596
Finance costs	1.4	**(1 090 314)**	(1 121 356)
Finance income	1.4	**803 857**	901 884
Reversal of impairment of investment in associate	2.1.1	**1 555 042**	—
Share of (losses)/profits from associates and joint ventures	2.1.1	**(55 376)**	15 416
Profit before taxation		**2 624 525**	857 540
Taxation	7.1	**(143 805)**	(197 955)
Profit for the year		**2 480 720**	659 585
Profit for the year attributable to:			
Equity holders of the parent		**2 484 243**	647 386
Non-controlling interest		**(3 523)**	12 199
Earnings per share for profit attributable to:			
Equity holders (cents)			
– Basic	1.5	**276.52**	72.49
– Diluted	1.5	**275.24**	72.03

* Direct operating costs are the operating expenses directly attributable to the production of goods and services sold by the Group. These include, but are not limited to, the costs associated with the acquisition of airtime and handsets sold by the Group.

GROUP STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 May 2025

	2025 R'000	2024 R'000
Profit for the year	**2 480 720**	659 585
Other comprehensive income:		
Items reclassified to profit or loss		
Ineffective portion of hedging instruments reclassified to profit or loss*	**—**	3
Effective portion of hedging instrument reclassified to profit or loss*	**—**	(8 659)
Income tax related to amounts reclassified to profit or loss	**—**	2 337
Items that may be subsequently reclassified to profit or loss		
Foreign exchange profit/(loss) on translation of associates and joint ventures**	**538**	(268)
Loss arising on changes in fair value of hedging instruments (effective portion)	**—**	(9)
Income tax related to gains and losses recognised in other comprehensive income	**—**	2
Other comprehensive income/(loss) for the year, net of tax	**538**	(6 594)
Total comprehensive income for the year	**2 481 258**	652 991
Other comprehensive income for the year attributable to:		
Equity holders of the parent	**2 484 781**	640 792
Non-controlling interest	**(3 523)**	12 199

* These items are recorded in finance costs.
** These components of other comprehensive income do not attract any tax.

GROUP STATEMENT OF FINANCIAL POSITION

as at 31 May 2025

	Notes	31 May 2025 R'000	31 May 2024 R'000
ASSETS			
Non-current assets		**6 570 672**	5 330 783
Property, plant and equipment	4.3	**159 767**	215 245
Right-of-use assets	4.4	**38 919**	42 492
Intangible assets	4.2	**1 509 855**	1 465 724
Goodwill	4.1	**717 475**	717 475
Investments in associates and joint ventures	2.1.1	**1 809 287**	98 333
Loans to associates and joint ventures	2.1.1	**1 302 614**	1 967 246
Loans receivable	3.3.1	**46 536**	38 753
Advances to customers	3.3.3	**653 146**	485 323
Financial assets at fair value through profit or loss	3.5	**128 521**	156 315
Deferred taxation assets	7.2	**204 552**	143 877
Current assets		**13 199 224**	9 806 556
Loans to associates and joint ventures	2.1.1	**1 947 148**	445 773
Inventories	4.5	**4 665 220**	4 409 011
Loans receivable	3.3.1	**57 240**	36 506
Trade and other receivables	3.3.2	**4 300 696**	3 236 969
Advances to customers	3.3.3	**990 621**	751 036
Financial assets at fair value through profit or loss	3.5	**411 074**	618
Current tax assets		**5 121**	30 403
Cash and cash equivalents	3.3.4	**822 104**	896 240
Total assets		**19 769 896**	15 137 339
EQUITY AND LIABILITIES			
Capital and reserves		**7 635 107**	5 112 140
Issued share capital and premium		**7 580 207**	7 562 077
Other reserves	6.2	**(2 835 093)**	(2 883 438)
Retained earnings		**2 815 288**	331 045
Total ordinary shareholders' equity		**7 560 402**	5 009 684
Non-controlling interest		**74 705**	102 456
Non-current liabilities		**3 246 384**	3 351 850
Deferred taxation liabilities	7.2	**223 348**	356 644
Non-current lease liability	3.7	**36 551**	27 425
Financial liabilities at fair value through profit or loss	3.5	**242 637**	57 721
Borrowings	3.4.2	**2 743 848**	2 910 060
Current liabilities		**8 888 405**	6 673 349
Trade and other payables	3.4.1	**5 974 889**	5 335 058
Deferred revenue	4.6	**173 436**	118 510
Lease liability	3.7	**10 393**	23 470
Current tax liabilities		**21 228**	30 028
Borrowings	3.4.2	**2 673 100**	1 166 190
Borrowings from associates and joint ventures	3.4.2	**34 528**	–
Bank overdraft	3.3.4	**831**	93
Total equity and liabilities		**19 769 896**	15 137 339

GROUP STATEMENT OF CHANGES IN EQUITY

for the year ended 31 May 2025

	Notes	Issued share capital and premium R'000	Retained earnings R'000
Balance as at 1 June 2023		7 521 248	(316 341)
Profit for the year		—	647 386
Other comprehensive loss		—	—
Total comprehensive income/(loss)		—	647 386
Sale of treasury shares	6.1	207	—
Equity compensation benefit scheme shares vested	6.2	40 622	—
Equity compensation benefit movement	5.2, 6.2	—	—
Dividends paid		—	—
Balance as at 31 May 2024		**7 562 077**	**331 045**
Profit for the year		**—**	**2 484 243**
Other comprehensive income		**—**	**—**
Total comprehensive income/(loss)		**—**	**2 484 243**
Acquisition of treasury shares	6.1	**(1 202)**	**—**
Equity compensation benefit scheme shares vested	6.2	**19 332**	**—**
Equity compensation benefit movement	5.2, 6.2	**—**	**—**
Dividends paid		**—**	**—**
Balance as at 31 May 2025		**7 580 207**	**2 815 288**

Other reserves R'000	Total ordinary shareholders' equity R'000	Non-controlling interest R'000	Total equity R'000
(2 877 012)	4 327 895	111 648	4 439 543
—	647 386	12 199	659 585
(6 594)	(6 594)	—	(6 594)
(6 594)	640 792	12 199	652 991
—	207	—	207
(38 926)	1 696	(1 696)	—
39 094	39 094	1 954	41 048
—	—	(21 649)	(21 649)
(2 883 438)	**5 009 684**	**102 456**	**5 112 140**
—	**2 484 243**	**(3 523)**	**2 480 720**
538	**538**	**—**	**538**
538	**2 484 781**	**(3 523)**	**2 481 258**
—	**(1 202)**	**—**	**(1 202)**
(17 812)	**1 520**	**(1 520)**	**—**
65 619	**65 619**	**3 772**	**69 391**
—	**—**	**(26 480)**	**(26 480)**
(2 835 093)	**7 560 402**	**74 705**	**7 635 107**

GROUP STATEMENT OF CASH FLOWS

for the year ended 31 May 2025

	Notes	2025 R'000	2024 R'000
Cash flows from operating activities			
Cash received from customers		**12 579 041**	15 442 828
Cash paid to suppliers, financiers and employees		**(12 091 501)**	(14 673 448)
Cash generated by operations	1.6	**487 540**	769 380
Interest received		**402 307**	199 516
Interest paid		**(1 035 022)**	(1 082 619)
Taxation paid		**(321 292)**	(186 884)
Net cash utilised in operating activities		**(466 467)**	(300 607)
Cash flows from investing activities			
Acquisition of intangible assets	4.2	**(443 330)**	(282 221)
Acquisition of property, plant and equipment	4.3	**(48 549)**	(88 143)
Proceeds on disposal of property, plant and equipment		**9 793**	14 698
Additional investment in and acquisition of shares in associates	2.1.1	**(100 740)**	—
Proceeds on disposal of joint venture		**9 945**	—
Dividends received from associates	2.1.1	**13 372**	—
Financial assets carried at fair value repaid	3.5	**21 087**	45 419
Loans advanced to associates and joint ventures		**—**	(18 262)
Loans repaid by associates and joint ventures		**245 228**	236 678
Loans advanced		**(28 011)**	(10 189)
Loans receivable repaid		**20 494**	40 828
Net cash utilised in investing activities		**(300 711)**	(61 192)
Cash flows from financing activities			
Interest-bearing borrowings raised	3.4.2	**1 575 978**	2 667 689
Interest-bearing borrowings repaid	3.4.2	**(860 160)**	(2 674 283)
Interest-bearing borrowings from associates and joint ventures raised	3.4.2	**34 528**	—
Lease repayments	3.7	**(30 360)**	(16 785)
Treasury shares (acquired)/sold	6.1	**(1 202)**	207
Dividends paid to non-controlling interest*	2.4	**(26 480)**	(21 649)
Net cash generated by/(utilised in) financing activities		**692 304**	(44 821)
Net decrease in cash and cash equivalents		**(74 874)**	(406 620)
Cash and cash equivalents at the beginning of the year		**896 147**	1 302 767
Cash and cash equivalents at the end of the year	3.3.4	**821 273**	896 147

* Represents a dividend paid to a minority shareholder of a subsidiary company.

1. RESULTS OF OPERATIONS

1.1 Segmental summary

The Group's segment reporting follows the organisational structure as reflected in its internal management reporting systems, which are the basis for assessing the financial performance of the business segments and for allocating resources to these segments. Management's assessment of the Group's organisational structure takes the geographical location of the segments into account.

Operating segments are reported internally to the Chief Operating Decision-maker in a manner consistent with the financial statements. In addition, the Chief Operating Decision-maker uses core headline earnings as a non-IFRS measure in evaluating the Group's performance on a segmental level. The Chief Operating Decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Executive Directors, who are responsible for making strategic decisions on behalf of the Group.

Transactions between reportable segments are conducted on similar terms as other transactions of a similar nature.

1. RESULTS OF OPERATIONS continued

1.1 Segmental summary continued

The segment results for the year ended 31 May 2025 are as follows:

	Total		Africa Distribution	
	2025 R'000	2024 R'000	**2025 R'000**	2024 R'000
Total segment revenue	**18 651 636**	20 480 909	**18 111 662**	19 626 058
Internal revenue	**(4 601 459)**	(5 882 465)	**(4 287 107)**	(5 282 105)
Revenue	**14 050 177**	14 598 444	**13 824 555**	14 343 953
Segment result				
Operating profit/(loss) before depreciation, amortisation and the additional items listed below	**1 718 170**	1 758 620	**1 872 701**	1 889 223
Fair value gain on surety receivable	**2 885**	2 555	**—**	—
Fair value gain on other financial instruments	**171 431**	4 658	**171 431**	4 658
Expected credit loss on loans	**284 981**	(124 227)	**285 208**	(123 102)
Bad debts and expected credit losses on trade receivables, other receivables and advances to customers	**(520 505)**	(383 555)	**(519 789)**	(383 574)
Loss on modification/derecognition of financial instruments	**(52 872)**	(32 576)	**(52 872)**	(32 576)
Depreciation and amortisation	**(192 774)**	(163 879)	**(176 371)**	(157 504)
Operating profit/(loss)	**1 411 316**	1 061 596	**1 580 308**	1 197 125
Finance costs	**(1 090 314)**	(1 121 356)	**(1 087 912)**	(1 120 225)
Finance income	**803 857**	901 884	**799 853**	896 028
Reversal of impairment of investment in associate	**1 555 042**	—	**1 558 621**	—
Share of (losses)/profits from associates and joint ventures	**(55 376)**	15 416	**(80 624)**	(2 489)
Taxation	**(143 805)**	(197 955)	**(153 136)**	(197 927)
Profit/(loss) for the year	**2 480 720**	659 585	**2 617 110**	772 512
Profit/(loss) for the year attributable to:				
Equity holders of the parent	**2 484 243**	647 386	**2 628 052**	769 270
Non-controlling interest	**(3 523)**	12 199	**(10 942)**	3 242
Reconciliation of profit/(loss) for the year to core headline earnings for the year				
Profit/(loss) for the year attributable to equity holders of the parent	**2 484 243**	647 386	**2 628 052**	769 270
Amortisation of intangibles raised through business combinations net of tax and non-controlling interest	**50 890**	21 791	**50 890**	21 791
Headline earnings adjustment	**1 612 163**	10 311	**1 601 195**	10 510
Core headline earnings for the year	**4 147 296**	679 488	**4 280 137**	801 571

The Company is domiciled in the Republic of South Africa. The revenue earned from external customers in South Africa is R14.0 billion (2024: R14.6 billion), and from external customers from other countries is R4.1 million (2024: R3.1 million).

The Africa Distribution segment includes revenue of R2.1 billion and R1.7 billion from two external customers.

At 31 May 2025, the Group is managed on the basis of four main business segments:

- Africa Distribution includes the distribution of prepaid airtime, starter packs and electricity of the South African network operators and utility suppliers, the distribution of ticketing and universal vouchers, as well as the distribution and financing of handsets, tablets and other devices within South Africa and certain African countries.
- International includes the investment in Oxigen Services India.
- Solutions include marketing of cellular and financial products and services through outbound telemarketing and other channels, provides inbound customer care and technical support, and markets data and analytics services.
- Corporate performs the head office administration function.

International		Solutions		Corporate	
2025 R'000	2024 R'000	**2025 R'000**	2024 R'000	**2025 R'000**	2024 R'000
—	—	**259 894**	268 474	**280 080**	586 377
—	—	**(34 272)**	(13 983)	**(280 080)**	(586 377)
—	—	**225 622**	254 491	**—**	—
(276)	(1 564)	**20 602**	28 918	**(174 857)**	(157 957)
2 885	2 555	**—**	—	**—**	—
—	—	**—**	—	**—**	—
(391)	(1 381)	**164**	256	**—**	—
—	—	**(716)**	19	**—**	—
—	—	**—**	—	**—**	—
—	—	**(695)**	(672)	**(15 708)**	(5 703)
2 218	(390)	**19 355**	28 521	**(190 565)**	(163 660)
(2)	—	**(213)**	(39)	**(2 187)**	(1 092)
—	28	**3 495**	3 901	**509**	1 927
(3 579)	—	**—**	—	**—**	—
—	—	**25 248**	17 905	**—**	—
(722)	(1 378)	**6 455**	2 699	**3 598**	(1 349)
(2 085)	(1 740)	**54 340**	52 987	**(188 645)**	(164 174)
(2 085)	(1 740)	**46 921**	44 030	**(188 645)**	(164 174)
—	—	**7 419**	8 957	**—**	—
(2 085)	(1 740)	**46 921**	44 030	**(188 645)**	(164 174)
—	—	**—**	—	**—**	—
3 579	—	**6 953**	(199)	**436**	—
1 494	(1 740)	**53 874**	43 831	**(188 209)**	(164 174)

Core headline earnings

Core headline earnings is a non-IFRS measure used by the Group in evaluating the Group's performance. This supplements the IFRS Accounting Standards measures. Core net profit is calculated by adjusting net profit for the year with the amortisation of intangible assets net of deferred taxation and non-controlling interests that arise as a consequence of the purchase price allocations completed in terms of IFRS 3 – *Business Combinations*. Core headline earnings is calculated by adjusting core net profit with the headline earnings adjustments required by SAICA circular 1/2023.

Reconciliation of core headline earnings to relevant IFRS Accounting Standards is presented in note 1.5.

1. RESULTS OF OPERATIONS continued

1.2 Revenue

The Group earns revenue from the sale of goods and the provision of services through its vast proprietary distribution channels and platforms. Owing to the wide array of products and services provided, the Group interacts with a broad cross-section of South African society. The Group generates revenue based on various contractual arrangements with its customers, the major sources of which are listed below. These sources aggregate revenue by nature, extent, timing and risk.

Revenue source	Performance obligations included	Recognition
Prepaid airtime, data and related revenue	**a. Prepaid airtime and data** The sale of prepaid airtime and data represents the majority of Group revenue. Prepaid airtime and data is either physical PIN, virtual PIN or PINless. Physical PIN inventory is sold in bulk to customers (who themselves are generally distributors) as and when they place orders with Blue Label. Customers will either collect the physical inventory at Blue Label depots or it will be delivered via courier to them. Virtual PIN inventory is delivered an inventory file via secure file transfer protocol to a customer's point of sales device, secure network location or sales terminal. This file contains the same information delivered to Blue Label by the mobile networks, being PIN numbers, product codes, serial numbers and expiry dates. PINless sales relate to airtime and data sold that is not in the form of either a virtual PIN or physical voucher and accordingly no inventories exist. Airtime or data is requested by an end-user via one of the Group's customer's integrated systems, upon which Blue Label will automatically notify the applicable network to increase the relevant end-user balance. Blue Label does not take control of PINless inventory at any point. **b. Commissions, bonuses and incentives** Commissions, bonuses and incentives related to the sales of prepaid airtime and data are earned by the Group based on reward structures agreed with the cellular network providers.	**a. Prepaid airtime and data** Physical and virtual PIN inventory sales are recognised on transfer of control of inventory to the customer. Control is transferred at the point of delivery of physical inventory or inventory files to the customer. In general, the Group does not provide warranties, nor the right of return on inventory that has been delivered as it cannot reasonably determine whether any PINs have already been activated. The Group considers itself as the principal in the sale of PIN inventory sales, and thus recognises the full face value (transaction price) of the voucher sold net of any discounts in revenue. PINless sales are recognised on the successful completion of the airtime or data reload transaction, which culminates in an increase of the end-user's balance. It is at this point that the Group has completed its performance obligation to connect the parties through its integrated system and facilitate the transaction. The Group considers itself as the agent in the sale of PINless airtime and data, and thus recognises only the commission on the sale as revenue. **b. Commissions, bonuses and incentives** Commissions, bonuses and incentives related to the sales of prepaid airtime are recognised on a systematic basis (generally monthly) once the Group has established its right to receive payment based on the achievement of the sales, activations or recharges criteria for the period measured.
Postpaid airtime, data and related revenue	**a. Postpaid airtime and data** Postpaid revenue is different in nature, timing and risk to prepaid airtime and accordingly is managed as a separate source. Postpaid airtime is generally sold in terms of hybrid postpaid arrangements with customers. Hybrid arrangements provide the customer with a fixed amount of airtime which, when exhausted, will result in the conversion of the customer to prepaid. Both postpaid and prepaid revenue generated in terms of this delivery model is included in this aggregation. The Group's performance obligation on a hybrid contract is to make available an active line for the month and provide the agreed airtime value for the customer to use on that line. **b. Commissions, bonuses and incentives** Commissions, bonuses and incentives related to these arrangements, including the sale of prepaid airtime and data to this customer base, are earned by the Group in accordance with reward structures agreed with the cellular network providers.	**a. Postpaid airtime and data** Revenue earned on postpaid and hybrid contracts is recognised monthly when invoiced to the customer in arrears. The Group's performance obligation is the provision of a line with airtime supplied over the duration of the contract, and accordingly revenue is recognised over time. Sales of prepaid airtime to postpaid customers is recognised in the same manner as the sale of prepaid airtime to prepaid customers described above. **b. Commissions, bonuses and incentives** Commissions, bonuses and incentives are measured based on the contractual value or percentage commission earned in accordance with agreements between the Group and the relevant cellular network. Payment terms do not exceed 30 days.

Measurement and terms of sale	Critical estimates and judgements
a. Prepaid airtime and data Physical and virtual PIN inventory sales are measured at the face value (transaction price) of the voucher sold net of any discounts. Payment arrangements vary per customer and can range from payment before delivery to terms of up to 60 days. PINless sales are based on the commission percentage earned on the face value (transaction price) of the airtime and data sold. Payment terms for PINless sales do not generally exceed three days, with settlement usually taking place the next business day. **b. Commissions, bonuses and incentives** Commissions, bonuses and incentives are measured based on the contractual value or percentage commission earned in accordance with agreements between the Group and the relevant cellular network. Payment terms do not exceed 30 days.	**a. Prepaid airtime and data** The Group has considered whether it acts in the capacity of an agent or principal in the sale of physical and virtual PIN inventory. Among other considerations, the Group maintains control of the inventory prior to sale and bears all risks related to it. The Group has concluded that, in respect of these sales, it acts as principal. In relation to PINless sales, the Group has concluded that it acts in the capacity of an agent as its primary responsibility is the facilitation of the reload transaction rather than the handling and distribution of an inventory item. **b. Commissions, bonuses and incentives** No significant judgements or estimates.
a. Postpaid airtime and data Revenue earned on postpaid and hybrid contracts is measured at the face value (transaction price) of the fixed airtime provided, net of any discounts. Payment terms are generally 30 days from invoice. Prepaid airtime sold to postpaid customers is measured in the same manner described above for sales to prepaid customers. **b. Commissions, bonuses and incentives** Commissions, bonuses and incentives are measured based on the contractual value or percentage commission earned in accordance with agreements between the Group and the relevant cellular network. Payment terms do not exceed 30 days.	**a. Postpaid airtime and data** The Group acts in the capacity of principal in relation to postpaid and hybrid contracts as the Group takes the full inventory risk, sets the price for these contracts to the end-users and is the primary obligor. **b. Commissions, bonuses and incentives** No significant judgements or estimates.

1. RESULTS OF OPERATIONS continued
1.2 Revenue continued

Revenue source	Performance obligations included	Recognition
Prepaid and postpaid SIM cards	**a. SIM cards and preloaded airtime** Physical SIM cards are either sold to customers independently or with preloaded airtime through the Group's wholesale and retail distribution channels. The sale of a SIM card with preloaded airtime is considered one performance obligation by the Group and accounted for entirely within this aggregation. **b. Activation bonuses and ongoing revenue** Activation bonuses are earned from the cellular networks on the successful activation of a SIM card. Ongoing commissions are earned on any subsequent airtime recharges by the customer utilising the SIM card.	**a. SIM cards and preloaded airtime** Revenue earned on the sale of the physical SIM card starter pack inventory, as well as preloaded airtime, is recognised when a SIM card is initially sold to the customer. **b. Activation bonuses and ongoing revenue** Activation bonuses received from the networks are recognised when the SIM card is activated on the relevant mobile network. Activation criteria, as well as the point of activation, is determined by the mobile networks. Ongoing revenue and other incentives are recognised once the associated contractual criteria have been met.
Services	Major sources of services revenue include location-based services, SMS transaction services, value-added services in the form of media and content supply to customers, call centre and data transaction services, technology services and payment provision services.	Revenue earned from services is recognised in the accounting period in which they are rendered. Where services revenue is recognised over time, the completion of the specific transaction is assessed on the basis of the actual service provided as a proportion of the total service to be provided. Due to the nature of the services rendered by the Group, most are short term in duration (less than one month), and seldom, if ever, impact more than one accounting period.
Electricity commissions	The Group earns commissions on the facilitation of prepaid electricity sold to customers on behalf of utility suppliers.	Electricity commissions earned are recognised on the sale of a voucher to the customer. The Group cannot accept returned vouchers. Vouchers expire 12 months after issue; however, the number of expired vouchers is not significant and thus does not materially affect the quantum of commissions earned.

Measurement and terms of sale	Critical estimates and judgements
a. SIM cards and preloaded airtime Revenue on the sale of the physical SIM card starter pack inventory and any preloaded airtime is measured at the individual selling price of the inventory and preloaded airtime, net of any discounts. Where the SIM card starter pack inventory is sold on extended credit terms (greater than 12 months), the revenue recognised is reduced by the financing component, which is subsequently recognised over the projected term at the effective interest rate. The payment terms for SIM card starter pack inventory sales sold on normal payment terms are between 30 and 90 days. Extended terms vary between three and 48 months. **b. Activation bonuses and ongoing revenue** Activation bonuses and ongoing commissions are measured at the contractual amounts receivable. The payment terms for activation bonuses and ongoing commissions are between 30 and 90 days.	**a. SIM cards and preloaded airtime** Critical estimates include the estimation of the anticipated repayment term and discount rate for SIM card inventory sold on extended credit terms. The Group uses the South African Reserve Bank prime lending rate as a reference to determine the rate used in assessing the significant financing component of these sales. The Group acts in the capacity of a principal on the sale of SIM card inventory. **b. Activation bonuses and ongoing revenue** The Group recognises the variable consideration relating to ongoing revenue as and when it is received because it is only at this point that it is highly probable that a significant reversal in revenue for that contract will not occur in the future. Ongoing revenue is fully constrained at the individual contract level due to the high variability in behaviour of the individual customers, including the period over which prepaid customers remain on the same SIM card (this can range from one day to a number of years) and the spending patterns of individual customers, which is also highly variable. In addition, because the terms of the ongoing revenue structure with the telecommunication companies are regularly up for negotiation, the Group is not able to predict the likelihood or magnitude of a revenue reversal.
Revenue earned on transaction linked services is measured at the effective unit selling price of the service provided at the point of provision. If the service is not directly transaction linked, or provided over a longer period of time, the proportion of the selling price relating to the actual services provided compared to the total services to be provided is recognised on a monthly basis in arrears. Payment terms are between one day and 30 days.	The Group applies its judgement in the recognition of services revenue as either principal or agent. This will depend on the nature and contractual arrangements of the service provided. The Group considers who controls the service prior to it being provided, who is responsible for the performance of the service and who sets the price for the service provided. Due to the short-term nature of the services provided by the Group, no significant judgements or estimates are required to be made regarding the timing or amount of revenue recognised.
Electricity commissions earned are measured at the contractually agreed commission percentage per rand of electricity sold. Payment terms are generally 30 to 60 days.	The Group acts in the capacity of an agent in relation to electricity commissions. The Group has applied the same factors as those considered for services revenue in making this determination.

1. RESULTS OF OPERATIONS continued
1.2 Revenue continued

Revenue source	Performance obligations included	Recognition
Handsets tablets and other devices	This category represents revenue earned on the sale of handsets, tablets, accessories and other devices to customers through the Group's wholesale and retail distribution channels.	Revenue from the sale of these goods is recognised at a point in time when control of the goods transfers to the customer, which is generally on acceptance of the goods by the customer.
Other revenue	Other revenue earned by the Group on products and services which are incidental or complementary to those described above include the installation of prepaid electric meters, electricity audit projects undertaken on electricity sales for municipalities, rentals earned on point of sale and other devices used to facilitate the above major revenue streams, the sale of universal vouchers, the sale of tickets for transportation and to sporting events, and the facilitation of bill payments.	Revenue is recognised either at a point in time or over time as control is transferred to the customer in the arrangement.
Subscription income share	This category represents the Group's share of Cell C's income, under the subscription income-sharing arrangement (refer to note 4.2(e)), from particular postpaid subscribers that sign up, extend or upgrade their subscriptions with Cell C after 1 November 2020.	The Group's share of subscription income is recognised as revenue as and when Cell C earns the income from the particular postpaid subscribers.
Finance revenue	Interest income earned on financing arrangements where the core business of the Group is the provision of financing to its customers in its capacity as a principal financier.	Finance revenue is recognised on the accrual basis over the term of the financing provided.

Measurement and terms of sale	Critical estimates and judgements
Revenue on the sale of goods is measured at the effective selling price of the items sold after subtracting discounts and rebates granted to customers on volume purchases and early settlement where applicable. Revenue is measured at the consideration received in terms of the arrangement with the customer. Handsets are generally sold on extended credit terms of between 24 and 36 months, whereby the revenue recognised is reduced by a financing component, which is subsequently recognised over the projected term at the effective interest rate. Payment terms for other goods are generally between 30 and 60 days. Subsidies on handset sales are considered an incremental cost of obtaining a contract with a customer that is expected to be recovered and as such are recognised as an asset within advances to customers (refer to note 3.3.3) and amortised over the period of the contract.	The Group has assessed that the right of return that customers have in relation to sold goods does not have a significant impact on the revenue recognised. This is due to the fact that the majority of returns are related to products returned under warranty where back to back warranty arrangements are in place with the product manufacturer and thus there is a minimal impact on revenue recognised.
Revenue is measured at the consideration received in terms of the arrangement with the customer. Payment terms are generally between 30 and 60 days.	No significant judgements or estimates.
The Group's share of subscription income is recognised as revenue based on the net cash flows which the Group is entitled to from Cell C that relate to the particular postpaid subscribers. The net cash flows are determined after deducting the operating costs of Cell C, borne by the Group, that are associated with these subscribers, as and when they are incurred by Cell C. To the extent the Group has facilitated the procurement of handsets to enable Cell C to fulfil its obligation of providing such handsets to these subscribers, the Group's costs are also deducted in measuring the Group's share of subscription income and handset revenue. Subsidies on handset sales are considered an incremental cost of obtaining a contract with a customer that is expected to be recovered and as such are recognised as an asset within advances to customers (refer to note 3.3.3) and amortised over the period of the contract.	Since it is Cell C that transfers goods or services to the subscribers, and not the Group, the subscribers are not considered to be customers of the Group. Similarly, Cell C is not a customer of the Group as the Group does not transfer goods or services to Cell C. Accordingly, the Group's share of subscription income does not constitute revenue from contracts with customers as defined in IFRS 15 – *Revenue from Contracts with Customers*. It is considered to be income arising in the course of the Group's ordinary activities, and is therefore presented as revenue.
Finance revenue is measured at the effective interest rate implicit in the financing arrangement.	No significant judgements or estimates.

1. RESULTS OF OPERATIONS continued

1.2 Revenue continued

The following table illustrates revenue by source and by revenue-generating reportable segment (refer to note 1.1).

	Total		Africa Distribution		Solutions	
	2025 R'000	2024 R'000	**2025 R'000**	2024 R'000	**2025 R'000**	2024 R'000
Revenue from contracts with customers	**13 215 098**	13 715 014	**12 989 476**	13 460 523	**225 622**	254 491
Prepaid airtime, data and related revenue	**8 625 289**	9 078 108	**8 625 289**	9 078 108	**—**	—
Postpaid airtime, data and related revenue	**171 467**	144 314	**171 467**	144 314	**—**	—
Prepaid and postpaid SIM cards	**344 379**	356 982	**344 379**	356 982	**—**	—
Services	**520 167**	462 382	**294 545**	207 891	**225 622**	254 491
Electricity commission	**319 964**	287 065	**319 964**	287 065	**—**	—
Handsets, tablets and other devices	**2 395 249**	2 735 524	**2 395 249**	2 735 524	**—**	—
Other revenue*	**838 583**	650 639	**838 583**	650 639	**—**	—
Subscription income share	**515 246**	460 574	**515 246**	460 574	**—**	—
Revenue	**13 730 344**	14 175 588	**13 504 722**	13 921 097	**225 622**	254 491
Finance revenue	**319 833**	422 856	**319 833**	422 856	**—**	—
Total revenue	**14 050 177**	14 598 444	**13 824 555**	14 343 953	**225 622**	254 491

* 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

	2025 R'000	2024 R'000
The following has been charged/(credited) in arriving at operating profit:		
Advertising and promotional expenses	**54 275**	57 553
Audit fees – services as auditors relating to the year-end audit	**19 379**	28 127
Audit fees – other	**—**	132
Bad debts recovered	**(2 631)**	(29 578)
Consulting fees[1]	**50 201**	58 167
Foreign exchange loss/(gain)	**1 578**	(1 051)
Impairment of inventory	**8 034**	9 684
Insurance	**27 600**	15 663
IT infrastructure costs and computer-related costs	**76 831**	64 306
Legal fees	**11 569**	13 923
Licence fees	**87 076**	74 678
Loss on disposal of investment in joint venture	**7 902**	—
Loss on disposal of property, plant and equipment	**1 998**	966
Motor vehicle expenses	**11 450**	17 056
Software development and IT project costs[1]	**70 390**	34 975
Staff training	**52 492**	52 203
Travel – local and overseas	**17 544**	13 595

[1] In order to achieve enhanced disclosure software development and IT project costs has been disaggregated from consulting fees. Comparative results have been updated accordingly.

	Notes	2025 R'000	2024 R'000
Fair value movements comprise the following:			
Fair value gain on surety receivable	3.5	**(2 883)**	(2 555)
Net fair value gain on financial instruments	3.5	**(171 433)**	(4 658)
		(174 316)	(7 213)
Bad debts and expected credit loss, arising from the application of IFRS 9, comprise the following:			
Bad debts and expected credit loss on loans		**(285 372)**	123 085
Expected credit loss on 2DFine and OSI loans		**391**	1 381
Bad debts and expected credit losses on trade receivables, other receivables and advances to customers		**520 505**	383 316
		235 524	507 782
Modification/derecognition of financial instruments comprise the following:			
Loss/(gain) on modification of financial liability – Class A Preference Shares	3.4.2	**18 769**	(20 682)
Loss on derecognition of financial assets measured at amortised cost		**34 103**	53 258
		52 872	32 576

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.

	2025 R'000	2024 R'000
Finance costs		
– Bank	**66**	292
– Loans and facilities	**1 003 071**	1 082 061
– Related party loans (refer to note 8)	**755**	—
– Other	**80 459**	34 920
– Unwinding of lease liability	**5 963**	4 083
	1 090 314	1 121 356
Finance income		
– Bank	**(34 625)**	(43 579)
– Loans	**(6 779)**	(8 453)
– Related party loans (refer to note 8)	**(710 833)**	(707 521)
– Related party other (refer to note 8)	**(47 125)**	(137 617)
– Other	**(4 495)**	(4 714)
	(803 857)	(901 884)

1. RESULTS OF OPERATIONS continued

1.5 Earnings per share

Core headline

Core headline earnings per share are calculated by adding back to headline earnings, the amortisation of intangible assets net of deferred taxation and non-controlling interests as a consequence of the purchase price allocations completed in terms of IFRS 3(R) – *Business Combinations*.

Use of adjusted measures

The measures listed below are presented as management believes it to be relevant to the understanding of the Group's financial performance. These measures are used for internal performance analysis and provide additional useful information on underlying trends to equity holders. These measures are not defined terms under IFRS Accounting Standards and may therefore not be comparable with similarly titled measures reported by other entities. It is not intended to be a substitute for, or superior to, measures as required by IFRS Accounting Standards.

(a) Headline earnings, earnings and core headline earnings per share

	Attributable earnings		Cents per share	
	2025 R'000	2024 R'000	**2025**	2024
Headline earnings per share				
Basic	**4 096 406**	657 699	**455.96**	73.64
Diluted	**4 096 406**	657 699	**453.86**	73.17
Core	**4 147 296**	679 488	**461.63**	76.08
Earnings attributable to ordinary equity holders				
Basic	**2 484 243**	647 386	**276.52**	72.49
Diluted	**2 484 243**	647 386	**275.24**	72.03

(b) Weighted average number of shares

Weighted average number of shares	**2025 R'000**	2024 R'000
Weighted average number of ordinary shares	**898 408**	893 117
Adjusted for conditional shares	**4 154**	5 693
Weighted average number of ordinary shares for diluted earnings[1]	**902 562**	898 810

[1] The same weighted average number of shares for basic earnings per share is used for core headline earnings per share.

(c) Analysis of headline earnings

	Profit before tax and non-controlling interest R'000	Tax R'000	Non-controlling interest R'000	Headline earnings R'000
2025				
Profit attributable to equity holders of the parent	**2 624 525**	**(143 805)**	**3 523**	**2 484 243**
Net loss on disposal of property, plant and equipment	**1 998**	**(424)**	**(747)**	**827**
Impairment of property, plant and equipment	**22 150**	**(5 981)**	**—**	**16 169**
Net loss on disposal of property, plant and equipment in associate/joint venture[2]	**17 755**	**—**	**—**	**17 755**
Net loss on sale of joint venture	**7 902**	**683**	**(1 631)**	**6 954**
Reversal of impairment of investment in associate	**(1 555 042)**	**—**	**—**	**(1 555 042)**
Impairment of property, plant and equipment in associate[2]	**804 387**	**—**	**—**	**804 387**
Impairment of intangible assets in associate[2]	**1 638 571**	**—**	**—**	**1 638 571**
Impairment of leased assets in associate[2]	**682 542**	**—**	**—**	**682 542**
Headline earnings				**4 096 406**
2024				
Profit attributable to equity holders of the parent	857 540	(197 955)	(12 199)	647 386
Net loss on disposal of property, plant and equipment	966	(261)	34	739
Impairment of property, plant and equipment	12 417	(3 353)	—	9 064
Impairment of intangible assets	1 500	(405)	—	1 095
Net profit on disposal of property, plant and equipment in associate/joint venture	(585)	—	—	(585)
Headline earnings				657 699

[2] With reference to note 2.2.1, during the current year all of the previously unrecognised Group's share of cumulative losses in Cell C of R1.6 billion were recognised, which included these capital items.

	The Group's share of accumulated losses not guaranteed		
	Group's share of accumulated losses in Cell C from 1 June 2019 to 31 May 2024 R'000	Recognised up to 31 May 2024 R'000	Recognised during the current year R'000
Group's share of accumulated losses	(2 935 324)	(1 328 767)	**(1 606 557)**
Capital items included in the Group's share of accumulated losses:	4 199 336	1 056 062	**3 143 274**
Net loss on disposal of property, plant and equipment	23 809	6 035	**17 774**
Net impairment loss on property, plant and equipment	1 134 516	330 129	**804 387**
Net impairment loss on intangibles assets	2 154 580	516 009	**1 638 571**
Net impairment loss on leased assets	886 431	203 889	**682 542**

1. RESULTS OF OPERATIONS continued

1.5 Earnings per share continued

Use of adjusted measures continued

(d) Analysis of core headline earnings

	2025 R'000	2024 R'000
Reconciliation between net profit and core headline earnings for the year:		
Net profit for the year	**2 484 243**	647 386
Amortisation of intangibles raised through business combinations net of tax and non-controlling interest	**50 890**	21 791
Core net profit for the year	**2 535 133**	669 177
Headline earnings adjustments	**1 612 163**	10 311
Core headline earnings	**4 147 296**	679 488

1.6 Cash generated by operations

	2025 R'000	2024 R'000
Reconciliation of operating profit to cash generated by operations:		
Operating profit	**1 411 316**	1 061 596
Adjustments for:		
Depreciation of property, plant and equipment	**70 086**	69 179
Depreciation on leased assets	**24 303**	13 105
Amortisation of intangible assets	**399 183**	398 228
Fair value gain on financial instruments	**(376 324)**	(4 846)
Fair value loss on financial instruments	**204 891**	188
Fair value gain on surety receivable	**(2 883)**	(2 555)
Impairment of intangible assets	**—**	1 500
Impairment of property, plant and equipment	**22 150**	12 417
(Impairment reversal)/impairment of loans	**(293 251)**	124 466
Impairment of inventory	**8 034**	9 684
Loss on disposal of property, plant and equipment	**1 998**	966
Loss on disposal of intangible assets	**16**	—
Termination of lease	**(284)**	(123)
Loss on modification/derecognition of financial instruments	**52 872**	32 576
Equity compensation benefit expense	**69 391**	41 048
Loss on sale of joint venture	**7 902**	—
Changes in working capital:		
Increase in inventories	**(264 243)**	(1 583 783)
Increase in trade and other receivables	**(1 063 727)**	(76 652)
Increase/(decrease) in trade and other payables	**694 757**	(270 136)
(Increase)/decrease in advances to customers	**(478 647)**	942 522
	487 540	769 380

2. GROUP COMPOSITION

Basis of consolidation

(a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

(b) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions, i.e. transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

When entering into a written put on a non-controlling interest, the initial liability is recognised at the present value of the expected settlement price with a corresponding adjustment to equity. Thereafter if the non-controlling interest continues to be recognised, the Group takes subsequent changes in the expected changes in the liability as an adjustment in profit or loss. The Group believes this is an appropriate accounting policy, because there is no clear guidance in IFRS Accounting Standards as to whether IFRS 9 or 10 should be applied to the presentation of the remeasurement of a liability.

(c) Associates and joint ventures

Investments in associates and joint ventures are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates and joint ventures includes goodwill identified on acquisition. Loans made to associates and joint ventures that are equity in nature are treated as part of the cost of the investment made.

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights.

Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures.

The Group's share of post-acquisition profit or loss is recognised in the income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. The carrying amount of the investment is also adjusted for the Group's share of post-acquisition movements in other net assets.

The Group excludes equity-settled share-based payment charges from its share in profits or losses from associates and joint ventures. As a result, it does not recognise the corresponding attributable share of the related share-based payment reserve within equity.

The Group determines at each reporting date if there are any indicators which would require the Group to test whether the investment in the associate or joint venture is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and recognises the amount adjacent to share of profit/(loss) from associates in the income statement. Any reversal of impairment losses is recognised in the income statement, to the extent that the recoverable amount subsequently increases.

Dilution gains and losses arising in investments in associates and joint ventures are recognised in the income statement.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

When the Group's share of losses in an associate or joint venture equals or exceeds its interests in the associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate or joint venture. Where an impairment is recognised in respect of an associate or joint venture, the Group's share of equity-accounted results reflect amortisation based on an adjusted impaired fair value.

2. GROUP COMPOSITION continued

2.1 Investments in and loans to associates and joint ventures

2.1.1 Summary of investments in and loans to Cell C, other associates and other joint ventures

Critical accounting judgements and assumptions

(a) Classification of significant joint arrangements

The Group exercises judgement in determining the classification of its joint arrangements.

(b) Assessment of investment in 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 Group 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 Group 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 venture are determined based on value-in-use calculations. Where such calculations are performed, it would require the use of estimates.

(c) Classification of significant associates

The Group performs control assessments and determines the classification of its significant associates. Refer to note 2.2.1.

The Group holds the following investments in and loans to associates and joint ventures:

	Cost and share of reserves		Loans		Cost and share of reserves and loans	
	31 May 2025 R'000	31 May 2024 R'000	**31 May 2025 R'000**	31 May 2024 R'000	**31 May 2025 R'000**	31 May 2024 R'000
Cell C Limited	**1 701 197**	—	**3 245 909**	2 359 065	**4 947 106**	2 359 065
Other associates	**71 388**	64 821	**3 853**	17 560	**75 241**	82 381
Other joint ventures	**36 702**	33 512	**—**	36 394	**36 702**	69 906
	1 809 287	98 333	**3 249 762**	2 413 019	**5 059 049**	2 511 352
Disclosed as:						
– Non-current assets	**1 809 287**	98 333	**1 302 614**	1 967 246	**3 111 901**	2 065 579
– Current assets	**—**	—	**1 947 148**	445 773	**1 947 148**	445 773

Loans to associates and joint ventures

				Total loans		Current		Non-current	
	Effective shareholding	Payable	Interest rate	**2025 R'000**	2024 R'000	**2025 R'000**	2024 R'000	**2025 R'000**	2024 R'000
Cell C Limited[1]	70.00%	[3]	[3]	**3 245 909**	2 359 065	**1 943 295**	424 490	**1 302 614**	1 934 575
Blu Train Proprietary Limited[2]	64.68%	On demand	Linked to prime	**—**	13 171	**—**	—	**—**	13 171
I Talk Financial Services Proprietary Limited	30.38%	On demand	0%	**—**	3 997	**—**	3 997	**—**	—
I Talk Holdings Proprietary Limited	40.50%	On demand	Linked to prime	**—**	19 500	**—**	—	**—**	19 500
Mobii Systems Proprietary Limited	29.90%	On demand	0%	**3 853**	4 394	**3 853**	4 394	**—**	—
Mobile Macs Proprietary Limited	50.00%	On demand	Prime + 2%	**—**	12 189	**—**	12 189	**—**	—
T3 Telecoms SA	50.00%	On demand	0%	**—**	703	**—**	703	**—**	—
				3 249 762	2 413 019	**1 947 148**	445 773	**1 302 614**	1 967 246

[1] Refer to note 2.2.1 for details on the control assessment of Cell C Limited. Refer to note 3.2.1 for details of the treatment of the loans.
[2] The Group does not control Blu Train, as it does not control the Board of Directors due to having only one of the two Directorships, and a minority shareholders vote.
[3] Refer to the "Loans receivable from Cell C" table on the following page.

All loans with an on-demand feature approximate fair value.

Loans receivable from Cell C

	Debt funding 2025 R'000	Reinvestment instrument 2025 R'000	Deferral loan 2025 R'000	Acquired loan claim 2025 R'000	Total 2025 R'000
Opening balance as at 1 June 2024	**1 464 334**	**186 294**	**708 437**	**—**	**2 359 065**
Loan advanced	**—**	**—**	**—**	**408 171**	**408 171**
Interest accrued	**540 679**	**69 420**	**77 506**	**21 590**	**709 195**
Interest payments received	**(188 278)**	**(20 270)**	**(77 506)**	**(21 590)**	**(307 644)**
Capital payments received	**—**	**—**	**(226 103)**	**(4 513)**	**(230 616)**
Expected credit loss adjustment	**249 990**	**20 676**	**23 313**	**13 759**	**307 738**
Closing balance as at 31 May 2025	**2 066 725**	**256 120**	**505 647**	**417 417**	**3 245 909**
Credit-adjusted effective interest rate (%)	**31.25[1]**	**31.8[2]**	**12.67[3]**	**25.29[4]**	

Acquired loan claim

On 11 November 2024, TPC and Gramercy concluded a binding term sheet in terms of which TPC agreed to acquire a certain Claim of R463.6 million (including accrued interest), which Gramercy had against Cell C, for a purchase consideration of R450 million.

1 Interest on this loan is being recognised using a credit-adjusted effective interest rate of 31.25%. The credit-adjusted effective interest rate reflects the initial estimate of lifetime expected credit losses. This means that TPC will only recognise the cumulative changes (both favourable and unfavourable) in the initial estimate of lifetime expected credit losses as a loss allowance.

2 Interest on this loan is being recognised using a credit-adjusted effective interest rate of 31.8%. The credit-adjusted effective interest rate reflects the initial estimate of lifetime expected credit losses. This means that TPC will only recognise the cumulative changes (both favourable and unfavourable) in the initial estimate of lifetime expected credit losses as a loss allowance.

3 Interest on this loan is being recognised using a credit-adjusted effective interest rate of 12.67%. The credit-adjusted effective interest rate reflects the initial estimate of lifetime expected credit losses. This means that CEC will only recognise the cumulative changes (both favourable and unfavourable) in the initial estimate of lifetime expected credit losses as a loss allowance.

4 Interest on this loan is being recognised using a credit-adjusted effective interest rate of 25.29%. The credit-adjusted effective interest rate reflects the initial estimate of lifetime expected credit losses. This means that TPC will only recognise the cumulative changes (both favourable and unfavourable) in the initial estimate of lifetime expected credit losses as a loss allowance. Refer to note 3.4 for further information.

2. GROUP COMPOSITION continued
2.1 Investments in and loans to associates and joint ventures continued
2.1.1 Summary of investments in and loans to Cell C, other associates and other joint ventures continued

Investment in Principal activity Country of incorporation	Associate Cell C Limited Network provider South Africa	
	31 May 2025 R'000	31 May 2024 R'000
Cost and share of reserves		
Cost and share of reserves at the beginning of the year	**—**	—
Share of (losses)/profits from associates and joint ventures	**(98 653)**[3]	—
Share of (losses)/profits after tax	**(69 278)**	—
Amortisation of intangible assets	**(102 739)**	—
Deferred tax on the amortisation of intangible assets	**73 364**	—
Foreign currency translation reserve	**—**	—
Dividends received	**—**	—
Disposal of joint venture	**—**	—
Additional investment	**241 229**[2]	—
Reversal of impairment of investment in associate	**1 558 621**	—
Cost and share of reserves at the end of the year	**1 701 197**	—
Loans to associates and joint ventures		
Loans at the beginning of the year	**2 359 065**	2 110 982
Loans advanced to associates and joint ventures[1]	**1 117 366**	701 682
Loans repaid by associates and joint ventures	**(538 260)**	(332 387)
Loans waived	**—**	—
Expected credit loss	**307 738**	(121 212)
Loans at the end of the year	**3 245 909**	2 359 065
Closing net book value	**4 947 106**	2 359 065

* The Group has interests in a number of individually immaterial associates and joint ventures that are accounted for using the equity method which are aggregated under "other associates" and "other joint ventures".

[1] Loans advanced to associates and joint ventures includes the interest accrued on existing loans.

[2] In 2022, a debt owed by Cell C to a lessor was transferred to a newly established special purpose vehicle (SPV5) in exchange for a 10% shareholding in Cell C, which remains SPV5's sole asset. Blue Label issued a guarantee in favour of the lessor for the repayment of this debt, while TPC committed to providing R275 million ("repayment amount") in funding to SPV5 in exchange for a claim of R699 million in SPV5, enabling it to meet its repayment obligations. The debt will be settled in tranches over the period from 31 December 2024 to 31 December 2026.

On 31 December 2024, TPC advanced the first tranche of funding amounting to R100 million and was recognised as part of the investment cost. The remaining funding commitments are scheduled as follows:
- R100 million on 31 December 2025;
- R50 million on 31 December 2026; and
- An additional R25 million on 31 December 2026, contingent upon the occurrence of certain liquidity events.

SPV5 is required to repay TPC for the amounts advanced from any future sale of shares or from dividends earned thereon, along with an additional R424 million plus 50% of the fair value of its 10% shareholding in Cell C, to the extent that the proceeds exceed R699 million. Since SPV5's only asset is its shareholding in Cell C, the repayment will be dependent on the disposal of these shares and/or dividends earned thereon. As a result, as of 31 December 2024, TPC has effectively acquired an additional 10% economic interest in Cell C, capped at the repayment amount. This investment will be equity accounted, subject to the cap, alongside TPC's existing 60% economic interest in Cell C. SPV5 is precluded from selling the Cell C shares without TPC's consent, but TPC has no rights with respect to directing the voting rights attached to the shares. In the event of default, TPC would be able to acquire the 10% shareholding in Cell C in settlement of its loan, but only with the prior approval of the Competition Commission of South Africa, as such acquisition would result in TPC acquiring control of Cell C.

TPC's loan commitment to SPV5, which has been accounted for as a derivative liability (carrying a value of R7 million as of 30 November 2024 and 31 December 2024, respectively), was derecognised on 31 December 2024 and reclassified as part of the acquisition cost of the additional investment in Cell C. The present value of the remaining funding obligations to SPV5, amounting to R148 million as of 31 December 2024, was recognised as part of the investment cost, with a corresponding liability recorded to SPV5.

[3] The share of profits of R1.5 billion were offset against historic losses of R1.6 billion, resulting in a net loss recognised in the current year of R99 million. Refer to note 2.2 for further details.

Other associates*		Other joint ventures*		Total	
31 May 2025 R'000	31 May 2024 R'000	**31 May 2025 R'000**	31 May 2024 R'000	**31 May 2025 R'000**	31 May 2024 R'000
64 821	58 731	**33 512**	24 454	**98 333**	83 185
22 240	6 358	**21 037**	9 058	**(55 376)**	15 416
22 240	6 358	**21 037**	9 058	**(26 001)**	15 416
—	—	**—**		**(102 739)**	—
—	—	**—**		**73 364**	—
538	(268)	**—**	—	**538**	(268)
(13 372)	—	**—**	—	**(13 372)**	—
—	—	**(17 847)**	—	**(17 847)**	—
740	—	**—**	—	**241 969**	—
(3 579)	—	**—**	—	**1 555 042**	—
71 388	64 821	**36 702**	33 512	**1 809 287**	98 333
17 560	9 282	**36 394**	34 783	**2 413 019**	2 155 047
488	13 399	**28 773**	51 369	**1 146 627**	766 450
(14 397)	(5 318)	**(29 476)**	(48 719)	**(582 133)**	(386 424)
—	—	**(23 496)**	—	**(23 496)**	—
202	197	**(12 195)**	(1 039)	**295 745**	(122 054)
3 853	17 560	**—**	36 394	**3 249 762**	2 413 019
75 241	82 381	**36 702**	69 906	**5 059 049**	2 511 352

2. GROUP COMPOSITION continued

2.2 Investments in and loans to Cell C

2.2.1 Investment in Cell C

Critical accounting judgements and assumptions

(a) Classification of significant associates

Assessment of control over Cell C

Shareholding in Cell C

TPC has a shareholding and voting rights of 49.53% in Cell C, as well as additional economic interests (without voting rights) of 20.47% as of 31 May 2025, derived as follows:

	Percentage
Shareholding with voting rights	**49.53**
Economic interest without voting rights	**13.66**
SPV1	**3.19**
SPV4 – Loan to SPV4	**5.47**
SPV4 – Sale of a 5% shareholding in Cell C to SPV4 on loan account	**5.00**
Total economic interest as at 31 May 2024	**63.19**
SPV1 divestment[1]	**(3.19)**
SPV5 – Loan to SPV5[2]	**10.00**
Total economic interest as at 31 May 2025	**70.00**

BLT holds 49.53% (2024: 49.53%) of the shareholder voting rights of Cell C and is able to appoint four out of 12 representatives on the Cell C Board of Directors, where each director has one vote. It has been determined that the Cell C Board makes the decisions about the activities that significantly affect the returns of Cell C (the relevant activities).

As a result of loans made by TPC to SPV1 and SPV4, as of 31 May 2024, TPC was entitled to obtain additional shares comprising 13.66% in aggregate in Cell C at any time from the SPVs in settlement of the loans.

[1] During October 2024, as a result of SPV1's default, the noteholders of SPV 1 exercised their rights to enforce the provisions of the pledge of the Cell C shares held by SPV1 as security for the repayment of the notes. The Cell C shares were required to be applied first to settle outstanding adviser fees owing to the Security Trustee which resulted in the noteholders not receiving anything in final settlement of the notes. Accordingly, TPC lost its right to obtain shares comprising 3.19% in Cell C.

[2] On 31 December 2024 TPC advanced the first tranche of funding (R100 million) to SPV5 as a result of a prior commitment to enable SPV5 to settle a debt taken over from Cell C in exchange for a 10% shareholding in Cell C during the 2022 recapitalisation of Cell C. TPC needs to provide further funding to SPV5 of up to R175 million between December 2025 and December 2026. SPV5 is required to repay TPC for the amounts advanced from any future sale of the Cell C shares it holds or from dividends earned thereon, along with an additional R424 million plus 50% of the fair value of its 10% shareholding in Cell C, to the extent that the proceeds exceed R699 million. Since the only asset SPV5 has is the 10% shareholding in Cell C, TPC's loan to SPV5 represents a 10% economic interest in Cell C. TPC would have a claim against the 10% shareholding in the event that SPV5 defaults on its loan repayment to TPC. The economic interests (without voting rights) of 10% in Cell C are also equity accounted as part of TPC's investment in associate.

The Group's external legal advisers have advised that TPC can only lawfully acquire additional shares which would give it the majority of the voting rights in Cell C with the prior approvals of the Competition Commission and the Independent Communications Authority of South Africa ("ICASA") and that it is unlawful to give effect to a transaction that requires the approval of the Competition Commission before such approval is granted, and doing so could result in the transaction being set aside. ICASA approval for TPC to acquire control of Cell C's telecommunications licences was granted on the 24 January 2025. As at the 31 May 2025, Competition Commission approval is still outstanding, the granting of which is not a formality or within TPC's control, hence TPC does not, on its own, have the practical ability to obtain any additional shares (and voting rights) in Cell C. Therefore, management has concluded that TPC's rights under the SPV4 and SPV5 loan agreement to obtain 10.47% and 10% respectively of Cell C shares at any time are not substantive until Competition Commission approval has been granted.

The voting rights attached to the 20.47% economic interest in Cell C are held by SPV4 and SPV5. Even though TPC bears the economic risks and rewards of these shares (subject to upper limits of the amounts repayable under the loans), it does not have the ability to direct the way in which the corresponding voting rights in Cell C are exercised. These decisions lie with the Directors of SPV4 and SPV5, which are appointed by Albanta Trading 109 Proprietary Limited (Albanta), over which BLT has no control.

Although the SPVs will only benefit from the aggregate 20.47% equity interest in Cell C to the extent that they realise more than the amounts repayable to TPC under the loans, whether they exercise their Cell C voting rights in line with the way that TPC exercises its 49.53% Cell C voting rights or not, management is of the view that this would not affect the SPVs in any way. Similarly, whether the SPVs vote in line with TPC or not, management is of the view that this would have no impact on whether TPC elects to obtain the additional shares in settlement of its loans, subject to receiving Competition Commission approval. Since management is of the view that the SPVs do not have any incentive to exercise their Cell C voting rights in the way that TPC would want them to such that TPC can rely on them to do so, it has been concluded that the SPVs are not de facto agents of TPC. Furthermore, Albanta holds other shares (5.50%) in Cell C, therefore management believes that Albanta would exercise all its Cell C voting rights in the same way and management is of the view that there is no incentive or reason why Albanta would necessarily vote in line with TPC.

Based on historical attendance at Cell C shareholder meetings, the fact that the shares of Cell C are not widely held (there are only nine shareholders currently; seven if one recognises that SPV4 and SPV5 are subsidiaries of Albanta), and that Gramercy and Nedbank now hold 6.09% and 7.53% of Cell C, respectively, management is of the view that there is currently no basis for concluding that TPC has de facto control of Cell C at a shareholder level. Furthermore, it is the Memorandum of Incorporation (MOI) of Cell C that enables TPC to appoint only four of the 12 directors, and changes to the MOI require shareholder approval of at least 82% including that of Gramercy and Nedbank, for as long as they are permitted to appoint a director to the Cell C Board. Therefore, even if TPC had de facto control at a shareholder level, it could not, on its own, change the MOI to enable it to appoint the majority of the Directors. Management has thus concluded that the Group does not have control over Cell C and continues to exercise significant influence. Therefore, the Group continues to account for Cell C as an associate.

(b) Assessment of investment in Cell C

Valuation of Cell C and impairment reversal.

The improved outlook of Cell C indicated to management that the previous impairment of Cell C should be reversed. An internal valuation was performed in order to determine the value-in-use of Cell C based on cash flow projections incorporated in its five-year business plan. Assumptions relating to the business, the industry and economic growth were applied. Cash flows beyond this point were then extrapolated, applying terminal growth rates. The discount rates used are pre-tax and reflect specific risks related to Cell C.

The value-in-use of Cell C as at 31 May 2025 equated to R4.686 billion, of which TPC's share amounted to R3.280 billion. Of the initial impairment of R2.521 billion recognised on TPC's investment in Cell C as at 31 May 2019, R962 million was reversed in November 2022. The remaining balance of R1.559 billion was reversed during the current financial year and recognised as a reversal of the impairment of investment in associate.

The recoverable amount was calculated using the principles of IAS 36, reversing previous impairment losses recognised, and, in accordance with the rules of IAS 36, may not exceed the carrying amount that would have been determined had no impairment loss been recognised in prior years. Furthermore, the recoverable amount calculated does not take into consideration the proposed capital restructuring of Cell C post-year-end, as these transactions remain subject to, among other conditions, approval by the boards of Blue Label and Cell C, requisite shareholder and regulatory consents, and favourable market conditions.

The key assumption applied in determining the value-in-use calculation as at 31 May 2025 is as follows:

	Pre-tax discount rate %
Cell C Limited	**25.8**

The recovery in value is primarily attributable to the following factors:

a. a reduction in the discount rate, driven by a decline in both the risk-free rate and the South African Prime lending rate;
b. improved performance and outlook for Cell C, which has eliminated the need for a distress factor overlay; and
c. lower forecast capex aligned with Cell C's asset-light strategy.

(c) Going concern of Cell C

For purposes of the Group's annual financial statements, Cell C has been accounted for using the going concern assumption.

Management is of the opinion that Cell C will continue as a going concern for the foreseeable future and has considered the restructuring of liabilities (recapitalisation in 2022), the infrastructure-asset light model, the strategic and operational positioning in the successful renegotiation of key service agreements and IT support, the enhanced senior executive management team, the continued focus on operational efficiencies, reduced operational expenditure, the optimisation of traffic and the implementation of a fixed cost infrastructure. In addition to the factors listed, management has proposed a further restructuring which includes:

- Airtime asset transfer: TPC will transfer airtime currently included on its Statement of Financial Position to Cell C in exchange for newly issued additional equity in the Cell C.
- Debt-to-equity conversion: TPC's outstanding debt claims against Cell C will be capitalised and converted into equity, further reducing Cell C's leverage.
- Acquisition of CEC: Cell C will acquire 100% of CEC from TPC in exchange for additional shares in Cell C. CEC is responsible for Cell C's postpaid offerings. The internalisation will enable Cell C to assume full responsibility over its postpaid customer base, including oversight of supply chain, commercial operations, marketing, billing, credit, and collections.

2. GROUP COMPOSITION continued
2.2 Investments in and loans to Cell C continued
2.2.1 Investment in Cell C continued
(c) Going concern of Cell C continued

The proposed restructure is expected to encompass various ancillary transactions, aimed at optimising Cell C's capital structure and deleveraging its Statement of Financial Position in preparation for a potential separation and future listing on the JSE. The implementation of the restructure and potential listing will remain subject to, among other conditions, approval by the boards of Blue Label and Cell C, requisite shareholder and regulatory consents, and favourable market conditions. Further details of the proposed restructure will be communicated once this workstream has been sufficiently progressed.

Overall, the restructure is intended to streamline operations, improve financial sustainability by reducing debt and resultant cash injection to facilitate the funding of Cell C's strategic objectives. This is expected to further enhance Cell C's strategic readiness for long-term growth and potential listing

Taking into account the latest available financial information and estimated future cash flows, the continued use of the going concern assumption for Cell C is assessed as appropriate.

(d) Exposure to Cell C

The Group's exposure to Cell C is as follows:

	31 May 2025 R'000	31 May 2024 R'000
Concentration of credit risk:		
Loans receivable	**3 118 907**	2 535 535
Loss allowance on Cell C loans receivables	**127 002**	(176 470)
Trade receivables	**742 323**	499 267
Loss allowance on Cell C trade receivables	**(5 565)**	(1 094)
Other receivables	**53 375**	162 338
Loss allowance on Cell C other receivables	**(53 375)**	(53 375)
Payables due to Cell C:		
Trade payables	**(129 730)**	(387 453)
Other payables	**(15 064)**	(15 786)

There is indirect exposure to Cell C as a result of the subscription sharing arrangement and inventories held.

Summarised statement of financial position of Cell C

Investment in	**Associate Cell C Limited**	
Principal activity	**Mobile network**	
Country of incorporation	**South Africa**	
Financial year-end	**31 May 2025 R'000**	31 May 2024 R'000
Statement of financial position as at		
Non-current assets	**13 803 688**	11 541 813
Current assets	**1 216 532**	2 588 661
	15 020 220	14 130 474
Capital and reserves	**(1 043 698)**	(3 179 041)
Non-current liabilities	**5 797 137**	7 303 962
Current liabilities	**10 267 501**	10 005 553
	15 020 220	14 130 474
Effective percentage held (%)	**49.53**	49.53
Effective economic percentage held (%)	**70.00**	63.19
Total capital and reserves	**(1 043 698)**	(3 179 041)
Cell C capital and reserves	**(8 306 695)**	(10 463 468)
Carrying value of purchase price allocations net of deferred taxation	**7 262 997**	7 284 427
Accumulated impairment	**—**	(1 558 621)
Accumulated losses not guaranteed	**—**	(1 606 557)

Summarised income statement of Cell C

	1 June 2024 to 31 May 2025 R'000	1 June 2023 to 31 May 2024* R'000
Statement of comprehensive income for the year ended		
Revenue	**11 138 168**	10 745 462***
Net profit/(loss) before taxation	**264 465**	(22 445)
Taxation	**1 929 209**	301 924
Current tax	**(104 187)**	301 924
Deferred tax	**2 033 396**	—
Net profit after taxation	**2 193 674**	279 479
Other comprehensive (loss)/income	**—**	—
Share of total comprehensive income	**—**	—
Effective economic percentage held (%)	**70**	63.19
Share of profits	**1 507 904**	176 603
Recognising the Group's share of historic accumulated losses	**(1 606 557)**	—
Net share of losses from Cell C**	**(98 653)**	—

* Special purpose accounts were prepared to coincide with the Group's reporting year. These special purpose accounts are adjusted for the Group's equity-accounted adjustments.

** The Group has resumed recognising its share of the profits as a result of all of its share of historic accumulated losses being recognised in the current year. The share of profits were offset against historic losses of R1.6 billion, resulting in a net loss recognised in the current year of R99 million.

*** Prior year revenue was revised from R11.1 billion to R10.8 billion to take into account discounts to customers that were incorrectly classified to cost of sales in the special purpose accounts provided by Cell C. The correction does not change the net loss before taxation as previously disclosed.

2.3 Bulk airtime purchases from Cell C

TPC was required to purchase, by way of four quarterly payments of R300 million (incl. VAT), additional prepaid airtime with a face value of R500 million (including VAT), with each such quarterly payment payable at the beginning of each calendar quarter. The first such quarterly payment was made at the beginning of the 13th month following the recapitalisation of Cell C and subsequent payments were made at the commencement of each quarter thereafter. The first payment of R300 million (Incl. VAT) was made in October 2023. As at May 2025, there are no remaining quarterly payments to take place.

In addition, TPC was required to make minimum monthly purchases of airtime vouchers from Cell C for a period of 24 months from the date of the Cell C recapitalisation. For each of the first 12 months, the minimum purchase was airtime with a face value of R427 million (including VAT), and for each of the second 12 months airtime with a face value of R378 million (including VAT). The cash purchase price payable is at a discount of 6% to the face value of the airtime up until January 2024 and 4% thereafter. The minimum monthly purchases had been reduced by R125 million (including VAT) per month until TPC's airtime repurchase obligation towards the funders has been settled. Furthermore, if in any calendar quarter following the effective date of the Cell C recapitalisation, Cell C's actual MVNO Revenue is in excess of the MVNO Revenue for the relevant period as stated in the Agreed Financial Base Case, then for the following quarter the minimum monthly purchase requirement will be reduced by one-third of such excess. As at year-end, there are no obligations to purchase airtime.

TPC borrowings – from lenders

Since the recapitalisation of Cell C, TPC has fully repurchased from the lenders, in 48 tranches, inventory with an aggregate face value of R2.115 billion (including VAT) for a cash consideration of R1.942 billion (including VAT). In addition, on 30 April 2024, TPC purchased inventory with an aggregate face value of R375 million (including VAT) from Cell C for a cash consideration of R300 million (including VAT). TPC sold this inventory to the lenders and was required to repurchase such inventory between April 2024 and February 2025. As a result of this obligation, the inventory that was sold to the lenders has continued to be recognised as TPC's inventory, and the repurchase obligation was recognised as borrowings.

As at year-end, 31 May 2025, TPC has fully repurchased in 11 tranches the inventory with an aggregate face value of R375 million (including VAT) for a cash consideration of R327 million (Including VAT). At year-end, there is no inventory remaining to be purchased nor restricted in relation to this respective airtime sale and repurchase agreement.

2. GROUP COMPOSITION continued

2.4 Non-controlling interests

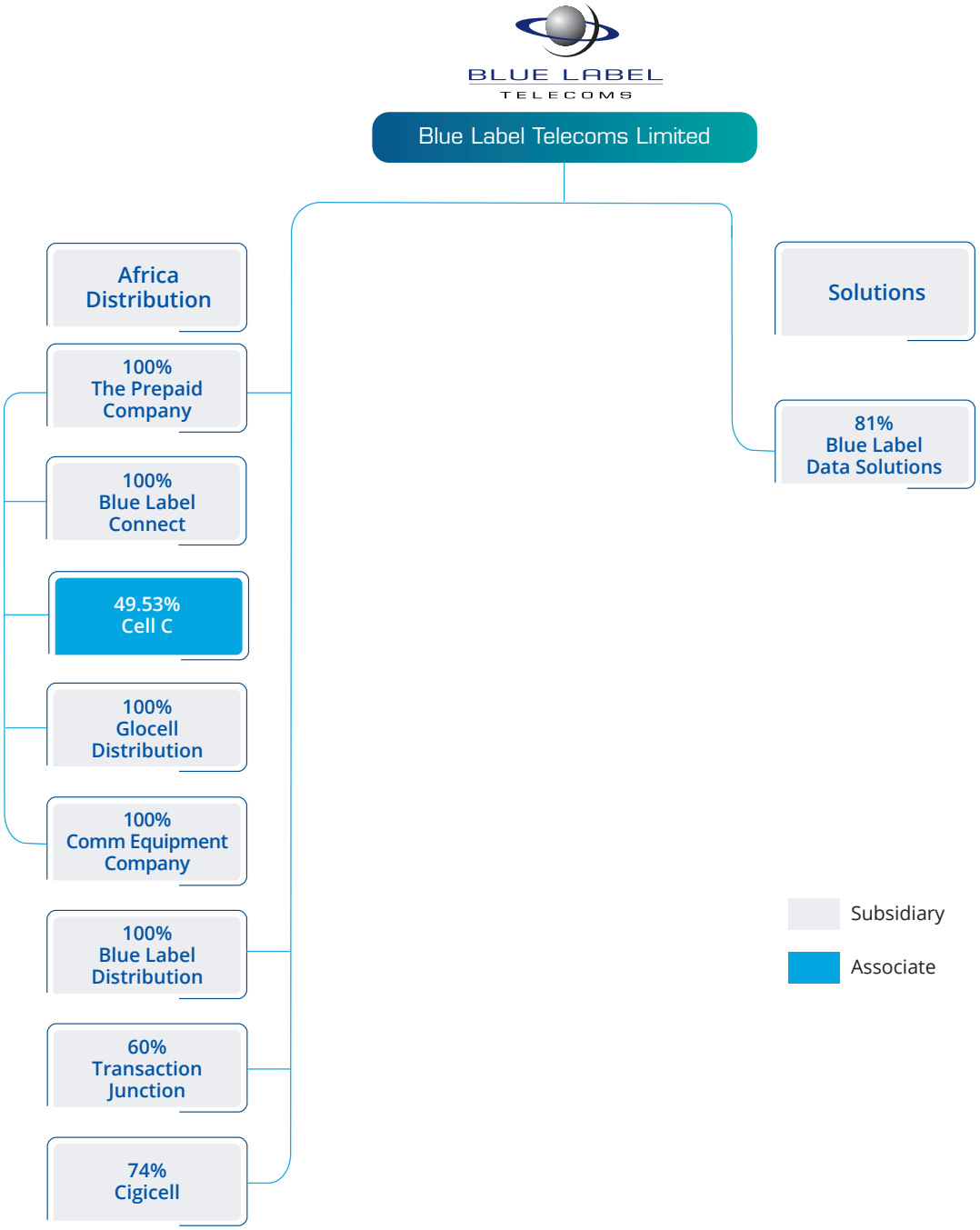
Set out below is the summarised financial information relating to each subsidiary that has non-controlling interests that are material to the Group. The amounts disclosed for each subsidiary are before inter-company eliminations with other companies in the Group.

Subsidiary	TJ Group[1]		Blue Label Data Solutions		Cigicell Proprietary Limited[2]	
Principal place of business	South Africa		South Africa		South Africa	
Segment	Africa Distribution		Solutions		Africa Distribution	
	2025	2024	**2025**	2024	**2025**	2024
NCI (%)	**40**	40	**19**	19	**26**	26
	R'000	R'000	**R'000**	R'000	**R'000**	R'000
Non-current assets	**122 032**	88 544	**74 855**	69 344	**17 995**	25 644
Current assets	**66 254**	59 039	**87 539**	60 558	**603 366**	563 364
Total assets	**188 286**	147 583	**162 394**	129 902	**621 361**	589 008
Capital and reserves	**69 196**	93 550	**109 388**	82 241	**146 551**	195 086
Non-current liabilities	**29 506**	8 761	**—**	1	**—**	—
Current liabilities	**89 584**	45 271	**53 006**	47 660	**474 808**	393 923
Total equity and liabilities	**188 286**	147 582	**162 394**	129 902	**621 359**	589 009
Accumulated NCI[3]	**29 706**	39 679	**20 784**	15 626	**38 103**	50 722
Summarised statement of comprehensive income for the year ended 31 May	**—**		**—**		**—**	
Revenue	**149 813**	134 252	**215 505**	224 253	**370 801**	267 327
Total comprehensive income for the year	**(24 931)**	(4 543)	**43 300**	47 141	**28 840**	23 353
Comprehensive income allocated to NCI	**(9 972)**	(1 817)	**8 227**	8 957	**7 401**	6 072
Summarised cash flows for the year ended 31 May	**—**		**—**		**—**	
Cash flows generated from operating activities	**8 870**	22 272	**6 873**	24 688	**43 271**	58 631
Cash flows utilised in investing activities	**(50 061)**	(19 264)	**(2 450)**	(35 402)	**(18 549)**	(58 319)
Cash flows generated from/(utilised in) financing activities	**30 134**	7 604	**—**	10 363	**(18 658)**	48 740
Net (decrease)/ increase in cash and cash equivalents	**(11 057)**	10 612	**4 423**	(351)	**6 063**	49 052
Dividends paid to NCI	**—**	—	**6 460**	6 650	**20 020**	14 999

[1] The TJ Group consists of Transaction Junction Proprietary Limited and Transaction Junction (Namibia) Proprietary Limited.
[2] Cigicell Proprietary Limited includes its subsidiary, Visual Revenue Management Proprietary Limited (VRM).
[3] Accumulated NCI excludes the share-based payment reserve adjustments because the awards are treated as cash-settled in the separate entities' financial statements.

2.5 Interest in subsidiaries, associates and joint ventures

Blue Label Telecoms Limited conducts its operations through various wholly owned subsidiaries, associates and joint ventures, the principal activities of the Group are conducted through the following significant entities to the Group:



A full list of the subsidiaries, associates and joint ventures to the Group is available, upon request, at the registered offices of the Group.

3. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

3.1 Financial instruments

Financial instruments carried on the statement of financial position are as follows:

Classes	Categories	Carrying value 2025 R'000	Carrying value 2024 R'000
Non-current assets*			
Loans to associates	Amortised cost	**1 302 614**	1 967 246
Loans receivable	Amortised cost	**46 536**	38 753
Advances to customers	Amortised cost	**653 146**	485 323
Financial assets at fair value through profit or loss	Fair value through profit or loss	**128 521**	156 315
		2 130 817	2 647 637
Current assets**			
Loans to associates	Amortised cost	**1 947 148**	445 773
Loans receivable	Amortised cost	**57 240**	36 506
Trade and other receivables[1]	Amortised cost	**2 944 312**	2 513 324
Advances to customers	Amortised cost	**990 621**	751 036
Financial assets at fair value through profit or loss	Fair value through profit or loss	**411 074**	618
Cash and cash equivalents	Amortised cost	**822 104**	896 240
		7 172 499	4 643 497
Non-current liabilities*			
Non-current lease liability	Amortised cost	**36 551**	27 425
Financial liabilities at fair value through profit or loss	Fair value through profit or loss	**242 637**	57 721
Borrowings	Amortised cost	**2 743 848**	2 910 060
		3 023 036	2 995 206
Current liabilities**			
Trade and other payables[2]	Amortised cost	**5 715 637**	5 121 234
Lease liability	Amortised cost	**10 393**	23 470
Borrowings	Amortised cost	**2 673 100**	1 166 190
Borrowings from associates and joint ventures	Amortised cost	**34 528**	—
Bank overdraft	Amortised cost	**831**	93
		8 434 489	6 310 987
		(2 154 209)	(2 015 059)

[1] Carrying value per statement of financial position is R4.301 billion (2024: R3.237 billion) which includes R1.357 billion (2024: R724 million) relating to prepayments and tax receivables, which are not financial assets.
[2] Carrying value per statement of financial position is R5.975 billion (2024: R5.335 billion) which includes R259 million (2024: R214 million) relating to employee benefits and tax payables, which are not financial liabilities.
* The fair values of non-current assets and liabilities approximate their carrying values due to their terms being market-related.
** The fair values of current assets and liabilities approximate their carrying values due to the on-demand terms.

Financial assets and liabilities are recognised when the Group becomes a party to the contractual provisions of the instruments.

The Group elects on a contract by contract basis to apply IFRS 9 and IFRS 7 to financial guarantee contracts and not IFRS 17.

Measurement on initial recognition

All financial assets (unless it is a trade receivable without a significant financing component) and financial liabilities are initially measured at fair value, including transaction costs, except for those classified as fair value through profit or loss which are initially measured at fair value excluding transaction costs. Transaction costs directly attributable to the acquisition of financial assets, or incurrence of financial liabilities, classified at fair value through profit or loss are recognised immediately in profit or loss. A trade receivable without a significant financing component is initially recognised at the transaction price.

In instances in which the valuation techniques applied to determine fair value of financial assets/financial liabilities on initial recognition do not use only data that is from observable markets, any resulting day one gains/losses are deferred and are recognised as part of the carrying values of the related financial asset/financial liability. These gains/losses are only recognised subsequently to the extent that they arise from a change in a factor (including time) that market participants would take into account when pricing the financial asset/financial liability.

Subsequent measurement

Subsequent measurement of financial assets and financial liabilities depends on their classification.

The Group classifies financial assets on initial recognition as measured at amortised cost, fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVTPL) on the basis of the Group's business model for managing the financial asset and the cash flow characteristics of the financial asset.

Category	Subsequent measurement
Financial assets	
Amortised cost	The financial asset is held within a business model with the objective to collect the contractual cash flows, and the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding.
Fair value through profit or loss	The financial asset does not qualify for measurement at amortised cost or fair value through other comprehensive income.

Financial assets are not reclassified unless the Group changes its business model for managing those financial assets. Reclassification is done prospectively from the date that the Group changes its business model.

Financial liabilities are classified as measured at amortised cost except for:

- derivatives which are measured at fair value through profit or loss;
- financial liabilities designated by the Group upon initial recognition to be at fair value through profit or loss because of the existence of one or more derivatives embedded within the financial liabilities which would otherwise need to be separated out resulting in the host financial liabilities being measured at amortised cost and the derivative(s) being measured at fair value through profit or loss; and
- financial guarantee contracts which are measured initially at their fair value, and subsequently at the higher of:
  - the amount of the loss allowance determined using the same approach as that used for impairment of financial assets measured at amortised cost (see Impairment of financial assets measured at amortised cost on below); and
  - the initial fair value less, when appropriate, the cumulative amount of income recognised in accordance with the principles of revenue recognition.

Financial assets are classified as current on the statement of financial position if expected to be realised within 12 months of the statement of financial position reporting date; if not, they are classified as non-current. Financial liabilities are classified as non-current if the Group has the right to defer settlement beyond 12 months of the statement of financial position reporting date; if not, they are classified as current.

Derecognition of financial assets

Financial assets are derecognised when the contractual rights to the cash flows from the financial assets expire, or when the financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership.

A modification of the terms of a financial asset is assessed to determine whether it results in derecognition. If the modification is substantial, the original financial asset is derecognised and a new financial asset is recognised. The difference between the carrying amount of the financial asset derecognised and the fair value of the new asset is recognised in profit or loss.

Derecognition of financial liabilities

Financial liabilities are derecognised when the obligation specified in the contract is discharged, cancelled, or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, the original liability is derecognised, and a new financial liability is recognised. The difference between the carrying amount of the financial liability derecognised and the fair value of the new liability is recognised in profit or loss.

3. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT continued

3.1 Financial instruments continued

Impairment of financial assets measured at amortised cost

The Group calculates its allowance for credit losses for financial assets measured at amortised cost using expected credit losses (ECLs). Credit losses are cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive), discounted at the original effective interest rate (EIR), or at the original credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets. ECLs are probability weighted averages of credit losses.

For all financial assets measured at amortised cost, except for trade and other receivables, the Group measures the related loss allowance at an amount equal to 12-month ECLs, which is the portion of lifetime ECLs that result from default events that are possible within the 12 months after the reporting date. Once a significant increase in credit risk occurs, the loss allowance is measured based on lifetime ECLs. For trade and other receivables, the Group measures the related loss allowance at lifetime ECLs from initial recognition.

Purchased or originated credit-impaired financial assets are financial assets that are credit-impaired on initial recognition. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred, for example:

- significant financial difficulty of the borrower;
- default or past due event;
- other lenders having granted the borrower concessions for economic or contractual reasons relating to the borrower's financial difficulty that they would not otherwise consider;
- probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

Since the original credit-adjusted effective interest rate reflects lifetime ECLs at initial recognition, the Group only recognises the cumulative changes in lifetime ECLs since initial recognition as a loss allowance for purchased or originated credit-impaired financial assets.

3.2 Financial risk management

In the course of its business, the Group is exposed to a number of financial risks, namely credit risk, liquidity risk and market risk (including interest rate and foreign currency risks). This note presents the Group's objectives, policies and processes for managing its financial risk and capital.

Risk management is monitored and managed by key personnel of each entity in the Group on a daily basis, based on their specific operational requirements.

3.2.1 Credit risk

Credit risk, or the risk of financial loss to the Group due to customers or counterparties not meeting their contractual obligations, is managed through the application of credit approvals, limits and monitoring procedures.

The Group is exposed to credit risk on financial assets mainly in respect of those assets detailed in the financial instruments table on page 54. The carrying amounts of financial assets represent the maximum credit exposure.

Expected credit losses

The Group tracks significant increases in credit risk using information available to the Group regarding the counterparty credit risk. Furthermore, this is supplemented by taking into account the performance of the counterparty to the financial asset in question, as well as data from Moody's Analytics where applicable.

The Group calculates its allowance for credit losses for financial assets measured at amortised cost using ECLs.

ECLs were determined by the Group based on an unbiased, probability weighted amount that is determined by evaluating a range of possible outcomes and, where relevant, reflecting the time value of money. In accordance with the requirements of IFRS 9, ECL allowances are required to be measured in a way that incorporates information available at the reporting date about past events, current conditions and forecasts of future economic conditions. Each of these were used in calculating the ECL on the in-scope financial assets of the Group. Moody's Analytics is used to incorporate forward looking information in the determination of ECLs. Moody's consider the effect of various macro-economic phenomena and events to be embedded in the underlying actual results of entities, and, as a result, reflected in the probability of default (PD) assumption of underlying ECL methodologies. As such, no significant overlays or other adjustments, other than the macro-economic forecasts, have been included in the current and prior financial years.

Moody's Analytics produces a set of macro-economic forecasts for South Africa that considers the historical accuracy of various forecasters to identify reliable sources. These are incorporated into their GCorr macro-economic forecast set. Based on research conducted by Moody's Analytics, it recommends the use of its Baseline, Stronger Near-Term Rebound (S1), and Moderate Recession (S3) forecast sets weighted 40%, 30% and 30% (2024: 40%, 30%, 30%) respectively for a forward looking adjustment for the purposes of IFRS 9. It considers both public and private South African company defaults in this research. The methodology considers the industry of the asset and the related volatility in comparison to the average volatility in the South African economy.

Significant increases in credit risk can be evaluated with reference to movements in the balances between the grouping categories used throughout this note.

Management defines default as the situation when counterparties fail to make payments in a timely manner and future payments are either suspended or unlikely.

For counterparties where no external credit ratings are available, the Group has used a management-determined credit risk rating model. The management of the Group performs a rigorous internal rating assessment process of all external counterparty credit risk exposures and rates these exposures grouping them into the below five groups which are then aligned to equivalent Moody's sourced default ratings.

The groupings below are referenced throughout this note:
Group 1: Fully performing counterparties with a credit rating equivalent to a Moody's rating of B1 or higher. ECL range up to 8.25% (2024: up to 10.03%).
Group 2: Fully performing counterparties with a credit rating equivalent to a Moody's rating of between B1 and B2. ECL range of 8.25% to 10.16% (2024: 10.03% to 12.31%).
Group 3: Fully performing counterparties with a credit rating equivalent to a Moody's rating of between B2 and Ca. ECL range of 10.16% to 51.68% (2024: 12.31% to 53.76%).
Group 4: Counterparties who are considered to be in default and have an equivalent Moody's rating of Ca or lower. ECL of 51.68% to 100% (2024: 53.76% to 100%).
Group 5: Counterparties which have been designated as credit-impaired or originated credit-impaired loans. ECL based on the credit rating of the underlying counterparty.

These groupings are generally aligned to the staging requirements of IFRS 9 as follows:
- Group 1 financial assets are typically Stage 1.
- Group 2 financial assets are typically Stage 1, with minor Stage 2 balances.
- Group 3 financial assets are typically Stage 1 and Stage 2 balances.
- Group 4 financial assets are typically Stage 3.
- Group 5 (POCI) financial assets are typically Stage 3.

The table below discloses the credit quality of the financial assets carried at amortised cost (excluding advances to customers and trade receivables) of the Group:

	2025 R'000	2024 R'000
Group 1	**862 886**	966 441
Group 2	**64 315**	55 939
Group 3	**2 532**	3 073
Group 4	**—**	—
Group 5	**3 245 909**	2 359 065
Total	**4 175 642**	3 384 518

The movement in ECLs (excluding trade receivables) of the Group:

	2025 R'000	2024 R'000
Provision for impairment		
Balance at the beginning of the year	**447 622**	712 823
Allowances made during the year	**194 588**	483 590
Amounts utilised	**(437 382)**	(748 791)
At 31 May	**204 828**	447 622

3. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT continued
3.2 Financial risk management continued
3.2.1 Credit risk continued
Expected credit losses continued

(i) Cash and cash equivalents

The Group places cash and cash equivalents with major banking groups and financial institutions.

The counterparties were categorised as follows:

Group 1: Financial institutions with a Moody's long-term debt issuer rating of Ba2 or better, or cash on hand, with an insignificant ECL.

	2025 R'000	2024 R'000
Counterparties with external credit rating		
Group 1	**822 104**	896 240
Total	**822 104**	896 240

(ii) Loans to associates and joint ventures

The Group has provided loans to associates and joint ventures as part of specific transactions, to satisfy operational as well as other requirements. These associates and joint ventures are located in South Africa.

The Group manages credit risk on this portfolio of loans by following strict protocols for the approval thereof, and where possible obtaining appropriate security and other collateral. Management regularly reviews these loans and uses an internal ratings-based system to track credit risk thereon. Refer to note 2.1.1.

Critical accounting judgements and assumptions

Funding provided to Cell C – originated credit-impaired

The Group believed that at the time of providing the funding to Cell C, as part of the September 2022 Recapitalisation Transaction, such funding was considered to be credit impaired in line with IFRS 9. Cell C was restructured and refinanced with the purpose of deleveraging its Statement of Financial Position, providing it with liquidity with which to operate and grow its businesses and to position itself to achieve long-term success for the benefit of its customers, employees, creditors, shareholders and its other stakeholders. Cell C utilised the TPC debt-funding to settle the claims of secured lenders by paying an amount of 20c to the rand. The face value of the funding provided by TPC is 2.75 times the cash it advanced. This deep discount evidences incurred losses. Although Cell C's financial plan reflects that the Group's funding will be repaid in full, there is execution risk related to the achievement of the business plan.

Accordingly, all funding provided to Cell C in relation to the September 2022 Recapitalisation Transaction are classified as originated credit-impaired financial assets.

Exposures of the Group to Cell C are specifically monitored, per Group entity and exposure, and evaluated by management based on available information, conditions and other inputs which are observable by management. While Group management does assess the alignment and consolidated view of exposures to Cell C from the perspective of the Group, each individual exposure is also evaluated based on its underlying terms, conditions, performance and, where applicable, forward looking information. This approach can, and does result in certain exposures to Cell C being ascribed a lower ECL than others, however, at a consolidated view, Group management is satisfied that the overall Group's exposure to Cell C is appropriately managed and accounted for.

The table below discloses the credit quality of the loans to associates and joint ventures of the Group for which no external credit ratings are available. Equivalent credit ratings were based on the latest Moody's default ratings.

These ratings include forward looking adjustments for all relevant economic factors. Management defines default as when counterparties fail to make payments and future payments are either suspended or unlikely. Management writes off loans where they have actively pursued the debt and there is no indication of recovery.

	Gross carrying amount R'000	Loss allowance R'000	Net carrying amount R'000	Average ECL ratio %
31 May 2025				
Loans advanced to counterparties without external ratings included in:				
Group 1	**4 200**	**(347)**	**3 853**	**(8.26)**
Group 5	**3 118 907**	**127 002**	**3 245 909**	**4.07**
	3 123 107	**126 655**	**3 249 762**	
31 May 2024				
Loans advanced to counterparties without external ratings included in:				
Group 1	42 718	(953)	41 765	(2.23)
Group 2	13 900	(1 711)	12 189	(12.31)
Group 4	2 338	(2 338)	—	(100.00)
Group 5	2 535 535	(176 470)	2 359 065	(6.96)
	2 594 491	(181 472)	2 413 019	

3. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT continued
3.2 **Financial risk management** continued
3.2.1 Credit risk continued
Expected credit losses continued
Critical accounting judgements and assumptions continued
Funding provided to Cell C – originated credit impaired continued
The loss allowances as at 31 May 2025 for loans to Cell C, which are included in Group 5 above, are determined as follows:

2025	Basis of loss allowance	Gross carrying amount R'000	Loss on modification of financial asset at initial recognition R'000	ECL reversal R'000	Net carrying amount R'000
Deferral loan	Lifetime ECL (originated credit impaired)	**513 932**	**(64 500)**	**56 217**	**505 649**
Debt funding	Lifetime ECL (originated credit impaired)	**2 012 360**	**—**	**54 364**	**2 066 724**
Reinvestment instrument	Lifetime ECL (originated credit impaired)	**249 190**	**—**	**6 928**	**256 118**
Acquired loan claim	Lifetime ECL (originated credit impaired)	**407 925**	**—**	**9 493**	**417 418**
		3 183 407	**(64 500)**	**127 002**	**3 245 909**

2024	Basis of loss allowance	Gross carrying amount R'000	Loss on modification of financial asset at initial recognition R'000	ECL reversal/ (allowance) R'000	Net carrying amount R'000
Deferral loan	Lifetime ECL (originated credit impaired)	740 034	(64 500)	32 903	708 437
Debt funding	Lifetime ECL (originated credit impaired)	1 659 961	—	(195 627)	1 464 334
Reinvestment instrument	Lifetime ECL (originated credit impaired)	200 041	—	(13 747)	186 294
		2 600 036	(64 500)	(176 471)	2 359 065

Credit risk sensitivity analysis
The receivables are mainly exposed to the change in the probability of default of Cell C Limited, as well as changes in the non-credit-adjusted effective interest rates. The following table details the Group's sensitivity to a change in these parameters.

Financial instrument	Significant unobservable parameter	Potential effect on profit/(loss) and retained earnings* R'000
Deferral loan	Probability of default of Cell C	**142 / (354)****
Debt funding	Moody's rating	**7 756 / (10 517)**
Reinvestment instrument	Moody's rating	**417 / (589)**
Acquired loan claim	Moody's rating	**639 / (903)**

* Relates to a single Moody's rating up or down.
** Relates to a 10% decrease/increase in the probability of default.

(iii) Loans receivable

The Group has provided loans to third parties who are seen as product distributors, in order to expand its distribution channels. These loans have been extended on various terms depending on management's assessment of the business rationale for the provision thereof. The Group manages credit risk by following strict protocols for the approval and monitoring of these loans, and where possible, obtaining appropriate security and other collateral.

Management regularly reviews these loans and uses an internal ratings-based system to track credit risk thereon.

The table below discloses the credit quality of the loans receivable of the Group for which no external credit ratings are available. Equivalent credit ratings were based on the latest Moody's default ratings. These ratings include forward looking adjustments for all relevant economic factors. Management defines default as when counterparties fail to make payments and future payments are either suspended or unlikely. Management writes off loans where they have actively pursued the debt and there is no indication of recovery.

The loss allowance as at 31 May 2025 for loans receivable is determined as follows:

	Gross R'000	Loss allowance R'000	Net carrying amount R'000	Average ECL ratio %
31 May 2025				
Loans advanced to counterparties without external ratings included in:				
Group 1	**38 675**	**(1 746)**	**36 929**	**(4.51)**
Group 2	**71 921**	**(7 606)**	**64 315**	**(10.58)**
Group 3	**5 176**	**(2 644)**	**2 532**	**(51.08)**
Group 4	**423**	**(423)**	**—**	**(100.00)**
	116 195	**(12 419)**	**103 776**	
31 May 2024				
Loans advanced to counterparties without external ratings included in:				
Group 1	30 429	(1 993)	28 436	(6.55)
Group 2	50 465	(6 715)	43 750	(13.31)
Group 3	6 625	(3 552)	3 073	(53.62)
Group 4	459	(459)	—	(100.00)
	87 978	(12 719)	75 259	

(iv) Advances to customers

Advances to customers represent the activities of the Group's subsidiary, CEC, which provides financing for cellular handsets. This customer base is widely dispersed throughout South Africa and no significant concentrations of credit risk have been noted.

The business model of these financing arrangements exposes the Group to the credit risk of the population of the underlying subscribers who are all customers of Cell C Service Provider Proprietary Limited and other business partners of CEC.

Management has put in place credit risk policies as well as stringent customer acceptance policies and limits to manage the credit risk exposure at deal initiation. Subsequent to deal initiation, credit risk at a subscriber level is managed through a combination of policies and procedures which limit the customers' ability to incur further debt should their accounts not be up to date.

The Group calculates an ECL for the instruments in this portfolio in accordance with the general approach in IFRS 9 using a provision matrix model (refer to detail under (v) Trade and other receivables) which takes into account, applicable forward looking indicators in line with Group policy. The Group continually refines and improves the model applied to take into account new information and additional data that becomes available as internal processes evolve. These improvements are accounted for prospectively as changes to the ECL estimate when they arise.

3. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT continued
3.2 Financial risk management continued
3.2.1 Credit risk continued
Expected credit losses continued

(iv) Advances to customers continued

The loss allowance as at 31 May 2025 for advances to customers is determined as follows:

	Gross R'000	Loss allowance R'000	Net carrying amount R'000	Average ECL/ ratio %
31 May 2025				
Handset financing and subscription income-sharing receivables				
Fully performing	**1 502 297**	**(61 979)**	**1 440 318**	**(4.13)**
Past due by 1 to 30 days	**78 274**	**(21 296)**	**56 978**	**(27.21)**
Past due by 31 to 60 days	**35 635**	**(14 643)**	**20 992**	**(41.09)**
Past due by more than 60 days	**292 069**	**(166 590)**	**125 479**	**(57.04)**
	1 908 275	**(264 508)**	**1 643 767**	
31 May 2024				
Handset financing and subscription income-sharing receivables				
Fully performing	1 078 082	(27 331)	1 050 751	(2.54)
Past due by 1 to 30 days	123 932	(24 740)	99 192	(19.96)
Past due by 31 to 60 days	23 750	(8 673)	15 077	(36.52)
Past due by more than 60 days	210 053	(138 714)	71 339	(66.04)
	1 435 817	(199 458)	1 236 359	

Once the recoverability of these receivables comes into question, the amount is handed over to external debt collectors and if not recovered within the time frame detailed in our Collection Policy, is written off.

(v) Trade and other receivables

The Group has a diversified customer base and policies are in place to ensure sales are made to customers with an appropriate credit history and payment history. All of the Group's revenues are generated in South Africa.

Individual credit limits are set for each customer and the utilisation of these credit limits is monitored regularly.

Customers cannot exceed their set credit limit without specific Senior Management approval. Such approval is assessed and granted on a case-by-case basis. Management regularly reviews the receivables age analysis and follows up on long-outstanding receivables. The Group's customer base has been aggregated into groupings that represent, to a large degree, how the Group manages its receivables and also illustrates the spread of credit risk.

Within these aggregated groupings, the Group's exposure to credit risk is made up of banks and other financial institutions, major retailers, aggregators, independent and informal retail customers, petroleum forecourts, municipalities, private utilities and cellular networks. The balance of the customer base is widely dispersed.

Provision matrix (including advances to customers)

ECLs are calculated by applying a loss ratio to the aged balance of receivables at each reporting date. The loss ratio is calculated according to the ageing/payment profile of sales by applying historic/proxy write-offs to the payment profile of the sales population. In instances where there was no evidence of historical write-offs, management used a proxy write-off for similar receivables obtained from external credit rating agencies. Receivable balances have been grouped so that the ECL calculation is performed on groups of receivables with similar risk characteristics and ability to pay.

Exposures are mainly segmented by customer type, i.e. banks and other financial institutions, major retailers, aggregators, independent and informal retail customers, petroleum forecourts, municipalities, private utilities and cellular networks. This is done to allow for risk differentiation. Similarly, the sales population selected to determine the ageing/payment profile of the sales is representative of the entire population and in line with future payment expectations.

The PD and LGD are then adjusted for forward looking information to determine a point-in-time adjustment.

Forward looking information is also used to derive a base, upside and downside scenario given multiple forecasts under the guidance of Moody's. These assumptions are applied to determine the ECL for the portfolio of receivables at the reporting date to the extent that there is a strong correlation between the forward looking information and the ECL.

In most instances, no material adjustments were required to accommodate forward looking information, as the majority of receivables were settled within a relatively short period (under 60 days on average). Macro-economic forecasts have been included in the ECL calculation for advances to customers.

The Group used 60 to 84 months' sales data to determine the payment profile of the sales. Where the Group has information about actual historical write-offs, actual write-offs have been used to determine a historic loss ratio. Alternatively, management has used a proxy write-off, based on management's best estimate including information obtained from an external ratings agency (Moody's). The Group has considered quantitative forward looking information such as the core inflation rate. Qualitative assessments have also been performed, of which the impact was found to be immaterial.

Management considers trade receivables aged in excess of 60 days (advances to customers)/90 days (trade receivables) past due (where the excessive ageing is not caused by administrative delays that are within the control of the Group), and those handed over to the Group's attorneys for legal collection processes, to be in default and accordingly increases the allowance for impairment raised on these receivables. This policy is applied to all receivables, other than receivables for starter packs, municipalities, private utilities or specific circumstances where management has rebutted the presumption that a customer is in default when 90 days past due as a result of the inherent nature of the product/transaction being undertaken which follows a business cycle in excess thereof.

Receivables for starter packs are considered to be in default where no income has been earned from activation or ongoing revenue in the last three months and the receivable has aged in excess of the anticipated repayment cycle. Receivables from municipalities and private utilities are considered to be in default where the net exposure to the counterparty, after deduction of the collateral held, has aged in excess of 12 months, or where handed over to the Group's attorneys for legal collection purposes.

Trade receivables are written off when there is no reasonable expectation of recovery. This is assessed individually by each operation and includes, for example, where the trade receivables have been handed over for collection and remain outstanding or the debtor has entered bankruptcy. Other receivables and other financial assets are individually assessed by management based on each situation's unique facts and circumstances and are written off when management believes that there is no reasonable expectation of recovery.

3. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT continued

3.2 Financial risk management continued

3.2.1 Credit risk continued

Expected credit losses continued

(v) Trade and other receivables continued

The loss allowance as at 31 May 2025 for trade receivables and other receivables to which the provision matrix has been applied is determined as follows:

Ageing and impairment analysis

	Gross R'000	Loss allowance R'000	Net carrying amount R'000	Average ECL ratio %
31 May 2025				
Fully performing receivables				
Trade receivables arising on revenue from contracts with customers				
Banks and other financial institutions	373 405	(32)	373 373	(0.01)
Aggregators, independent and informal retail customers	1 135 704	(1 150)	1 134 554	(0.10)
Formal market retail customers	420 367	(1 362)	419 005	(0.32)
Customers in the petroleum sector	68 816	(110)	68 706	(0.16)
Receivables for starter packs	11 149	(19)	11 130	(0.17)
Cell C	2 892	(1)	2 891	(0.03)
Other cellular networks	33 270	(3)	33 267	(0.01)
Municipalities and private utilities	129 449	(165)	129 284	(0.13)
Trade receivables arising on financing transactions				
Cell C	—	—	—	—
Other	19 066	(3 303)	15 763	(17.32)
Sundry receivables	277 127	(54 556)	222 571	(19.69)
Receivables from revenue recognised on fixed term contracts	144 091	—	144 091	—
Past due receivables				
Trade receivables arising on revenue from contracts with customers				
Banks and other financial institutions				
Past due by 1 to 30 days	317	—	317	—
Past due by 31 to 60 days	110	—	110	—
Past due by 61 to 90 days	7	—	7	—
Past due by more than 90 days	102	(102)	—	(100.00)
Aggregators, independent and informal retail customers				
Past due by 1 to 30 days	194 801	(1 574)	193 227	(0.81)
Past due by 31 to 60 days	31 965	(1 522)	30 443	(4.76)
Past due by 61 to 90 days	2 852	(813)	2 039	(28.51)
Past due by more than 90 days	14 415	(14 415)	—	(100.00)
Formal market retail customers				
Past due by 1 to 30 days	20 140	(90)	20 050	(0.45)
Past due by 31 to 60 days	7 128	(6)	7 122	(0.08)
Past due by 61 to 90 days	5 031	(16)	5 015	(0.32)
Past due by more than 90 days	4 178	(3 441)	737	(82.36)
Customers in the petroleum sector				
Past due by 1 to 30 days	—	—	—	
Past due by 31 to 60 days	—	—	—	
Past due by 61 to 90 days	—	—	—	
Past due by more than 90 days	3 068	(3 068)	—	(100.00)

	Gross R'000	Loss allowance R'000	Net carrying amount R'000	Average ECL ratio %
Receivables for starter packs				
Past due by 1 to 30 days	1 998	(8)	1 990	(0.40)
Past due by 31 to 60 days	19 468	(127)	19 341	(0.65)
Past due by 61 to 90 days	4	—	4	—
Past due by more than 90 days	454	(454)	—	(100.00)
Cell C				
Past due by 1 to 30 days	2 446	(1)	2 445	(0.04)
Past due by 31 to 60 days	1 800	(1)	1 799	(0.06)
Past due by 61 to 90 days	1 384	(2)	1 382	(0.14)
Past due by more than 90 days	—	—	—	—
Other cellular networks				
Past due by 1 to 30 days	—	—	—	—
Past due by 31 to 60 days	—	—	—	—
Past due by 61 to 90 days	—	—	—	—
Past due by more than 90 days	—	—	—	—
Municipalities and private utilities				
Past due by 1 to 30 days	30 285	(96)	30 189	(0.32)
Past due by 31 to 60 days	22 528	(102)	22 426	(0.45)
Past due by 61 to 90 days	8 829	(109)	8 720	(1.23)
Past due by more than 90 days	47 728	(1 791)	45 937	(3.75)
	3 036 374	(88 439)	2 947 935	(2.91)

3. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT continued
3.2 **Financial risk management** continued
3.2.1 Credit risk continued
Expected credit losses continued
(v) Trade and other receivables continued

	Gross R'000	Loss allowance R'000	Net carrying amount R'000	Average ECL ratio %
31 May 2024				
Fully performing receivables				
Trade receivables arising on revenue from contracts with customers				
Banks and other financial institutions	118 350	(12)	118 338	(0.01)
Aggregators, independent and informal retail customers	745 190	(843)	744 347	(0.11)
Formal market retail customers	374 755	(889)	373 866	(0.24)
Customers in the petroleum sector	64 934	(34)	64 900	(0.05)
Receivables for starter packs	33 531	(20)	33 511	(0.06)
Cell C	1 010	(3)	1 007	(0.30)
Other cellular networks	55 589	(8)	55 581	(0.01)
Municipalities and private utilities	105 744	—	105 744	—
Trade receivables arising on financing transactions				
Cell C	291 107	(1 089)	290 018	(0.37)
Other	172 678	(1 913)	170 765	(1.11)
Sundry receivables	246 047	(53 973)	192 074	(21.94)
Receivables from revenue recognised on fixed term contracts	169 304	—	169 304	—
Past due receivables				
Trade receivables arising on revenue from contracts with customers				
Banks and other financial institutions				
Past due by 1 to 30 days	48	—	48	—
Past due by 31 to 60 days	3	—	3	—
Past due by 61 to 90 days	—	—	—	—
Past due by more than 90 days	10	(10)	—	(100.00)
Aggregators, independent and informal retail customers				
Past due by 1 to 30 days	58 270	(228)	58 042	(0.39)
Past due by 31 to 60 days	2 269	(66)	2 203	(2.91)
Past due by 61 to 90 days	2 436	(241)	2 195	(9.89)
Past due by more than 90 days	12 405	(12 260)	145	(98.83)
Formal market retail customers				
Past due by 1 to 30 days	259	(6)	253	(2.32)
Past due by 31 to 60 days	36	(1)	35	(2.78)
Past due by 61 to 90 days	344	(30)	314	(8.72)
Past due by more than 90 days	4 310	(4 310)	—	(100.00)
Customers in the petroleum sector				
Past due by 1 to 30 days	1 340	(8)	1 332	(0.60)
Past due by 31 to 60 days	5	—	5	—
Past due by 61 to 90 days	327	(2)	325	(0.61)
Past due by more than 90 days	3 301	(3 301)	—	(100.00)
Receivables for starter packs				
Past due by 1 to 30 days	723	(2)	721	(0.28)
Past due by 31 to 60 days	469	(1)	468	(0.21)
Past due by 61 to 90 days	28 464	(1 239)	27 225	(4.35)
Past due by more than 90 days	681	(681)	—	(100.00)

	Gross R'000	Loss allowance R'000	Net carrying amount R'000	Average ECL ratio %
Cell C				
Past due by 1 to 30 days	484	(2)	482	(0.41)
Past due by 31 to 60 days	—	—	—	—
Past due by 61 to 90 days	—	—	—	—
Past due by more than 90 days	—	—	—	—
Other cellular networks				
Past due by 1 to 30 days	—	—	—	—
Past due by 31 to 60 days	—	—	—	—
Past due by 61 to 90 days	—	—	—	—
Past due by more than 90 days	122	(122)	—	(100.00)
Municipalities and private utilities				
Past due by 1 to 30 days	38 562	—	38 562	—
Past due by 31 to 60 days	7 858	—	7 858	—
Past due by 61 to 90 days	6 801	—	6 801	—
Past due by more than 90 days	47 960	(1 108)	46 852	(2.31)
	2 595 726	(82 402)	2 513 324	(3.17)

The movement in ECLs:

	Trade receivables	
	2025 R'000	2024 R'000
Provision for impairment of receivables		
Balance at the beginning of the year	**28 429**	26 818
Allowances made during the year	**11 949**	12 519
Amounts utilised**	**(6 495)**	(10 908)
At 31 May	**33 883**	28 429

** Expected credit losses utilised in the write-off of long-outstanding trade receivables, where collection avenues were exhausted.

3. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT continued

3.2 Financial risk management continued

3.2.2 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due, both under normal and stressed circumstances.

The Group's objective is to maintain prudent liquidity risk management by maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, the Group aims to maintain flexibility in funding by keeping committed credit lines available. Cash flow forecasting is performed in the operating entities of the Group to ensure sufficient cash to meet operational needs, while maintaining sufficient headroom to ensure that borrowing limits (where applicable) are not breached.

Surplus cash held by the operating entities over and above the balance required for working capital management is transferred to Group treasury. Group treasury invests surplus cash in interest-bearing accounts, identifying instruments with sufficient liquidity to provide adequate headroom as determined by the above mentioned forecasts.

Maturity of financial liabilities

The table below analyses the undiscounted cash flows for the Group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date.

		Payable in:				
	Notes	Less than one month or on demand R'000	More than one month but not exceeding one year R'000	More than one year but not exceeding two years R'000	More than two years but not exceeding five years R'000	Carrying value at 31 May
2025						
Class A Preference Shares	3.4.2	—	—	—	292 621	208 079
Gramercy loan payable	3.4.2	—	225 000	112 500	—	303 573
SPV 5 obligation	3.4.2	—	100 000	75 000	—	155 941
Other interest-bearing borrowings	3.4.2	1 696 057	977 525	2 049 936	367 270	4 748 636
Non-interest-bearing borrowings	3.4.2	719	—	—	—	719
Trade and other payables*	3.4.1	3 495 369	2 220 971	—	—	5 715 637
Lease liabilities	3.7	1 981	16 433	11 065	25 619	46 944
Financial liabilities at fair value through profit or loss	3.5	—	6 570	1 500	242 637	242 637
Borrowings from associates and joint ventures	3.4.2	199	36 910	—	—	34 528
Bank overdraft	3.3.4	839	—	—	—	831
Total		5 195 164	3 583 409	2 250 001	928 147	11 457 525

	Notes	Payable in: Less than one month or on demand R'000	More than one month but not exceeding one year R'000	More than one year but not exceeding two years R'000	More than two years but not exceeding five years R'000	Carrying value at 31 May
2024						
Airtime repurchase obligations – lenders	3.4.2	73 557	441 191	—	—	474 831
Class A Preference Shares	3.4.2	—	—	—	292 621	180 254
Other interest-bearing borrowings	3.4.2	402 462	549 012	1 857 246	1 220 139	3 420 446
Non-interest-bearing borrowings	3.4.2	719	—	—	—	719
Trade and other payables*	3.4.1	2 385 605	2 742 933	—	—	5 121 234
Lease liabilities	3.7	897	27 180	21 097	12 532	50 895
Financial liabilities at fair value through profit or loss	3.5	—	100 000	100 000	121 483	57 721
Bank overdraft	3.3.4	93	—	—	—	93
Total		2 863 333	3 860 316	1 978 343	1 646 775	9 306 193

* Trade and other payables exclude non-financial instruments, being VAT and certain amounts included within accruals and sundry creditors.

Liquidity risk sensitivities

Class A Preference Share is mainly exposed to the change in the probability of default of Cell C. The following table details the Group's sensitivity to a change in this parameter.

Financial instrument	Significant unobservable parameter	Potential effect on (loss)/profit and retained earnings* R'000
Class A Preference Share	Moody's rating	**(772) / 1 022**

* Relates to a single Moody's rating up or down.

3. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT continued
3.2 Financial risk management continued
3.2.2 Liquidity risk continued
Group facilities

The Group has access to the following facilities in order to meet its liquidity needs:

Facility	Borrower	Investec Bank	Rand Merchant Bank	Future growth	African Bank
General Banking facility	The Prepaid Company Proprietary Limited	69.6%	30.4%	—	—
Revolving Credit Facility A	The Prepaid Company Proprietary Limited	23.8%	10.3%	65.9%	—
Term Facility	The Prepaid Company Proprietary Limited	37.5%	37.5%	25%	—
Transaction Facility	The Prepaid Company Proprietary Limited	—	100%	—	—
Revolving Credit Facility	Comm Equipment Company Proprietary Limited	—	—	—	100%

* This is a revolving credit facility with draw-downs available until December 2024. Facility repayment commenced in January 2025 with the final settlement date being December 2027.

The General Banking Facility and Revolving Credit Facility A (working capital loan facilities) available to TPC at year-end amounted to R1.160 billion (2024: R1.240 billion), of which R1.160 billion (2024: R1.161 billion) had been utilised. Refer to note 3.4.2.

- The balance of the General Banking and Revolving Credit Facility A are payable in March 2027. The balance of the Term Facility is payable in September 2026.
- The following debt covenants applied to the General Banking Facility, Revolving Facility A and Term Facility with Investec Bank, Rand Merchant Bank and Future Growth:
  - Total consolidated debt to adjusted consolidated EBITDA ratio must be less than a stipulated decreasing ratio at each measurement period, from 2.75 times at 31 May 2025 to 2.5 times at 31 August 2025; and
  - BLT's market capitalisation must exceed R3 billion.

The Group has not been in breach in respect of these covenants.

The Group has pledged the following securities in respect of this facility:
- A general covering pledge, cession and security over the assets of BLT, TPC, BLD and Cigicell;
- A General Notarial Bond over all the moveable assets of BLT, TPC and Cigicell Proprietary Limited, limited to R4.75 billion each;
- Cross guarantee from certain Group companies;
- Debt guarantee provided by Bowwood and Main No 334 (RF) (Pty) limited on behalf of the Blue Label entities;
- Cession & Securitatem Debiti by certain Group companies of all of their incorporeal moveable assets and claims;
- A counter indemnity issued by certain Group companies indemnifying the lenders against any loss that they may suffer as a result of enforcing their rights;
- A Cession in Securitatem Debiti by certain Group companies in favour of the lenders as a result of the lenders invoking revisionary and/or principal rights which they may have against any entity guaranteeing the principal debt owed by TPC; and
- A Subordination by Blue Label Telecoms Limited and its subsidiaries of any and all inter-group claims which each may have against the other, in favour of debt and/or obligations owed by any of them to lenders.

CEC has a financing facility with African Bank of R1.9 billion (2024: R1.9 billion).

- The utilised portion of the facility at year-end amounted to R1.699 billion (2024: R1.9 billion). Refer to note 3.4.2.
- The following debt covenant applied to the CEC facilities with African Bank:
  - The cover ratio shall not be less than 1.25 times for each measurement period.
- The Group has pledged the outstanding value of handset receivables of R806 million, service revenue receivables of R1.683 billion and trade receivables of R226 million, totalling R2.715 billion as security for the utilised facility.

In addition to these facilities, the Group has sufficient working capital resources in the form of cash, trade receivables and realisable inventory to be able to adequately meet its short-term obligations.

Value R'000	Interest rate	Interest period	Final repayment date
500 000	Prime + 1%	Monthly	31 March 2027
660 000	Prime + 1%	Monthly	31 March 2027
311 000	Prime + 1%	Monthly	30 September 2026
1 600 000	Prime - 1%	Monthly	30 June 2025
1 900 000	Prime + 3%	Monthly	31 December 2027*
4 971 000			

Pledges, guarantees and sureties

Blue Label Telecoms Limited and TPC have issued guarantees to the value of R250 million for the African Bank facility.

The Group has overdraft, credit card and debit order collection facilities with FNB, a division of FirstRand Bank Limited (FNB). These facilities have been secured through Group cross-sureties issued by the Company and certain subsidiary companies. These facilities, which remain substantially unchanged from the prior year, comprised an overdraft facility of R19.85 million, credit card facility of R1.4 million and a debit order settlement facility of R11 million.

Guarantees to the value of R337 million (2024: R503 million) are issued by the Group's bankers in favour of suppliers on behalf of the Group. The Group does not have access to facilities to this value while amounts owing to an suppliers are outstanding. Further guarantees to the value of R336 million (2024: R420 million) have been issued by an insurer of the Group in favour of suppliers on behalf of the Group. These guarantees are collateralised by restricted cash of R67.3 million (2024: R84.1 million) held by the Group. BLT has issued guarantees of R103 million (2024: R101 million) to suppliers. In addition, the Group's banker has issued a R50 million guarantee to a Group supplier.

3. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT continued

3.2 Financial risk management continued

3.2.3 Market risk

Market risk is the risk that changes in market prices (interest rate and currency risk) will affect the Group's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Group is exposed to risks from movements in interest rates and foreign exchange rates that affect its assets, liabilities and anticipated future transactions. The Group is not exposed to significant levels of price risk.

(i) Interest rate risk

The Group's cash flow interest rate risk arises from loans receivable, cash and cash equivalents, and borrowings carrying interest at variable rates. The Group's financial position and financial results are not affected by fair value interest rate risk as the Group does not have any fixed interest-bearing instruments carried at fair value other than the instruments detailed in note 3.5 where the fair value risk of these instruments is detailed.

As part of the process of managing the Group's exposure to interest rate risk, interest rate characteristics of new borrowings and the refinancing of existing borrowings are positioned according to expected movements in interest rates.

Potential increase/(decrease) to profit before tax*

	2025 R'000
	(3 384)

* Relates to a 0.25% (25 basis points) increase/decrease in the market interest rates.

The interest rate sensitivity analysis is based on the following assumptions:

- changes in market interest rates affect the interest income or expense of variable interest financial instruments; and
- changes in market interest rates only affect profit or loss in relation to financial instruments with fixed interest rates if these are recognised at fair value.

(ii) Foreign currency risk

The Group is exposed to foreign currency risk from transactions and translations. Transaction exposure arises because affiliated companies undertake transactions in currencies other than their functional currency. Translation exposure arises where affiliated companies have a functional currency other than rand.

The Group manages its exposure to foreign currency risk by ensuring that the net foreign currency exposure remains within acceptable levels. Hedging instruments may be used in certain instances to reduce risks arising from foreign currency fluctuations. The Group's foreign currency exposure has reduced substantially due to its writing off certain USD denominated loans.

In the current year, the Group incurred a foreign exchange loss of R1.6 million (2024: R1.7 million gain) mainly as a result of the Group's USD exposure.

Foreign currency sensitivity analysis

The Group has used a sensitivity analysis technique that measures the estimated change to profit or loss of an instantaneous 10% strengthening or weakening in the rand against all other currencies, from the rate applicable at 31 May 2025, for each class of financial instrument with all other variables remaining constant. This analysis is for illustrative purposes only, as in practice, market rates rarely change in isolation.

Increase/(decrease) in profit before tax

Net exposure to foreign currencies denominated: functional currency	Net assets/ (liabilities) denominated in foreign currency R'000	Change in exchange rate %	Weakening in functional currency R'000	Strengthening in functional currency R'000
2025				
USD:ZAR	**134 347**	**10***	**13 435**	**(13 435)**

* These percentages have been determined based on the average market volatility in exchange rates in the previous 12 months.

Capital adequacy risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust this capital structure, the Company may issue new shares, adjust the amount of dividends paid to shareholders, return capital to shareholders or sell assets to reduce debt. The Group defines capital as capital and reserves and non-current borrowings. The Group is required to maintain a market capitalisation of R3 billion in terms of its covenants with Investec Bank in respect of TPC's working capital facility.

3.3 Financial assets

3.3.1 Loans receivable

	2025 R'000	2024 R'000
Interest-free loans	**39 308**	55 565
Interest-bearing loans receivable*	**76 888**	32 413
Less: Provision for impairment	**(12 420)**	(12 719)
	103 776	75 259
Amounts included in non-current portion of loans receivable	**46 536**	38 753
Amounts included in current portion of loans receivable	**57 240**	36 506

* An interest-bearing loan of R20 million owing by iTalk Holdings to BLDS, was reclassified to third-party loans receivable upon the sale of their interest in the former effective 1 June 2024.

All loans receivable are unsecured and repayable within five years. Interest-bearing loans bear interest at a range of between prime and prime plus three percent. The fair value of the loans, which include loans to product distributors, approximates their carrying value. This has been corroborated through discounted cash flow calculations at the effective interest rate the lender would have been able to secure from a financing institution, using an expected payment timeframe.

3. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT continued

3.3 Financial assets

3.3.2 Trade and other receivables

Trade receivables comprise receivables that are due from customers which arise from transactions for the sale of goods and rendering of services in the ordinary course of business. For details related to the ECLs, refer to note 3.2.1. Receivables for prepayments and VAT are stated at their nominal values.

The following table provides an analysis of the Group's trade and other receivables, including an analysis of trade receivables by originating transaction type as well as by counterparty:

	2025 R'000	2024 R'000
Trade receivables arising on revenue from contracts with customers	**2 596 090**	2 169 353
Banks	**373 941**	118 412
Aggregators, independent and informal retail customers	**1 379 737**	820 568
Formal market retail customers[1]	**456 844**	541 361
Customers in the petroleum sector	**71 884**	69 906
Receivables for starter packs[#]	**33 073**	63 868
Cell C[1]	**8 522**	292 601
Other cellular networks	**33 270**	55 712
Municipalities and private utilities	**238 819**	206 925
Trade receivables arising on financing transactions[1]	**19 066**	11 022
Less: Provision for impairment	**(33 883)**	(28 429)
Net trade receivables	**2 581 273**	2 151 946
Receivables from revenue recognised on fixed term contracts[##]	**144 091**	169 304
Prepayments[###]	**1 186 276**	637 416
Net sundry debtors	**236 084**	207 982
VAT	**152 972**	70 321
	4 300 696	3 236 969

The fair value of the trade and other receivables approximates their carrying amounts due to the market-related discount factor that has been applied to the balances.

[1] In the 2024 results R452 million of trade receivables was incorrectly classified as arising on financing transactions instead of arising on revenue from contracts with customers. Although the overall total for trade receivables was correct the comparative classification has been revised to include R291 million into Cell C and R162 million into formal market retail customers.

[#] The normal operating cycle for some starter pack debtors exceeds 12 months but are considered current due to management expecting to realise the assets in their normal operating cycle.

[##] The Group's receivables from revenue recognised on fixed term contracts comprise the following movements for the year:

	2025 R'000	2024 R'000
Balance at the beginning of the year	**169 304**	130 339
Revenue recognised – handsets, tablets and other devices	**191 942**	216 356
Revenue recognised – finance revenue	**27 313**	24 241
Amounts becoming due in the year	**(244 468)**	(201 632)
	144 091	169 304

Included in receivables from revenue recognised on fixed term contracts are amounts of R29 million (2024: R40 million) which have a cycle period in excess of 12 months but are considered current due to management expecting to realise the assets in their normal operating cycle of 24 months.

[###] Included in prepayments is an amount of R152 million (2024: R176 million) relating to payments to Cell C where TPC does not bear the risks and rewards of ownership until it is able to freely sell the prepaid airtime. As a result these amounts have not been included into prepaid airtime inventory. The prepayment will be tested for impairment at each reporting date.

3.3.3 Advances to customers

Advances to customers comprise receivables arising on financing transactions where, in substance, the nature of the business activities undertaken by certain subsidiaries of the Group is to engage in the provision of financing. For details related to the ECLs, refer to note 3.2.1.

	2025 R'000	2024 R'000
Handset financing and subscription income-sharing receivables	**1 908 275**	1 435 817
Less: Provision for impairment	**(264 508)**	(199 458)
	1 643 767	1 236 359
Amounts included in non-current portion of advances to customers	**653 146**	485 323
Amounts included in current portion of advances to customers	**990 621**	751 036

The fair value of the advances to customers approximates their carrying amounts due to the market-related discount factor that has been applied to the balances.

Included in advances to customers are handset sales to Cell C contract subscribers which are received by CEC over the life of the contract. Under the Supply, Sale and Financing of Products Agreement effective 1 November 2020, Cell C does not guarantee bad debts and cancellations and this now exposes the Group to the credit risk of the population of the underlying subscribers who are all customers of Cell C.

In terms of the above agreement, if Cell C is unable or admits inability to make a payment as they fall due, or is deemed to or declared to be unable to pay its debts under the applicable law, suspends or threatens to suspend making payments by reason of actual or anticipated financial difficulties, they would be in breach of their agreement. If not remedied the Group ultimately has a right to port the Cell C base.

Critical accounting estimates and assumptions

Management has conducted an assessment of the retained credit risk following the transfer of customer advances related to the books sold. After comparing the retained credit risk before and after the transfer, and evaluating it against management's internal threshold for retained credit risk, it was determined that for Book Sale One, substantially all credit risk has been transferred. However, for Book Sale Two and Four, the transaction resulted in the derecognition of the book as the transfer qualifies for derecognition, except for a contractually specified portion of the book, referred to as the holdback debtor, for which CEC retained the risks and rewards associated with ownership. This transaction also resulted in CEC obtaining a new financial asset, referred to as the Escrow debtor for which a risk margin is held in an Escrow account. CEC has a contractual right to the remaining balance in the Escrow account at the end of a specified period. The Escrow debtor was recognised at fair value and is measured at fair value through profit or loss. Book Sale Three and Five consisted of fully written-off advances to customers; therefore, the proceeds are considered a recovery of bad debts.

3. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT continued
3.3 Financial assets continued
3.3.3 Advances to customers continued
Transferred financial assets

2025	Gross carrying amount R'000	Credit loss allowance R'000	Amortised cost/ fair value R'000
Not derecognised			
Advances to customers*	**22 631**	**(5 856)**	**16 775**
Financial asset recognised			
Escrow receivable at fair value through profit or loss (refer to note 3.5)	**37 136**	**—**	**37 136**
	59 767	**(5 856)**	**53 911**
2024			
Not derecognised			
Advances to customers*	66 645	(14 987)	51 658
Financial asset recognised			
Escrow receivable at fair value through profit or loss (refer to note 3.5)	25 063	—	25 063
	91 708	(14 987)	76 721

* This relates to the hold back receivable amount.

	Net carrying amount R'000	Proceeds R'000
2025		
Book Sale Four	**699 523**	**575 538**
Book Sale Five	**—**	**29 577**
	699 523	**605 115**
2024		
Book Sale One	469 249	437 775
Book Sale Two	760 550	618 811
Book Sale Three	—	94 432
	1 229 799	1 151 018

Book Sale One
In September 2023 CEC entered into an agreement to sell and transfer receivables (all rights, title and interest with respect to the remaining handset fee payable by a subscriber under a subscriber agreement) to a financial institution. The purchase price of the receivable was equal to the outstanding handset fee for such receivable (i.e. no discount). CEC pays the financial institution a monthly facility fee for all debtors sold, calculated by applying the facility fee rate to the outstanding handset receivable balance on the last business day of the month.

The proceeds in respect of Book Sale One were reduced by a facility fee of R68 million included in 2024 finance costs. Refer to note 1.4. A further facility fee of R54 million, included in finance costs, was incurred in the current year.

Book Sale Two
In March 2024, a financial institution and CEC made the following amendments to the terms of the Book Sale One agreement when implementing Book Sale Two.

The purchase price paid at the date of sale is equal to 90% of the present value of expected contractual cash flows due over the remainder of the subscription term.

CEC agreed that the financial institution may transfer back to CEC, at the end of four months, specified non-performing advances referred to as the holdback receivable. Based on the nature of the contractually specified advances, it is virtually certain at the transaction date that CEC will retain ownership of these advances to customers, and therefore at the transaction date, it was determined that CEC retained the risks and rewards associated of ownership relating to the specified advances. Contractually, the advances subject to the holdback arrangement is capped at maximum of 10% of the present value of the expected cash flows of the book sold to the financial institution.

This transaction also resulted in CEC obtaining a new financial asset, referred to as the Escrow debtor for which a risk margin is held in an Escrow account. CEC has a contractual right to the remaining balance in the Escrow account at the end of a specified period. The Escrow debtor was recognised at fair value and is measured at fair value through profit or loss. Included in the financial assets at fair value through profit or loss.

Included in the 2024 current portion of advances to customers is R51.6 million relating to the 10% hold back on the book sales that have not been derecognised.

Included in 2024 finance cost is R93 million in respect of Book Sale Two. Refer to note 1.4.

Book Sale Three
CEC sold receivables which had been written off as irrecoverable for which CEC retained no involvement post the sale.

Book Sale Four
This was transacted on similar terms to that of Book Sale Two.

At year-end all advances to customers sold had passed the initial four month hold back period and as such there is no balance remaining included in the advances to customers balance.

Included in finance cost is R83.1 million in respect of Book Sale Four. Refer to note 1.4.

Book Sale Five
CEC sold receivables which had been written off as irrecoverable for which CEC retained no involvement post the sale.

3.3.4 Cash and cash equivalents
Cash and cash equivalents include cash on hand and deposits held on call with banks.

	2025 R'000	2024 R'000
Cash at bank	**820 782**	895 640
Cash on hand	**1 322**	600
	822 104	896 240
Bank overdraft	**(831)**	(93)
	821 273	896 147

Included in this balance is restricted cash of R34.2 million (2024: R36.7 million), received on behalf of and immediately due to third parties, which may not be utilised in the Group's ordinary course of business. There is further restricted cash of R67.3 million (2024: R84.1 million) relating to collateral for guarantees issued by insurers on the Group's behalf.

3.4 Financial liabilities
Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Refer to accounting policies on borrowings and trade and other payables for financial liabilities (which exclude employee-related liabilities and VAT), and share capital for equity instruments issued by the Group.

3.4.1 Trade and other payables
Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

	2025 R'000	2024 R'000
Trade payables	**4 915 823**	4 547 103
Accruals	**263 762**	205 217
Employee benefits	**185 652**	153 494
Sundry creditors	**536 939**	379 472
VAT	**72 713**	49 772
	5 974 889	5 335 058

The fair value of the trade and other payables approximates their carrying amounts due to being payable in the short term.

3. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT continued
3.4 Financial liabilities continued
3.4.2 Borrowings

	2025 R'000	2024 R'000
Interest-bearing borrowings	**5 450 757**	4 075 531
Non-interest-bearing borrowings	**719**	719
	5 451 476	4 076 250
Amounts included in non-current portion of borrowings	**2 743 848**	2 910 060
Amounts included in current portion of borrowings	**2 707 628**	1 166 190
Categories of borrowings:		
Airtime sale and repurchase obligations	**—**	474 831
Class A Preference Shares	**208 079**	180 254
Facilities	**4 737 834**	3 411 018
Gramercy loan payable	**303 573**	—
SPV5	**155 941**	—
Borrowings from associates and joint ventures	**34 528**	—
Other third party borrowings	**11 521**	10 147
Total borrowings	**5 451 476**	4 076 250

	Airtime sale and repurchase obligations from lenders R'000	Class A Preference Share* R'000	Gramercy loan payable R'000	SPV5 R'000
Opening balance as at 1 June 2024	**474 831**	**180 254**	**—**	**—**
Long-term borrowings raised	**—**	**—**	**408 171**	**148 610**
Interest expense	**39 870**	**22 176**	**7 902**	**7 331**
Loss on modification of financial liability	**—**	**18 769**	**—**	**—**
Repayments	**(514 701)**	**(13 120)**	**(112 500)**	**—**
Closing balance as at 31 May 2025	**—**	**208 079**	**303 573**	**155 941**
Amounts included in current portion of borrowings	**—**	**18 612**	**208 664**	**93 481**
Amounts included in non-current portion of borrowings	**—**	**189 467**	**94 909**	**62 460**
Effective interest rate (%)	**14.60**	**11.53**	**12.00**	**11.61**

* The preference dividends are indexed to 15% of the 'upside' realised by TPC on the debt funding to Cell C (refer to "Loans to Cell C" in note 2.1.1). The liability has been modified for the change in expectations of the future dividends payable based on the updated expectation of the future cash flows related to the debt funding.

TPC borrowings – from lenders and Class A Preference Share

The airtime sale and repurchase from lenders represented a financing transaction, with the airtime as security, together with the issue of the Class A and Class B Preference Shares, which provides the lenders with additional compensation for their risk. As such the amount of borrowings was attributed to these three elements at their respective fair values. Refer to note 3.5 for further details on the accounting treatment of the Class B Preference Shares.

The 2024 airtime sale and repurchase from lenders represented a financing transaction, with the airtime as security. During the current year, the airtime sale and repurchase obligation was settled in full.

The airtime sale and repurchase loans, and the Class A Preference Shares were recognised initially at their fair values less transaction costs and have been accounted for as financial liabilities at amortised cost. Given that the indexation of the cash flows under the Class B Preference Shares to a 5% shareholding in Cell C results in them containing an embedded derivative which would otherwise need to be stripped out and accounted for separately, the Class B Preference Shares have been designated to be financial liabilities at fair value through profit or loss.

Gramercy Loan Payable

During the year, Gramercy SA Telecom Holdings LLC sold and transferred its claims against Cell C Limited, and delegated any of its obligations, to TPC. The purchase price for the Transaction Debt was an amount of R450 000 000.

The purchase price will be paid in four equal tranches as follows:

- R112 500 000 on Closing (7 March 2025);
- R112 500 000 on or before 30 November 2025;
- R112 500 000 on or before 31 March 2026; and
- R112 500 000 on or before 30 November 2026.

SPV5

Refer to note 2.1 and 2.2 for the details pertaining to SPV5.

Credit facilities

	Facility utilised	
Facility	**2025 R'000**	2024 R'000
General banking facility – Investec	**349 050**	293 018
General banking facility – RMB	**152 467**	128 000
Revolving Facility A – RMB	**660 425**	660 000
Revolving Facility B – Investec	**—**	80 000
Transaction Facility – RMB	**—**	350 000
African Bank	**1 699 270**	1 900 000
Bridging facility	**1 600 000**	—
Investec term facility	**276 622**	—
Total borrowings	**4 737 834**	3 411 018

For terms of these facilities, refer to note 3.2.2.

The Group did not default on any loans or breach any terms of the underlying agreements during the year.

The fair value of the borrowings approximates their carrying amounts due to these balances bearing interest at market-related rates.

Changes in liabilities arising from financing activities

	Borrowings due within one year R'000	Borrowings due after one year R'000	Total R'000
Opening balance as at 1 June 2023	2 230 355	1 842 765	4 073 120
Movement between current and non-current	917 027	(917 027)	—
Loan modification	—	(20 682)	(20 682)
Interest-bearing borrowings raised	691 515	1 976 174	2 667 689
Interest accrued on interest-bearing borrowings	805 762	28 830	834 592
Interest-bearing borrowings capital repaid	(2 674 283)	—	(2 674 283)
Interest-bearing borrowings interest repaid	(804 186)	—	(804 186)
Closing balance as at 31 May 2024	1 166 190	2 910 060	4 076 250
Movement between current and non-current	**274 536**	**(274 536)**	**—**
Loan modification	**—**	**18 769**	**18 769**
Interest-bearing borrowings raised*	**2 077 296**	**55 464**	**2 132 760**
Interest accrued on interest-bearing borrowings	**802 698**	**34 091**	**836 789**
Interest-bearing borrowings capital repaid	**(860 160)**	**—**	**(860 160)**
Interest-bearing borrowings interest repaid	**(787 460)**	**—**	**(787 460)**
Interest-bearing borrowings from associates and joint ventures raised	**34 528**	**—**	**34 528**
Interest accrued on interest-bearing borrowings from associates and joint ventures	**755**	**—**	**755**
Interest-bearing borrowings from associates and joint ventures interest repaid	**(755)**	**—**	**(755)**
Closing balance as at 31 May 2025	**2 707 628**	**2 743 848**	**5 451 476**

* Interest-bearings borrowings raised are reflected in cash flows from financing activities (refer to the Group Statement of Cash Flows) with the exception of R408 million relating to the Gramercy obligation, for which the Group received a claim of the same amount against Cell C Limited, and R148 million relating to TPC's funding obligations to SPV5, for which the Group received an effective interest in Cell C (refer to note 2.1).

3. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT continued

3.5 Financial instruments at fair value through profit or loss

Changes in the instruments are as follows:

	Surety loan receivable R'000	Loans receivable carried at fair value R'000	SPV5 derivative liability R'000
Balance as at 1 June 2023	129 315	44 864	(11 050)
Additions	—	—	—
Repayments	—	(45 419)	—
Fair value gain recognised in profit or loss	2 555	555	(188)
Balance as at 31 May 2024	**131 870**	**—**	**(11 238)**
Additions	**—**	**—**	**—**
Repayments	**—**	**—**	**—**
Derecognition	**—**	**—**	**7 381**
Fair value gain/(loss) recognised in profit or loss	**2 883**	**—**	**3 857**
Balance as at 31 May 2025	**134 753**	**—**	**—**
Financial assets at fair value through profit or loss – included in current assets	**22 458**	**—**	**—**
Financial assets at fair value through profit or loss – included in non-current assets	**112 295**	**—**	**—**
Financial liabilities at fair value through profit or loss – included in non-current liabilities	**—**	**—**	**—**
	134 753	**—**	**—**
Unrealised gains/(losses)	**2 883**	**—**	**—**

* Additions at zero value were recognised to the SPV1 and Gramercy derivative assets. Refer to related notes below.

Class B Preference Shares R'000	SPV1 Derivative asset R'000	Gramercy Derivative asset R'000	Escrow receivable R'000	Total R'000
(50 774)	—	—	—	112 355
—	—	—	25 063	25 063
—	—	—	—	(45 419)
4 291	—	—	—	7 213
(46 483)	**—**	**—**	**25 063**	**99 212**
—	**—***	**—***	**37 136**	**37 136**
—	**—**	**—**	**(21 087)**	**(21 087)**
—	**—**	**—**	**—**	**7 381**
(196 154)	**149 030**	**223 437**	**(8 737)**	**174 316**
(242 637)	**149 030**	**223 437**	**32 375**	**296 958**
—	**149 030**	**223 437**	**16 149**	**411 074**
—	**—**	**—**	**16 226**	**128 521**
(242 637)	**—**	**—**	**—**	**(242 637)**
(242 637)	**149 030**	**223 437**	**32 375**	**296 958**
(196 154)	**149 030**	**223 437**	**—**	**179 196**

3. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT continued
3.5 Financial instruments at fair value through profit or loss continued

Surety loans receivable

Surety loans relate to the personal sureties that B Levy and M Levy signed for the US dollar denominated loan owed by 2DFine Holdings Mauritius to Gold Label Investments Proprietary Limited. Their liability is limited to the difference between the loan owing to Gold Label Investments Proprietary Limited and the value of 16.95% of the shares in Oxigen Services India Private Limited (Oxigen Services) and 17.29% of the shares in Oxigen Online Services India Private Limited (Oxigen Online). In February 2024 the payment terms for the surety loans were renegotiated, with the payments being agreed as instalments payable annually commencing on 30 September 2025 and ending on 30 September 2030.

SPV5 derivative liability

TPC's loan commitment to SPV5, which has previously been accounted for as a derivative liability as a result of TPC's loan commitment being, in substance, a written put option over the economic interest of SPV5's shareholding in Cell C, was derecognised on 31 December 2024 and reclassified as part of the acquisition cost of the additional investment in Cell C.

Class B Preference Shares

TPC issued Class B Preference Shares to the funders for a nominal issue price.

Given that the indexation of the cash flows under the Class B Preference Shares to a 5% shareholding in Cell C results in them containing an embedded derivative which would otherwise need to be stripped out and accounted for separately, the Class B Preference Shares have been designated to be financial liabilities at fair value through profit or loss. The preference shares are initially recognised by the Group at fair value and subsequently measured at fair value through profit or loss.

SPV1 derivative asset

There is currently an agreement in place whereby TPC will be purchasing 4.04% of Cell C ordinary shares from an external party for $110K, with the only outstanding components being Competition Commission and other conditions precedent. On initial recognition at 1 December 2024 the fair value of the derivative was R31 million and the transaction price was zero. Due to a lack of market-observable inputs to the valuation, no day one gain has been recognised.

On 31 May 2025 the fair value of the derivative was R180 million, giving rise to the fair value movement of R149 million.

The fair value of this financial asset was determined by a combination of the share value, applying the current internal valuation of Cell C, and the present value of the anticipated future payment. A probability factor is then applied to take the risk of approval being denied into account.

Gramercy derivative asset

There is currently an agreement in place whereby TPC will be purchasing 6.09% of Cell C ordinary shares from an external party for R6 million, with the only outstanding components being Competition Commission and other conditions precedent. On initial recognition at 1 December 2024 the fair value of the derivative was R46 million and the transaction price was zero. Due to a lack of market-observable inputs to the valuation, no day one gain has been recognised.

On 31 May 2025 the fair value of the derivative was R269 million, giving rise to the fair value movement of R223 million.

The fair value of this financial asset was determined by a combination of the share value, applying the current internal valuation of Cell C, and the present value of the anticipated future payment. A probability factor is then applied to take the risk of approval being denied into account.

Escrow receivable

A risk margin held in an Escrow account was recognised as part of Book Sale Two and Four. The value of the receivable fluctuates based on the collections experience of advances over the subscription period. The Escrow account will be utilised as follows:

- any amounts not collected from subscribers in respect of sold debtors when due will be drawn by the financial institution from the Escrow account; and
- on the maturity date of the subscription agreements in respect of the sold receivables, any remaining amount in the Escrow account will be released back to CEC.

Refer to note 3.3.3 for further details.

Any gains or losses arising from changes in fair value will be included in profit or loss.

The fair value of this financial asset was determined through the discounting of post churn cash flows after taking into account the credit risk of the books sold.

3.6 Fair value measurement

Classes and categories of financial instruments and their fair values

The following table combines information about:

- classes of financial instruments based on their nature and characteristics;
- the carrying amounts of financial instruments;
- fair values of financial instruments (except financial instruments when carrying amount approximates their fair value); and
- fair value hierarchy levels of financial assets and financial liabilities for which fair value was disclosed.

		Financial assets	Financial liabilities	Fair value level		
	Notes	FVTPL – mandatorily measured R'000	FVTPL – mandatorily measured R'000	1	2	3
Surety loan receivable	3.5	**134 753**				**134 753**
SPV5 derivative liability	3.5		**—**			**—**
Class B Preference Shares	3.5		**(242 637)**			**(242 637)**
SPV1 derivative asset	3.5	**149 030**				**149 030**
Gramercy derivative asset	3.5	**223 437**				**223 437**
Escrow receivable	3.5	**32 375**				**32 375**

There have been no transfers in or out of level 3.

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined.

Sensitivity analysis of valuations using unobservable inputs

Financial asset/ liability	Valuation technique applied	Significant unobservable inputs applied	Range of unobservable inputs applied	Positive/ (negative) variance applied to parameters*	Potential effect on profit or loss and equity R'000
Class B Preference Share derivative liability	Cell C value-in-use discounted cash flow valuation	Moody's rating		Single Moody's rating down or up	2 066 / (1 636)
		Discount rate		1% / (1%)	36 021 / (42 767)
SPV1 derivative asset	Cell C value-in-use discounted cash flow valuation	Discount rate		(1%) / 1%	32 044 / (26 989)
Gramercy derivative asset	Cell C value-in-use discounted cash flow valuation	Discount rate		(1%) / 1%	48 304 / (40 684)
Escrow receivable	Discounting of post churn cash flows after taking into account the credit risk of the books sold	Probability of default of the debtors book sold	75 – 100% PD range	(10) / 10%	9 101 – (9 101)

* A significant parameter has been deemed to be one which may result in a charge to profit or loss, or a change in the fair value of the asset or liability by more than 10% of the underlying value of the affected item.

Credit risk of financial instruments designated at fair value

The following table represents the maximum exposure to credit risk of financial liabilities linked to the credit risk of another counterparty:

	Counterparty credit risk exposure	Maximum exposure to credit risk
Class A Preference Share	Cell C	208 079

3. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT continued

3.7 Leases

The Group leases various offices and warehouses. Rental contracts are typically concluded for fixed periods of one to five years but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Lease liabilities are initially measured at the present value of the lease payments discounted using the interest rate implicit in the lease. Lease payments include fixed payments and variable lease payments that depend on an index or rate.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions. To determine this rate, the Group, where possible, uses recent third-party financing received, adjusted to reflect changes in circumstances and financing conditions since financing was obtained.

Payments associated with short-term leases (12 months or less) and leases of low-value assets (less than R50 000) are recognised on a straight-line basis as an expense in profit or loss.

The fair value of the lease liabilities approximates their carrying amounts as they are calculated using market-related inputs.

Critical accounting judgements and assumptions

The term of a lease includes periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option. The Group did not take into account renewals in the majority of leases as there is material uncertainty as to whether the option to renew will be exercised. Material uncertainty arises in cases where BLT is not locked into renewals, alternative leasing arrangements are available and there is no firm commitment or formal decision to renew.

	Office space R'000	Warehouse space R'000	Total R'000
Lease liabilities			
Year ended 31 May 2025			
Opening balance	**46 570**	**4 325**	**50 895**
Increase in liabilities	**23 986**	**—**	**23 986**
Interest expense	**5 524**	**439**	**5 963**
Repayments	**(28 567)**	**(1 793)**	**(30 360)**
Termination of leases	**(3 540)**	**—**	**(3 540)**
Closing balance	**43 973**	**2 971**	**46 944**
Included in non-current liabilities	**35 253**	**1 298**	**36 551**
Included in current liabilities	**8 720**	**1 673**	**10 393**
Year ended 31 May 2024			
Opening balance	32 210	491	32 701
Increase in liabilities	28 872	4 301	33 173
Interest expense	3 905	178	4 083
Repayments	(16 140)	(645)	(16 785)
Termination of leases	(2 277)	—	(2 277)
Closing balance	46 570	4 325	50 895
Included in non-current liabilities	24 327	3 098	27 425
Included in current liabilities	22 243	1 227	23 470

4. NON-FINANCIAL INSTRUMENTS

Non-financial assets comprise:

- goodwill;
- intangible assets;
- property, plant and equipment; and
- inventories.

Impairment of non-financial assets

The Group evaluates the carrying value of assets with indefinite useful lives when events and circumstances indicate that the carrying value may not be recoverable and when there are indicators of impairment. These assets are tested annually for impairment and more frequently when events or circumstances indicate that there may be impairment.

An impairment loss is recognised in the income statement when the carrying amount of an asset exceeds its recoverable amount. An asset's recoverable amount is the higher of the fair value less cost of disposal (the amount obtainable from the sale of an asset in an arm's-length transaction between knowledgeable willing parties), or its value-in-use. Value-in-use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. The estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

An impairment loss recognised for an asset, other than goodwill, in prior years is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised and the recoverable amount exceeds the new carrying amount. The reversal of the impairment is limited to the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised in prior years. The reversal of such an impairment loss is recognised in the income statement in the same line item as the original impairment charge.

4.1 Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary, associate or jointly controlled entity at the date of acquisition. Goodwill is attributable to synergies that the Group expects to derive from the transaction. If the cost of acquisition is less than the net assets of the subsidiary acquired, the difference is recognised directly in the income statement. Goodwill on the acquisition of subsidiaries is included in "Goodwill" in the statement of financial position. Goodwill on the acquisition of associates and joint ventures is included in "Investments in and loans to associates and joint ventures."

Goodwill is allocated to cash-generating units for the purpose of impairment testing. Impairment is determined by assessing the recoverable amount of the cash-generating unit to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment is recognised.

Separately recognised goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Critical accounting estimates and assumptions

Assessment of goodwill for impairment

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates.

	2025 R'000	2024 R'000
Year ended 31 May		
Opening carrying amount	**717 475**	717 475
Acquisition of subsidiaries	**—**	—
Closing carrying amount	**717 475**	717 475
At 31 May		
Cost	**1 113 173**	1 113 173
Accumulated impairments	**(395 698)**	(395 698)
Carrying amount	**717 475**	717 475

The carrying amount of goodwill and intangible assets is reduced to their recoverable amounts through recognition of an impairment loss when required.

4. NON-FINANCIAL INSTRUMENTS continued

4.1 Goodwill continued

Assessment of goodwill for impairment continued

The cash-generating units to which goodwill is allocated are presented below:

	2025 R'000	2024 R'000
Aligned Partnered Solutions Proprietary Limited	**4 091**	4 091
Blue Label Distribution Proprietary Limited	**36 364**	36 364
CEC Proprietary Limited	**335 468**	335 468
Datacel Group	**79 854**	79 854
Glocell Distribution Proprietary Limited	**161 697**	161 697
Heroticket Proprietary Limited	**511**	511
Lipa Payments Proprietary Limited	**31 630**	31 630
The Prepaid Company Proprietary Limited	**62 113**	62 113
TicketPros Proprietary Limited	**5 104**	5 104
Visual Revenue Management Proprietary Limited	**643**	643
	717 475	717 475

Goodwill is allocated to cash-generating units for the purpose of impairment testing.

The recoverable amount has been determined based on value-in-use calculations. These calculations utilise cash flow projections derived from budget information for the forthcoming financial year that are approved by the Board of Directors, as well as management forecasts for an extended four-year period, which are based on assumptions of the business, industry, and economic growth. Cash flows beyond this period are extrapolated using terminal growth rates, which do not exceed the expected long-term economic growth rate.

The key assumptions used for the value-in-use calculations are as follows:

	2025			2024		
	Average EBITDA margin %	Terminal growth rate %	Pre-tax discount rate %	Average EBITDA margin %	Terminal growth rate %	Pre-tax discount rate %
Blue Label Distribution Proprietary Limited	**8.17**	**4.5**	**26.44**	6.1	4.5	30.2
CEC Proprietary Limited	**15.56**	**4.5**	**21.97**	13.5	4.5	22.9
Datacel Group	**18.60**	**4.5**	**27.87**	13.3	4.5	31.2
Glocell Distribution Proprietary Limited	**85.29**	**2.5**[1]	**23.34**	89.7	4.5	19.5
The Prepaid Company Proprietary Limited	**4.65**	**4.5**	**19.79**	2.5	4.5	21.6

[1] The decrease in the terminal growth rate % is primarily attributable to the restructuring of Glocell Distribution.

The discount rates used are pre-tax and reflect specific risks relating to the relevant associates and subsidiaries. The growth rate is used to extrapolate cash flows beyond the forecast period. The growth rates were consistent with publicly available information relating to long-term average growth rates for each of the markets in which the companies/cash-generating units operate. The Group's target debt-to-equity ratio is applied in the calculation of the weighted average cost of capital.

For all significant goodwill balances, if one or more of the inputs were changed to a reasonable possible alternative assumption, there would be no impairments that would have to be recognised.

The goodwill balances did not result in impairment charges for the year when compared to recoverable amounts (2024: Rnil).

4.2 Intangible assets

Intangible assets acquired through business combinations are initially carried at fair value as determined in accordance with IFRS 3 – *Business Combinations*. Intangible assets purchased are initially carried at cost.

Intangible assets have a finite life (unless indicated otherwise) and are stated at cost, less accumulated amortisation and accumulated impairment losses, if any. Useful lives are reviewed on an annual basis, and adjusted if appropriate.

Amortisation is calculated using the straight-line method to allocate the cost of the intangible asset over its estimated useful life.

(a) Distribution agreements and customer relationships

Distribution agreements and customer relationships are amortised over their estimated useful lives of up to 13 years.

(b) Computer software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Amortisation is calculated for computer software over its estimated useful life (three to 10 years).

Costs associated with the maintenance of existing computer software programs are expensed as incurred.

(c) Internally generated software development

Costs incurred on development projects are recognised as intangible assets when the recognition criteria as set out in IAS 38 is met, which includes when there is an ability to use or sell the intangible asset and that it can be demonstrated how the intangible asset will generate probable future economic benefits.

Research expenditure and other development expenditures that do not meet these criteria are recognised as an expense as incurred.

Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Capitalised internally generated software development costs are recorded as intangible assets and amortised from the point at which the asset is available for use (i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management) over its useful life (five to 10 years). Direct costs include the product development employee costs and an appropriate portion of relevant overheads. Costs associated with the maintenance of existing products are expensed as incurred.

(d) Purchased starter pack bases and postpaid bases

Starter packs capitalised represent customer relationships that the Group has contractually acquired.
The purchased starter pack base asset is identifiable as it arises from a contract. The contract provides the Group with control over the customer base. The customer base is intangible as it does not have physical substance and is non-monetary. This asset provides the Group with the ability to generate future economic benefits if the Group provides connection, upgrade and sales services to the customer base.

Purchased postpaid bases represent the right to share in the revenue of the cellular network in respect of contracts forming part of the acquired base, which comprises identifiable subscribers.

Amortisation of purchased and postpaid bases is calculated over their estimated useful lives (10 years).

4. NON-FINANCIAL INSTRUMENTS continued

4.2 Intangible assets continued

(e) Subscription income-sharing arrangement

During the 2021 financial year, the Group, through its subsidiary CEC, entered into an arrangement with Cell C to facilitate Cell C's operation of its postpaid mobile telecommunication business. The agreement commenced on 1 November 2020 for an initial period of five years, with the Group having the right to renew for a further four years. Upon expiration of the renewal period, Cell C has the right to terminate the arrangement for a fee, failing which the Group has the right to acquire the new subscriber base, or to nominate a third party to acquire it, for a fee.

The Group is entitled to receive a share of the subscription income generated by Cell C from a subset of postpaid subscribers that sign up, extend or upgrade their subscriptions with Cell C after 1 November 2020 (New and Upgrade subscribers), plus certain fixed and variable payments. Cell C will remain entitled to the subscription income of existing subscribers at 31 October 2020 (Existing subscribers) for the remainder of the subscribers' contract and a share of the ongoing revenue of New and Upgrade subscribers. The income that CEC earns under the arrangement is primarily not as compensation for services provided, but rather as a result of the income stream that it has acquired. The Group and Cell C have outsourced the operation of the postpaid base to Vodacom as part of this arrangement. In return, the Group has undertaken to bear the operating costs in respect of Cell C's postpaid subscriber business for the duration of the arrangement. The operating costs of the postpaid base borne by the Group that are not associated with the new and upgrade subscribers, were recognised as the cost of obtaining the subscription income-sharing arrangement. The Group has selected the cost accumulation model to capitalise these costs to the intangible asset as and when they are incurred, net of the variable payments from Cell C, which are considered to be Cell C's contribution towards those operating costs. Capitalisation of costs to the intangible asset ceased at 31 October 2022 and as such the costs are fixed.

The subscription income-sharing arrangement is carried at cost less accumulated amortisation and accumulated impairment. Amortisation is calculated over the life of the arrangement, which is expected to be nine years. Post 31 October 2022, all operating costs of the postpaid base borne by the Group are accounted for as and when they are incurred, and reduce the amount recognised as revenue (refer to note 1.2) as the Group receives its share of the subscription income.

(f) Subscriber acquisition costs

Under the subscription income-sharing arrangement with Cell C, the Group has agreed to bear the commissions that Cell C pays to third parties involved in signing up or upgrading the particular Cell C postpaid subscribers, from 1 November 2020, from which the Group benefits. Since these costs are incremental costs that would otherwise not have been incurred had the particular subscribers not signed up with Cell C, and because they are costs borne by the Group in order to share in the subscription income generated by Cell C from these subscribers, these costs are capitalised by the Group, when incurred by Cell C, and amortised over the expected life of the related subscriber contracts between Cell C and the subscribers, which is anticipated to be up to 36 months.

Critical accounting estimates and assumptions

Subscription income-sharing arrangement

Management applied significant judgement in determining the appropriate accounting treatment for the subscription income-sharing arrangement with Cell C. Since the substance of the agreement with Cell C is that of a right to a future net income stream, not to fund Cell C, management considered whether this right should be accounted for as a financial asset or as an intangible asset. Although the Group has a contractual right to receive (net) cash flows from Cell C, these (net) cash flows only originate from Cell C as and when it provides mobile telecommunication services to the particular postpaid subscribers that sign up, extend or upgrade their subscriptions with Cell C after 1 November 2020 (new and upgrade postpaid subscribers). Thus, Cell C does not have an unconditional obligation to make these payments to the Group before it has a contractual right to receive such payments from these subscribers, which means that Cell C does not have a financial liability at the commencement of the arrangement with the Group.

In order for one party, the Group, to have a financial asset, another party, Cell C, must have a financial liability. In addition, the Group is undertaking activities, such as marketing, aimed at increasing the economic benefits to be derived from the arrangement with Cell C. Accordingly, management believed that the Group's right to future cash flows under the arrangement was not a financial asset, but rather an intangible asset. Significant judgement was also applied in determining the cost of obtaining the right to the future net income stream. Since the Group is prepared to bear Cell C's costs that do not relate to the income generated by Cell C from the new and upgrade postpaid subscribers from which the Group benefits, it was determined that such costs constitute the cost of obtaining the subscription income-sharing arrangement. The Group's share of the subscription income, net of the related operating costs borne by the Group, from the new and upgrade postpaid subscribers, is recognised as revenue (refer to note 1.2).

The intangible asset forms part of the assets of CEC and a value-in-use calculation was performed on CEC at 31 May 2025 and no impairment was required, refer to note 4.1.

4. NON-FINANCIAL INSTRUMENTS continued

4.2 Intangible assets continued

Estimated useful lives and residual values

The relative size of the Group's subscription income-sharing arrangement, subscriber acquisition costs, purchased starter pack bases and postpaid starter pack bases makes the judgements surrounding their estimated useful lives and residual values critical to the Group's financial position and performance. Useful lives are reviewed on an annual basis with the effects of any changes in estimate accounted for on a prospective basis. The residual values of these assets are assumed to be zero for purposes of measuring the related amortisation, including for the subscription income-sharing arrangement which may have a value at the end of its estimated life of nine years, since Cell C would be required to buy back the Group's right if Cell C elects to terminate the arrangement at that point. The estimated useful life of nine years is based on management's estimate that after the initial five-year period, the Group will renew for a further four years. The buy-back price is based on a formula that takes account of Cell C's income from the related postpaid subscriber base in the future, which is highly uncertain, and there is the possibility that Cell C does not buy back the Group's right, but that the Group buys the subscriber base from Cell C.

Accordingly, given the significant uncertainty surrounding the future value of the subscription income-sharing arrangement, management has assumed a residual value of zero.

	Distribution agreement R'000	Customer relationships R'000	Computer software R'000	Internally generated software development R'000
Year ended 31 May 2025				
Opening carrying amount	**178 409**	**—**	**48 874**	**199 265**
Additions	**—**	**—**	**16 832**	**192 774**
Amortisation charge	**(28 931)**	**—**	**(13 745)**	**(33 559)**
Amortisation charged to depreciation and amortisation	**(28 931)**	**—**	**(13 745)**	**(33 559)**
Amortisation charged to direct operating costs	**—**	**—**	**—**	**—**
Disposals	**—**	**—**	**(16)**	**—**
Closing carrying amount	**149 478**	**—**	**51 945**	**358 480**
At 31 May 2025				
Cost	**557 055**	**119 856**	**129 629**	**445 589**
Accumulated amortisation	**(407 577)**	**(119 856)**	**(77 684)**	**(87 109)**
Carrying amount	**149 478**	**—**	**51 945**	**358 480**
Year ended 31 May 2024				
Opening carrying amount	207 341	380	26 842	107 190
Additions	—	—	36 549	117 424
Amortisation charge	(28 932)	(380)	(14 517)	(23 849)
Amortisation charged to depreciation and amortisation	(28 932)	(380)	(14 517)	(23 849)
Amortisation charged to direct operating costs	—	—	—	—
Impairments	—	—	—	(1 500)
Closing carrying amount	178 409	—	48 874	199 265
At 31 May 2024				
Cost	557 055	119 856	162 753	261 735
Accumulated amortisation	(378 646)	(119 856)	(113 879)	(60 970)
Accumulated impairments	—	—	—	(1 500)
Carrying amount	178 409	—	48 874	199 265

Purchased starter pack bases and postpaid bases R'000	Subscription income-sharing arrangement R'000	Subscriber acquisition costs R'000	Total R'000
24 621	**893 982**	**120 573**	**1 465 724**
75 937	**—**	**157 787**	**443 330**
(13 286)	**(165 043)**	**(144 619)**	**(399 183)**
—	**—**	**—**	**(76 235)**
(13 286)	**(165 043)**	**(144 619)**	**(322 948)**
—	**—**	**—**	**(16)**
87 272	**728 939**	**133 741**	**1 509 855**
432 974	**1 355 789**	**695 608**	**3 736 500**
(345 702)	**(626 850)**	**(561 867)**	**(2 226 645)**
87 272	**728 939**	**133 741**	**1 509 855**
33 272	1 059 023	149 183	1 583 231
480	—	127 768	282 221
(9 131)	(165 041)	(156 378)	(398 228)
—	—	—	(67 678)
(9 131)	(165 041)	(156 378)	(330 550)
—	—	—	(1 500)
24 621	893 982	120 573	1 465 724
357 037	1 355 789	603 633	3 417 858
(332 416)	(461 807)	(483 060)	(1 950 634)
—	—	—	(1 500)
24 621	893 982	120 573	1 465 724

4. NON-FINANCIAL INSTRUMENTS continued

4.3 Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and accumulated impairment loss, if any. The cost of property, plant and equipment includes directly attributable costs incurred, being the purchase cost plus any cost to prepare the assets for their intended use, and subsequent costs that may be capitalised.

Repairs and maintenance costs are charged to profit and loss as incurred.

The asset's residual values and useful lives are reviewed, and adjusted if applicable, at year-end. Where the asset's residual value is higher than the carrying value, no depreciation is provided.

Gains and losses on disposal of property, plant and equipment are determined as the difference between the carrying amount and the fair value of the sale proceeds, and are included in operating profit.

Leasehold improvements are depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

	Computer equipment R'000	Media equipment R'000	Furniture, fittings and office equipment R'000
Year ended 31 May 2025			
Opening carrying amount	**42 318**	**34 303**	**16 565**
Additions	**13 141**	**4 590**	**2 089**
Disposals	**(289)**	**—**	**(732)**
Depreciation charge	**(20 734)**	**(5 190)**	**(4 844)**
Impairments*	**—**	**—**	**—**
Closing carrying amount	**34 436**	**33 703**	**13 078**
At 31 May 2025			
Cost	**106 596**	**50 847**	**28 899**
Accumulated depreciation	**(72 160)**	**(17 144)**	**(15 821)**
Accumulated impairments	**—**	**—**	**—**
Carrying amount	**34 436**	**33 703**	**13 078**
Year ended 31 May 2024			
Opening carrying amount	27 231	22 486	12 407
Additions	32 079	16 151	9 046
Disposals	(151)	(1)	(296)
Depreciation charge	(16 841)	(4 333)	(4 592)
Impairments*	—	—	—
Closing carrying amount	42 318	34 303	16 565
At 31 May 2024			
Cost	104 695	46 257	38 119
Accumulated depreciation	(62 377)	(11 954)	(21 554)
Accumulated impairments	—	—	—
Carrying amount	42 318	34 303	16 565

* Impairments of property, plant and equipment are included in depreciation and amortisation in profit or loss.

There are no property, plant and equipment assets that are encumbered.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Depreciation is calculated on the straight-line basis to write off the cost of the assets to their residual values over their estimated useful lives as follows:

Computer equipment	25% – 33.3%
Media equipment	10% – 20%
Furniture, fittings and office equipment	16.67% – 25%
Motor vehicles	20% – 25%
Terminals and vending machines	16.67% – 33.3%
Buildings	8.33%

Motor vehicles R'000	Leasehold improvements R'000	Terminals and vending machines R'000	Land and buildings R'000	Total R'000
15 865	**13 345**	**92 849**	**—**	**215 245**
6 177	**15 913**	**6 639**	**—**	**48 549**
(3 560)	**(2 785)**	**(4 425)**	**—**	**(11 791)**
(5 584)	**(5 748)**	**(27 986)**	**—**	**(70 086)**
—	**—**	**(22 150)**	**—**	**(22 150)**
12 898	**20 725**	**44 927**	**—**	**159 767**
37 082	**28 658**	**124 093**	**—**	**376 175**
(24 184)	**(7 933)**	**(63 948)**	**—**	**(201 190)**
—	**—**	**(15 218)**	**—**	**(15 218)**
12 898	**20 725**	**44 927**	**—**	**159 767**
29 949	13 381	115 785	3 123	224 362
4 287	5 119	21 461	—	88 143
(11 498)	(309)	(286)	(3 123)	(15 664)
(6 873)	(4 846)	(31 694)	—	(69 179)
—	—	(12 417)	—	(12 417)
15 865	13 345	92 849	—	215 245
38 496	73 139	215 518	—	516 224
(22 631)	(59 794)	(112 782)	—	(291 092)
—	—	(9 887)	—	(9 887)
15 865	13 345	92 849	—	215 245

4. NON-FINANCIAL INSTRUMENTS continued

4.4 Right-of-use assets

Right-of-use assets are stated at cost less accumulated depreciation. Right-of-use assets are recognised at the date at which the leased asset is available for use by the Group. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Right-of-use assets are measured at cost, which includes the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, and an estimate of restoration costs, less any lease incentives received.

	Office space R'000	Warehouse space R'000	Total R'000
Lease assets			
Year ended 31 May 2025			
Opening balance	**38 669**	**3 823**	**42 492**
Additions	**23 986**	**—**	**23 986**
Depreciation	**(22 869)**	**(1 434)**	**(24 303)**
Termination of leases	**(3 256)**	**—**	**(3 256)**
Closing balance	**36 530**	**2 389**	**38 919**
Year ended 31 May 2024			
Opening balance	24 126	451	24 577
Additions	28 873	4 301	33 174
Depreciation	(12 176)	(929)	(13 105)
Termination of leases	(2 154)	—	(2 154)
Closing balance	38 669	3 823	42 492

4.5 Inventories

Inventories comprise prepaid airtime, handsets and other related products.

Inventories are stated at the lower of cost (net of rebates and discounts) or net realisable value. The cost of inventory is based on the weighted average cost basis. Net realisable value is the estimate of the selling price in the ordinary course of business, less selling expenses. Provisions are made for obsolete, unusable and unsaleable inventory and for latent damage first revealed when inventory items are taken into use or offered for sale. Where unused PINs have been recycled and included in inventory for resale, the Group recognises the inventory at no value.

	2025 R'000	2024 R'000
Finished goods		
Prepaid airtime	**4 285 569**	4 003 623
Handsets	**305 513**	262 883
Other*	**74 138**	142 505
	4 665 220	4 409 011

* Other inventory mainly consists of accessories, starter packs, consumables and gym equipment.

Inventories with a cost of R10.4 billion (2024: R11.0 billion) were sold during the year and have been charged to the income statement.

Included in the above balances are provisions for obsolete, unusable and unsalable inventory and for latent damage to the value of Rnil (2024: Rnil).

Restricted inventory

As at year-end, TPC has repurchased all of the restricted inventory.

Of the 2024 carrying value of inventory, R523 million was restricted as it was held by the funders under the airtime sale and repurchase agreements which form part of TPC's borrowings in connection with the Cell C recapitalisation as discussed in note 2. As a result of TPC's repurchase obligation, the airtime inventory that was sold to the funders was recognised as TPC's inventory, and the repurchase obligation was recognised as borrowings. As airtime inventory is repurchased it becomes unrestricted and is available to be sold.

4. NON-FINANCIAL INSTRUMENTS continued

4.6 Deferred revenue

Deferred revenue represents a prepayment by customers for goods or services that are yet to be delivered.

Deferred revenue is recognised as earned revenue as the good or service is delivered to the customer which is expected to occur within the next reporting period and therefore is disclosed as current.

	2025 R'000	2024 R'000
At 31 May	**173 436**	118 510
Amounts included in non-current portion of deferred revenue	**—**	—
Amounts included in current portion of deferred revenue	**173 436**	118 510
At 31 May – by category	**173 436**	118 510
Ringas	**96 858**	77 249
Other	**76 578**	41 261
Ringas[1]		
Opening balance	**77 249**	84 510
Amounts paid to network providers and commission revenue recognised in the current year relating to unredeemed Ringas voucher sales in prior years	**(41 396)**	(55 946)
Gross sales of unredeemed Ringas vouchers in the current year	**61 004**	48 685
Closing balance	**96 857**	77 249
Other		
Opening balance	**41 261**	2 924
Revenue recognised during the year relating to prior years	**(18 403)**	(16 375)
Gross sales of unredeemed vouchers in the current year	**53 720**	54 712
Closing balance	**76 578**	41 261

[1] Ringas vouchers are PINless vouchers and are therefore recognised as agent. Ringas vouchers are universal, single use, prepaid airtime vouchers that allow you to top-up your number with any of the four major South African mobile networks. The balance of the vouchers becomes payable to the network providers with a portion being recognised as commission revenue once the Ringas vouchers are redeemed.

5. EMPLOYEES

5.1 Equity compensation benefit

During the year, 6 674 989 (2024: 17 000 314) conditional shares were granted to qualifying employees (participant). The participant will forfeit the conditional shares if he/she ceases to be an employee of an employer company before the vesting date or if the specified performance conditions have not been met, unless otherwise specified by the rules or determined by the Board. In the event that the participant is not in the employ of the Group, or the performance conditions are not met, the shares allocated to the participant will be forfeited and will either be sold on the open market by the Escrow agent and the proceeds will be returned to the participating employer, or may be retained by the Group for future awards.

Dividends declared in respect of conditional shares are held in Escrow until such time as the performance conditions are met and the shares have vested. Shares forfeited during the vesting period will forfeit any dividends pertaining to such shares. No dividends were declared during the current or prior year.

The performance conditions for the fourteenth award grant that vested on 31 August 2024 were as follows:

		Group long-term incentive (LTI) metrics*		
		Threshold	Target	Stretch
Core HEPS (30%) (compounded cumulatively over three years)	Group		CPI + 2%	CPI + 4%
	Vesting %		30.0%	42.0%
Total shareholder return (TSR) (30%) (performance against JSE Capped All Share Index)	Group		JSE Capped All Share Index Return + CPI +5% (average not compounded over three years)	JSE Capped All Share Index Return + CPI +15% (average not compounded over three years)
	Vesting %		30.0%	42.0%
Return on capital employed (ROCE)** (20%) (compared to weighted average cost of capital (WACC) over the three-year period not compounded)	Group		ROCE greater than or equal to WACC +1% over three years	ROCE greater than or equal to WACC +2% over three years
	Vesting %		20.0%	28.0%
Environmental, social and governance (ESG) (20%) (specific ESG metrics)	Group		Specific ESGs selected	Specific ESGs selected
	Vesting %		20.0%	28.0%
ESG and Individual performance measures	Group	Specific ESGs selected and KPIs		
	Vesting %	72.0%		

* Remco may review metrics and targets post-FY2024 for new awards to ensure that they are relevant. The LTIP is calculated per metric. Values awarded will be a weighted average of scores attained versus target. All metrics will be assessed and vest on a pro rata basis applying linear interpolation basis save for the ESG, strategic and individual metrics which will be assessed on a binary basis.

** ROCE is calculated using the following formula:
ROCE = Net operating profit (EBIT)/Capital employed. Capital employed = total assets – current liabilities (excluding interest-bearing borrowings).
The Remuneration Committee will review any prior year impairments to assess if adverse outcomes have occurred, and if so, make the necessary adjustments to the capital employed number such that the average performance is a more accurate indication to shareholders over the measurement period.

5. EMPLOYEES continued

5.1 Equity compensation benefit continued

The performance conditions as at 31 May 2025 for the fifteenth award grant vesting on 31 August 2025 are as follows:

		Group long-term incentive (LTI) metrics*		
		Threshold	Target	Stretch
Core HEPS (30%) (compounded cumulatively over three years)	Group		CPI + 2%	CPI + 4%
	Vesting %		30.0%	42.0%
Total shareholder return (TSR) (30%) (performance against long bond compounded over three years plus spread)	Group		Performance equal to three to five-year SARB nominal long bond rate +7.5%**	125% of target
	Vesting %		30.0%	45.0%
Return on capital employed (ROCE)*** (20%) (compared to weighted average cost of capital (WACC) over the three-year period not compounded)	Group		ROCE greater than or equal to WACC +1% over three years	ROCE greater than or equal to WACC +2% over three years
	Vesting %		20.0%	30.0%
Environmental, social and governance (ESG) (20%) (specific ESG metrics****)	Group		Specific	No stretch
	Vesting %		20.0%	20.0%
ESG and Individual performance measures	Group	Specific ESGs selected and KPIs		
	Vesting %	72.0%		

* Remco may review metrics and targets post-FY2025 for new awards to ensure that they are relevant. The LTIP is calculated per metric. Values awarded will be a weighted average of scores attained versus target. All metrics will be assessed and vest on a pro rata basis applying linear interpolation basis, save for the ESG metric which will be assessed on a binary basis.

** In setting the TSR target, consideration was given to utilise a risk-free rate that is aligned with a typical vesting and performance period of the award, consequently a 3-5 SARB nominal long bond rate was applied as the anchor in setting TSR targets, with an appropriate spread applied to this anchor in order to set realistic but stretching targets. In addition, TSR will be assessed based on growth in market cap as well as dividends distributed to shareholders over the performance period.

*** ROCE is calculated using the following formula:
ROCE = Net operating profit (EBIT)/Capital employed. Capital employed = total assets – current liabilities (excluding interest-bearing borrowings).
The Remuneration Committee will review any prior year impairments to assess if adverse outcomes have occurred, and if so, make the necessary adjustments to the capital employed number such that the average performance is a more accurate indication to shareholders over the measurement period.

**** Remco removed the stretch component of the ESG KPIs in the LTIP as these measures are assessed on a binary basis and only provide for the achievement of target performance, with threshold performance being assessed on a pro rata basis relative to target.

The performance conditions as at 31 May 2025 for the sixteenth and seventeenth award grants vesting on 31 August 2026 and 31 August 2027 respectively are as follows:

		Group long-term incentive (LTI) metrics*		
		Threshold	Target	Stretch
Core HEPS (30%) (compounded cumulatively over three years)	Group	CPI	CPI + 2%	CPI + 4%
	Vesting %	21.6%	30.0%	45.0%
Return on capital employed (ROCE)** (20%) (compared to WACC over the three-year period not compounded)	Group	ROCE greater than or equal to WACC over three years	ROCE greater than or equal to WACC +1% over three years	ROCE greater than or equal to WACC +2% over three years
	Vesting %	21.6%	30.0%	45.0%
Strategic performance scorecard (20%)	Group	Linked to strategic milestones	Linked to strategic milestones	Linked to strategic milestones
	Vesting %	14.4%	20.0%	30.0%
Environmental, social and governance (ESG) (10%) (specific ESG metrics***)	Group	Pro-rata of target	Specific	No stretch
	Vesting %	7.2%	10.0%	10.0%
Personal performance (10%) (specific individual metrics***)	Group	Pro-rata of target	Specific	No stretch
	Vesting %	7.2%	10.0%	10.0%

* Remco may review metrics and targets post-FY2025 for new awards to ensure that they are relevant. The LTIP is calculated per metric. Values awarded will be a weighted average of scores attained versus target. All metrics will be assessed and vest on a pro rata basis applying linear interpolation basis save for the ESG, strategic and individual metrics which will be assessed on a binary basis.

** ROCE is calculated using the following formula:
ROCE = Net operating profit (EBIT)/Capital employed. Capital employed = total assets – current liabilities (excluding interest-bearing borrowings).
The Remuneration Committee will review any prior year impairments to assess if adverse outcomes have occurred, and if so, make the necessary adjustments to the capital employed number such that the average performance is a more accurate indication to shareholders over the measurement period.

*** The stretch component of the ESG and Individual KPIs in the LTIP are assessed on a binary basis and only provide for the achievement of target performance, with threshold performance being assessed on a pro rata basis relative to target.

Critical accounting estimates and assumptions

In determining the number of conditional shares that will vest due to performance conditions being met, management assesses the attrition rates of staff based on the grades of staff that have been granted awards as well as the historic staff turnover.

5. EMPLOYEES continued
5.1 Equity compensation benefit continued
Critical accounting estimates and assumptions continued

Movements in the number of conditional shares outstanding during the year are as follows:

	Grant date	Vesting date	Number of shares	Fair value of grant R'000
At 1 June 2023			27 246 883	136 153
13th award			11 619 396	37 182
14th award			7 642 302	49 064
15th award			7 985 185	49 907
Granted during the year			17 000 314	54 741
16th award	23 October 2023	31 August 2026	17 000 314	54 741
Awarded during the year – achievement of stretch targets			1 075 066	3 440
13th award			1 075 066	3 440
Shares forfeited during the year			(835 508)	(5 278)
13th award			—	—
14th award			(328 333)	(2 108)
15th award			(507 175)	(3 170)
Shares vested during the year			(12 694 462)	(40 622)
13th award		31 August 2023	(12 694 462)	(40 622)
At 31 May 2024			**31 792 293**	**148 434**
14th award			**7 313 969**	**46 956**
15th award			**7 478 010**	**46 738**
16th award			**17 000 314**	**54 741**
Granted during the year			**6 674 989**	**32 908**
17th award	**19 November 2024**	**31 August 2027**	**6 674 989**	**32 908**
Shares forfeited during the year			**(4 172 301)**	**(21 722)**
14th award			**(2 175 761)**	**(13 969)**
15th award			**(437 134)**	**(2 732)**
16th award			**(1 559 406)**	**(5 021)**
Shares vested during the year			**(3 014 702)**	**(19 332)**
14th award		**31 August 2024**	**(2 882 727)**	**(18 507)**
15th award		**19 December 2024**	**(107 352)**	**(671)**
15th award		**22 May 2025**	**(24 623)**	**(154)**
At 31 May 2025			**31 280 279**	**140 289**
14th award*			**2 255 481**	**14 480**
15th award			**6 908 901**	**43 181**
16th award			**15 440 908**	**49 720**
17th award			**6 674 989**	**32 908**

* Although 2 255 481 shares vested to certain employees during the year, the transfer and/or sale of these shares were restricted due to a closed period in terms of the JSE Listings Requirements. The shares will be transferred once the closed period expires. The shares are included in treasury shares and management has concluded that no agency relationship exists over the shares while these rights are restricted.

Refer to note 5.2 for the expense recognised in the income statement relating to the equity compensation benefits.

The fair value of the shares is based on the open market closing price at grant date. The total number of conditional shares issued to Executive Directors during the period is nil (2024: 4 596 356). The share-based payment expense in relation to these Executive Directors is R13.4 million (2024: R12.2 million). Refer to note 5.3 for details of awards per Director.

5.2 Employee compensation benefit expense

(a) Equity compensation benefit

The Group operates an equity-settled conditional share plan, under which the entity receives services from employees as consideration for equity instruments of the Group. The fair value of the services received in exchange for the grant of conditional shares is recognised as an expense. The total amount to be expensed is determined by the fair value of the conditional shares granted. The total amount expensed is recognised over the vesting period, which is the period over which all of the vesting conditions are to be satisfied. At each reporting date, the entity recognises the impact of any shares that have been forfeited prior to the end of the vesting period, if any, in the income statement with a corresponding adjustment to equity.

(b) Bonus plans

The Group recognises a liability and an expense for bonuses. A liability is recognised where the Group is contractually obliged or where there is a past practice that has created a constructive obligation.

The bonus expense is determined based on individual subsidiary CEO recommendation of an employee and Remuneration Committee approval as well as other non-financial measures.

In terms of the Group remuneration policy, the Joint Chief Executive Officers may earn an annual incentive bonus of up to 150% of annualised fixed remuneration and the Financial Director up to 100%. Senior Management may earn up to 75% of their annualised fixed remuneration.

	2025 R'000	2024 R'000
Salaries and wages	**817 535**	766 610
Bonuses	**158 105**	142 715
Equity compensation benefit	**69 391**	41 048
Other	**7 674**	11 510
	1 052 704	961 883

Average number of employees for the year is 1 134 (2024: 1 261).

5. EMPLOYEES continued
5.3 Directors' emoluments

	Blue Label Services as Directors of Blue Label Telecoms Limited R'000	Services as Directors of subsidiaries of Blue Label Telecoms Limited R'000
For the year ended 31 May 2025		
Executive Directors		
BM Levy	—	—
MS Levy	—	—
DA Suntup	—	—
	—	—
Non-Executive Directors		
LM Nestadt	**2 635**	—
JS Mthimunye	**1 367**	**72**
SJ Vilakazi	**1 476**	—
H Masondo	**764**	—
NP Mnxasana	**958**	**48**
LE Mthimunye	**1 351**	**53**
	8 551	**173**
	8 551	**173**
Prescribed officers		
GB Levin[1]	—	—
JS Newman[1]	—	—
	—	—
	8 551	**173**

[1] Agreements were reached wherein it was resolved that GB Levin and JS Newman would exit the Group on 30 November 2024 and 26 August 2024 respectively. Accrued termination/separation benefits have been reflected.

For the year ended 31 May 2024		
Executive Directors		
BM Levy	—	—
MS Levy	—	—
DA Suntup	—	—
	—	—
Non-Executive Directors		
LM Nestadt	2 486	—
KM Ellerine*	—	—
JS Mthimunye	1 290	68
SJ Vilakazi	1 223	—
H Masondo	507	—
NP Mnxasana	790	45
LE Mthimunye	1 162	50
	7 458	163
	7 458	163
Prescribed officers		
GB Levin	—	—
JS Newman	—	—
	—	—
	7 458	163

* Non-Executive Director, KM Ellerine, resigned on 5 June 2023.

The fair value of conditional shares per Director has been included.

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

No Director's service contract includes predetermined compensation as a result of termination that would exceed one year's salary and benefits.

Salary and allowances from subsidiaries R'000	Bonuses and performance-related payments R'000	Other benefits from subsidiaries R'000	Accrued termination/ separation benefit from subsidiaries R'000	Total R'000	Fair value of conditional shares R'000
12 404	**15 157**	**—**	**—**	**27 561**	**38 754**
12 404	**15 157**	**—**	**—**	**27 561**	**38 754**
6 569	**5 400**	**—**	**—**	**11 969**	**20 526**
31 377	**35 714**	**—**	**—**	**67 091**	**98 034**
—	**—**	**—**	**—**	**2 635**	**—**
—	**—**	**—**	**—**	**1 439**	**—**
—	**—**	**—**	**—**	**1 476**	**—**
—	**—**	**—**	**—**	**764**	**—**
—	**—**	**—**	**—**	**1 006**	**—**
—	**—**	**—**	**—**	**1 404**	**—**
—	**—**	**—**	**—**	**8 724**	**—**
31 377	**35 714**	**—**	**—**	**75 815**	**98 034**
2 819	**—**	**128**	**4 108**	**7 055**	**—**
1 371	**—**	**—**	**3 403**	**4 774**	**—**
4 190	**—**	**128**	**7 511**	**11 829**	**—**
35 567	**35 714**	**128**	**7 511**	**87 644**	**98 034**
11 701	6 649	—		18 350	15 030
11 701	6 649	—		18 350	15 030
6 198	2 406	36		8 640	7 961
29 600	15 704	36		45 340	38 021
—	—	—		2 486	—
—	—	—		—	—
—	—	—		1 358	—
—	—	—		1 223	—
—	—	—		507	—
—	—	—		835	—
—	—	—		1 212	—
—	—	—		7 621	—
29 600	15 704	36		52 961	38 021
5 318	886	240		6 444	5 276
5 172	1 656	—		6 828	3 322
10 490	2 542	240		13 272	8 598
40 090	18 246	276		66 233	46 619

5. EMPLOYEES continued
5.3 Directors' emoluments continued

	Issue date	Issue price R	Vesting date
CONDITIONAL SHARE PLAN			
For the year ended 31 May 2025			
Executive Directors			
BM Levy[2]	**6 April 2022**	**6.42**	**31 August 2024**
BM Levy	**1 September 2022**	**6.25**	**31 August 2025**
BM Levy	**23 October 2023**	**3.22**	**31 August 2026**
BM Levy[3]	**19 November 2024**	**4.93**	**31 August 2027**
MS Levy[2]	**6 April 2022**	**6.42**	**31 August 2024**
MS Levy	**1 September 2022**	**6.25**	**31 August 2025**
MS Levy	**23 October 2023**	**3.22**	**31 August 2026**
MS Levy[3]	**19 November 2024**	**4.93**	**31 August 2027**
DA Suntup[2]	**6 April 2022**	**6.42**	**31 August 2024**
DA Suntup	**1 September 2022**	**6.25**	**31 August 2025**
DA Suntup	**23 October 2023**	**3.22**	**31 August 2026**
DA Suntup[3]	**19 November 2024**	**4.93**	**31 August 2027**
Prescribed officers			
GB Levin	**6 April 2022**	**6.42**	**31 August 2024**
GB Levin[4]	**1 September 2022**	**6.25**	**31 August 2025**
GB Levin[5]	**19 November 2023**	**3.22**	**31 August 2026**
JS Newman[5]	**6 April 2022**	**6.42**	**31 August 2024**
JS Newman[5]	**1 September 2022**	**6.25**	**31 August 2025**
JS Newman[5]	**19 November 2023**	**3.22**	**31 August 2026**

[2] Although 578 521 shares vested to BM Levy and MS Levy and 306 407 shares vested to DA Suntup during the year, the transfer and/or sale of these shares were restricted due to a closed period in terms of the JSE Listings Requirements. The shares will be transferred once the closed period expires. The shares are included in treasury shares and management has concluded that no agency relationship exists over the shares while these rights are restricted.

CONDITIONAL SHARE PLAN			
For the year ended 31 May 2024			
Executive Directors			
BM Levy	1 September 2020	3.20	31 August 2023
BM Levy	6 April 2022	6.42	31 August 2024
BM Levy	1 September 2022	6.25	31 August 2025
BM Levy	23 October 2023	3.22	31 August 2026
MS Levy	1 September 2020	3.20	31 August 2023
MS Levy	6 April 2022	6.42	31 August 2024
MS Levy	1 September 2022	6.25	31 August 2025
MS Levy	23 October 2023	3.22	31 August 2026
DA Suntup	1 September 2020	3.20	31 August 2023
DA Suntup	6 April 2022	6.42	31 August 2024
DA Suntup	1 September 2022	6.25	31 August 2025
DA Suntup	23 October 2023	3.22	31 August 2026
Prescribed officers			
GB Levin	1 September 2020	3.20	31 August 2023
GB Levin	6 April 2022	6.42	31 August 2024
GB Levin	1 September 2022	6.25	31 August 2025
GB Levin	23 October 2023	3.22	31 August 2026
JS Newman	6 April 2022	6.42	31 August 2024
JS Newman	1 September 2022	6.25	31 August 2025
JS Newman	23 October 2023	3.22	31 August 2026

Awards outstanding as at the beginning of the year	Number of shares awarded during the year	Awards forfeited during the year	Awards vested during the year	Balance as at the end of the year
803 501	**—**	**(224 980)**	**—**	**578 521**
874 878	**—**	**—**	**—**	**874 878**
1 817 001	**—**	**—**	**—**	**1 817 001**
—	**—**	**—**	**—**	**—**
3 495 380	**—**	**(224 980)**	**—**	**3 270 400**
803 501	**—**	**(224 980)**	**—**	**578 521**
874 878	**—**	**—**	**—**	**874 878**
1 817 001	**—**	**—**	**—**	**1 817 001**
—	**—**	**—**	**—**	**—**
3 495 380	**—**	**(224 980)**	**—**	**3 270 400**
425 565	**—**	**(119 158)**	**—**	**306 407**
463 369	**—**	**—**	**—**	**463 369**
962 354	**—**	**—**	**—**	**962 354**
—	**—**	**—**	**—**	**—**
1 851 288	**—**	**(119 158)**	**—**	**1 732 130**
615 300	**—**	**(172 284)**	**(443 016)**	**—**
198 801	**—**	**(91 449)**	**(107 352)**	**—**
412 882	**—**	**(412 882)**	**—**	**—**
1 226 983	**—**	**(676 615)**	**(550 368)**	**—**
177 570	**—**	**(177 570)**	**—**	**—**
193 344	**—**	**(193 344)**	**—**	**—**
401 549	**—**	**(401 549)**	**—**	**—**
772 463	**—**	**(772 463)**	**—**	**—**

[3] The 2024 share awards were not allocated to BM Levy, MS Levy and DA Suntup due to them being placed in a closed period. The shares will be awarded once the closed period expires.
[4] The vesting of 107 352 shares formed part of GB Levin's Accrued Termination/Separation Benefits.
[5] These awards lapsed on exit.

1 520 776	138 999	—	(1 659 775)	—
803 501	—	—	—	803 501
874 878	—	—	—	874 878
—	1 817 001	—	—	1 817 001
3 199 155	1 956 000	—	(1 659 775)	3 495 380
1 520 776	138 999	—	(1 659 775)	—
803 501	—	—	—	803 501
874 878	—	—	—	874 878
—	1 817 001	—	—	1 817 001
3 199 155	1 956 000	—	(1 659 775)	3 495 380
805 462	73 619	—	(879 081)	—
425 565	—	—	—	425 565
463 369	—	—	—	463 369
—	962 354	—	—	962 354
1 694 396	1 035 973	—	(879 081)	1 851 288
328 125	29 991	—	(358 116)	—
615 300	—	—	—	615 300
198 801	—	—	—	198 801
—	412 882	—	—	412 882
1 142 226	442 873	—	(358 116)	1 226 983
177 570	—	—	—	177 570
193 344	—	—	—	193 344
—	401 549	—	—	401 549
370 914	401 549	—	—	772 463

6. EQUITY

6.1 Share capital

Ordinary shares are classified as equity and the shares are fully paid up.

Shares acquired by Blue Label Telecoms Limited for its own employees' equity compensation benefit scheme, as well as the shares procured by the subsidiaries in terms of this scheme, are accounted for as treasury shares in the Group statement of financial position.

	2025 Number of shares	2024 Number of shares
Authorised		
Total authorised share capital of ordinary shares (no par value)	**2 000 000 000**	2 000 000 000
Issued		
Balance at the beginning of the year	**896 332 570**	883 573 392
Shares (acquired)/sold during the year	**(190 765)**	64 716
Shares vested during the year	**3 014 702**	12 694 462
Balance at the end of the year	**899 156 506**	896 332 570
Total number of shares in issue	**913 655 874**	913 655 874
Treasury shares	**(14 499 368)**	(17 323 304)

The Group acquired 190 765 shares from associate companies for R1.2 million in the current year that were forfeited in terms of the equity-settled conditional share plan, at which point the shares became treasury shares of the Group. In the prior year the Group sold 64 716 shares to associate companies for R0.2 million in terms of the equity-settled conditional share plan, at which point the shares were no longer considered to be treasury shares of the Group.

Refer to note 5.1 for details on the conditional shares.

6.2 Other reserves

	2025 R'000	2024 R'000
Balance at the beginning of the year	**(2 883 438)**	(2 877 012)
Exchange differences on translation of foreign operations	**538**	(268)
Equity compensation benefit scheme shares vested	**(17 812)**	(38 926)
Equity compensation benefit movement	**65 619**	39 094
Gain arising on changes in fair value of hedging instruments (effective portion), net of tax	**—**	(7)
Loss on hedging instrument reclassified to profit or loss, net of tax	**—**	(6 319)
Balance at the end of the year	**(2 835 093)**	(2 883 438)
Consisting of:		
Restructuring reserve	**(1 843 913)**	(1 843 913)
Foreign currency translation reserve	**35 925**	35 387
Non-distributable reserve	**7 771**	7 771
Transactions with non-controlling interest reserve	**(1 145 200)**	(1 145 200)
Equity compensation benefit reserve	**110 324**	62 517
	(2 835 093)	(2 883 438)

The restructuring reserve arose as a result of the restatement of Group comparatives, as required in terms of the principles of predecessor accounting. This reserve represents the difference between the fair value of the entities under the Group's control and their respective net asset values, as at the assumed restructure date of 1 June 2006.

The non-distributable reserve arose as a result of BLT's share of share premium issued by associate companies pre-2010.

The transactions with non-controlling interest reserve relate to the excess payments over the carrying amounts arising on transactions with non-controlling shareholders as these are treated as equity participants.

7. TAXATION

7.1 Income tax expense

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at year-end in the countries where the Company's subsidiaries, associates and joint ventures operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity, In this case, the tax is also recognised in other comprehensive income or directly in equity respectively.

Uncertain tax positions are considered by the Group at the level of the individual uncertainty or group of related uncertainties.

Critical accounting estimates and assumptions

There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Amounts accrued are based on management's interpretation of country-specific tax law and the likelihood of settlement. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current income tax and deferred tax provisions in the period in which such determination is made.

Deferred tax assets are recognised to the extent that it is probable that taxable income will be available in the future against which these can be utilised. Future taxable income is estimated based on business plans which include estimates and assumptions regarding economic growth, interest rates, inflation and competitive forces.

	2025 R'000	2024 R'000
Current tax	**337 776**	133 696
Current year	**308 905**	123 128
Adjustment in respect of prior years	**28 871**	10 568
Deferred tax	**(193 971)**	61 922
Current year	**(156 297)**	69 894
Adjustment in respect of prior years	**(37 674)**	(7 972)
Transfer from other comprehensive income	**—**	2 337
Income tax expense	**143 805**	197 955

	2025 R'000	%	2024 R'000	%
Profit before tax	**2 624 525**		857 540	
Tax at 27%	**708 622**	**27.0**	231 536	27.0
Expenditure of a capital nature	**3 140**	**0.1**	—	—
Tax arising from the Cell C Recapitalisation transaction	**(81 347)**	**(3.1)**	17 466	2.0
Reversal of impairment of investment in associate	**(419 861)**	**(16.0)**	—	—
(Loss)/gain on modification of financial asset	**5 068**	**0.2**	(5 584)	(0.7)
Loss on derecognition of financial asset	**9 208**	**0.4**	14 380	1.7
ECL movement on loans receivable	**(82 154)**	**(3.1)**	33 168	3.9
Learnership allowances	**(61 365)**	**(2.3)**	(66 951)	(7.8)
Employment tax incentive	**(11 267)**	**(0.4)**	(12 924)	(1.5)
Surety loan fair value adjustment	**(779)**	**0.0**	(690)	(0.1)
Other income not subject to tax	**(10 668)**	**(0.4)**	(21 290)	(2.5)
Other expenses not deductible for tax purposes	**66 652**	**2.5**	7 933	0.9
Tax effect of assessed losses not recognised	**11 726**	**0.4**	420	0.0
Utilisation of previously unrecognised assessed losses	**(50)**	**0.0**	(280)	(0.0)
Share of losses/(profits) from associates and joint ventures (refer to note 2.1.1)	**14 951**	**0.6**	(4 162)	(0.5)
Adjustment in respect of prior years	**(8 803)**	**(0.3)**	2 596	0.3
Tax effect of capital gains	**732**	**0.0**	—	—
Transfer from other comprehensive income	**—**	**—**	2 337	0.3
Tax charge	**143 805**	**5.5**	197 955	23.1
Effective tax rate	**5.5%**		23.1%	

7. TAXATION continued

7.2 Deferred taxation

Deferred taxation is provided using the liability method for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes.

However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by year-end and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Critical accounting estimates and assumptions

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

	Capital allowances R'000	Purchase price allocations and fair value gains* R'000	Provisions R'000	Tax losses R'000	Prepayments R'000	Unrealised foreign exchange differences R'000	Share Scheme R'000	Other** R'000	Total R'000
At 31 May 2023	328 325	57 884	(140 199)	(88 085)	4 441	10 195	—	(18 229)	154 332
Charged/(credited) to the income statement	(48 174)	(8 206)	106 204	(14 749)	625	(1 729)	(3 590)	31 541	61 922
Charged to other comprehensive income	—	—	—	—	—	—	—	(3 487)	(3 487)
At 31 May 2024	**280 151**	**49 678**	**(33 995)**	**(102 834)**	**5 066**	**8 466**	**(3 590)**	**9 825**	**212 767**
Charged/(credited) to the income statement	**(37 953)**	**(8 406)**	**(33 681)**	**3 236**	**683**	**(3 365)**	**(25 673)**	**(88 812)**	**(193 971)**
At 31 May 2025	**242 198**	**41 272**	**(67 676)**	**(99 598)**	**5 749**	**5 101**	**(29 263)**	**(78 987)**	**18 796**

* These relate to intangible assets included in note 4.2.

** Other deferred tax includes R22.5 million (2023: R31.4 million) deferred taxation asset in respect of taxes paid on the gross profit that arose from the airtime sale and repurchase transaction formed part of the Cell C Recapitalisation Transaction. For South African income tax purposes this is included in gross income when the sale of the airtime takes place. For accounting purposes, the gross profit on the airtime will only be recognised in profit or loss when the airtime repurchased, is sold to customers.

	2025 R'000	2024 R'000
Deferred tax asset comprises:		
Capital allowances	**(292)**	(338)
Purchase price allocations and fair value gains	**(302)**	—
Provisions	**(109 414)**	(72 443)
Tax losses	**(99 598)**	(102 834)
Prepayments	**(214)**	—
Unrealised foreign exchange differences	**(1 883)**	—
Share scheme	**(29 263)**	(3 590)
Other	**(107 599)**	(25 548)
Total deferred tax asset	**(348 565)**	(204 753)
Deferred tax liability comprises:		
Capital allowances	**242 490**	280 489
Purchase price allocations and fair value gains	**41 574**	49 678
Provisions	**41 738**	38 448
Prepayments	**5 963**	5 066
Unrealised foreign exchange differences	**6 984**	8 466
Other	**28 612**	35 373
Total deferred tax liability	**367 361**	417 520
The analysis of deferred tax assets and deferred tax liabilities is as follows:		
Deferred tax assets		
Deferred tax assets to be recovered after more than 12 months	**(58 681)**	(32 354)
Deferred tax assets to be recovered within 12 months	**(145 871)**	(111 523)
Net deferred tax asset	**(204 552)**	(143 877)
Deferred tax liabilities		
Deferred tax liabilities to be recovered after more than 12 months	**39 861**	106 599
Deferred tax liabilities to be recovered within 12 months	**183 487**	250 045
Net deferred tax liability	**223 348**	356 644

Where deferred tax assets have been recognised in respect of entities which have incurred losses in the current or prior years, a formal process of assessment of the future profitability of the entity has been performed based on detailed budgets and cash flow forecasts. As a result, management believes that the current tax losses will be utilised within one to five years.

Deferred tax assets are recognised for tax losses carried forward to the extent that the realisation of the related tax benefit through future taxable profits is probable. The Group did not recognise deferred income tax assets of R59.6 million (2024: R50 million) in respect of losses amounting to R224.1 million (2024: R181.4 million) that can be carried forward against future taxable income.

There is no withholding tax that would be payable on any dividends received from the Group's equity-accounted associates and joint ventures and therefore no deferred tax has been raised in this regard.

8. RELATED PARTIES

Transactions and balances with related parties

	Sales to related parties		Purchases from related parties	
	2025 R'000	2024 R'000	**2025 R'000**	2024 R'000
Blu Train Proprietary Limited*	**15 039**	1 203	**57 719**	64 325
Blue Label Communications Proprietary Limited*	**1 582**	43	**1 331**	—
Cell C Limited and its related entities*	**3 964 443**	4 688 906	**4 699 129**	5 693 042
I Talk Financial Services Proprietary Limited*[1]	**—**	4 110	**—**	8 198
I Talk Holdings Proprietary Limited*[1]	**—**	20 652	**—**	13 045
Mobii Systems Proprietary Limited and its related entities*	**—**	308	**—**	—
T3 Telecoms SA Proprietary Limited*	**52 608**	415 935	**29 654**	29 631
Utilities World Proprietary Limited*	**4 248**	3 593	**29 037**	9 241
Wozza Airtime Proprietary Limited*	**—**	27	**—**	—
	4 037 920	5 134 777	**4 816 870**	5 817 482

* These entities are associates/joint ventures with BLT. For further details in this regard, refer to note 2.1.
[1] Investment disposed of effective 1 June 2024.

	Income received from related parties	
	2025 R'000	2024 R'000
Other income received from related parties		
I Talk Financial Services Proprietary Limited*[1]	**—**	11 862
I Talk Holdings Proprietary Limited*[1]	**—**	964
T3 Telecoms SA Proprietary Limited*	**11 350**	15 686
Wozza Airtime Proprietary Limited*	**—**	3
Trust Blu Foundation	**162**	—
Dividends received from related parties		
Utilities World Proprietary Limited*	**13 372**	—
Interest received from related parties		
Blu Train Proprietary Limited*	**489**	899
Cell C Limited and its related entities*[#]	**756 789**	826 560
I Talk Holdings Proprietary Limited*[1]	**—**	2 648
Mobile Macs Proprietary Limited*	**79**	1 541
T3 Telecoms SA Proprietary Limited*	**601**	751
Utilities World Proprietary Limited*	**—**	12 739
Management fees received from related parties		
Blu Train Proprietary Limited*	**2 729**	126
T3 Telecoms SA Proprietary Limited*	**1 543**	850
Blue Label Communications Proprietary Limited*	**30**	—
Rent received from related parties		
T3 Telecoms SA Proprietary Limited*	**2 698**	2 775
Blue Label Communications Proprietary Limited*	**129**	122
	789 971	877 526

* These entities are associates/joint ventures with BLT. For further details in this regard, refer to note 2.1.
[#] Includes interest received on loans receivable and trade accounts.
[1] Investment disposed of effective 1 June 2024.

	Expenses paid to related parties	
	2025 R'000	2024 R'000
Interest paid to related parties		
Blu Train Proprietary Limited*	**427**	—
Blue Label Communications Proprietary Limited*	**272**	—
T3 Telecoms SA Proprietary Limited*	**56**	—
Social economic development		
Trust Blu Foundation	**5 736**	11 625
	6 491	11 625

* These entities are associates/joint ventures with BLT. For further details in this regard, refer to note 2.1.

	Loans to related parties	
	2025 R'000	2024 R'000
Loans to associates and joint ventures		
Cell C Limited and its related entities*	**3 118 907**	2 535 535
Loss allowance on loans to Cell C	**127 002**	(176 470)
Blu Train Proprietary Limited*	**—**	13 231
I Talk Financial Services Proprietary Limited*[1]	**—**	4 000
I Talk Holdings Proprietary Limited*[1]	**—**	19 900
Mobii Systems Proprietary Limited and its related entities*	**4 206**	4 884
Mobile Macs Proprietary Limited*	**—**	13 900
T3 Telecoms SA Proprietary Limited*	**—**	704
Wozza Airtime Proprietary Limited*	**—**	2 338
Total loss allowance on loans to related parties (excluding Cell C)	**(347)**	(5 001)
Surety loans		
Brett Levy[2]	**67 377**	65 935
Mark Levy[2]	**67 377**	65 935
	3 384 522	2 544 891

* These entities are associates/joint ventures with BLT. For further details in this regard, refer to note 2.1.
[1] Investment disposed of effective 1 June 2024.
[2] Refer to note 3.5 for details on the surety loans.

8. RELATED PARTIES continued

Transactions and balances with related parties continued

	Amounts due from related parties included in trade receivables		Amounts due to related parties included in trade payables	
	2025 R'000	2024 R'000	**2025 R'000**	2024 R'000
Blu Train Proprietary Limited*	**12 661**	189	**8 464**	13 656
Blue Label Communications Proprietary Limited*	**8 118**	14	**22 345**	483
Cell C Limited and its related entities*	**742 323**	499 267	**129 730**	387 453
I Talk Financial Services Proprietary Limited*[1]	**—**	3 902	**—**	500
I Talk Holdings Proprietary Limited*[1]	**—**	7 272	**—**	1 698
Mobii Systems Proprietary Limited and its related entities*	**—**	—	**—**	60
Mobile Macs Proprietary Limited*	**—**	1 110	**—**	—
Oxigen Services India Private Limited*[#]	**—**	5 876	**—**	—
T3 Telecoms SA Proprietary Limited*	**5 736**	9 147	**3 190**	8 263
Utilities World Proprietary Limited*	**819**	329	**1 867**	2 022
Total loss allowance on trade receivables to related parties	**(216)**	(8 384)		
	769 441	518 722	**165 596**	414 135

* These entities are associates/joint ventures with BLT. For further details in this regard, refer to note 2.1.
[#] This amount has been fully provided for both in the current and prior year and is included as part of the total loss allowance.
[1] Investment disposed of effective 1 June 2024.

	Amounts due from related parties included in other receivables		Amounts due to related parties included in other payables	
	2025 R'000	2024 R'000	**2025 R'000**	2024 R'000
Cell C Limited and its related entities*	**—**	108 963	**15 064**	15 786
T3 Telecoms SA Proprietary Limited*	**—**	4 880	**—**	4 068
Cell C Limited – trade claim (included in sundry receivables)[#]	**53 375**	53 375	**—**	—
Total loss allowance on other receivables to related parties	**(53 375)**	(53 375)	**—**	—
	—	113 843	**15 064**	19 854

* These entities are associates/joint ventures with BLT. For further details in this regard, refer to note 2.1.
[#] This amount has been fully provided for both in the current and prior year and is included as part of the total loss allowance.

Certain related party disclosure is required as a result of common directorships.

For details of emoluments to Directors, refer to note 5.3. For details of equity compensation benefit expense in respect of Directors, refer to note 5.1. The Executive Directors of the Company are regarded as key management of the Group.

For details of Directors interests in the Company, refer to the Directors' report.

9. ACCOUNTING FRAMEWORK

9.1 Basis of preparation

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

The Group annual financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the 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 JSE Listings Requirements and the requirements of the South African Companies Act, as amended.

The Group annual financial statements are prepared under the historical cost convention, adjusted for financial instruments measured at fair value through profit or loss. Amounts are rounded to the nearest thousand with the exception of earnings per share, ordinary share capital and equity compensation benefit. The preparation of financial statements in conformity with IFRS Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and income and expenses. The estimates and associated assumptions are based on historical 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 estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of IFRS Accounting Standards that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in the notes to which they relate.

9.2 Going concern

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

Refer to note 3.2.2 for a description of the Group's facilities and covenants.

The Directors have a reasonable expectation that the Group has adequate resources and facilities to continue in operational existence for the foreseeable future and is not at risk of breaching its covenants. The Group therefore continues to adopt the going concern basis in preparing the financial statements.

9 ACCOUNTING FRAMEWORK continued

9.3 Standards, amendments and interpretations not yet effective

The standards, interpretations and amendments listed below will only be effective in future reporting periods. It is expected that the Group will adopt the pronouncements on their respective effective dates. The amendments are not expected to have a material impact on the Group, however the impact will continue to be assessed of the new standards as issued, but not yet effective. As it stands, our assessment indicates that the new standards are expected to affect the presentation and disclosure as it pertains to the financial statements, and not the recognition and measurement of any items included in the primary financial statements.

Standards, interpretations and amendments issued but not effective	Effective date
IAS 21 – *The Effects Of Changes In Foreign Exchange Rates*	Year ending 31 May 2026
Lack of exchangeability, the amendments require an entity to apply a consistent approach to assessing whether a currency is exchangeable into another currency and when it is not.	
IFRS 9 – *Financial Instruments*	Year ending 31 May 2027
Amendments to the classification and measurement of the financial instruments. Clarifying the classification of financial assets and ESG and similar features. Clarifying the date on which a financial asset and financial liability is derecognised, when a liability is settled through electronic payment systems.	
IFRS 7 – *Financial Instruments: Disclosures*	Year ending 31 May 2027
Amendments to the classification and measurement of the financial instruments. IFRS 7 introduces the additional disclosure requirements to enhance transparency for investors regarding investments in equity instruments designated at fair value through OCI and financial instruments with contingent features, for example features tied to ESG-linked targets.	
Annual Improvements to IFRS Accounting Standards Volume 11 – Amendments to *IFRS 1 – First-time Adoption of International Financial Reporting Standards, IFRS 7, IFRS 9, IFRS 10 – Consolidated Financial Statements* and *IAS 7 – Statement of Cash flows*	Year ending 31 May 2027
The amendments were made to address potential inconsistencies and potential confusions in the standards relating to: IFRS 1 dealing with hedge accounting by a first-time adopter IFRS 7 dealing with gain or loss on derecognition and disclosures in the implementation guidance IFRS 9 dealing with lessee derecognition of lease liabilities and transaction price IFRS 10 dealing with determination of a 'de facto agent'; and IFRS 7 dealing with the term 'cost method'.	
IFRS 18 – *Presentation and Disclosure in the Financial Statements*	Year ending 31 May 2028
Improved comparability in the statement of profit or loss (income statement) through the introduction of three defined categories, operating, investing and financing but essentially does not change net profit. Introduces enhanced transparency of management defined performance measures which will be part of the audited financial statements. Further provides guidance on more useful grouping of information in the financial statements through enhanced guidance on how to organise information.	
IFRS 19 – *Subsidiaries Without Public Accountability Disclosures*	Year ending 31 May 2028
Permits eligible subsidiaries to use the same recognition, measurement and presentation as IFRS Accounting Standards, but allows for specific reduced disclosure area. Subsidiaries are eligible to apply IFRS 19 if they do not have public accountability and their parent company applies IFRS Accounting Standards in their consolidated financial statements.	

9.4 Other accounting policies

Foreign currencies

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The Group financial statements are presented in South African rand (R), which is the functional and presentation currency of the parent company.

(b) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency in accordance with the requirements of IAS 21.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as the foreign entity's assets and liabilities and are translated at the closing rate.

Dividend tax

Dividend tax is provided for at 20% of the amount of any dividend paid, subject to certain exemptions. The dividend tax is a tax borne by the beneficial owner of the dividend and will be withheld by either the issuer of the dividend or by regulated intermediaries.

Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which they are approved by the shareholders.

Distributions of non-cash assets received from subsidiary companies are recognised as a dividend at the fair value of the non-cash assets received.

10. SUBSEQUENT EVENTS

On 11 August 2025 a general meeting of shareholders was held to approve the name change of the company. The requisite additional administrative approvals are still in process at the date of this report. Following these approvals, the Company will be known as Blu Label Unlimited Group Limited ('BLU') effective 3 September 2025.

ANNEXURE A: SHAREHOLDER ANALYSIS

Shareholder spread	Number	%	Shares	%
1 – 1 000 shares	9 246	79.08	910 361	0.10
1 001 – 10 000 shares	1 541	13.18	6 058 880	0.66
10 001 – 100 000 shares	638	5.46	20 938 290	2.29
100 001 – 1 000 000 shares	187	1.60	62 602 565	6.86
1 000 001 shares and over	80	0.68	823 145 778	90.09
Total	11 692	100.00	913 655 874	100.00

Distribution of shareholders	Number	%	Shares	%
Private Investor	208	1.78	266 952 989	29.22
Mutual Fund	57	0.49	169 278 982	18.53
Corporate Holding	8	0.07	143 720 003	15.73
Trading Position	15	0.13	123 725 536	13.54
Pension Funds	47	0.40	67 998 113	7.44
Stock Brokers	1	0.01	13 204 033	1.45
Hedge Fund	2	0.02	11 918 547	1.30
Insurance Companies	8	0.07	11 338 611	1.24
University	6	0.05	2 430 154	0.27
Medical Aid Scheme	3	0.03	1 533 019	0.17
Custodians	3	0.03	1 158 000	0.13
Exchange-Traded Fund	4	0.03	650 002	0.07
Charity	1	0.01	334 154	0.04
American Depository Receipts	1	0.01	142 500	0.02
Sovereign Wealth	1	0.01	121 167	0.01
Unclassified	11 327	96.86	99 150 064	10.84
Total	11 692	100.00	913 655 874	100.00

Public/non-public shareholders	Number	%	Shares	%
Non-public shareholders	8	0.07	303 215 454	33.19
Strategic Holdings (more than 10%)	1	0.01	100 000 000	10.95
Treasury stock	1	0.01	14 682 814	1.61
Directors and associates	6	0.05	188 532 640	20.63
Public shareholders	11 684	99.93	610 440 420	66.81
Total	11 692	100.00	913 655 874	100.00

Beneficial shareholders holding 2% or more	Shares	%
Shotput Investments (Pty) Ltd	100 000 000	10.95
Levy B M	89 024 101	9.74
Levy M S	82 964 896	9.08
Peresec South Africa (Pty) Ltd	69 843 632	7.64
Allan Gray Balanced Fund	47 885 025	5.24
Zarclear Securities Lending (Pty) Ltd	34 648 095	3.79
ERZ Telecoms CC	26 943 510	2.95
Centriq Sasol Equity Portfolio	25 000 000	2.74
Basa Ventures (Pty) Ltd	24 636 817	2.70
Government Employees Pension Fund (PIC)	21 000 000	2.30
Allan Gray Equity Fund	19 853 077	2.17
Total	541 799 153	59.30

Shareholders holding 2% or more	Shares	%
Allan Gray (Pty) Ltd	122 445 116	13.40
Shotput Investments (Pty) Ltd	100 000 000	10.95
Levy B M	89 024 101	9.74
Levy M S	82 964 896	9.08
Peresec South Africa (Pty) Ltd	69 843 632	7.64
Sanlam Investment Management (Pty) Ltd	57 793 035	6.33
Zarclear Securities Lending (Pty) Ltd	34 648 095	3.79
Metal Industries Benefit Fund Administrators (Pty) Ltd	27 982 823	3.06
ERZ Telecoms CC	26 943 510	2.95
Basa Ventures (Pty) Ltd	24 636 817	2.70
Total	636 282 025	69.64

GLOSSARY

Word	Definition
AGM	Annual General Meeting
ARCC	Audit, Risk and Compliance Committee
BLD	Blue Label Distribution Proprietary Limited
BLDS	Blue Label Data Solutions Proprietary Limited
BLT; Blue Label/Blue Label Telecoms Limited; Company	Blue Label Telecoms Limited
CEC	Comm Equipment Company Proprietary Limited
Cell C	Cell C Limited, launched operations in 2001, seven years after the launch of the two incumbents, Vodacom and MTN (launched in 1994)
CEO	Chief Executive Officer
the Companies Act	Companies Act, No 71 of 2008, as amended from time to time
CPI	Consumer price index
Deloitte	Deloitte South Africa
EBIT	Earnings before interest and taxes
EBITDA	Earnings before interest, taxes, depreciation and amortisation
ECL	Expected credit losses
EIR	Effective interest rate
EPS	Earnings per share
ERM	Enterprise risk management
ESG	Environmental, social, and governance
FD	Financial Director
FNB	First National Bank Limited
FVOCI	Fair value through other comprehensive income
FVTPL	Fair value through profit or loss
GCorr	General Commission on Religion and Race

Word	Definition
Group	Blue Label Telecoms Limited and its subsidiaries, associates and joint ventures
HEPS	Headline earnings per share
IAS	International Accounting Standards
IASB	International Accounting Standards Board
IFRS	International Financial Reporting Standards
IRBA	Independent Regulatory Board for Auditors
ISA	International Standard on Auditing
ISAE	International Standard on Assurance Engagements
IT	Information technology
JSE	Johannesburg Stock Exchange Limited
King IV	King IV Report on Corporate Governance for South Africa
LGD	Loss Given Default
LTI	Lost Time Injury
LTIP	Long-term Incentive Plan
MOI	Memorandum of Incorporation
MVNO	Mobile virtual network operator
NCI	Non-controlling interest
NERSA	National Energy Regulator of South Africa
OCI	Other comprehensive income
OSI	Oxigen Services India
PD	Probability of Default
Remco	Remuneration Committee
RMB	Rand Merchant Bank
ROCE	Return on capital employed
SAICA	South African Institute of Chartered Accountants

GLOSSARY CONTINUED

Word	Definition
SARB	South African Reserve Bank
SIM card	Subscriber identification module card
SMS	Short message service
SNGGT	SizweNtsalubaGobodo Grant Thornton Inc.
SPV	Special purpose vehicle
STI	Short-term incentives
TJ	Transaction Junction Proprietary Limited
TSR	Total shareholder return
TPC	The Prepaid Company Proprietary Limited
USD	US dollar
VAT	Value added tax
WACC	Weighted Average Cost of Capital
ZAR	South African rand

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