



BLUE LABEL
TELECOMS

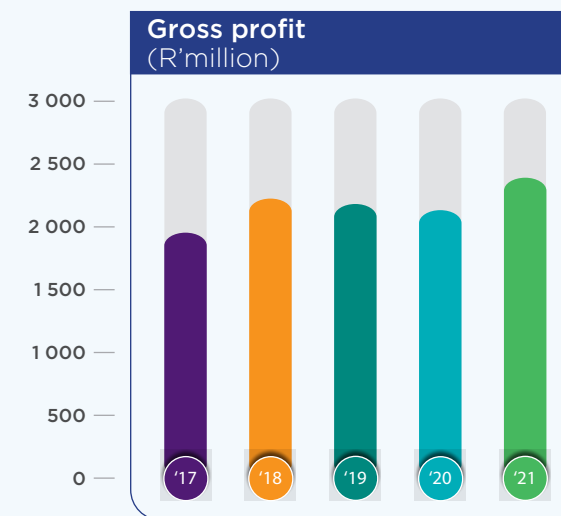
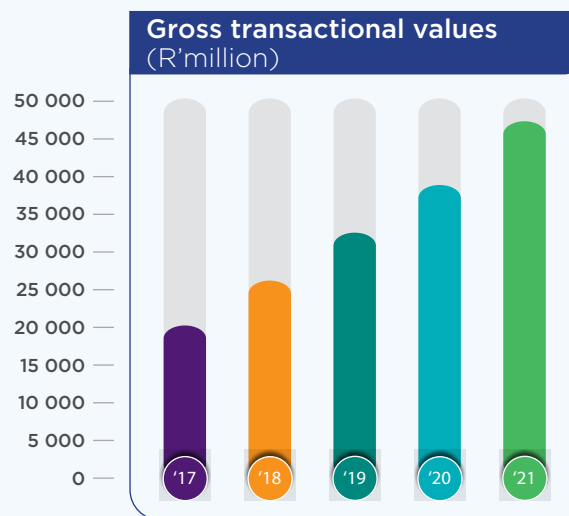
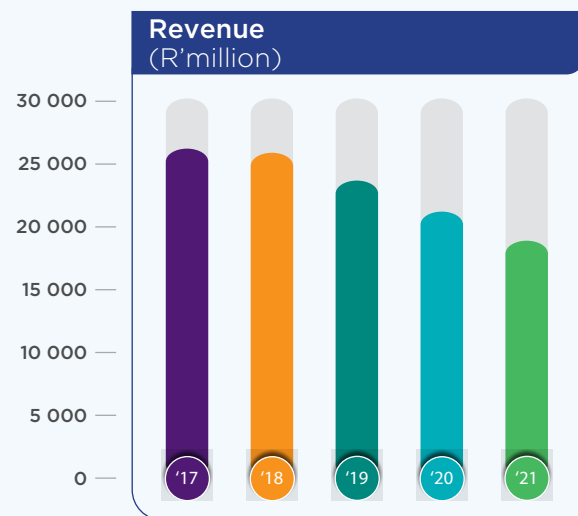
WHO **DARES,** WINS

NOTICE OF VIRTUAL ANNUAL GENERAL MEETING 2021

WINNING
BUSINESS
for **20** YEARS

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Chairman's report



Larry Nestadt
Chairman



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the interview with our
chairman, Larry Nestadt

Our strategic priorities for the year, aside from navigating the COVID-19 pandemic, were to right size the business through asset sales, to implement our 'back to basics' operational plan and to restore the investment value in Cell C. A renewed focus on our core strengths have served us well.

Overview

I am proud to report that, despite the enormous and ongoing macroeconomic strain created by the COVID-19 pandemic, Blue Label continued its growth trajectory during the year ended 31 May 2021. On exclusion of non-recurring income of R47 million in the current year and extraneous costs of R163 million in the prior year, core headline earnings from continued operations increased by R84 million from R632 million to R716 million. Positive cash flows were generated from our trading operations and we continued to increase our market share by bolstering our product and services mix. Cell C's restructuring initiatives have manifested themselves in an improved performance, in line with its turnaround strategy.

The Board congratulates management on its successful leadership during a difficult year, reinforcing Blue Label's dedication to growth, innovation, and sustainability.

Operating environment

The continuously changing COVID-19 landscape, both in terms of the pandemic itself and government's responses thereto, creates a complex operating environment. At each turn, we demonstrated flexibility and embraced change to emerge as a stronger business, performing an increasingly important role in connecting people to the services that they require as a necessity. National lockdown responses have driven a fundamental shift in behavioural patterns in the way that people work, live and play, contributing to a rapid acceleration in the adoption of digital services.

Chairman's report continued

Many of the products and services that we provide are considered to be essential, enabling us to capitalise thereon, through our technical ability to meet ever increasing demand for such offerings. Prepaid electricity, airtime, and data sales increased as more people spent time at home. Conversely, high lockdown levels negatively impacted on travel, exhibitions and sporting events, resulting in a significant decline in revenue generated by Ticketpro. Our call centres, which rely on live transactions between people were negatively impacted by social distancing and safety requirements.

Blue Label prioritised the safety and livelihoods of our employees by focusing on safety in the workplace, maintaining full remuneration and preserving jobs. Through a wide range of contributions, the Group stepped up to its responsibility to help fight and alleviate the impact of the COVID-19 pandemic on the people and communities of South Africa, by making a difference in the lives of our customers.

Our diversified business strategy proved exceptionally resilient in the most challenging economic climate that most businesses have ever experienced.

Refocusing

In September 2020, Blue Label Telecoms disposed of its 47.56% shareholding in Blue Label Mexico to its co-shareholder, Grupo Bimbo, for USD11.5 million (R191 million). This disposal was in line with our strategy to refocus on our South African distribution businesses and deleverage the business towards a more robust and liquid balance sheet.

Blue Label has now returned to its roots as a predominantly South Africa-centric business, in line with our 'back to basics' strategy. This has resulted in the emergence of a solid sense of purpose and cohesion.

Community

The success of our business strategy has enabled us to embed community upliftment into our system, returning Blue Label's good fortune to the communities who made that success possible. This shared value is a strategic imperative. We believe education is the key to upliftment and we therefore invest heavily in initiatives such as the Boys and Girls Clubs, which afford children in Alexandra and Soweto a safe and supervised environment to study, eat and play after school. Some of these children may well become employees of Blue Label in future, while others may become its suppliers or customers. All deserve the opportunity to participate in the country's workforce and economy and we are proud to be able to play our role therein.

Ethics

Since listing on the Johannesburg Stock Exchange 14 years ago, we have consistently worked on improving our ethical governance and compliance. The Group appointed a dedicated compliance officer in the previous reporting period, embracing new regulations and legislative requirements. We consistently improve our transformation and skills equity, understanding that ethics in the modern corporate reality is a journey and not a destination. The Group's ethical framework becomes more embedded for improvement each year.

The Board experienced no resignations this year and we welcomed two new Independent Non-executive Directors in FY2021, namely, Lazarus Zim and Nomavuso Mnxasana. These additional appointments have broadened the Board's diversity profile, introduced new skills and drive transformation, thereby continuing our Board restructuring process announced last year, in line with our orderly succession plan. There is a delicate balance between

safeguarding institutional knowledge and experience and ensuring that the Board is reinvigorated by independent newcomers. We are grateful to Lazarus and Nomavuso for committing to guide Blue Label Telecoms in this regard.

Cybersecurity

As the ability to track and analyse 'connected consumers' becomes more sophisticated, a need to manage and protect personal information becomes essential. Consumers and regulators have become increasingly concerned about the security of personal data and how it is being utilised. The Protection of Personal Information Act (POPIA) came into effect on 1 July 2021 and the Cybercrime and Cybersecurity Bill has been promulgated. Such legislation introduces several provisions aimed at protecting data subjects from data breaches. Respecting customer privacy and protecting devices, networks, data, and applications remains a top priority. We adhere to the requirements of the Cybercrimes Act and accordingly, our cyber-defence team is in place to reduce the risks of cyberattacks, underpinned by specialised investigations and analytics consistent with global baselines for security monitoring.

Cell C

The restructuring of Cell C is in progress and, as previously communicated, it remains focused on its turnaround strategy which includes ensuring operational efficiencies, the restructuring of its balance sheet, implementing a revised network strategy and improving overall liquidity. Cell C had been in default on its bonds and loans since 2019, and the Board supports the recapitalisation to restore investment value. Discussions with all lenders and creditors on possible resolutions have been ongoing since 2019, during which time we simultaneously considered various capital raising options.

Notwithstanding liquidity constraints, the management team at Cell C was able to implement their revised go-to-market strategy, resulting in a marked improvement of Cell C's financial performance over the past year. On 26 August 2021, we announced the signing of funding term sheets with RMB, Investec and other financiers in order to provide the necessary capital required to recapitalise Cell C. Such funding is subject to various conditions to be fulfilled. We hope to make a more substantive announcement in due course.

In the interim, Cell C continues to optimise operational efficiencies and other initiatives to improve liquidity. Its recently concluded financial year laid the foundation for a restructured operating model, and the Company is reaping the benefits thereon. Earnings are up, profit margins are stabilising, and there is a single-minded focus on cost management. We are assisting to rebuild a reimagined Cell C that creates value for all its stakeholders. One of the highlights during the year was the implementation of Project Boston in which a roaming agreement with Vodacom was concluded in November 2020 which is aligned to Cell C's revised network strategy, aimed at managing capacity in a more scalable and cost-efficient manner. Contract and broadband customers will be transitioned on a piecemeal basis to roam on the Vodacom network. The strategic vision is to differentiate Cell C by focusing on innovative products and services without incurring intensive capital expenditure on infrastructure. This creates more flexibility and capacity to deliver an optimal quality of service to its current and future customers.

Appreciation

I would like to thank my colleagues on the Board for their continued dedication and direction.

On behalf of the Board, I also congratulate Mark and Brett Levy and their team, as well as every employee of Blue Label, for their resilience and hard work as we navigated a full year of COVID-19. On behalf of the Board, we pledge our continued support as the Blue Label workforce enters undoubtedly another challenging year. I am confident that you will all again rise magnificently to the occasion.



Larry Nestadt

Independent Non-executive Chairman

27 September 2021



Highlights

A snapshot overview of Blue Label's performance for the year ended 31 May 2021:

Revenue of **R18.8 billion***

Gross profit of **R2.38 billion**
(2020: R2.12 billion)

Interest-bearing borrowings
reduced to **R1.7 billion**
(2020: R2.3 billion)

Net cash generated from
operating activities of
R1.5 billion
(2020: R1.3 billion)

Increase in gross profit margin
from **10.05% to 12.66%**

Core headline earnings of
89.65 cents per share**
(2020: 62.71 cents per share)

Headline earnings of
86.16 cents per share
(2020: 58.16 cents per share)

* On inclusion of the gross amount generated on "PINless top-ups", prepaid electricity, ticketing and gaming, the effective increase equated to 10% from R59.9 billion to R66.0 billion.

** On exclusion of non-recurring income of R47 million in the current year and extraneous costs of R163 million in the prior year, core headline earnings per share from continuing operations increased by 16% to 81.50 cents per share compared to 70.54 cents per share in the prior year.

Commentary

The Group continues to increase market share and bolster its product and services mix to defend and grow its positions in the market.

Group results

Core headline earnings for the year ended 31 May 2021 amounted to R788 million, equating to core headline earnings of 89.65 cents per share, of which R763 million related to continuing operations and R25 million to discontinued operations.

Core headline earnings for the prior year amounted to R562 million, equating to 62.71 cents per share, of which R469 million related to continuing operations and R93 million to discontinued operations.

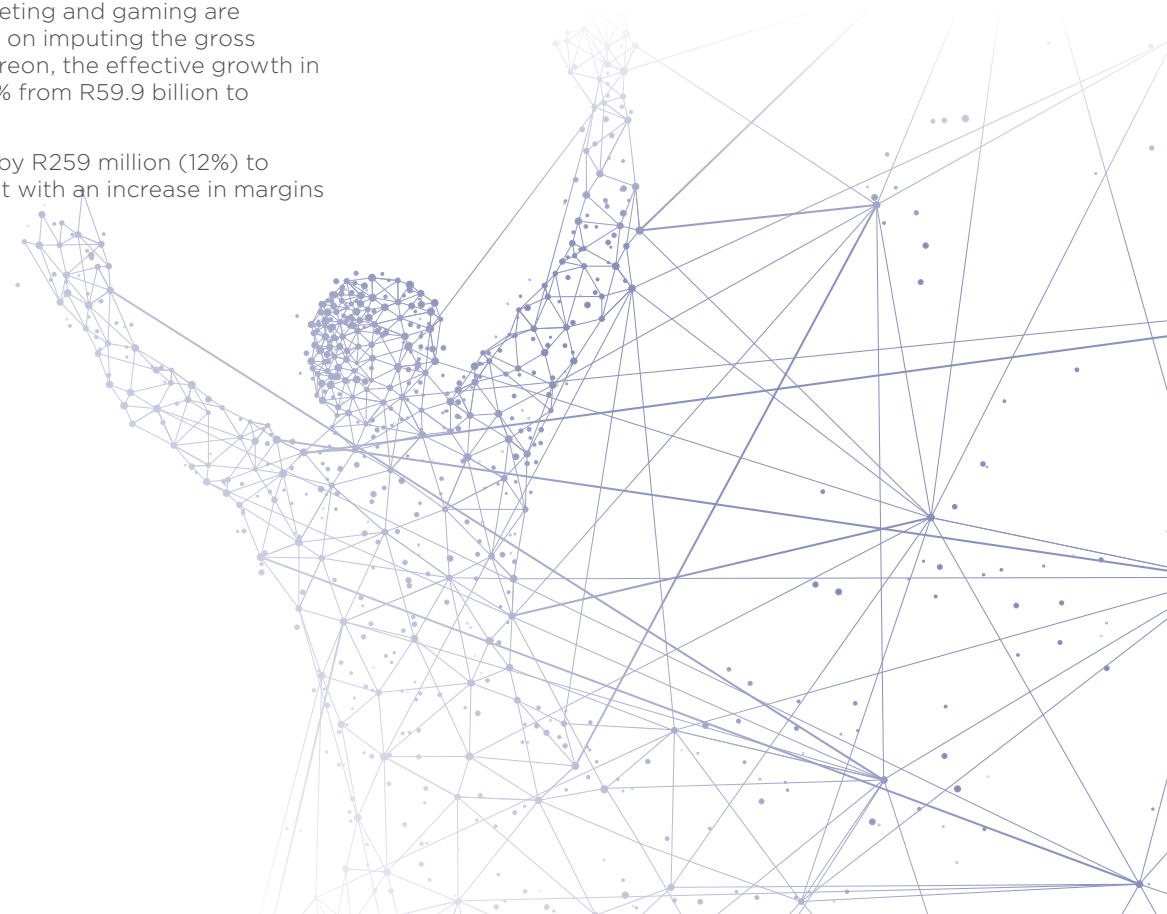
On exclusion of non-recurring income of R47 million in the current year and extraneous costs of R163 million in the prior year, as illustrated in the tables on the following page, core headline earnings from continued operations increased by R84 million from R632 million to R716 million. On exclusion of the items noted in the tables on the following page, core headline earnings per share from continuing operations increased by 16% from 70.54 cents per share in the prior year to 81.50 cents per share.

On exclusion of non-recurring income and extraneous costs in both the current and prior year, earnings per share and headline earnings per share from continued operations increased by 15% to 77.31 cents per share and 17% to 78.01 cents per share respectively.

The financial results of WiConnect in the current year of R25 million, as well as those of Blue Label Mobile, the Handset division of 3G Mobile and WiConnect, totalling R93 million in the prior year, are disclosed in core headline earnings from discontinued operations and are not included in the continuing operations' revenue, gross profit, earnings before interest, tax, depreciation and amortisation (EBITDA), and net profit after taxation.

Revenue generated by the continuing operations within the Group declined by 11% to R18.8 billion. As only the gross profit earned on PINless top-ups, prepaid electricity, ticketing and gaming are recognised as revenue, on imputing the gross revenue generated thereon, the effective growth in revenue equated to 10% from R59.9 billion to R66.0 billion.

Gross profit increased by R259 million (12%) to R2.38 billion, congruent with an increase in margins from 10.05% to 12.66%.



Commentary continued

Group income statement

	Group May 2021 R'000	Extraneous income* May 2021 R'000	Remaining May 2021 R'000	Group May 2020 R'000	Extraneous costs** May 2020 R'000	Remaining May 2020 R'000	Growth remaining R'000	Growth remaining %
Revenue	18 821 290	—	18 821 290	21 135 326	—	21 135 326	(2 314 036)	(11)
Gross profit	2 383 254	—	2 383 254	2 124 611	—	2 124 611	258 643	12
EBITDA	1 360 273	131 777	1 228 496	825 364	(387 754)	1 213 118	15 378	1
Share of profits/(losses) from associates and joint ventures	2 951	(6 554)	9 505	16 598	—	16 598	(7 093)	(43)
– Blue Label Mexico	(6 554)	(6 554)	—	(5 806)	—	(5 806)	5 806	100
– Other	9 505	—	9 505	22 404	—	22 404	(12 899)	(58)
Net profit/(loss) from continuing operations	805 286	126 175	679 111	226 786	(376 824)	603 610	75 501	13
Core headline earnings	787 580	71 663	715 917	562 132	(209 979)	772 111	(56 194)	(7)
– From continuing operations	762 599	46 682	715 917	469 113	(163 240)	632 353	83 564	13
– From discontinued operations	24 981	24 981	—	93 019	(46 739)	139 758	(139 758)	(100)
Gross profit margin (%)	12.66		12.66	10.05		10.05		
EBITDA margin (%)	7.23		6.53	3.91		5.74		
Weighted average shares ('000)	878 463		878 463	896 409		896 409		
Share performance from continuing operations								
EPS (cents)	91.67		77.31	25.30		67.34	9.97	15
HEPS (cents)	83.32		78.01	48.73		66.93	11.08	17
Core HEPS (cents)	86.81		81.50	52.33		70.54	10.96	16

- * The predominant positive contributions to Group earnings in the current year were attributable to:
- realised foreign exchange gain on the USD20 million liquidity support provided to SPV2⁽¹⁾;
 - partial recoupment of losses by the Retail division as a result of the closure of the WiConnect stores in the prior year⁽²⁾; and
 - once-off income, including the disposal of the Group's interest in Blue Label Mexico⁽³⁾.

	Extraneous income* May 2021 R'000	Fair value movements ⁽¹⁾ May 2021 R'000	WiConnect ⁽²⁾ May 2021 R'000	Once-offs ⁽³⁾ May 2021 R'000
EBITDA	131 777	16 009	—	115 768
Net profit from continuing operations	126 175	16 961	—	109 214
Core headline earnings	71 663	16 961	24 981	29 721
- From continuing operations	46 682	16 961	—	29 721
- From discontinued operations	24 981	—	24 981	—

- ** The predominant negative contributions to Group earnings in the prior year were attributable to:
- Fair value downward adjustments of the Glozell loan and an unrealised foreign exchange loss on the USD20 million liquidity support provided to SPV2⁽⁴⁾;
 - Impairments of goodwill relating to Blue Label Connect and a partial impairment relating to Glozell Distribution⁽⁵⁾;
 - Extraneous expenditure within the Retail division as a result of the closure of the WiConnect stores⁽⁶⁾; and
 - Once-off expenditure and income⁽⁷⁾.

	Extraneous costs May 2020 R'000	Fair value movements ⁽⁴⁾ May 2020 R'000	Impairments ⁽⁵⁾ May 2020 R'000	WiConnect ⁽⁶⁾ May 2020 R'000	Once-offs ⁽⁷⁾ May 2020 R'000
EBITDA	(387 754)	(115 065)	(213 584)	—	(59 105)
Net profit from continuing operations	(376 824)	(96 481)	(213 584)	—	(66 759)
Core headline earnings	(209 979)	(96 481)	—	(183 773)	70 275
- From continuing operations	(163 240)	(96 481)	—	—	(66 759)
- From discontinued operations	(46 739)	—	—	(183 773)	137 034

Commentary continued

On exclusion of the above non-recurring income of R132 million in the current year and extraneous costs of R388 million in the prior year, EBITDA increased by R15 million from R1.21 billion to R1.23 billion.

The anticipated increase in overheads, which included costs attributable to additional headcount and expenditure incurred in order to enhance IT Infrastructure, to escalate the quantum of distribution channels, to enhance capacity in the Customer Interaction Centre and implement value added services (VAS) and financial service strategies, contributed to the limited increase in EBITDA.

The Blue Label Group generated positive cash flows from its trading operations for the year ended 31 May 2021.

Segmental report Africa distribution

	May 2021 R'000	Extraneous costs ^(1,2) May 2021 R'000	Remaining May 2021 R'000	May 2020 R'000	Extraneous costs ^(4,5,6) May 2020 R'000	Remaining May 2020 R'000	Growth remaining R'000	Growth remaining %
Revenue	18 641 531	—	18 641 531	20 946 222	—	20 946 222	(2 304 691)	(11)
Gross profit	2 333 768	—	2 333 768	2 066 476	—	2 066 476	267 292	13
EBITDA	1 374 735	16 009	1 358 726	931 175	(328 649)	1 259 824	98 902	8
Net profit from continuing operations	820 819	16 961	803 858	375 952	(310 065)	686 017	117 841	17
Core headline earnings	880 662	41 942	838 720	522 976	(280 254)	803 230	35 490	4
– From continuing operations	855 681	16 961	838 720	616 564	(96 481)	713 045	125 675	18
– From discontinued operations	24 981	24 981	—	(93 588)	(183 773)	90 185	(90 185)	(100)
Gross profit margin (%)	12.52		12.52	9.87		9.87		
EBITDA margin (%)	7.37		7.29	4.45		6.01		

Refer to page 07 for footnotes (1) to (6).

Revenue generated by the continuing operations within the segment declined by 11% from R20.9 billion to R18.6 billion. As only the gross profit earned on PINless top-ups, prepaid electricity, ticketing and gaming are recognised as revenue, on imputing the gross revenue generated thereon, the effective growth in revenue equated to 10% from R59.7 billion to R65.8 billion.

The Group continues to increase market share and bolster its product and services mix to defend and grow its positions in the market. Gross revenue generated on PINless top-ups increased by R4.2 billion (28%) from R15.0 billion to R19.2 billion.

Net commissions earned on the distribution of prepaid electricity amounted to R282 million. Revenue generated on behalf of the utilities increased by 18% from R22.7 billion to R26.7 billion.

Gross profit increased by R267 million (13%) to R2.33 billion, congruent with an increase in margins from 9.87% to 12.52%.

EBITDA in the current year included non-recurring income of R16 million attributable to the realised foreign exchange gain on the USD20 million SPV2 liquidity support. Extraneous costs in the prior year of R329 million comprised a fair value downward adjustment, an unrealised foreign exchange loss on the USD20 million SPV2 liquidity support, and impairments of goodwill.

On exclusion of the above non-recurring income and extraneous costs, and despite an anticipated increase in overheads of R127 million, EBITDA increased by R99 million (8%) from R1.26 billion to R1.36 billion.

Core headline earnings from continuing operations of R856 million included the non-recurring income of R17 million pertaining to foreign exchange gains on the USD20 million liquidity support provided to SPV2. The prior year core headline earnings from continuing operations of R617 million included the fair value downward adjustment, net of taxation, to the Glocell loan of R47 million and an unrealised foreign exchange loss on the USD20 million SPV2 liquidity support of R49 million.

On exclusion of the above non-recurring income in the current year and extraneous costs in the prior year, core headline earnings from continuing operations increased by R126 million (18%) from R713 million to R839 million.

Solutions

This segment comprises Datacel, Blue Label Data Solutions (BLDS), the data aggregation and lead generation entity in which the Group owns 81%, and a 50% joint venture shareholding owned by BLDS in I Talk Holdings and I Talk Financial Services, outbound call centre operations.

	May 2021 R'000	May 2020 R'000	Growth remaining R'000	Growth remaining %
Revenue	179 759	189 104	(9 345)	(5)
Gross profit	49 486	58 135	(8 649)	(15)
EBITDA	16 746	40 330	(23 584)	(58)
Share of profits from associates and joint ventures	5 722	19 769	(14 047)	(71)
Core headline earnings	21 411	40 910	(19 499)	(48)
Gross profit margin (%)	27.53	30.74		
EBITDA margin (%)	9.32	21.33		

The decline in revenue of 5% to R180 million was attributable to lower demand for aggregated data and lead generations as a result of COVID-19, which negatively impacted the call centre operations.

Gross profit decreased by R9 million (15%) from R58 million to R49 million, congruent with the decline in revenue and margins from 30.74% to 27.53%.

Overheads increased by R15 million primarily attributable to new learnership initiatives, whereby the benefit of is realised by way of income tax savings as a result of the section 12H allowances being claimed for such learnerships. EBITDA declined by R24 million to R17 million.

Of the core headline earnings of R21 million, BLDS accounted for R16 million. I Talk Holdings and I Talk Financial Services generated earnings of R11.5 million, of which the Group's share thereof amounted to R4.6 million. Of the core headline earnings of R41 million in the prior year, BLDS accounted for R24 million. I Talk Holdings generated earnings of R39.6 million, and which the Group's share thereof amounted to R16 million.

Commentary continued

Corporate

	May 2021 R'000	Extraneous income May 2021 R'000	Remaining May 2021 R'000	May 2020 R'000	Extraneous costs May 2020 R'000	Remaining May 2020 R'000	Growth remaining R'000	Growth remaining %
EBITDA	(82 033)	43 151	(125 184)	(165 615)	(61 865)	(103 750)	(21 434)	(21)
Net loss from continuing operations	(104 965)	43 151	(148 116)	(196 150)	(69 519)	(126 631)	(21 485)	(17)
Core headline earnings	(103 021)	43 151	(146 172)	(196 150)	(69 519)	(126 631)	(19 541)	(15)

On exclusion of the non-recurring income in the current year and extraneous costs in the prior year pertaining to the liability relating to financial guarantee contracts, the foreign exchange movements in the Oxigen India Group and the accounting implications of the put option for the acquisition of the remaining 40% minority share of Airvantage and AV Technology, the negative contribution to Group core headline earnings increased by R20 million to R146 million. This increase was primarily attributable to management bonuses being accrued in the current year against a zero base in the prior year.

Depreciation and amortisation

Depreciation, amortisation and impairment charges on continuing operations decreased by R0.5 million to R189 million. Of the latter amount, R65 million (2020: R55 million) pertained to depreciation on additional capital expenditure incurred during the year, R29 million (2020: R32 million) to depreciation raised in terms of IFRS 16 – Leases, R6 million (2020: R7 million) to impairments and R88 million (2020: R94 million) to the amortisation of intangible assets of which R43 million (2020: R43 million) emanated from purchase price allocations on historical acquisitions.

Net finance costs

Finance costs totalled R132 million comprising interest paid on borrowed funds of R117 million and R9 million on the unwinding on the lease liability in terms of IFRS 16. On a comparative basis, finance costs amounted to R230 million, comprising interest paid on borrowed funds of R203 million, R12 million on the unwinding on the lease liability in terms of IFRS 16 and R8 million on an imputed IFRS interest adjustment.

Finance income totalled R60 million, of which R51 million was for interest received on cash resources and R4 million on loans granted. In the prior year, interest received on cash resources amounted to R63 million, interest on loans granted amounted to R7 million, and the imputed IFRS interest adjustment on credit afforded to customers to R3 million.

Statement of financial position

Total assets increased by R1.1 billion to R11.5 billion, of which non-current assets accounted for R0.5 billion and current assets for R0.6 billion.

Non-current assets included increases in intangible assets and goodwill of R518 million, advances to customers of R121 million and other receivables of R22 million. These increases were offset by decreases in investments in and loans to associates and joint ventures of R134.5 million, financial assets

at fair value through profit and loss of R29.5 million, capital expenditure net of depreciation of R4.5 million and right-of-use assets of R29 million.

Of the net increase in intangible assets and goodwill of R518 million, additions to intangible assets amounted to R693 million offset by amortisation of R170 million and disposals of R4 million. Of the total additions to intangible assets, R545 million relates to costs borne by the Group in terms of a subscription income sharing arrangement and R111 million to subscriber acquisition costs.

The net decrease of R134.5 million in investments in and loans to associates and joint ventures comprised the Group's net share of profits totalling R3 million, acquisition of an associate of R5.5 million, net loan increases of R7.4 million, offset by disposal of R127.5 million primarily relating to Blue Label Mexico, its share of the movements in the foreign currency translation reserve amounting to R8.8 million and dividends received of R14 million.

The material net increase in current assets included increases in inventory of R389 million and cash and cash equivalents of R402 million, offset by decreases in trade and other receivables of R178 million.

The stock turn from continuing operations equated to 22 days compared to 11 days for the financial year ended 31 May 2020.

The debtor's collection period from continuing operations increased to 59 days compared to 57 days for the financial year ended 31 May 2020.

Net profit attributable to equity holders amounted to R831 million, contributing to accumulated capital and reserves of R3.2 billion.

Current liabilities increased by R320 million, comprising an increase in trade and other payables of R1.4 billion. This increase was offset by decreases in financial liabilities at fair value of R366 million, financial guarantee contracts of R95 million and borrowings of R612 million. Average credit terms from continuing operations equating to 116 days compared to 94 days for the financial year ended 31 May 2021.

The decrease in financial liabilities at fair value was primarily due to the liquidity support payment of R331 million (USD20 million) to SPV2 and a foreign exchange movement of R19 million thereon. The decrease in financial guarantee contracts of R95 million was largely due to a settlement of a corporate guarantee of R54 million on behalf of Oxigen Services India, a reduction in the Group's obligations relating thereto amounting to R25 million and foreign exchange movements of R9 million thereon.

Statement of cash flows

Cash generated from trading operations totalled R1.7 billion. Working capital movements comprised an increase in trade payables of R765 million, an increase in advances to customers of R130 million and an increase in inventory of R391 million, offset by a decrease in trade receivables of R172 million. After incurring net finance costs and taxation, net cash generated from operating activities amounted to R1.5 billion.

Net cash flows utilised in investing activities amounted to R246 million, primarily attributable to the liquidity support payment of R331 million (USD20 million) to SPV2, the purchase of intangible assets of R37 million, capital expenditure of R71 million and net loans granted of R20 million. This was offset by cash inflows from the proceeds on disposal of Blue Label Mexico of R191 million, proceeds on disposal of capital assets of R8 million and dividends received from a joint venture of R14 million.

Cash flows utilised in financing activities amounted to R820 million, of which R613 million related to the net decrease in borrowings, R57 million to dividend payments to non-controlling interests, R50 million to lease payments, R54 million to the settlement of a financial guarantee and R44 million to treasury shares acquired.

Cash and cash equivalents accumulated to R2.4 billion at 31 May 2021.

Subsequent events

Glocell Distribution Proprietary Limited

On 29 June 2021, The Prepaid Company acquired the remaining 52% shareholding in Glocell Distribution for a total purchase consideration of R137 million, of which R126 million was discharged by way of a conversion of debt owing by Glocell Proprietary Limited, the owners of 40% of the Company, to The Prepaid Company.

The balance of 12% was acquired by The Prepaid Company for R11 million. Over and above the cost of acquisition of 52% of Glocell Distribution by The Prepaid Company, the latter assumed Glocell Proprietary Limited's obligation of R105 million to Investec Bank Limited.

Banking facilities

Subsequent to year-end, The Prepaid Company renegotiated a further extension of its Investec facility to 30 September 2022, whereby the facility of R1.45 billion was increased by R105 million relating to the Glocell Proprietary Limited facility as referred to above. From December 2021, the exposure to Investec is required to be reduced by R50 million per month, with the balance owing to be no more than R1 billion.

As at 31 May 2021 the Investec facility is disclosed as current borrowings, as the extension to 30 September 2022 was only granted in August 2021.

In August 2021, CEC entered into a debt funding agreement with Investec. Its mezzanine facility with Investec was due to expire on 31 August 2021 but has been extended to 31 March 2022.

As at 31 May 2021 CEC's debt facility was disclosed as current borrowings, as the extension to 31 March 2022 was only granted in August 2021.

Airvantage and AV Technology put obligations

In October 2020, the minority shareholders of Airvantage Proprietary Limited (Airvantage) and AV Technology Limited (AV Tech) exercised their rights to put their 40% shareholding therein to Blue Label Telecoms (BLT), in line with the initial agreements that were concluded between the parties in 2017. The purchase consideration under the put options, as determined by the parties in December 2020, for the 40% shareholdings in Airvantage and AV Tech, amounted to R152 million and USD4.6 million respectively (purchase price).

Commentary continued

In February 2021, the parties concluded an agreement legislating for a deferral of the purchase price payable to the minority shareholders of Airvantage and the minority shareholder of AV Tech from 31 December 2020 to 31 March 2021, with subsequent extensions being granted, payable in six equal monthly instalments, inclusive of interest, commencing on 30 November 2021.

If Cell C Limited is able to pass a solvency and liquidity test, the primary obligation in respect of the put options can be transferred to Digital Ecosystems Proprietary Limited (DE), formerly Blue Label Mobile Proprietary Limited, in terms of the agreement concluded with it in September 2019.

An agreement between BLT and DE was reached in August 2021, whereby the parties agreed that BLT's primary obligations to the minority shareholders will be transferred to DE ahead of any Cell C test in respect of its solvency and liquidity. This agreement is subject to the fulfilment of certain conditions precedent.

If, however, Cell C is unable to pass the solvency and liquidity test in the future, the primary obligation in respect of the put options may revert back to BLT.

Recapitalisation facility

On 26 August 2021, The Prepaid Company Proprietary Limited, a wholly owned subsidiary of Blue Label and a shareholder of 45% of the issued share capital of Cell C Limited, has concluded a term sheet for an Airtime Purchase transaction with Investec Bank Limited, First Rand Bank Limited (acting through its Rand Merchant Bank division) and other financiers, the proceeds of which are intended to be utilised for the recapitalisation of Cell C. This arrangement is subject to the conclusion of all legal documentation and fulfilment of all condition's precedent under such legal documentation.

Dividend

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

Appreciation

We are thankful to all our staff members who have adapted to new ways of working during these unprecedented times and continue to contribute to the Group's performance. The Board of Blue Label wishes to express its appreciation to its suppliers, customers and business partners for their continued support and commitment to the Group.

LM Nestadt

Chairman

BM Levy and MS Levy

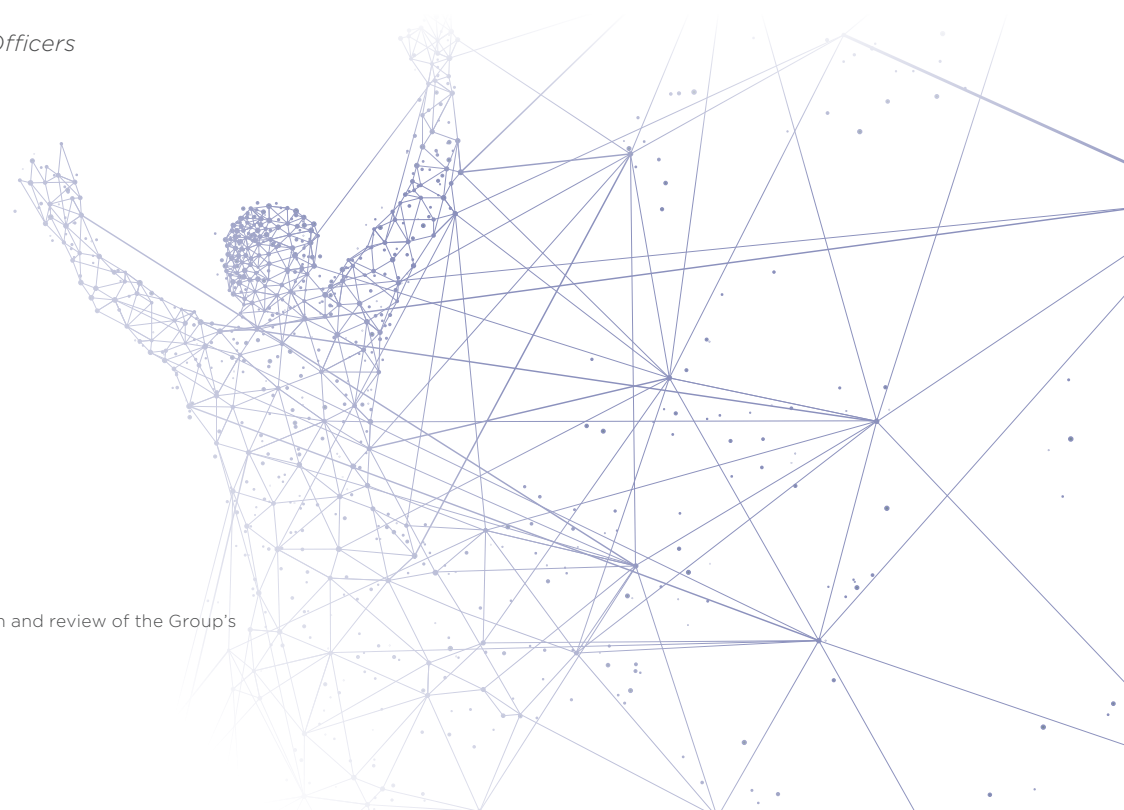
Joint Chief Executive Officers

DA Suntup* CA(SA)

Financial Director

26 August 2021

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



Independent auditor's report on the summary consolidated financial statements

To the shareholders of Blue Label Telecoms Limited

Opinion

The summary consolidated financial statements of Blue Label Telecoms Limited, contained in the accompanying provisional report, which comprise the summarised group statement of financial position as at 31 May 2021, the summarised group income statement, summarised group statements of comprehensive income changes in equity and cash flows for the year then ended, and related notes, are derived from the audited consolidated financial statements of Blue Label Telecoms Limited for the year ended 31 May 2021.

In our opinion, the accompanying summary consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements, in accordance with the requirements of the JSE Limited Listings Requirements for provisional reports, as set out in the Basis of preparation section in the summary consolidated financial statements, and the requirements of the Companies Act of South Africa as applicable to summary financial statements.

Summary consolidated financial statements

The summary consolidated financial statements do not contain all the disclosures required by International Financial Reporting Standards and the requirements of the Companies Act of South Africa as applicable to annual financial statements. Reading the summary consolidated financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited consolidated financial statements and the auditor's report thereon.

The audited consolidated financial statements and our report thereon

We expressed a qualified audit opinion on the audited consolidated financial statements in our report dated 26 August 2021. That report also includes communication of 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.

The basis for the qualified audit opinion was an inability to obtain sufficient appropriate audit evidence to support the use of the going concern assumption in the current and prior years at the Group's equity-accounted associate, Cell C Limited (Cell C), due to the restructuring of the operations and capital structure of Cell C still being in progress and the outcome thereof remaining uncertain as at the date of this audit report. This matter only impacts the note disclosure in the audited consolidated financial statements, and has no impact on the summary consolidated financial statements.

Director's responsibility for the summary consolidated financial statements

The directors are responsible for the preparation of the summary consolidated financial statements in accordance with the requirements of the JSE Limited Listings Requirements for provisional reports, set out in the basis of preparation section in the summary consolidated financial statements, and the requirements of the Companies Act of South Africa as applicable to summary financial statements.

Auditor's responsibility

Our responsibility is to express an opinion on whether the summary consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810 (Revised), Engagements to Report on Summary Financial Statements.



PricewaterhouseCoopers Inc.

Director: Pietro Calicchio

Registered Auditor

Johannesburg, South Africa

26 August 2021

Summarised Group income statement

for the year ended 31 May 2021

	2021 R'000	2020 R'000
Continuing operations		
Revenue	18 438 662	20 756 487
Finance revenue	382 628	378 839
Total revenue	18 821 290	21 135 326
Other income	103 684	105 273
Direct operating costs*	(16 378 665)	(18 866 243)
Finance costs incurred in the generation of revenue	(59 371)	(144 472)
Employee compensation and benefit expense	(637 387)	(512 647)
Depreciation and amortisation	(188 883)	(189 314)
Impairments and fair value movements	7 795	(364 233)
Bad debts and expected credit loss	11 900	(116 332)
Other expenses	(508 973)	(411 308)
Operating profit	1 171 390	636 050
Finance costs	(131 947)	(229 988)
Finance income	59 717	78 175
Share of gains from associates and joint ventures	2 951	16 598
Profit before taxation	1 102 111	500 835
Taxation	(249 416)	(219 752)
Profit after taxation from continuing operations	852 695	281 083
Profit/(loss) from discontinued operations	25 321	(61 976)
Profit for the year	878 016	219 107
Profit for the year from continuing operations attributable to:		
Equity holders of the parent	805 286	226 786
Non-controlling interest	47 409	54 297
Profit/(loss) for the year from discontinued operations attributable to:		
Equity holders of the parent	25 321	(102 305)
Non-controlling interest	—	40 329
Earnings per share for profit/(loss) attributable to:		
Equity holders (cents)		
– Basic	94.55	13.89
– Diluted	91.36	13.89

* Direct operating expenses 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.

Summarised Group statement of comprehensive income

for the year ended 31 May 2021

	2021 R'000	2020 R'000
Net profit for the year	878 016	219 107
Other comprehensive income:		
Items reclassified to profit or loss		
Foreign currency translation reserve reclassified to profit or loss*	(52 538)	(53 535)
Loss arising on changes in fair value of hedging instruments (ineffective portion)**	(45)	—
Loss on hedging instruments reclassified to profit or loss (effective portion)**	(1 001)	—
Income tax related to amounts reclassified to profit or loss	293	—
Items that may be subsequently reclassified to profit or loss		
Foreign exchange (loss)/profit on translation of associates and joint ventures*	(8 826)	19 091
Foreign exchange profit on translation of foreign operations*	—	36 089
Gain arising on changes in fair value of hedging instruments (effective portion)	7 751	—
Income tax related to gains recognised in other comprehensive income	(2 170)	—
Other comprehensive (loss)/income for the year, net of tax	(56 536)	1 645
Total comprehensive income for the year	821 480	220 752
Total comprehensive income for the year attributable to:		
Equity holders of the parent	774 071	113 031
Non-controlling interest	47 409	107 721
Total comprehensive income/(loss) for the year attributable to equity holders of the parent arises from:	774 071	113 031
Continuing operations	748 750	247 406
Discontinued operations	25 321	(134 375)

* These components of other comprehensive income do not attract any tax.

** These items are included in finance costs.

Summarised Group statement of financial position

as at 31 May 2021

	31 May 2021 R'000	31 May 2020 R'000
ASSETS		
Non-current assets	2 821 283	2 357 620
Property, plant and equipment	194 193	198 688
Right-of-use assets	58 746	87 852
Intangible assets	1 051 627	533 853
Goodwill	681 754	681 243
Investments in and loans to associates and joint ventures	62 996	197 455
Loans receivable	44 232	36 516
Advances to customers	570 456	449 825
Financial assets at fair value through profit or loss	75 342	104 829
Financial assets at fair value through other comprehensive income	6 915	—
Deferred taxation assets	75 022	67 359
Current assets	8 629 196	7 996 086
Loans to associate	15 369	9 488
Inventories	965 946	576 950
Loans receivable	25 572	35 604
Trade and other receivables	3 752 019	3 929 743
Advances to customers	1 241 832	1 232 250
Financial asset at fair value through profit and loss	143 797	144 709
Current tax assets	67 336	52 425
Cash and cash equivalents	2 417 325	2 014 917
Total assets	11 450 479	10 353 706
EQUITY AND LIABILITIES		
Capital and reserves	3 233 348	2 485 117
Issued share capital and premium	7 543 436	7 573 586
Other reserves	(2 732 783)	(2 689 960)
Retained earnings	(1 612 386)	(2 442 993)
Total ordinary shareholders' equity	3 198 267	2 440 633
Non-controlling interest	35 081	44 484
Non-current liabilities	237 563	208 689
Deferred taxation liabilities	194 520	124 990
Non-current lease liability	40 265	80 921
Borrowings	2 778	2 778
Current liabilities	7 979 568	7 659 900
Trade and other payables	6 052 849	4 611 643
Lease liability	32 860	60 202
Financial guarantee contracts	105 621	201 474
Provisions	500	29 534
Financial liabilities at fair value through profit and loss	68 742	435 086
Current tax liabilities	14 504	5 386
Borrowings	1 704 374	2 316 383
Bank overdraft	118	192
Total equity and liabilities	11 450 479	10 353 706

Summarised Group statement of changes in equity

for the year ended 31 May 2021

	Issued share capital and premium R'000	Retained earnings R'000	Other reserves R'000	Total ordinary shareholders' equity R'000	Non-controlling interest R'000	Total equity R'000
Balance as at 1 June 2019	7 599 016	(2 405 031)	(2 824 740)	2 369 245	122 317	2 491 562
Net profit for the year	—	124 481	—	124 481	94 626	219 107
Other comprehensive income/(loss)	—	—	(11 450)	(11 450)	13 095	1 645
Total comprehensive income/(loss)	—	124 481	(11 450)	113 031	107 721	220 752
Treasury shares purchased	(46 352)	—	—	(46 352)	—	(46 352)
Equity compensation benefit scheme shares vested	20 922	—	(20 582)	340	(340)	—
Equity compensation benefit movement	—	(7 093)	16 332	9 239	119	9 358
Transaction with non-controlling interest reserve movement*	—	(156 750)	156 750	—	—	—
Non-controlling interest acquired	—	—	(18 105)	(18 105)	17 590	(515)
Blue Label Mobile restructure	—	—	13 235	13 235	21 200	34 435
Non-controlling interest disposed of	—	—	—	—	(156 654)	(156 654)
Share-based payment reserve recycled to retained earnings	—	1 400	(1 400)	—	—	—
Dividends paid	—	—	—	—	(67 469)	(67 469)
Balance as at 31 May 2020	7 573 586	(2 442 993)	(2 689 960)	2 440 633	44 484	2 485 117
Net profit for the year	—	830 607	—	830 607	47 409	878 016
Other comprehensive loss	—	—	(56 536)	(56 536)	—	(56 536)
Total comprehensive income/(loss)	—	830 607	(56 536)	774 071	47 409	821 480
Treasury shares purchased	(43 924)	—	—	(43 924)	—	(43 924)
Equity compensation benefit scheme shares vested	13 774	—	(13 471)	303	(303)	—
Equity compensation benefit movement	—	—	27 184	27 184	639	27 823
Dividends paid	—	—	—	—	(57 148)	(57 148)
Balance as at 31 May 2021	7 543 436	(1 612 386)	(2 732 783)	3 198 267	35 081	3 233 348

* The majority of this amount relates to the derecognition of the transaction with non-controlling interest reserve on the effective date of the VAS Operations disposal. Refer to the note on discontinued operations.

Summarised Group statement of cash flows

for the year ended 31 May 2021

	2021 R'000	2020 R'000
Cash flows from operating activities		
Cash received from customers	18 988 312	23 539 462
Cash paid to suppliers, financiers and employees	(17 248 453)	(21 836 971)
Cash generated by operations	1 739 859	1 702 491
Interest received	59 719	93 053
Interest paid	(126 780)	(214 166)
Taxation paid	(204 756)	(324 553)
Net cash generated from operating activities	1 468 042	1 256 825
Cash flows from investing activities		
Acquisition of intangible assets*	(36 704)	(31 093)
Proceeds on disposal of intangible assets	4 301	19 038
Acquisition of property, plant and equipment	(71 214)	(139 430)
Proceeds on disposal of property, plant and equipment	4 115	15 150
Acquisition of subsidiary, net of cash acquired	83	206
Proceeds from disposal of shares in subsidiary, net of cash disposed	—	698 335
Proceeds from disposal of shares in joint ventures	190 555	—
Liquidity support granted	(331 000)	—
Loans advanced to associates and joint ventures	(52 259)	(5 369)
Loans repaid by associates and joint ventures	39 204	17 888
Dividend received from associate and joint venture	14 000	6 100
Loans granted	(74 274)	(185 635)
Loans receivable repaid	67 520	58 430
Net cash (utilised in)/generated by investing activities	(245 673)	453 620
Cash flows from financing activities		
Interest-bearing borrowings raised	152 007	31 487
Interest-bearing borrowings repaid	(751 053)	(911 836)
Non-interest-bearing borrowings raised	270	170
Non-interest-bearing borrowings repaid	(13 959)	(22 094)
Proceeds from dilution of shares in subsidiary**	—	34 435
Principal lease repayments	(49 900)	(53 210)
Settlement of financial guarantee	(53 285)	(44 190)
Settlement of forward exchange contracts	(2 895)	—
Acquisition of treasury shares	(43 924)	(46 352)
Dividends paid to non-controlling interest	(57 148)	(67 469)
Net cash utilised in financing activities	(819 887)	(1 079 059)
Net increase in cash and cash equivalents	402 482	631 386
Cash and cash equivalents at the beginning of the year	2 014 725	1 377 753
Exchange gains on cash and cash equivalents	—	5 586
Cash and cash equivalents at the end of the year	2 417 207	2 014 725

* Significant non-cash transactions amounting to R656 million during the 2021 financial year comprise the additions to the subscription income sharing arrangement and the subscriber acquisition costs. Refer to note 4.2 in the Group annual financial statements. Payments are expected to be made during the 2022 financial year and will be presented as cash flows from investing activities.

** This relates to Malik Investment Holdings Proprietary Limited's subscription for a further 4.51% in Blue Label Mobile Holdings Proprietary Limited. Refer to the note on discontinued operations.

Refer to the note on discontinued operations for the cash flows included above that relate solely to discontinued operations.

Share performance

for the year ended 31 May 2021

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 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.

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

	Total				Continuing operations				Discontinued operations			
	Attributable earnings		Cents per share		Attributable earnings		Cents per share		Attributable earnings		Cents per share	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	R'000	R'000			R'000	R'000			R'000	R'000		
Headline earnings per share												
Basic	756 917	521 313	86.16	58.16	731 936	436 747	83.32	48.73	24 981	84 566	2.84	9.43
Diluted	756 917	521 313	83.26	57.44	731 936	436 747	80.51	47.83	24 981	84 566	2.75	9.43
Core	787 580	562 132	89.65	62.71	762 599	469 113	86.81	52.33	24 981	93 019	2.84	10.38
Earnings attributable to ordinary equity holders												
Basic	830 607	124 481	94.55	13.89	805 286	226 786	91.67	25.30	25 321	(102 305)	2.88	(11.41)
Diluted	830 607	124 481	91.36	13.89	805 286	226 786	88.58	24.84	25 321	(102 305)	2.79	(11.41)

(b) Weighted average number of shares

	2021 '000	2020 '000
Weighted average number of ordinary shares	878 463	896 409
Adjusted for forfeitable shares	31 334	16 683
Weighted average number of ordinary shares for diluted earnings	909 797	913 092

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

Share performance continued

for the year ended 31 May 2021

(c) Analysis of headline earnings

	Total				Continuing operations				Discontinued operations			
	Profit/ (loss) before tax and non- controlling interest R'000	Tax R'000	Non- controlling interest R'000	Headline earnings R'000	Profit/ (loss) before tax and non- controlling interest R'000	Tax R'000	Non- controlling interest R'000	Headline earnings R'000	Profit/ (loss) before tax and non- controlling interest R'000	Tax R'000	Non- controlling interest R'000	Headline earnings R'000
2021												
Profit attributable to equity holders of the parent	1 136 968	(258 952)	(47 409)	830 607	1 102 111	(249 416)	(47 409)	805 286	34 857	(9 536)	—	25 321
Profit on disposal of property, plant and equipment	(1 016)	284	—	(732)	(544)	152	—	(392)	(472)	132	—	(340)
Impairment of property, plant and equipment	5 559	(1 557)	—	4 002	5 559	(1 557)	—	4 002	—	—	—	—
Impairment of intangible assets	754	(211)	—	543	754	(211)	—	543	—	—	—	—
Profit on disposal of joint venture	(26 955)	—	—	(26 955)	(26 955)	—	—	(26 955)	—	—	—	—
Loss on disposal of joint venture	1 990	—	—	1 990	1 990	—	—	1 990	—	—	—	—
Foreign currency translation reserve (FCTR) recycled on the disposal of investment in joint venture	(52 538)	—	—	(52 538)	(52 538)	—	—	(52 538)	—	—	—	—
Headline earnings				756 917				731 936				24 981

(c) Analysis of headline earnings continued

	Total				Continuing operations				Discontinued operations			
	Profit/ (loss) before tax and non- controlling interest R'000	Tax R'000	Non- controlling interest R'000	Headline earnings R'000	Profit/ (loss) before tax and non- controlling interest R'000	Tax R'000	Non- controlling interest R'000	Headline earnings R'000	Profit/ (loss) before tax and non- controlling interest R'000	Tax R'000	Non- controlling interest R'000	Headline earnings R'000
2020												
Profit/(loss) attributable to equity holders of the parent	518 349	(299 242)	(94 626)	124 481	500 835	(219 752)	(54 297)	226 786	17 514	(79 490)	(40 329)	(102 305)
Profit on disposal of property, plant and equipment and intangible assets	(13 460)	3 769	280	(9 411)	(12 589)	3 525	183	(8 881)	(871)	244	97	(530)
Impairment of property, plant and equipment	65 701	(2 044)	—	63 657	7 303	(2 044)	—	5 259	58 398	—	—	58 398
Impairment of leased assets	30 712	—	—	30 712	—	—	—	—	30 712	—	—	30 712
Profit on disposal of subsidiary	(528)	—	—	(528)	—	—	—	—	(528)	—	—	(528)
Impairment of disposal groups	53 232	—	—	53 232	—	—	—	—	53 232	—	—	53 232
Impairment of goodwill	259 170	—	—	259 170	213 583	—	—	213 583	45 587	—	—	45 587
Headline earnings				521 313				436 747				84 566

(d) Analysis of core headline earnings

	Total 2021 R'000	2020 R'000	Continuing operations 2021 R'000	2020 R'000	Discontinued operations 2021 R'000	2020 R'000
Reconciliation between net profit for the period and core headline earnings for the period:						
Net profit/(loss) for the period	830 607	124 481	805 286	226 786	25 321	(102 305)
Amortisation of intangibles raised through business combinations net of tax and non-controlling interest	30 663	40 819	30 663	32 366	—	8 453
Core net profit/(loss) for the period	861 270	165 300	835 949	259 152	25 321	(93 852)
Headline earnings adjustments	(73 690)	396 832	(73 350)	209 961	(340)	186 871
Core headline earnings	787 580	562 132	762 599	469 113	24 981	93 019

Segmental summary

	Total 2021 R'000	Africa Distribution 2021 R'000	Inter- national 2021 R'000	Mobile 2021 R'000	Solutions 2021 R'000	Corporate 2021 R'000
Continuing operations						
Total segment revenue	26 524 093	26 177 843	—	—	186 145	160 105
Internal revenue	(7 702 803)	(7 536 312)	—	—	(6 386)	(160 105)
Revenue	18 821 290	18 641 531	—	—	179 759	—
Operating profit/(loss) before depreciation and amortisation	1 360 273	1 374 735	50 825	—	16 746	(82 033)
Profit/(loss) for the year from continuing operations attributable to equity holders of the parent	805 286	820 819	68 021	—	21 411	(104 965)
Profit from discontinued operations attributable to equity holders of the parent	25 321	25 321	—	—	—	—
Profit/(loss) for the year attributable to equity holders of the parent	830 607	846 140	68 021	—	21 411	(104 965)
Amortisation of intangibles raised through business combinations net of tax and non-controlling interest	30 663	30 663	—	—	—	—
Headline earnings adjustment	(73 690)	3 859	(79 493)	—	—	1 944
Core headline earnings for the year	787 580	880 662	(11 472)	—	21 411	(103 021)
	Total 2020 R'000	Africa Distribution 2020 R'000	Inter- national 2020 R'000	Mobile 2020 R'000	Solutions 2020 R'000	Corporate 2020 R'000
Continuing operations						
Total segment revenue	30 818 506	30 165 762	—	—	191 830	460 914
Internal revenue	(9 683 180)	(9 219 540)	—	—	(2 726)	(460 914)
Revenue	21 135 326	20 946 222	—	—	189 104	—
Operating profit/(loss) before depreciation and amortisation	825 364	931 175	19 474	—	40 330	(165 615)
Profit/(loss) for the year from continuing operations attributable to equity holders of the parent	226 786	375 952	6 071	—	40 913	(196 150)
(Loss)/profit from discontinued operations attributable to equity holders of the parent	(102 305)	(261 707)	14 617	144 785	—	—
Profit/(loss) for the year attributable to equity holders of the parent	124 481	114 245	20 688	144 785	40 913	(196 150)
Amortisation of intangibles raised through business combinations net of tax and non-controlling interest	40 819	36 357	3 835	627	—	—
Headline earnings adjustment	396 832	372 374	(2 908)	27 369	(3)	—
Core headline earnings for the year	562 132	522 976	21 615	172 781	40 910	(196 150)

Discontinued operations

The current segmental results account for the discontinued operations within the Africa Distribution segment (WiConnect) and the prior year for the discontinued operations within the Africa Distribution segment (3G Mobile, Airvantage and WiConnect), the Mobile segment (Cellfind, Panacea, Simigenix and Viamedia) and the International segment (AV Technology and Airvantage Brazil).

Revenue

	Total		Africa Distribution		Solutions	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Revenue from contracts with customers	18 159 335	20 756 487	17 979 576	20 567 383	179 759	189 104
Prepaid airtime, data and related revenue	16 370 708	18 842 481	16 370 708	18 842 481	—	—
Postpaid airtime, data and related revenue	103 656	137 922	103 656	137 922	—	—
Prepaid and postpaid SIM cards	532 073	634 809	532 073	634 809	—	—
Services	344 603	319 623	164 844	130 519	179 759	189 104
Electricity commission	350 912	358 728	350 912	358 728	—	—
Handsets, tablets and other devices	199 246	262 926	199 246	262 926	—	—
Other revenue	258 137	199 998	258 137	199 998	—	—
Subscription income share	279 327	—	279 327	—	—	—
Revenue	18 438 662	20 756 487	18 258 903	20 567 383	179 759	189 104
Finance revenue	382 628	378 839	382 628	378 839	—	—
Total revenue	18 821 290	21 135 326	18 641 531	20 946 222	179 759	189 104

Revenue generating entities accounted for as discontinued operations that were previously disclosed within the Africa, Mobile and International segments are not included in current or prior period revenue per the Group statement of comprehensive income. The Mobile and International segments have been excluded from the above table as the only revenue generating entities that were accounted for within these segments were part of the VAS Operations that were accounted for as discontinued operations and disposed of in the prior year. Refer to the note on discontinued operations.

Cell C Limited

On 2 August 2017, Blue Label, through its wholly owned subsidiary, The Prepaid Company, acquired 45% of the issued share capital of Cell C Limited (Cell C) for a purchase consideration of R5.5 billion.

As at 31 May 2019, the Group's investment in Cell C was impaired to nil. It remains at nil as at 31 May 2021.

Critical accounting judgements and assumptions

Going concern of Cell C

For purposes of the Group's annual financial statements for the year ended 31 May 2021, Cell C has been accounted for using the going concern assumption. Based on the following facts available, management is of the opinion that Cell C will continue as a going concern for the foreseeable future:

- Cell C concluded the national roaming agreement on 7 August 2019, which became effective on 4 May 2020. This agreement is one of the key pillars in Cell C's transformation plan, as well as its long-term network strategy to optimise operating costs and reduce capital outlay as part of the turnaround strategy.
- The Board of Cell C established a liquidity committee to monitor the liquidity position of Cell C and to ensure that the business is not trading recklessly during the negotiations of the recapitalisation and debt restructure. Although the liquidity position of Cell C remains challenging, Cell C has proven that it has managed to continue trading despite the liquidity concerns and management is confident that this committee will manage the liquidity position of Cell C until the conclusion of the recapitalisation process.
- Cell C appointed independent financial restructuring advisers to assist in stringent monitoring of the liquidity of Cell C, as well as designing the revised business plans that support the new operating business model.
- Management remains optimistic that the planned recapitalisation of Cell C will be successful. The recapitalisation is important to improve the capital structure of the Company and the deferral of repayments that will support the long-term sustainability of Cell C. Stakeholders have appointed independent advisers to assist with the recapitalisation and/or debt restructuring process and formal engagements are ongoing.
- Cell C embarked on a strategy to reconsider its current service offering, whereby Cell C identified the need to either wind down or restructure the service offering being provided to its postpaid mobile telecommunication business (the base). During the 2021 financial year, the Group, through its subsidiary Comm Equipment Company (CEC), entered into an arrangement with Cell C to facilitate Cell C's operation of the base. The agreement commenced on 1 November 2020 for an initial period of five years, with CEC having the right to renew for a further four years. CEC 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 for the remainder of the subscribers' contract and a share of the ongoing revenue of New and Upgrade subscribers. The aim of the reorganisation would be for the base to remain intact and grow in the future, and for Cell C to have limited downside risk on the base.

On 4 August 2020 Cell C notified its noteholders that it defaulted on the payment of capital on its USD184 002 000 note which was due on 2 August 2020, as well as interest and capital repayments related to the respective bilateral loan facilities between Cell C and Nedbank Limited, China Development Bank Corporation, Development Bank of Southern Africa Limited and Industrial and Commercial Bank of China Limited, which were due in January and July 2020.

Currently, none of the bilateral loan facilities have been accelerated as noteholders are aware and support that Cell C is committed to resolving the situation by agreeing to restructuring terms with its lenders while it continues to work proactively with all stakeholders to improve its liquidity, debt profile and long-term competitiveness.

Management and the directors have taken the default into consideration as part of their overall assessment of the going concern principle for Cell C, and are of the view that the going concern assumption is still applicable. The default does not change any judgements or assumptions made in the financial assumptions that are dependent on the continued operation of Cell C as a going concern.

Although no certainty exists around the successful implementation of the recapitalisation, management remains optimistic. Refer to the discontinued operations note detailing the fair value of the contingent consideration receivable for the probability applied by management in determining Cell C's liquidity and solvency.

Classification of Cell C Limited as an associate

Blue Label Telecoms acting through its wholly owned subsidiary, The Prepaid Company Proprietary Limited (TPC), acquired a 45% interest in Cell C Limited. The Group will be entitled to appoint four of the 11 directors to the Cell C Board which will represent 36% of the overall votes of the Board. Based on the Group's shareholding and representation on the Board, management has assessed Cell C Limited to be an associate, as the Group will have the power to participate in (but not control) the financial and operating policy decisions of Cell C Limited.

The arrangement between Cell C and CEC as described in note 4.2 of the annual financial statements has not altered the decision making power of the Group over Cell C. Therefore the Group continues to account for Cell C as an associate.

Impairment of Cell C

TPC's equity share of the value of Cell C as at 31 May 2021 remained at nil value. The key assumptions applied in determining the value-in-use calculations are as follows:

	May 2021			May 2020		
	Average EBITDA margin %	Terminal growth rate %	Discount rate %	Average EBITDA margin %	Terminal growth rate %	Discount rate %
Cell C Limited	19.9	4.0	18.8	22.6	4.0	19.6

An independent third-party valuation specialist was appointed to determine the value of Cell C based on cash flow projections incorporated in the five-year Cell C 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 that did not exceed the expected long-term economic growth rate for the markets in which Cell C operates. The discount rates used are pre-tax and reflect specific risks related to Cell C. The valuation does not take into account the effects of any planned future restructuring or recapitalisation.

TPC's equity share of the value as at 31 May 2021 remained Rnil, however, there was an overall positive impact on value compared to the prior year, attributable to the following:

- A decrease in interest-bearing borrowings due to favourable exchange rate fluctuations.
- A slight decrease in the WACC.
- A slightly quicker utilisation of the assessed tax loss.

The above positives to value were offset to some extent by a decrease in the EBITDA margin and increases in both net working capital requirements and capital expenditure, which had the effect of reducing the forecast cash flows.

Summarised financial information

Principal activity: Mobile network

Country of incorporation: South Africa

Financial year-end: 31 December*

	31 May 2021 R'000	31 May 2020 R'000
Statement of financial position		
Non-current assets	13 565 997	10 674 432
Current assets	6 228 984	4 966 723
	19 794 981	15 641 155
Total equity	(5 559 338)	(8 012 705)
Non-current liabilities	5 800 315	4 844 963
Current liabilities	19 554 004	18 808 897
	19 794 981	15 641 155
Effective percentage held (%)	45	45
Net assets	(5 559 338)	(8 012 705)
Company net assets	(12 859 268)	(15 312 635)
Carrying value of purchase price allocations net of deferred taxation	7 299 930	7 299 930
Interest in associate	(2 501 702)	(3 605 717)
Goodwill	1 317 776	1 317 776
Accumulated impairment	(2 521 152)	(2 521 152)
Accumulated losses not guaranteed	3 705 078	4 809 093
Balance at the end of the year	—	—

* Where the financial year differs from the Group's year-end of 31 May, special purpose accounts are prepared to coincide with the Group's reporting period. These special purpose accounts are adjusted for the Group's equity-accounted adjustments.

Cell C Limited continued

Statement of comprehensive income for the year ended*

	1 June 2020 to 31 May 2021	1 June 2019 to 31 May 2020
Revenue	13 954 861	14 593 152
Net profit/(loss) before taxation	2 363 748	(10 686 875)
Taxation	89 619	—
Net profit/(loss) after taxation	2 453 367	(10 686 875)
Other comprehensive income	—	—
Not guaranteed	(2 453 367)	10 686 875
Total comprehensive income	—	—
Effective percentage held	45	45
Share of total comprehensive income	—	—

* Where the financial year differs from the Group's year-end of 31 May, special purpose accounts are prepared to coincide with the Group's reporting period. These special purpose accounts are adjusted for the Group's equity-accounted adjustments.

Financial guarantee in respect of Cell C's facility

On 2 August 2018, Cell C procured R1.4 billion of funding from a consortium of financial institutions for a tenure of 12 months, secured by airtime to the value of R1.75 billion. In the event of default, TPC would be required to purchase such inventory from the consortium on a piecemeal basis over a specified period that was agreed upon. These purchases would be made in lieu of purchases that would have been made from Cell C within that period.

An extension was concluded on 31 May 2020 with an agreed quantum of airtime purchases required to be made by The Prepaid Company on a monthly basis. This would have resulted in the Cell C facility reducing to nil by 31 March 2021. However, as at 31 May 2021, the above funding had declined to R182 million (May 2020: R959 million) as a result of The Prepaid Company purchasing from the security airtime. This outstanding balance will be paid by way of The Prepaid Company purchasing approximately R35 million per month from the security airtime, commencing June 2021.

It is the intention of TPC to accelerate payments to the banking consortium in order to distribute the vault stock in full if there is risk/indication that Cell C will not be able to meet its obligations to the banking consortium. The fair value of the financial guarantee issued in respect of Cell C's facility was valued to be insignificant, taking into account the inventory held as collateral.

Management has performed detailed assessments considering seasonality of trading and has determined that, based on current inventory holdings and anticipated sales cycles, should circumstances dictate the need to purchase the above mentioned inventory from the consortium, acceleration of such payments could well result in the debt being expunged within one and a half months through its trading capabilities in the ordinary course of business at normal operating margins.

Financial guarantee contracts

Financial guarantee contracts are recognised at fair value on the date that the Group becomes a party to an irrevocable commitment. Financial guarantee contracts are subsequently stated at the higher of the amount determined by the expected credit loss (ECL) model and the amount initially recognised. Any difference between the redemption value guarantee obligation and the amount paid is recognised in the income statement.

	2021 R'000	2020 R'000
Opening balance	201 474	243 492
Foreign exchange movement	(9 113)	10 166
Additional liability raised during the year through profit or loss – continuing operations	—	671
Used during the year	(53 285)	(44 190)
Amounts released through profit or loss – continuing operations	(33 455)	(8 500)
Amounts released through profit or loss – discontinued operations	—	(165)
Closing carrying amount	105 621	201 474

The financial guarantee contract obligation of USD5 million (R87.6 million) to RBL Bank Limited was affected favourably by the strengthening of the rand to the US dollar during the year, resulting in a foreign exchange gain of R9.1 million. USD3.25 million (R53.3 million) of this obligation was called upon by RBL Bank and settled in the current financial period. The balance of this obligation, amounting to USD1.75 million (R25.2 million), was released by RBL Bank Limited and thus, recognised in profit and loss. No further obligation remains.

An amount of R105 million (2020: R113.2 million) is owed to Investec Limited by Glocell Proprietary Limited, and has been guaranteed by Glocell Distribution Proprietary Limited should the former not be able to meet its obligations.

The Group has not raised a liability for its guarantee to the consortium of financial institutions in respect of Cell C's funding of R182 million (2020: R959 million) due to the fact that it holds sufficient collateral, which the Group expects to realise should the guarantee be called upon and the residual financial risk not be material. Refer to note on Cell C Limited.

Financial instruments at fair value through profit or loss

Financial instruments at fair value through profit or loss are classified as level 3 instruments in the fair value hierarchy. Changes in level 3 instruments are as follows:

	Bond notes (SPV1) R'000	Liquidity support (SPV2) R'000	Loans receivable R'000	Put option liability R'000	Derivative liability R'000	Surety loan receivable R'000	Other R'000	Total R'000
Balance as at 1 June 2019	—	(301 716)	202 267	(158 638)	—	85 003	2 472	(170 612)
Additions	—	—	—	(7 654)	(77 524)	—	34 500	(50 678)
Repayments	—	—	—	—	—	—	(18 877)	(18 877)
Derecognition of put option liability on disposal of VAS Operations	—	—	—	214 559	—	—	—	214 559
Fair value (loss)/gain recognised in profit or loss	—	(48 694)	(66 371)	(48 267)	—	19 826	(7 142)	(150 648)
Other movements	—	—	(9 292)	—	—	—	—	(9 292)
Balance as at 31 May 2020	—	(350 410)	126 604	—	(77 524)	104 829	10 953	(185 548)
Additions	—	—	—	—	—	—	(565)	(565)
Repayments	—	331 000	—	—	—	—	3 460	334 460
Fair value gain/(loss) recognised in profit or loss	—	19 410	—	—	9 346	(21 116)	3 692	11 332
Other movements	—	—	—	—	—	—	(9 282)	(9 282)
Balance as at 31 May 2021	—	—	126 604	—	(68 178)	83 713	8 258	150 397
Financial assets at fair value through profit or loss – included in current assets	—	—	126 604	—	—	8 371	8 822	143 797
Financial assets at fair value through profit or loss – included in non-current assets	—	—	—	—	—	75 342	—	75 342
Financial liabilities at fair value through profit or loss – included in current liabilities	—	—	—	—	(68 178)	—	(564)	(68 742)
Closing balance	—	—	126 604	—	(68 178)	83 713	8 258	150 397
Unrealised (losses)/gains	—	—	—	—	9 346	(21 116)	3 692	(8 078)
	—	—	—	—	—	—	—	—

Bond notes and liquidity support

With effect from 2 August 2017, TPC purchased bond notes, issued by Cedar Cellular Investments 1 Proprietary Limited (SPV1), from Saudi Oger Limited with a capital redemption value of USD42 million and with a coupon rate of 8.625% per annum for a purchase consideration of USD18 million. TPC was entitled to assign its rights and obligations, in whole or in part, to a nominee. Accordingly, it has assigned such rights and obligations in respect of 50% of the bond notes, resulting in an effective purchase consideration of USD9 million with a capital redemption value of USD21 million.

As part of the restructure of the debt into Cell C by third-party lenders, TPC was required to provide liquidity support to Magnolia Cellular Investment 2 (RF) Proprietary Limited (SPV2), which is 100% held by 3C Telecommunications Proprietary Limited, of up to USD80 million, which liquidity support was provided over 24 months in the form of subordinated funding to SPV2. Oger Telecoms contributed USD36 million of the aforesaid USD80 million, thus reducing TPC's obligation in this regard to a maximum of USD44 million. As at 31 May 2021, the Group has contributed the full USD44 million to SPV2.

Fair value estimate

SPV1 and SPV2 own 11.8% and 16% of the shares issued by Cell C Limited respectively. No other assets are held by these entities and, as such, the Group's bond note and liquidity support arrangements will be settled only when the value of the Cell C shares is realised by SPV1 and SPV2. The substance of these arrangements is therefore derivatives exposing the Group to the share price of Cell C.

The derivatives are initially recognised by the Group at fair value and subsequently measured at fair value through profit or loss.

The derivatives are level 3 instruments in the fair value hierarchy.

The derivatives are not traded in an active market and therefore the fair value is determined by the use of a valuation technique. In previous years, the valuation was performed using a Monte Carlo simulation taking into account the value of Cell C Limited. As no value was subsequently attributed to Cell C, the recoverable value relating to SPV1 and SPV2 reduced to zero. A liability of USD20 million, in line with the liquidity support obligation to SPV2 and included in financial liabilities at "fair value through profit and loss" was payable as at 31 May 2020 and has since been settled by a payment of R331 million, reducing the liability to zero. As at 31 May 2021, no value was attributed to Cell C Limited and as a result thereof, the value of SPV1 and SPV2 remains at zero.

Loans at fair value

TPC acquired a 48% share in Glocell Distribution Proprietary Limited (Glocell Distribution) on 30 June 2018.

In terms of an agreement entered into between TPC and Glocell Proprietary Limited (Glocell) during the year ended 31 May 2019, Glocell pledged its 40% shareholding in Glocell Distribution to TPC in the event of Glocell defaulting on amounts owing to TPC. The right to enforce this pledge is currently not exercisable. This right only becomes exercisable once Glocell has settled its outstanding debt of R105.0 million (2020: R113.2 million) to Investec Bank Limited.

Glocell's ability to repay TPC the amounts owing to it is dependent on the extent of dividends receivable from Glocell Distribution on a piecemeal basis. The contractual terms of the loan have no fixed repayment dates, and in the event that Glocell defaults on the loan, the only recourse the Group has is to the shares of Glocell Distribution held by Glocell. As such, the financial instrument has been classified and measured at fair value through profit or loss.

No fair value adjustment (2020: R75.7 million) of the R126.6 million (2020: R202 million) owing to TPC was required in the current financial year. The prior year downward adjustment was required due to unfavourable trading conditions, with specific reference to starter packs, exacerbated by the impact of COVID-19 on Glocell Distribution's financial performance.

Fair value estimate

A discounted cash flow valuation of Glocell Distribution has been used to determine the value of Glocell's 40% shareholding in Glocell Distribution. This is used to determine the fair value of the loan. This valuation has been performed by the finance department of the Group using cash flow projections based on forecasts for up to five years, which are based on assumptions of the business, industry and economic growth.

Financial instruments at fair value through profit or loss continued

The derivatives are level 3 instruments in the fair value hierarchy.

Key assumptions applied to value-in-use calculation

	2021 %	2020 %
Discount rate (pre-tax)	20.8	21.0
Terminal growth rate	5.0	4.5

		(Decrease)/increase in loan at fair value	
Effect on fair value due to change in key assumption	%	2021 R'000	2020 R'000
Change in discount rate	1	(11 689)	(12 147)
	(1)	13 867	14 414
Change in terminal growth rate	2	20 269	21 048
	(2)	(14 442)	(14 994)

Put option liability

Put option liabilities represent contracts that impose an obligation on the Group to purchase the shares of a subsidiary for cash or another financial asset. Put option liabilities, where the risks and rewards reside with the non-controlling interest, are initially raised from the transaction with non-controlling interest reserve in equity at the present value of the expected redemption amount payable. Subsequent revisions to the expected redemption amount payable as well as the unwinding of the discount related to the measurement of the present value of the put option liability, are recognised in the income statement. Where a put option liability expires unexercised or is cancelled, the carrying value of the financial liability is released to equity profit and loss. The Group recognises the non-controlling interest over which a put option exists at acquisition date. Where a put option liability is substantially modified it is accounted for as an extinguishment of the original financial liability under IFRS 9 and, to the extent applicable, a new financial liability is recognised. The difference arising between the carrying amount of original financial liability and the fair value of the new financial instrument is recognised in profit and loss.

Critical accounting judgements and assumptions

Management assessed on initial recognition of the put option liability that the risks and rewards of ownership remained with the non-controlling interest and therefore no adjustment was required to the non-controlling interest.

Derivative liability

The derivative liability relates to the put option liability for Airvantage. As explained under the heading Financial performance and cash flow information in the note on discontinued operations, significant management judgement was applied in determining the extent that the exercise price does not represent the fair value of the underlying shares.

In October 2020, the minority shareholders of Airvantage and AV Tech exercised their rights to put their 40% shareholding therein to Blue Label Telecoms (BLT), in line with the initial agreements that were concluded between the parties in 2017. The purchase consideration under the put options, as determined by the parties in December 2020, for the 40% shareholdings in Airvantage and AV Tech, amounted to R152 million and USD4.6 million respectively (purchase price).

In February 2021, the parties concluded an agreement legislating for a deferral of the purchase price payable to the minority shareholders of Airvantage and AV Tech from 31 December 2020 to 31 March 2021, payable in six equal monthly instalments, inclusive of interest, commencing on 31 March 2021. In May 2021, the parties concluded an amendment to the agreement legislating for a deferral of the purchase price payable to the minority shareholders of Airvantage and AV Tech from 31 March 2021 to 31 August 2021, payable in six equal monthly instalments, inclusive of interest, commencing on 31 August 2021.

If Cell C Limited is able to pass a solvency and liquidity test, the primary obligation in respect of the put options can be transferred to DE, formerly Blue Label Mobile Proprietary Limited, in terms of the agreement concluded with it in September 2019.

The amount at which the put and call options were contractually determined based on the 31 May 2020 audited results at a six times net profit after tax multiple. This formula has been used in determining the total value of the put option liability. As the VAS Operations disposal group (which included Airvantage and AV Technology) was sold at a similar net profit after tax multiple, the multiple is deemed to be representative of a fair market multiple to be used in calculating

the value of the shares. However, management has taken into account the adverse impact on Airvantage's operations should the solvency and liquidity of Cell C remain unproven, since the Airvantage business is largely dependent on Cell C. Therefore the derivative has been measured at the difference between the fair value of Airvantage and the exercise price of the put option. Accordingly, these inputs are level 3 inputs per the fair value hierarchy.

The same facts and circumstances were taken into account in this accounting judgement as were taken into account in note on Cell C Limited "Critical accounting judgement and assumptions – Going concern of Cell C" with management concluding the following:

Total value of Airvantage put option liability in USD'000 as agreed to by the parties	10 138
Total value of Airvantage put option liability in R'000 as agreed by the parties	139 140
Attributed probability percentage of the solvency and liquidity of Cell C remaining unproven (B)	49%
Extent that the exercise price does not represent the fair value of the underlying shares (A x B)	68 178

Should management have attributed a 100% probability to the solvency and liquidity of Cell C being proven, the entire put option would have been considered to be at value and, as such, no liability would have been recognised. Conversely, should management have attributed a 0% probability to the solvency and liquidity of Cell C being proven, the entirety of the portion of the put option related to Airvantage would have been considered to not be at value and, as such, a liability of R139 million would have been recognised. The put option over the shares of AV Tech is considered to be at fair value as the operations and results of the entity upon which the valuation is based have remained largely unchanged and six times net profit multiple is consistent with the earnings multiple at which the shares in the entity have been disposed of as part of the VAS Operations disposal.

Surety loans receivable

Surety loans relate to the personal sureties that B Levy and M Levy signed for the 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) and as such is a level 3 instrument in the fair value hierarchy. In the prior year payment terms for the surety loans were renegotiated, with the payments being agreed as instalments payable annually commencing on 30 September 2021 and ending on 30 September 2030. Based on the payment terms, nine tenths of the surety loan receivable is recognised as non-current. In the 2019 financial year the loan owing to Gold Label Investments Proprietary Limited was impaired, and remains impaired, due to a decrease in the fair value of Oxigen Services and Oxigen Online resulting in the Group recognising a receivable on the surety claim.

Related parties

Significant related-party transactions and balances

	2021 R'000	2020 R'000	2021 R'000	2020 R'000
	Sales to related parties		Purchases from related parties	
Cell C Limited and its related entities*	1 729 573	1 395 521	4 275 098	3 305 045
Prepaid24 Proprietary Limited* ¹	8 832	12 292	—	—
T3 Telecoms SA Proprietary Limited*	3 394 108	43 923	14 154	26 492
I Talk Holdings Proprietary Limited* ²	23 756	13 938	12 935	17 303
	Income received from related parties		Expenses paid to related parties	
Dividends received from related parties				
I Talk Holdings Proprietary Limited* ²	14 000	5 000	—	—
Finance revenue from related parties				
Cell C Limited and its related entities*	95 951	108 084	—	—
	Loans to related parties		Loans from related parties	
2DFine Holdings Mauritius* [#]	196 513	249 513	—	—
Oxygen Services India Private Limited* [#]	45 908	57 248	—	—
Brett Levy	41 857	52 415	—	—
Mark Levy	41 857	52 415	—	—
T3 Telecoms SA Proprietary Limited*	15 016	9 053	—	—
Total loss allowance on loans to related parties	(247 992)	(315 985)	—	—

	Guarantees given to related parties	Guarantees received from related parties
Oxygen Services India Private Limited*	— 87 603	— —
	Lease asset due from related parties	Lease liability due to related parties
Ellerine Bros. Proprietary Limited	— —	18 419 25 297
Moneyline 311 Proprietary Limited	— —	18 419 25 297
Uvongo Falls No 26 Proprietary Limited	— —	18 859 27 168
	Amounts due from related parties included in trade receivables	Amounts due to related parties included in trade payables
Cell C Limited and its related entities*	1 677 193 1 266 899	456 902 488 917
Oxygen Services India Private Limited*	— 5 876	— —
Total loss allowance on trade receivables to related parties	(5 055) (10 995)	— —

* These entities are associates/joint ventures.

[#] These loans and receivables have been fully provided for both in the current and prior year and are included as part of the total loss allowance.

¹ Prepaid24 Proprietary Limited was disposed of during the year. Transactions are disclosed up until the date of sale.

² I Talk Holdings Proprietary Limited was previously named United Call Centre Solutions Proprietary Limited.

Discontinued operations

Accounting policy

A discontinued operation is a component of the entity that has been disposed of or is classified as held-for-sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the income statement.

Description

Closure of WiConnect

While management had implemented a turnaround strategy at WiConnect (a fully owned subsidiary of the Group), which incorporated the strengthening of the retail management team, a refocus of product sales as well as negotiating additional rebates from the network operators and original equipment manufacturers, COVID-19 had a significant negative impact on the retail operations of WiConnect. These included increased costs of inventories as a result of a weaker rand, periods of non-trading as a result of the nationwide lockdown and consumers foregoing discretionary purchases. Given the uncertainty of the tenure of the pandemic and the resultant losses attributable thereto impacting on its financial feasibility, a decision was made on 11 May 2020 to cease the operations of the WiConnect retail stores.

Significant management judgement was applied in the preparation of the May 2020 financial statements in determining whether WiConnect is a discontinued operation by assessing whether it had effectively been ceased to be used or abandoned by year-end and also whether it represented a separate major line of business or geographical area of operations or was part of a single plan to dispose of a separate major line of business or geographical area of operations. For further information regarding management's considerations in concluding that WiConnect was a discontinued operation, please refer to the information under the "Critical accounting judgements and assumptions" heading.

Management believes that the above assessment is still applicable for the year ended 31 May 2021. The revenue, other income and expenses incurred post the 31 May 2020 year-end are congruent with the winding down of the WiConnect operations. Management has negotiated settlement terms with substantially all landlords resulting in significant savings on lease liability costs which were accounted for as modifications to the lease terms. These modifications have been recorded in the "Profit from discontinued operation" line item within the Group statement of comprehensive income. Management is in the process of recovering outstanding debts owed to WiConnect and settling trade and other sundry payables.

3G Mobile and VAS Operations disposals

On 25 September 2019, the Group announced it had entered into an agreement to dispose of its 85% shareholding in Blue Label Mobile Group Proprietary Limited as well as its 51% shareholdings in Simigenix Proprietary Limited and Panacea Proprietary Limited (together, VAS Operations), to DNI 4PL Contracts Proprietary Limited (DNI), for a purchase consideration of R450 million, inclusive of loan claims, plus the amounts which Blue Label Mobile Group Proprietary Limited has disbursed towards the acquisition of 50% of Hyve as at the transaction closing date. Of the purchase consideration of R450 million, R100 million (bearing interest at prime overdraft rates plus 2% per annum compounded on a monthly basis), is contingent upon the solvency and liquidity status of Cell C being proven. There is no set date by which this needs to be proven and the consideration would only have to be proven once. Should the solvency and liquidity never be successfully proven, then the R100 million contingent purchase price and the interest accrued thereon will be forfeited by BLT, but in lieu thereof, Blue Label Mobile will transfer 24% of the issued share capital of Airvantage and AV Tech to BLT. Prior to the effective date of the disposal of the VAS Operations, Simigenix and Panacea were sold on loan account to Blue Label Mobile Group Proprietary Limited.

Furthermore, the Group announced that it would dispose of 100% of the shares in 3G to DNI for a purchase consideration of R544 million (this disposal group will be referred to as 3G Mobile) and would distribute its shares in CEC and 3G's loan account claim against CEC to its shareholder, TPC prior to the effective date of the disposal. The associated assets and liabilities of the VAS Operations and 3G Mobile disposal groups were consequently presented as held-for-sale in the reviewed results for the half-year ended 30 November 2019.

The 3G Mobile and VAS Operations were sold with effect from 14 February 2020 and 30 April 2020 respectively.

Discontinued operations continued

Financial information relating to the various discontinued operations is set out below:

	WiConnect 1 June 2020 – 31 May 2021 R'000	Total 2021 R'000
Revenue and other income	67 752	67 752
Expenses	(32 895)	(32 895)
Profit before taxation	34 857	34 857
Taxation	(9 536)	(9 536)
Profit after taxation of discontinued operations	25 321	25 321
Other comprehensive income from discontinued operations	—	—
Total comprehensive income from discontinued operations	25 321	25 321
Profit for the period attributable to:	25 321	25 321
Equity holders of the parent	25 321	25 321
Non-controlling interest	—	—
Total comprehensive income for the period attributable to:	25 321	25 321
Equity holders of the parent	25 321	25 321
Non-controlling interest	—	—

	VAS Operations 1 June 2019 – 30 April 2020 R'000	3G Mobile 1 June 2019 – 14 February 2020 R'000	WiConnect 1 June 2019 – 31 May 2020 R'000	Total 2020 R'000
Revenue and other income	413 421	1 553 611	287 298	2 254 330
Expenses	(257 594)	(1 477 988)	(539 978)	(2 275 560)
Other gains/(losses)*	110 149	(26 346)	(45 587)	38 216
Profit/(loss) before taxation	265 976	49 277	(298 267)	16 986
Taxation	(40 114)	(19 174)	(20 202)	(79 490)
Profit/(loss) after taxation of discontinued operations	225 862	30 103	(318 469)	(62 504)
(Loss)/gain on sale of the subsidiary after income tax (see below)	(43 022)	43 550	—	528
Profit/(loss) from discontinued operation	182 840	73 653	(318 469)	(61 976)
Exchange differences on translation of discontinued operations	34 558	—	—	34 558
Reclassification of foreign currency translation reserve	(48 508)	(5 027)	—	(53 535)
Other comprehensive income from discontinued operations	(13 950)	(5 027)	—	(18 977)
Total comprehensive income/(loss) from discontinued operations	168 890	68 626	(318 469)	(80 953)
Profit/(loss) for the period attributable to:	182 840	73 653	(318 469)	(61 976)
Equity holders of the parent	142 511	73 653	(318 469)	(102 305)
Non-controlling interest	40 329	—	—	40 329
Total comprehensive income/(loss) for the period attributable to:	168 890	68 626	(318 469)	(80 953)
Equity holders of the parent	115 468	68 626	(318 469)	(134 375)
Non-controlling interest	53 422	—	—	53 422

Discontinued operations continued

	VAS Operations 1 June 2019 – 30 April 2020 R'000	3G Mobile 1 June 2019 – 14 February 2020 R'000	WiConnect 1 June 2019 – 31 May 2020 R'000	Total 2021 R'000
Goodwill impairments of disposal groups and discontinued operation recognised ¹	(26 886)	(26 346)	(45 587)	(98 819)
Derecognition of put option liability on the effective date of VAS Operations disposal ²	214 559	—	—	214 559
Recognition of derivative liability to the extent that the exercise price does not represent the fair value of the underlying shares ²	(77 524)	—	—	(77 524)
Other gains/(losses)	110 149	(26 346)	(45 587)	38 216

¹ In line with the requirements of IFRS 5, management performed an assessment to measure the disposal groups classified as held-for-sale at the lower of their carrying amount and fair value less cost to sell with the following conclusions being reached:

- VAS Operations: Fair value less cost to sell was determined based on the selling price as per the VAS Operations sales agreement. The determination of the fair value of the contingent consideration included in the selling price involved significant management judgement. For further information in this regard, refer to the information under "Critical accounting judgements and assumptions". The impairment losses of R26.9 million arising from measuring the VAS Operations at the lower of its carrying value and fair value less costs to sell after taking into account loan claims to which the proceeds would first be applied to have been recorded in the "Profit from discontinued operation" line item within the Group statement of comprehensive income.
- 3G Mobile: Fair value less cost to sell was determined based on the selling price of R544 million as per the 3G Mobile sales agreement. The impairment losses of R26.3 million arising from measuring 3G Mobile at the lower of its carrying value and fair value less costs to sell have been recorded in the "Profit from discontinued operation" line item within the Group statement of comprehensive income.
- WiConnect: As the operations have ceased in their entirety, all of the goodwill attributable to the entity was impaired with the impairment losses recorded in the "Profit from discontinued operation" line item within the Group statement of comprehensive income.

² This relates to the put options for the acquisition of the remaining 40% minority interest in Airvantage and AV Tech. Prior to entering into the VAS Operations disposal transaction, Blue Label accounted for the put options held by both the non-controlling shareholders in Airvantage and AV Technology. This was in line with IAS 32 paragraph 23 that requires an entity with an obligation to purchase its own equity instruments (i.e. Airvantage and AV Tech were consolidated by Blue Label, as their shares were Blue Label's own equity instruments from a consolidated Blue Label perspective) for cash or another financial asset, to recognise such obligation as a financial liability.

Following Blue Label's disposal of the VAS Operations, the terms of the put option over the equity instruments in Airvantage and AV Tech have been substantially modified. In accordance with IFRS 9 this is accounted for as an extinguishment of the original put option liability and a new financial liability is recognised (derivative instrument). The resultant movement in profit or loss is included within the "Profit from discontinued operations" line item within the Group statement of comprehensive income.

Blue Label still has an obligation to acquire the shares should the non-controlling shareholders put the shares to it. As a result thereof, Blue Label recognised a derivative instrument, taking the following into consideration:

- The value of the instrument fluctuates in response to a change in the fair value of Airvantage and AV Tech
- No initial net investment was required
- The put option may have been exercised by the 40% minority shareholders during the 90-day period following signature of the 31 May 2020 audited results. The call option may be exercised by Blue Label for a period of 90 days after the put option expires

The derivative financial instrument is measured at fair value through profit or loss. The amount at which the put and call options may be exercised is contractually determined based on the 31 May 2020 audited results at a six times net profit after tax multiple. Should the exercise price not represent the fair value of the underlying shares, an element of the derivative instrument would have value and as such would be recognised in Blue Label's financial statements. The determination of the extent to which the exercise price does not represent the fair value of the underlying shares involved significant management judgement. For further information in this regard, refer to "Critical accounting judgements and assumptions".

Cash flow information of discontinued operations

	WiConnect 1 June 2020 – 31 May 2021 R'000	Total 2021 R'000
Net cash inflow from ordinary activities	4 941	4 941
Net cash inflow from investing activities	530	530
Net increase in cash generated by the discontinued operations	5 471	5 471

	VAS Operations 2020 R'000	3G Mobile 2020 R'000	WiConnect 2020 R'000	Total 2020 R'000
Net cash inflow from ordinary activities	172 623	194 913	166 365	533 901
Net cash inflow/(outflow) from investing activities	183 152	(129 525)	(61 519)	(7 892)
Net cash (outflow)/inflow from financing activities	(279 568)	2 336	(105 230)	(382 462)
Net increase in cash generated/(utilised) by the discontinued operations	76 207	67 724	(384)	143 547

Details of the sale of subsidiaries

	VAS Operations 2020 R'000	3G Mobile 2020 R'000	Total 2020 R'000
Consideration received or receivable:			
Cash	350 000	544 000	894 000
Loan claims settled from cash	(44 626)	—	(44 626)
Fair value of contingent consideration*	71 967	—	71 967
Total disposal consideration	377 341	544 000	921 341
Carrying amount of net assets attributable to equity holders of the parent sold	468 871	505 477	974 348
(Loss)/gain on sale before income tax and reclassification of foreign currency translation reserve	(91 530)	38 523	(53 007)
Income tax expense on (loss)/gain	—	—	—
Reclassification of foreign currency translation reserve	48 508	5 027	53 535
(Loss)/gain on sale after income tax	(43 022)	43 550	528

* The determination of the fair value of the contingent consideration of R72 million involved significant management judgement. For further information in this regard refer to the information under "Critical accounting judgements and assumptions".

Discontinued operations continued

The carrying amounts of assets and liabilities as at the date of sale (30 April 2020 for VAS Operations and 14 February 2020 for 3G Mobile) were:

	VAS Operations R'000	3G Mobile R'000	Total R'000
Property, plant and equipment	11 076	7 655	18 731
Right-of-use assets	11 892	1 802	13 694
Intangible assets	346 373	80 852	427 225
Goodwill	234 560	25 731	260 291
Investments in and loans to associates and joint ventures	26 101	—	26 101
Loans receivable	15 844	172 494	188 338
Trade and other receivables	207 498	289 390	496 888
Deferred taxation assets	1 342	9 771	11 113
Inventories	78	110 507	110 585
Financial asset at fair value through profit and loss	112	390	502
Current tax assets	694	622	1 316
Cash and cash equivalents	110 361	85 304	195 665
Total assets	965 931	784 518	1 750 449
Deferred taxation liabilities	86 394	22 092	108 486
Lease liabilities	13 602	1 764	15 366
Borrowings	53 815	724	54 539
Trade and other payables	157 030	241 143	398 173
Provisions	—	5 430	5 430
Current tax liabilities	29 565	7 888	37 453
Total liabilities	340 406	279 041	619 447
Net assets attributable to:	625 525	505 477	1 131 002
Equity holders of the parent	468 871	505 477	974 348
Non-controlling interest	156 654	—	156 654

Critical accounting judgements and assumptions

Fair value of the contingent consideration receivable

As explained under "Financial performance and cash flow information", management performed an exercise in terms of IFRS 5 under which the fair value less cost to sell was estimated for the VAS Operations. The fair value of the VAS Operations was determined using the fair value of the selling price. Since the ultimate consideration realised for the VAS Operations will depend partly on whether Cell C's solvency and liquidity is proven and if not, it will depend partly on the value of 24% of the shares in Airvantage and AV Tech, the determination of the fair value of the contingent consideration included in the selling price involved significant management judgement and, accordingly, is a level 3 input per the fair value hierarchy.

The fair value was determined using a probability weighted basis, which reflects the extent to which management believes that Cell C's solvency and liquidity will be proven, as well as management's estimate of the fair value of 24% of Airvantage and AV Tech:

	Solvency and liquidity of Cell C is proven	Solvency and liquidity of Cell C remains unproven
Cash consideration	R450 million	R350 million
Fair value of 24% of the issued share capital of Airvantage and AV Tech	R0*	R43 million
Total fair value	R450 million	R393 million
Attributed probability percentage	51%**	49%
Weighted average fair value of total consideration receivable	R422 million	
Fair value of the contingent consideration receivable	R72 million	

* Not applicable as the R100 million contingent purchase consideration will be received should the solvency and liquidity of Cell C be proven.

** Refer to "Update on Cell C" for the factors that management considered in determining the 51% probability.

The contingent consideration of the sales price is based on the fair value of the 24% of Airvantage and AV Tech. The fair value of 24% of Airvantage and AV Tech was determined taking into account the adverse impact on Airvantage's operations, should the solvency and liquidity of Cell C remain unproven, since the Airvantage business is largely dependent on Cell C. It has been assumed that Airvantage would not continue to trade and hence no value has been attributed to its 24% share capital. The fair value of 24% of AV Tech's share capital is estimated to be R43 million, which was determined with reference to its contribution to the total profit of the VAS Operations applied to the total selling price as per the VAS Operations sales agreement, i.e. should the purchase price have been split between the relevant entities 24% of AV Tech's share capital would have been attributed R43 million. This remained constant from initial recognition to subsequent measurement at year-end as the purchase consideration has remained unchanged and the operations and results of the underlying entities upon which the valuation is based have remained largely unchanged.

Should management have attributed a 100% probability to the solvency and liquidity of Cell C being proven, the contingent consideration's fair value would be R100 million. Conversely, should management have attributed a 0% probability to the solvency and liquidity of Cell C being proven, the contingent consideration's fair value would be R43 million.

WiConnect discontinued operation considerations

Paragraph 13 of IFRS 5 states that, if a disposal group meets the discontinued operation criteria, the cash flows and results of the disposal group should be presented as discontinued operations at the date on which it ceases to be used. In considering whether the operations of WiConnect have "ceased to be used", management considered that as at year-end, and for some time prior, WiConnect's retail stores had ceased trading (even during the periods of the national lockdown where trading was permissible). Furthermore, all inventory had been transferred to a central warehouse, cash collected and swept from stores and affected staff informed of their retrenchment. Additionally, all landlords to the WiConnect retail stores were also informed prior to year-end of the intention to cease all operations. Therefore, while there are still run-off costs to be incurred (which have been provided for in terms of restructuring provisions) and assets to be sold and scrapped, these are elements of the closing down of the WiConnect operations. Based on this, together with the fact that inventory has been written down to its net realisable value and sold to one buyer, it is management's contention that the

operations are not ongoing and that the inflows and outflows which are still to occur do not comprise an activity. Based on these facts and circumstances, management applied its judgement and has concluded that the operations of WiConnect have "ceased to be used".

Management applied further significant judgement in determining whether the operations of WiConnect met the discontinued operations criteria as at year-end. More specifically, management needed to consider whether WiConnect may be classified as a separate major line of business. Under IFRS 8, reportable segments could comprise more than one business segment. Therefore, the fact that WiConnect does not form its own reportable segment (it is included in the Africa Distribution segment) does not preclude it from being considered a major line of business. Executive management and chief operating decision-makers consider WiConnect to be a separate major line of business as a result of several considerations, namely that it was brick-and-mortar retail (or physical stores owned and operated by the Group) directly interacting with clients in the retail space through our own channels/stores selling hardware and other VAS directly to consumers. This, coupled with the loss after tax of R318 million (which is considered to be material in the context of the overall Group results for the year ended 31 May 2020), led to management applying its judgement in concluding that WiConnect is a separate major line of business and consequently meets the definition of a discontinued operation.

Derivative liability fair value

As explained under "Financial performance and cash flow information", significant management judgement was applied in determining the extent that the exercise price does not represent the fair value of the underlying shares. The amount at which the put and call options may be exercised is contractually determined based on the 31 May 2020 audited results at a six times net profit after tax multiple. This formula has been used in determining the total value of the put option liability. As the VAS Operations disposal group (which included Airvantage and AV Tech) was sold at a similar net profit after tax multiple, the multiple is deemed to be representative of a fair market multiple to be used in calculating the value of the shares. However, management has taken into account the adverse impact on Airvantage's operations should the solvency and liquidity of Cell C remain unproven, since the Airvantage business is largely dependent on Cell C. Therefore the derivative has been measured at the difference between the fair value of Airvantage and the exercise price of the put option. Accordingly, these inputs are

Discontinued operations continued

level 3 inputs per the fair value hierarchy. The same facts and circumstances were taken into account in this critical accounting judgement as were taken into account in the “Fair value of the contingent consideration receivable” assessment above, with management concluding the following:

Total value of Airvantage put option liability on 30 April 2020 (A)	158 213
Attributed probability percentage of the solvency and liquidity of Cell C remaining unproven (B)	49%

Extent that the exercise price does not represent the fair value of the underlying shares (A x B)	77 524
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Should management have attributed a 100% probability to the solvency and liquidity of Cell C being proven, the entire put option would have been considered to be at value and, as such, no liability would have been recognised. Conversely, should management have attributed a 0% probability to the solvency and liquidity of Cell C being proven, the entirety of the portion of the put option related to Airvantage would have been considered to not be at value and, as such, a liability of R158 million would have been recognised. The put option over the shares of AV Technology is considered to be at fair value as the operations and results of the entity upon which the valuation is based have remained largely unchanged and six times net profit multiple is consistent with the earnings multiple at which the shares in the entity have been disposed of.

Basis of preparation

The summarised Group financial statements are prepared in accordance with the requirements of the JSE Listings Requirements for provisional reports, and the requirements of the Companies Act applicable to the summarised Group financial statements. The JSE Listings Requirements require provisional reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS) and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and to also, as a minimum, contain the information required by IAS 34 – *Interim Financial Reporting*.

The accounting policies applied in the preparation of the audited summarised Group financial statements are in terms of IFRS and are consistent with those applied in the previous audited Group annual financial statements as at 31 May 2020.

Non-IFRS information

The auditor's report does not necessarily cover all of the information contained in this announcement. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditor's work they should obtain a copy of that report together with the accompanying financial information from the registered office of the Company. This announcement contains certain non-IFRS financial information which has not been audited or reported on by the Group's auditors.

Board of Directors

A RESILIENT TEAM

Our operating structure is designed to significantly improve customer service through the creation of new routes to market. These include efficient processes and technology built around customer needs and value sets, ensuring that agility is embedded and adopted throughout our company. The structure supports the speed of deployment of new products and services across all channels and enables us to leverage both skill and scale across the Group.

Laurence (Larry) Nestadt
Independent
Non-executive Chairman

Brett Levy
Joint Chief
Executive Officer

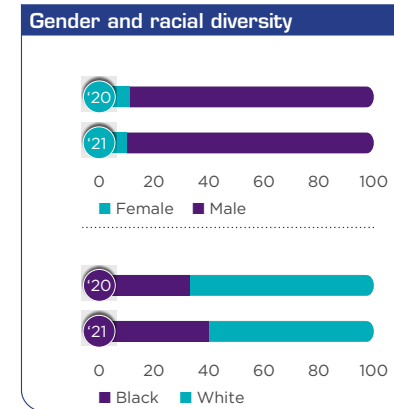
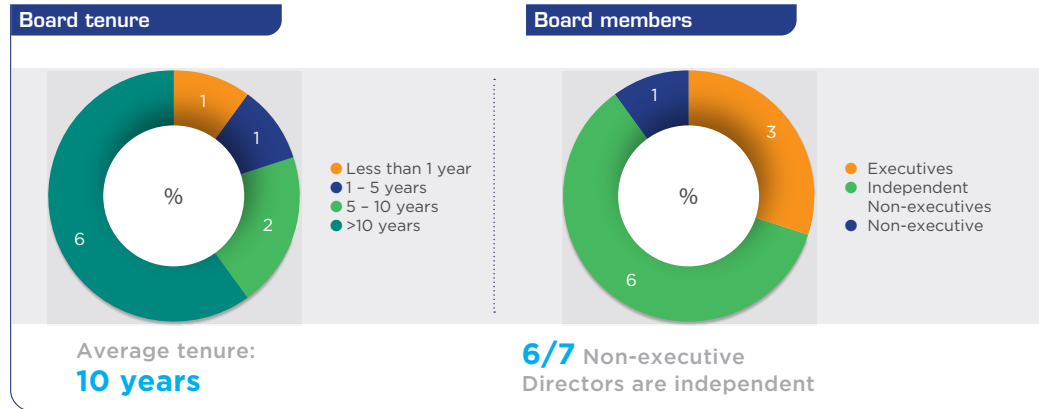
Mark Levy
Joint Chief
Executive Officer
BCompt (Unisa)

Dean Suntup
Financial Director
BCom (Wits), Hons (Unisa),
CA(SA)

Gary Harlow
Independent
Non-executive Director
BBusSci (Hons) (UCT), FCMA,
CGMA, CA(SA)



- Investment Committee
- Social, Ethics and Transformation Committee
- Remuneration and Nomination Committee
- Audit, Risk and Compliance Committee



Kevin Ellerine
Non-executive Director

National Diploma in Company Administration

Jerry Vilakazi
Independent Non-executive Director

BA (Unisa), MA (Thames Valley), MA (London), MBA (California Coast University)

Joe Mthimunya
Independent Non-executive Director

BCompt (Hons)/CTA (Unisa), CA(SA)

Nomavuso Mnqasana
Independent Non-executive Director

Chartered Accountant (SA), BCompt (Hons); MCom (Tax Law)

Lazarus Zim
Independent Non-executive Director

Chartered Accountant (SA), BCom (Fort Hare), BCom Honours (Wits), MCom (Rau), DCom (honoris causa) (Fort Hare)



Laurence (Larry) Nestadt
Independent Non-executive Chairman

Age: 70

Remuneration (member) and Nomination Committee (Chair)

Joined the Board: October 2007

Larry Nestadt has a long and successful global corporate career.

He is a co-founder and former executive director of Investec Bank Limited. Larry has been instrumental in the creation and strategic development of a number of listed companies including Capital Alliance Holdings Limited (Capital Alliance Life – acquired by Liberty Life; Capital Alliance Bank – now Brait), Super Group Limited, HCI Limited, SIB Holdings Limited, CorpGro Limited and Global Capital Limited. He also served as past chairman on the boards of these companies. Previously, Larry sat on the boards of Softline Limited, JCI Limited and Abacus Technologies Holdings Limited. Further, he has been a former chairman on a number of non-listed company boards both in South Africa and abroad, including Stenham Limited (UK) and Prefsure Life Limited (AUS). Larry is the current executive chairman of Global Capital Proprietary Limited and the current Chairman of Blue Label Telecoms Limited, Dis-Chem Pharmacies Limited, Universal Partners Limited, National Airways Corporation Proprietary Limited, the Morecorp Group, Melrose Motor Investments Proprietary Limited and SellDirect Marketing Proprietary Limited. He also serves as deputy chairman of Cell C Limited. Larry is a life member of the World Presidents' Organisation, Lloyds of London (since 1983).

As a respected senior member of the South African business community; his strategic vision, guidance and experience contribute significantly to the Board and its deliberations.

Brett Levy
Joint Chief Executive Officer

Age: 46

Serves as director of various Group companies

Joined the Board: February 2007

Brett has an impressive entrepreneurial record of founding and operating many small businesses across a wide range of industries.

These include the distribution of fast-moving consumer goods and insurance replacements for electronic goods. Brett plays a key role in developing the Group's strategy and commercial negotiations. His achievements have earned him a number of prestigious nominations, accolades and awards. These include the Absa Bank Jewish Entrepreneur of the Year Award (2003) and the Absa Jewish Business Achiever Non-Listed Company Award (2007), which he won jointly with his brother Mark. Brett was nominated as an Ernst & Young World Entrepreneur SA Finalist for 2007. In 2010 he received the Liberty Life Award for a Remarkable Success Story in the David Awards and was a finalist in the Top Young Entrepreneur category of the African Access National Business Awards. In 2011 he shared the Top Entrepreneur accolade in the African Access National Business Awards with Mark.

Mark Levy
Joint Chief Executive Officer

Age: 50

BCompt (Unisa)

Serves as director of various Group companies

Joined the Board: February 2007

Mark graduated with a BCompt from Unisa in 1993. After some years as a commodities trader, he decided to pursue a goal of becoming an entrepreneur.

At Blue Label, Mark is integral in spearheading the execution of Blue Label's growth strategy, integration of acquisitions and development of the IT architecture. His leadership stature is frequently recognised. Together with his brother Brett, Mark received the Absa Bank Jewish Business Achiever Non-Listed Company Award (2007). He was nominated as an Ernst & Young World Entrepreneur SA finalist for 2007. In 2010 Mark was voted Top IT Personality of the Year by ITWeb and was a finalist in the Top Young Entrepreneur category of the African Access National Business Awards. In 2011 he shared the Top Entrepreneur accolade in the African Access National Business Awards with Brett.

Dean Suntup
Financial Director

Age: 44

Joined the Board: November 2013

BCom (Wits), Hons (Unisa), CA(SA)
 Serves as director of various Group companies

Dean completed his articles at PwC where he continued working after qualifying as a chartered accountant, participating in the audits of various large corporations and multinational companies.

In 2003 he joined BSC Technologies, a business established by the Levy brothers, and where he later became financial director. In 2005 he transferred to The Prepaid Company in the role of Financial Director. In heading up finance at Blue Label, Dean contributes significantly to the governance and reporting systems across the Group. Dean is a member of SAICA.

Gary Harlow
Independent Non-executive Director

Age: 63

Joined the Board: October 2007

BBusSci (Hons) (UCT), FCMA, CGMA, CA(SA)
 Serves as director and chairman of various Group companies

Gary graduated from the University of Cape Town in 1979, qualifying as a Chartered Accountant (SA) in 1982, an associate of the Chartered Institute of Management Accountants (UK) in 1983 and as a Fellow Chartered Management Accountant (UK) in 1996. His career was forged in merchant and investment banking.

In the early 1990s he became an adviser to the African National Congress in developing black economic empowerment strategies and in 1992 was instrumental in the creation of Thebe Investment Corporation, South Africa's first broad-based black-owned company. Gary served as joint CEO of Msele Corporate and Merchant Bank, South Africa's first black-controlled merchant bank.

In 1996, Gary was appointed group CEO of Unihold Limited, where he remains executive chairman. He led its transition from an engineering conglomerate to an international IT and telecommunications group, followed by a delisting through a management buyout in 2002. Gary serves on various other private and public boards including Imbalie Beauty Limited and Cell C Limited, where he is the chairman of the Audit and Risk Committee.

Kevin Ellerine
Non-executive Director

Age: 53

Joined the Board: December 2009

National Diploma in Company Administration
 Serves as director of TPC

Kevin joined the family business, Ellerine Holdings, in 1991. After serving in various roles, in 1993 he was appointed as property manager of Ellerine Bros. Proprietary Limited, rising to managing director of the property division in 2000, a position he still holds today.

He sits on the boards of the property and private equity companies in which Ellerines is invested. He is also a director of Hyprop Investments Limited and Newpark REIT Limited. Kevin's all-round business skill and acumen contribute to Board and Committee deliberations of the Group.

Jerry Vilakazi**Independent Non-executive Director****Age:** 60

BA (Unisa), MA (Thames Valley), MA (London), MBA (California Coast University)

Joined the Board: October 2011

Jerry is executive chairman of Palama, which he co-founded to facilitate investments in strategic private and listed companies.

He is a past CEO of Business Unity South Africa, during which period he served as business representative at Nedlac and on various international business councils. Prior to this, he held various executive positions in government and in the private sector including that of managing director of the Black Management Forum (BMF) where he also served on the board of the BMF investment company. In 2009, Jerry was appointed to the Presidential Broad-based Black Economic Empowerment Advisory Council and was appointed as a Commissioner of the National Planning Commission in 2010. Jerry was chairman of the Mpumalanga Gambling Board from 2006 to 2015 and the State Information Technology Agency (SOC) Proprietary Limited until the end of his term in 2015. He previously served on the boards of PPC Limited, Goliath Gold Limited as well as chairman of Netcare Limited and adviser to Citibank. He currently serves on the boards of Cell C Limited and Sibanye-Stillwater Limited where he also chairs the social and ethics committee.

Joe Mthimunye**Independent Non-executive Director****Age:** 56

BCompt (Hons)/CTA (Unisa), CA(SA)

Serves as director of various Group companies

Joined the Board: October 2007

Joe qualified as a chartered accountant in 1993. In 1996, he co-founded Gobodo Incorporated, an accounting practice with eight other partners which later became SNG Grant Thornton.

In 1999, he led a management buy-out of Gobodo Corporate Finance from the accounting firm and rebranded it aloeCap Proprietary Limited, of which he is currently the executive chairman. He serves on the board of directors of various non-listed companies in which aloeCap is invested. Joe is an independent non-executive director of Dis-Chem Pharmacies Limited and the chairman of Cell C Limited. He is also chairman of Dis-Chem audit committee.

Nomavuso Mnxasana**Independent Non-executive Director****Age:** 65

Chartered Accountant (SA), BCompt (Hons); MCom (Tax Law)

Joined the Board: September 2020

Nomavuso is a Chartered Accountant, having obtained her BCompt and Hons from the University of South Africa. She received her training from Deloitte & Touche. After completing her articles, she spent one year at Deloitte before joining SizweNtsaluba vsp (former Nkonki Sizwe Ntsaluba).

During her tenure at SizweNtsaluba she was specialising in consulting, internal auditing and attests function. She started the Corporate Governance division which housed the internal audit services, as she identified this opportunity during the introduction of the Public Finance Management Act (PFMA). She was also involved in staff development and training as a staff partner for five years. She then joined the Imperial Group as the Group Audit and Risk Executive. While at Imperial she introduced Training Outside Public Practice (TOPP). When she left the group, she had 11 TOPP Trainees who are spread across the group and still assist Imperial Group on a consulting basis to ensure they receive adequate training. She was appointed to serve on the board of Imperial Bank as a non-executive director representing Imperial, the position she held until the bank surrendered its banking licence in September 2010. She sits on a number of boards in both listed and unlisted companies.

Lazarus Zim**Independent Non-executive Director****Age:** 61

Chartered Accountant (SA), BCom (Fort Hare), BCom Honours (Wits), MCom (Rau), DCom (honoris causa) (Fort Hare)

Joined the Board: October 2020

Serves as director and chairman of CEC

Lazarus has extensive experience as CEO and chairman of blue chip companies across a wide range of industries.

Lazarus is the founder and chairman of Zanozi Properties & Commodities. He is the former CEO of Anglo American South Africa Limited and former Chairman of Anglo Operations Limited (AOL). He has served on the boards of directors of MTN Group, Anglo Gold Ashanti, Anglo American Platinum, Kumba Resources, Mondi South Africa, and Tongaat Hulett. He is a former chairman of Kumba Iron Ore, Telkom SA and TransHex Group.

In 2006, he invested in Mvelaphanda Resources which held significant stakes in Northam Platinum, TransHex Group and Goldfields Limited. He retired from mining boards in 2017 after 10 years as chairman of Northam and after serving as founder chairman of Zambezi Platinum. During his tenure, Northam expanded from being a one mine company (Zondereinde) to multi-shaft operations, which included the successful design, development and commissioning of Booysendal Mine and the acquisition of Eland Platinum.

Lazarus is past president of the Chamber of Mines of South Africa and was voted African Business Leader of the Year in 2005. He is also a retired Honorary Colonel in the South African Army. He holds a BCom degree from Fort Hare, a BCom Honours from Wits, an MCom from RAU and a DCom (honoris causa) from Fort Hare. He has also served on the boards of Sanlam, Armscor, and on the International Advisory Council of Capital International (USA). Between 1994 and 2003 has held several executive positions in M-Net Supersport, Multichoice and MTN Group.

Remuneration report

Dear shareholders

This financial year has been a year of challenge and hardship caused by the COVID-19 pandemic. The management and Human Capital team provided excellent support and guidance to all employees, where health and safety took precedence. COVID-19 safety protocols were strictly enforced as well as a focused effort on mental health of #teamblu.

After considering all stakeholder interests, the Remuneration Committee took a decision in the prior financial year to suspend all short-term bonus rewards and salary increases to the management team. Notwithstanding, it was heartwarming to see that productivity levels remained high and the Group performed exceptionally well in the circumstances.

Our Remuneration Policy, amended significantly in 2020 to align with best practice, together with the Implementation Report and Non-executive Directors fees, were put to a shareholder vote at the previous AGM on 26 November 2020 and were endorsed with majority 97.62%, 98.87% votes respectively. We will not stop our efforts to engage with our shareholders to ensure alignment of our policy and their goals.

It is vital that our Remuneration Policy aligns with best practice and achieves our goals of attracting and retaining top talent. To this end, we tasked Deloitte to perform a review of the policy and a benchmarking exercise reviewing metrics and targets across the market as well as elements the Committee should consider when setting appropriate targets and metrics in short and long-term incentive awards that are specific to our firm. We are pleased to report that Deloitte confirmed that our policy meets best practice guidelines and recommended that the firm ensures that targets and metrics for awards are reviewed on an annual basis to ensure that they are relevant for each specific award. This has added

benefit of ensuring that metrics and targets associated with remuneration remain relevant through changing business environments. In line with best practice no metrics or targets, have been or will be retrospectively adjusted but the enhanced policy will ensure that the Remuneration Committee has the flexibility in setting appropriate metrics and targets on an annual basis. The Committee has decided that in the future we will review EBITDA as a financial target with a possible change to NPAT. The reason for this, is that the Group is embarking on an extensive training and skill development programme, which will impact EBITDA, but after deducting the S12H allowance in terms of the Income Tax Act, should leave our bottom line NPAT unchanged.

Section 1 provides an overview of how the Remuneration Committee has championed our alignment to King IV's Code on Corporate Governance, our areas of focus in achievement of our policy objectives, our efforts to build a culture through values, our purpose and alignment with performance and rewards. We also address diversity and inclusion, gender and race remuneration parity and setting new ESG goals.

Section 2 summarises our remuneration philosophy and policy, together with an overview of our total rewards strategy. There is only one small amendment as highlighted above, with regard to allowing the Remuneration Committee some flexibility in addressing annual performance metrics to ensure the Committee can continue to set relevant performance metrics and drive the right outcomes for all stakeholders. No change was however considered for the forthcoming year. The full policy can be accessed here: <https://www.bluelabeltelecoms.co.za/sus-remuneration-policy.php>. We also highlight our continued focus areas for FY2022.

Finally, section 3, the Remuneration Implementation Report, provides an overview of FY2021 performance and discloses performance against targets and resulting awards to Executive Directors as well as Non-executive Directors' fees paid.

Looking forward to FY2022, we will continue to review the success of our Remuneration Policy in terms of both our and stakeholders' goals. We have to be mindful of the challenges facing our country and what role we need to play in addressing these, including those resulting from injustices of the past. Together with ESG, these will be our prioritised goals for the forthcoming year.

We invite engagement with our shareholders as part of our efforts to continuously review and improve.



GD Harlow
Chairman

27 September 2021

SECTION 1

Background statement regarding committee considerations and decisions

It remains the responsibility of the Remuneration Committee Chairman to give feedback to the Board after every Remuneration Committee meeting, of any key decisions and relevant discussions. The Remuneration Committee is committed to applying the King IV principles regarding responsible and transparent remuneration practices, assisted by regular benchmarking exercises. The Remuneration Committee, therefore, mandated Deloitte in FY2021, to conduct a benchmark assessment of our Remuneration Policy, in light of changes in the market since our last review.

Achievement of policy objectives

The Remuneration Committee believes that the Blue Label remuneration philosophy and policy remain fit for purpose and achieves the high-level objectives of attraction, retention, and performance motivation of our employees. The only policy change we have considered on the advice of Deloitte and taking into consideration our challenges in the country, is to allow the Committee to have flexibility in the determination of performance metrics and other elements that would typically be addressed yearly, rather than codified into a policy without change.

This has the added benefit of ensuring that metrics and targets associated with remuneration remain relevant through changing business environments. In line with best practice no metrics or targets, have been or will be retrospectively adjusted but the enhanced policy will ensure that the Remuneration Committee has the flexibility in setting appropriate metrics and targets on an annual basis going forward.

The Committee has not considered any amendments to these performance metrics for the forthcoming year nor did it adjust any metrics or outcomes

retrospectively. The Committee will consider changes in future if deemed appropriate and in line with best practice and economic conditions in the country.

The Remuneration Committee prioritised and achieved the following objectives during the FY2021 year:

- Assess the executive remuneration market and governance frameworks mandating Deloitte to conduct a benchmarking assessment and peer group review. The review provided market trends and principles as well as a review of listed and non-listed companies fixed pay increases for 2021. We also reviewed the LTIP in comparison to various peer groups with a specific focus on performance metric targets.
- Monitor the implementation of the revised remuneration policy across the organisation and attempted to measure our success in attracting and retaining critical skills and talent.
- Support the transformation agenda and eliminate any unfair bias or practices.
- Ensure alignment of metrics to value-creating behaviour that enhances shareholder returns, and rewards performance accordingly,
- Review and approve Executive Director and Senior Management succession plans.
- Monitor and assess the impact of COVID-19 on our business and evaluate our remuneration practices in light of this, if required.
- Refine our ESG scorecard and associated metrics for our LTIP scheme.
- Assessing who our prescribed officers should be as an outcome of the new organisational re-design.
- Continue reviewing potential talent with new skills and capabilities that will complement our non-executive Board, with a focus on succession for Non-executive Directors who have served on the Board for more than nine years and specifically attracting black female talent onto our Board of Directors.

The Committee fulfilled its goal of attracting further black talent to the Board with the appointment of Nomavuso Mnxasana and Lazarus Zim. Ms Mnxasana joined the ARC Committee and Mr Zim the Remuneration Committee in June 2021.

Culture, reward, and performance

A values-based mindset is powerful. It drives employee engagement, organisational performance, customer satisfaction and brand loyalty.

At Blue Label we aim to build a culture through values and rituals. We understand that a culture cannot survive if it is not supported by leadership. Our leaders are our role models and therefore a lot of focus has been placed on developing leaders for the future in FY2021. To address the correct skills gaps we created job families for roles that have similar capabilities and designed competency models by job families. Our newly designed and implemented succession planning process, uses these competency models to develop individual development plans. We achieve our retention and succession of key capabilities through these individual development plans while delivering our organisation's goals.

Our employee value proposition compliments our rewards policy to attract the newly required skills in an everchanging environment. We are pleased with the implementation of our new standardised succession management process that drives alignment with performance and rewards.

It has been a challenging year for the Committee with the COVID-19 pandemic and the duty of supporting our people through its impacts. The onset of the COVID-19 pandemic has created unprecedented uncertainty, impacting lives and livelihoods globally. In FY2021, our focus has been to safeguard the health and wellbeing of our employees and their families, while managing the economic and operational challenges facing Blue Label.

Remuneration report continued

In protecting our employees, multiple regulations at all our offices were implemented, including driving awareness of the pandemic.

Diversity and inclusion

The representation of women and African talent in the broader business, as well as senior leadership, is a key focus of the Committee and the Board. On this front, we have made steady progress at the entry and middle occupational levels over recent years. In FY2021 we recruited new skills and capabilities into the organisation and we are pleased with our achievements and the intentional recruitment efforts to employ women and black candidates. 97% of new appointments were equity, 74% of all promotions were awarded to equity candidates, 39% to women and 45% to African. Of all new appointments, 57% were women and 43% men.

Additional considerations made in FY2021 to be implemented in the future

The Group has embarked on an aggressive learnership programme accommodating approximately 1 500 learners in our call centre. This is consistent with the Group's goals to focus on skills development and enterprise development. It is likely to have a future impact on EBITDA with a neutral impact on the NPAT line across the Group, as tax allowances can be claimed under S12H of the Income Tax Act. A review of EBITDA as a target with consideration of NPAT, will take place next year.

Further details of the full Remuneration Policy can be accessed at <https://www.bluelabeltelecoms.co.za/sus-remuneration-policy.php>.

2022 pay review

Paying for performance remained at the core of the Group's and the Remuneration Committees' philosophy.

For employees, management and executives up to 6% was approved, based on an individual performance rating. These decisions were not only aligned to our remuneration philosophy, but also cognisant of the fact that no increases were awarded in FY2020. The Committee approved performance-based bonuses for FY2021.

ESG, shared value and our purpose.

Our Rewards policy, value proposition, culture and ESG objective must align with our purpose. Through good ethics and good commercials, it is our social responsibility to generate value for all. In this way we will:

- Attract and retaining key capabilities
- Reward employees for living our values and displaying our leadership behaviours.
- Motivate our people to innovate and bring new ideas to achieve our strategy.
- Deliver our strategy and our purpose
- Deliver our new ESG objectives and service the market we serve.

Voting at the 2021 virtual annual general meeting

In line with the Companies Act and King IV, we will table the following resolutions for shareholders voting at the AGM:

- Advisory vote for the approval of the remuneration policy.
- Advisory vote for FY2021 implementation report.
- A binding vote on Non-executive Directors' fees.

Shareholders are invited to engage on our remuneration policy and this remuneration report by sending a request for engagement to the Chairman of the Remuneration Committee to investors@blts.co.za.

Remuneration Committee focus areas for FY2022

The Committee is mandated by the Board to continually assess the executive remuneration market and governance framework. The Committee will

consider current market conditions, Blue Label's strategy and operational performance. We anticipate focusing on the following in FY2022:

- Continue to evaluate our policy in terms of market and peer reviews and our success in attracting and retaining key talent to deliver our strategic goals and shareholder returns.
- Review performance metric goals as appropriate in the context of prevailing economic conditions in South Africa.
- Attract and appoint a further black Non-executive Director to the Board, preferably with Telco and/or audit experience. This is in terms of our plans to ensure an orderly rotation and or replacement of Non-executive Directors who have served on the Board for longer than 10 years, as well as achievement of our race and gender diversity goals on the Board.
- ESG goals are aligned with best practices, ensuring they are not only measurable but also verifiable.
- Benchmark NED fees and review accordingly.
- Continue to engage with our institutional shareholders for their input on our remuneration policy and report and consider any recommendations for improvement.
- Continue to focus on equality through reviewing employment equity strategy and targets as well as diversity and inclusion initiatives.
- Review growth opportunity strategy, which includes conditions of employment, management, leadership development programs and long-term employee development through succession planning.
- Drive and monitor our policy of equal pay for equal work across gender and race.

SECTION 2

Our remuneration philosophy, policy, and framework

Blue Label recognises that our people are one of our biggest assets and believe that it is important to allow each individual to thrive as an individual and grow their career, while excelling and succeeding together as an organisation. Our remuneration policy and practices, together with our WeLead programme aims to create awareness of how important it is to be resilient, be achievement-driven and have a winning mindset.

We aim with our Employment Value Proposition of #HappinessisBlu and employee engagement #teamblu programmes, to differentiate us from our peers. Our all-in culture creates a safe environment that leads to increase productivity and innovation.

This together with our remuneration policy, enable us to:

- deliver shareholder value by aligning our remuneration practices to our strategic goals;
- achieve our employment equity aspirations;
- align our employees' performance with shareholder interests;
- support our talent strategy through enabling Blue Label to attract, motivate and retain the very best calibre of Directors and employees who have above-average industry ability and expertise;
- create an entrepreneurial, competitive, innovative, and high-performance Company through rewarding demanding performance goals that are consistent with our strategy and shareholder growth expectations;

- reinforce our desired culture through encouraging and rewarding ethical behaviour, that is consistent with our values and leadership behaviours, thereby stimulating employee engagement and corporate citizenship simultaneously.
- driving our WeLead initiative that cultivates a growth mindset and innovative spirit that will dare to win.

This applies to all subsidiaries, associates and joint venture companies in which the Group holds a shareholding in excess of 40%, excluding Cell C who have their own remuneration policy and committee. The Remuneration Committee may approve by exception, for the policy to apply to seconded Blue Label employees.

Employer of choice

Our objective is to be an employer of choice and our employee brand and reward programme should be designed to help us achieve this.

Competitive pay levels

Our localised benchmark on guaranteed pay practices helps us to stay committed to remuneration packages that are competitive and relevant for the role and experience.

Pay for performance

We strive to pay for performance and therefore structure remuneration around this. This allows us to reward strong individual performance as well as organisation performance. We apply malus and clawback provisions to vested and unvested LTIP awards for management.

Internal equity

As far as possible, remuneration differentiation between employees is based on fair and objective criteria.

Our approach

At Blue Label we adopt a holistic approach to rewards, which includes guaranteed pay, variable pay, recognition and employee development and benefits.

We understand that the philosophy and each component of the policy, are dynamic and should be reviewed from time to time, to ensure we keep abreast of our objectives and market trends. We ensure that our practices comply with legislative and regulatory requirements.

We provide transparent and understandable information about our reward programme, policy and processes to all employees, to ensure that employees understand what they receive, why and when they receive it.

Our reward framework

Blue Labels framework comprises financial and non-financial components and applies to all employees. The framework is explained below:

- fixed annual remuneration (FAR);
- short-term incentives (STI);
- long-term incentives (LTI);
- commissions for sales staff;
- ad hoc rewards for performance and behaviours linked to our values, leadership programs and competitions; and
- non-financial benefits aligned to our EVP #HappinessisBlu.

Remuneration report continued

At Blue Label the pay mix differs when specific business circumstances require it, including costs and allowances related to relocation and international assignments. We reimburse all necessary and reasonable business expenses.

Blue Label remuneration and talent retention strategy

	Guaranteed	Variable	Non-financial			
	Fixed annual remuneration	Sales commissions	Short-term incentive plan	Short-term variable remuneration	Long-term incentive plan	#HappinessisBlu
Objectives	Enables us to attract and retain talent, taking into consideration, skills, experience, high potential and value contribution.	Aligned to drive continuous improvement, improved customer service and increased revenue in sales and operations.	Reward the achievement of challenging strategic, financial and operational objectives, aligning individuals to divisional, Group performance and the interests of our shareholders. The scheme is structured to reward collaborative work across the Group to ensure we leverage our capabilities, increase innovation, improve customer and consumer service, reduce inefficiencies and increase revenue and profits.	Special-purpose variable remuneration arrangements to help attract and retain high-potential talent who are the holders of scarce skills. Arrangements are subject to individual performance and time-based conditions to ensure an appropriate return on the remuneration investment.	Aligning employees to shareholder interests through incentivising performance in line with strategic goals and long-term shareholder value.	Create a differentiated EVP and work experience to increase the engagement and retention of existing employees and position Blue Label as an employer of choice within an increasingly competitive landscape.
Eligibility	All.	Specific roles within sales and operations.	All.	- Critical and scarce skills. - High-performing employees with high potential and critical skills.	Executives and management.	All.

Blue Label talent strategy						
	Guaranteed	Variable			Non-financial	
	Fixed annual remuneration	Sales commissions	Short-term incentive plan	Short-term variable remuneration	Long-term incentive plan	#HappinessisBlu
FY2020 approach	Due to COVID-19 and its likely aftermath, the Remuneration Committee recommended up to 6% increases for FY2022. Increases awarded on exception to retain critical skills and high performing talent.	As defined by the operational plan and budget.	Schemes with varying components linked to: - individual performance; - divisional performance (where applicable); and - Group performance. Gatekeeper conditions are in place. Individual metrics are limited to five key performance indicators (KPI) and must be verifiable and challenging. The following financial measures will be applied in determining the STIP for Group head office and Executive Directors: - core HEPS; and - EBITDA. The following financial measure will be applied in determining the STIP at divisional level: - NPAT CEO's thresholds are calculated at 80% of FAR, target at 100% of FAR and a maximum pay-out at 150% of FAR. FD threshold is calculated at 50% of FAR, target at 70% of FAR and a maximum pay-out at 100% of FAR. Further details on targets can be found in the remuneration policy. Further details on targets can be found in the remuneration policy.	Cash-based sign-on awards and retention bonuses are assessed on a case-by-case instance in line with policy.	Eligibility based on: - senior leadership; - talent key to driving business strategy; - retention of talent with high potential and/or critical skills; and - transformation objective. Gatekeeper conditions are in place. Awards are subject to malus and clawback provisions. Minimum holding requirements are in place for Executive Directors. The following metrics apply: - core HEPS compounded cumulatively over three years; - total shareholder return versus the all share capped index; - return on capital employed; and - ESG performance scorecard. Allocation awards for Executive Directors are: 50% of FAR for the CEOs achieving target, with a threshold of 36% of FAR and a maximum of 70% of FAR; and 50% of FAR for the FD achieving target, with a threshold of 36% of FAR and a maximum of 70% of FAR.	Individualised employee engagement, development and growth.

Remuneration report continued

Fixed annual remuneration

FAR is a critical enabler in the attraction and retention of human capital, taking into regard skills, experience, high potential and value contribution. The components of guaranteed fixed remuneration are:

- cash salary;
- medical aid benefits;
- allowances; and
- disability and death benefits.

To ensure we apply the right competitive remuneration, we collected industry and country-relevant benchmarks from Deloitte and KornFerry. Fair and competitive compensation is critical to being an employer of choice.

Annual salary review process

Blue Label's annual salary review process provides an opportunity for management to reward for performance and adjust salaries in line with market increases and organisational affordability. Blue Label's annual performance-based increases are affected in June each year. We aim to differentiate between non-performance, average performance and exceptional performance. The Committee mandated up to 6% increases for FY2022. The Remuneration Committee further mandated that where appropriate, by exception, higher increases may be awarded to retain critical skills and high-performing talent, or where there were enhanced responsibilities.

Short-term incentive plan

Our STIs reward the achievement of short-term and long-term objectives both financial and non-financial in nature. Our STIs also reward self-development and focus on developing others and the economic

development of the communities we serve. In line with our entrepreneurial spirit, targets and metrics are challenging and align individuals to divisional and Group performance and the interests of our shareholders.

We have introduced further incentives for managers to use within exceptional instances. The special-purpose short-term variable remuneration arrangements have been designed to help attract and retain high potential human capital who are the holders of scarce skills.

The emphasis remains on performance beyond target for Executive Directors for FY2022:

- Individual goals will account for 20% of the STI. In FY2022, for Executive Directors, these relate to:
 - the turnaround strategy and performance of Cell C;
 - the Group's overall performance;
 - facility targets with the banks; and
 - succession planning.
- Group performance will account for 80% of the STI.

CEOs thresholds are calculated at 80% of FAR, target at 100% of FAR and a maximum pay-out at 150% of FAR.

The FD threshold is calculated at 50% of FAR, target at 70% of FAR and a maximum pay out at 100% of FAR.

Executive Directors STI metrics [#]				
Metrics		Threshold	Target	Stretch
KPIs (20%)	Individual	CPI + 5%	CPI + 10%	CPI + 15%*
	Payout % of FAR	16% – CEOs 10% – FD	20% – CEOs 14% – FD	30% – CEOs 20% – FD
EBITDA (40%)	Group	CPI + 5%	CPI + 10%	CPI + 15%*
	Payout % of FAR	32% – CEOs 20% – FD	40% – CEOs 28% – FD	60% – CEOs 40% – FD
Core HEPS (40%)	Group	CPI + 5%	CPI + 10%	CPI + 15%*
	Payout % of FAR	32% – CEOs 20% – FD	40% – CEOs 28% – FD	60% – CEOs 40% – FD

* Remco discretion to be applied for performance above target.

[#] The bonus is calculated per objective. Values awarded will be a weighted average of scores attained versus target and pro-rated as the case may be.

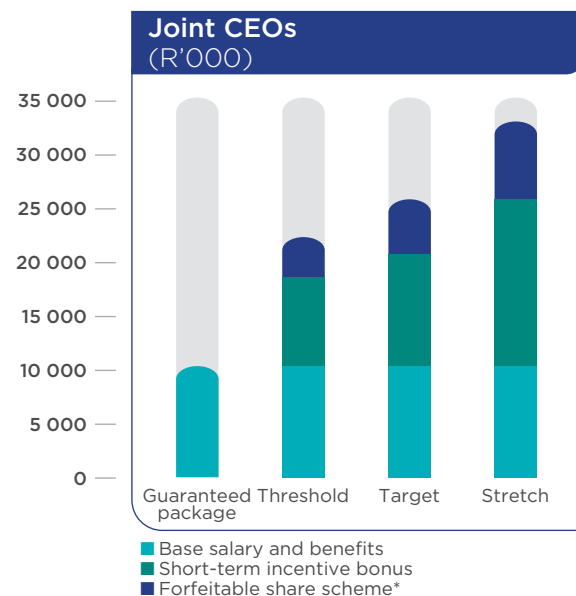
Remco will be guided by economic conditions and an annual review of the performance target percentage above CPI, with the most relevant metrics selected each year.

Executive Directors' service contracts

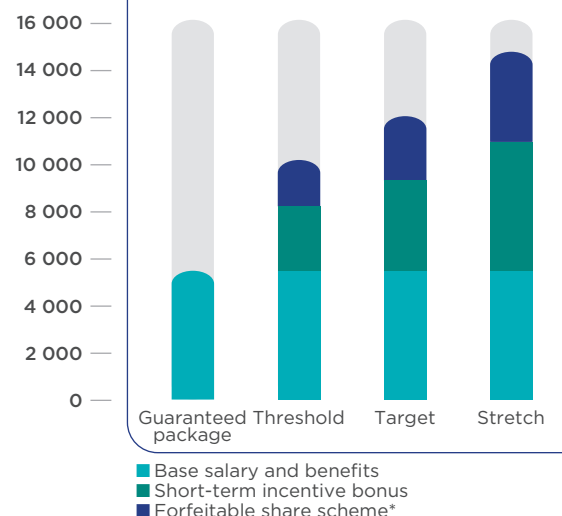
The service contracts of the following Executive Directors which expire on 4 November 2021, were renegotiated and renewed for a further 24 months. No further restraint of trade payments will apply to BM Levy and MS Levy. Should the Joint CEO's employment be terminated for whatever reason, the original three-year restraint clause will apply. There are no contractual termination benefits, including restraint of trade payments, in place for the Executive Directors:

- BM Levy
- MS Levy
- DA Suntup

Executive Directors' composition of FY2022 total remuneration



Financial Director (R'000)



* Forfeitable share scheme vesting in August 2024.

Long-term incentive plan

Blue Label's LTIP aligns employees to shareholder interests through incentivising performance in line with strategic goals and long-term shareholder value. In addition, they aim to retain human capital with scarce or critical skills. The Remco, through engagement with shareholders, has determined applicable criteria for LTIs, ensuring that the interests of all stakeholders are appropriately considered. These may be reviewed and adjusted in future, upon further engagement with shareholders. Awards are made once a year post our annual performance and

pay reviews. All awards are subject to the necessary governance and approval processes. Awards are subject to vesting over a period of three years from the date of the grant.

Minimum levels of financial performance must be met. Employees who do not meet minimum performance requirements or are on a performance improvement plan, are not eligible.

Awards from 2019 onwards are subject to malus and clawback provisions as set out in our policy (further detail can be accessed in the remuneration policy).

To further align management's interests directly with those of shareholders and to encourage long-term commitment to the organisation, Executive Directors will be expected to accumulate a minimum holding of shares from September 2019.

Remuneration report continued

The following metrics apply for each award

		Group LTI metrics*		
		Threshold	Target	Stretch
Core HEPS (30%) (compounded cumulatively over three years)	Group	CPI + 5%	CPI + 10%	CPI + 15%
	Vesting %	21.6%	30%	42%
TSR (30%) performance against JSE Capped All Share Index	Group	Greater than or equal to JSE capped All share Index	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 %	21.6%	30%	42%
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 +2.5% over three years	ROCE greater than or equal to WACC +5% over three years
	Vesting %	14.4%	20%	28%
ESG (20%) specific ESG metrics	Group	Specific ESGs selected	Specific ESGs selected	Specific ESGs selected
	Vesting %	14.4%	20%	28%

* Remco may review metrics and targets post-FY2022 for new awards to ensure that they are relevant. The LTI is calculated per objective. Values awarded will be a weighted average of scores attained versus target and pro-rated as the case may be.

** 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.

Malus and clawback provision

This ensures that excessive risk-taking is not rewarded. This malus and clawback clause applies to both vested and unvested 'at risk' remuneration. It is designed to be preventative rather than a purely remedial or punitive measure as it removes the incentive for executives to consider deliberately misstating company earnings to inflate variable pay. The clause applies to both the STIP and LTIP from June 2019 and September 2019 respectively. The provision may be implemented up to 10 years after a trigger event and is applicable to financial year ended 31 May 2020 and each financial year-end thereafter.

The Board may act on the recommendation of the Remuneration Committee to adjust (malus) or recover (clawback) unvested and vested 'at risk' remuneration where there is reasonable evidence that a Blue Label employee has materially contributed to, or been materially responsible for, the need for the restatement of financial results. The malus and clawback clause does not apply in the case of a restatement of financial results caused by a change in applicable accounting standards or interpretations thereof, provided originally approved by the Company's auditor.

The CEOs or Company Secretary are required to notify the Chairman of the Remco and the Chairman

of the Board respectively, of any circumstances that could constitute a 'trigger' under this policy as soon as practical. If either the CEOs or Company Secretary is involved in the trigger event, the Head of Group Risk and Compliance is required to notify the Chairman of the Remco and the Chairman of the Board respectively.

Before the Remco makes a recommendation to the Board to implement malus or clawback provisions under the policy, they shall:

- review the situation to understand the impact of the misstatement;
- assess the involvement of the employee and their level of responsibility regarding the trigger; and
- provide the relevant employee with written notice of the intended actions and the right to respond in writing within 15 working days to raise salient matters.

Having completed an investigation and following due process, the Board, on advice from the Remco, may decide to clawback, cancel or adjust any vested or unvested STI or LTI awards, where they are not satisfied that an award is appropriate or warranted due to exceptional circumstances.

Minimum shareholding requirements for Executive Directors

To further align the Executive Directors' interests directly with those of shareholders and to encourage long-term commitment to the organisation, Executive Directors will be required to accumulate a prescribed minimum holding of share allocations within five years from September 2019. Joint CEOs will be required to accumulate two times their Fixed Annual Remuneration over a period of five years. Our joint CEOs own a significant shareholding in Blue Label, and we will continue to review this. The FD will be required to accumulate one times his Fixed Annual Remuneration over a period of five years.

Termination arrangements

Conditions of employment are comparable to those companies in our sector. In ordinary practice, no special or extraordinary conditions are applicable to senior executives. Exceptions may exist because of acquisitions and these must be reviewed and signed off by the Board and Remco.

In the event that services are terminated due to a no-fault basis, Executive Directors, prescribed officers and senior managers are entitled to severance pay equal to two weeks' FAR per completed year of service. Contractual notice and accrued leave will also be paid out in the normal course. Treatment of any unpaid bonus or unvested LTIP awards, will be dealt with in accordance with this policy and will in all instances be subject to Group Remco and Board oversight and approval.

In line with King IV, Blue Label has not concluded any termination agreements with its Executive Directors, a new agreement without restraint of trade agreement 24 months for the joint CEOs. No fixed sums of money or "balloon payments" in recognition of service to the Company, without any performance conditions attached, will be paid on termination of employment.

Non-executive Director remuneration

The fees of the Group Chairman and the Non-executive Directors reflect their specific responsibilities relating to their membership of the Board and, where applicable, Board committees. Blue Label's Non-executive Directors do not receive any performance-related remuneration or any employee benefits. Together with Executive Directors and Senior Management, no annual increases were awarded in FY2021. For FY2022, Non-executive Director fee increases have been proposed at 6% to be approved by shareholders at the AGM.

SECTION 3 Implementation report Short-term incentive bonus

Performance metric	Threshold	Target	Stretch	Actual performance	Weighting	Amount due to Executive Directors R'000*	Amount paid to Executive Directors R'000
EBITDA (40%)	CPI + 5%	CPI + 10%	CPI + 15%	1%	40%	—	9 230
Core HEPS (40%)	CPI + 5%	CPI + 10%	CPI + 15%	16%	40%	9 230	9 230
Individual goals (20%)	Varies per individual	Varies per individual	Varies per individual		20%	4 614	4 614
Total						13 845	23 074

The performance metrics for Executive Directors relating to STIs for the year ended 31 May 2021 were 20% for Individual goals and 80% for financial achievement, of which 40% related to growth in Core HEPS and 40% to growth in EBITDA.

The individual goals set related to the recapitalisation of Cell C and the implementation of a turnaround strategy and the reduction of interest-bearing debt within the BLT Group.

The recapitalisation of Cell C continues to proceed in a positive direction with the Group having recently concluded a term sheet for an Airtime Purchase transaction, the proceeds of which will be utilised for this recapitalisation. The turnaround strategy has been implemented, simplifying our portfolio and reverting to "back to basics" within our core businesses. Debt levels declined by R612 million in the current financial year.

Strong growth in core headline earnings per share, excluding non-recurring income in the current year and extraneous costs in the prior year, resulted in the Group surpassing the target outcomes set for the year.

As part of the Group's strategy to further increase channel visibility and bolster its product and services mix in order to defend and expand its positions across all platforms, a significant investment in IT overhead expenditure was necessary. The impact of COVID-19 and the continuous change in consumer buying patterns contributed to a rapid acceleration in the adoption of digital services.

It is a necessity to enhance IT infrastructure relating to the Group's online and data analytic platforms, to escalate the quantum of distribution channels, to enhance capacity in the Customer Interaction Centre and to implement value added services and financial service strategies. In addition, the implementation of the CEC income sharing arrangement resulted in a significant expected credit loss (ECL) in line with IFRS 9 accounting principles. Although EBITDA increased by 65%, on exclusion of non-recurring income in the current year and extraneous costs in the prior year the required growth in targeted EBITDA was not achieved.

Remco's commitment is not to retrospectively amend financial targets, but in certain circumstances it will

Remuneration report continued

consider once-off adjustments to ensure that a like for like comparison can be made for normalised financial performance. This principle was applied in the current year when considering an appropriate adjustment to EBITDA attributable to the extraneous IT investment as well as the expense relating to the IFRS 9 charge. On exclusion of these extraneous costs, the target growth in EBITDA would have been achieved. Remco was also cognisant of the fact that no STI bonuses were paid in the prior year even though in terms of the scheme rules, the individual KPI bonus was due and payable. In addition, Remco recognised the exceptional performance of the executives in contributing to the Group turnaround strategy, reducing debt and implementing Project

Boston, all within in a year in which the economy was decimated by the COVID-19 pandemic.

Long-term incentive plan

The long-term incentive plan related to the allocation of shares in 2017, which vested on 31 August 2020. The financial measurement was for the period 1 June 2017 to 31 May 2020.

The retention criteria of 33.33% was met.

Growth in core headline earnings per share over the three-year period equated to (188%). Growth in CPI over the three-year period accumulated to 11%, which after inclusion of the maximum growth target of 25%, equated to 36%. As the actual growth amounted to (188%), the resultant allocation of 33.34% was not met.

In respect of growth in shareholder returns, the weighted average price per share at commencement of the allocation in September 2017 was R18.49. The required compounded growth of 10% per annum over the vesting period as at 31 August 2020 equated to a targeted share price of R24.61. The market price at vesting date was R3.20, therefore the minimum target requirement was not met. Therefore the 33.33% allocation relating to growth in shareholder returns did not vest.

On 31 August 2020, 33.33% of the 2017 share scheme allocations fell due.

Performance metric	Target	Actual performance	Weighting	Amount paid to Executive Directors R'000
Long-term incentive plan (2017 forfeitable share scheme vested in August 2020)				
Retention				
Growth in core HEPS				
Shareholder returns				
Total vesting related to performance conditions (excluding retention portion) included in 2021 total single figure of remuneration				

* Inclusive of negative contributions by Cell C, Oxygen Services India group, fair value downward adjustments, impairments and extraneous costs.

Tables of single total figure of remuneration for FY2021

The single total figure of remuneration disclosure is based on the IoDSA and SARA application guidance issued in November 2017 on remuneration disclosure in accordance with King IV and presents the remuneration for Executive Management consisting of the Executive Directors of Blue Label Telecoms. The comparative information has been presented in a manner consistent with the current year presentation.

Executive Directors' remuneration for the year ended 31 May 2021	Explanatory notes	BM Levy R000	MS Levy R000	DA Suntup R000	Total R000
Fixed remuneration (including salary, allowances and retirement benefits)		9 509	9 526	4 931	23 966
Other benefits		224	207	224	655
Short-term incentive bonus	1	9 733	9 733	3 608	23 074
2017 forfeitable share scheme – Growth performance component on vesting date (31 August 2020) at fair value	2	—	—	—	—
One-year restraint of trade award settled in equal monthly instalments over 12 months with effect from 1 November 2020	3	3 338	3 338	—	6 676
Single total figure of remuneration		22 804	22 804	8 763	54 371
2017 forfeitable share scheme – vesting of retention component in the current year at fair value	4	175	175	93	443
Dividends on vested shares	5	17	17	9	43
Short-term incentive bonus to be settled post-year end	1	(9 733)	(9 733)	(3 608)	(23 074)
Restraint of trade award paid in five equal monthly instalments	6	1 390	1 390	—	2 780
Restraint of trade award still to be settled in five equal monthly instalments	7	(1 390)	(1 390)	—	(2 780)
Total cash equivalent value remuneration received for the year ended 31 May 2021	8	13 263	13 263	5 257	31 783
Reconciliation to note 5.3 of the Group annual financial statements					
Remuneration as disclosed in terms of IFRS		22 804	22 804	8 763	54 371
Total cash equivalent value remuneration received for the year ended 31 May 2021		13 263	13 263	5 257	31 783
Difference to remuneration as disclosed in note 5.3		(9 541)	(9 541)	(3 506)	(22 588)
Reconciling items:					
Short-term incentive bonus accrued in May 2021, to be settled in September 2021	1	(9 733)	(9 733)	(3 608)	(23 074)
Dividends on shares vested in the current year		17	17	9	43
2017 forfeitable share scheme that vested in the current year at fair value		175	175	93	443
2017 forfeitable share scheme – Growth performance component on vesting date (31 August 2020) at fair value		—	—	—	—
2017 forfeitable share scheme – vesting of retention component in the current year at fair value		175	175	93	443
		(9 541)	(9 541)	(3 506)	(22 588)

¹ STI for the year ended 31 May 2021 will be paid in September 2021.

² The 33.34% LTI growth in core HEPS of the 2017 forfeitable share scheme that vested 31 August 2020 was not met.

³ The restraint of trade payments of the joint CEOs, although payable in 12 equal instalments, have been included in total in "the single total figure of remuneration" in that there are no conditions pertaining thereto other than retention of employment. This took effect from the 1 November 2020.

⁴ The 33.33% LTI retention portion of the 2017 forfeitable share scheme is added to "the total cash equivalent value remuneration received", as vesting took place on 31 August 2020.

⁵ Dividends are the total of cash receipts during the financial year applicable to the 2017 forfeitable share scheme, as vesting took place on 31 August 2020.

⁶ These amounts represent the five monthly instalments received during the year relating to the restraint of trade payments payable in 36 equal instalments which commenced on 1 November 2017.

⁷ These amounts represent five equal monthly instalments, being the balance payable post 31 May 2021, on the restraint of trade agreements which commenced on 1 November 2020.

⁸ Cash equivalent value remuneration represents the total proceeds paid to the Executive Directors for the period 1 June 2020 to the 31 May 2021, inclusive of the cash element of basic remuneration, STIs, LTIs and dividends.

Remuneration report continued

	Explanatory notes	BM Levy R'000	MS Levy R'000	DA Suntup R'000	Total R'000
Executive Directors' remuneration for the year ended 31 May 2020					
Fixed remuneration (including salary, allowances and retirement benefits)		9 522	9 538	4 948	24 008
Other benefits		211	195	207	613
STI bonus	1	—	—	—	—
2016 forfeitable share scheme — growth performance component on vesting date (18 November 2019) at fair value	2	—	—	—	—
Single total figure of remuneration		9 733	9 733	5 155	24 621
2016 forfeitable share scheme – vesting of retention component in the current year at fair value	3	117	117	62	296
Dividends on vested shares	4	15	15	8	37
STI bonus of prior year paid in August 2019	5	—	—	—	—
Restraint of trade award paid in 12 equal monthly instalments	6	3 338	3 338	—	6 676
Total cash equivalent value remuneration received for the year ended 31 May 2020	7	13 203	13 203	5 225	31 630
Reconciliation to note 5.3 of the Group annual financial statements					
Remuneration as disclosed in terms of IFRS		13 071	13 071	5 155	31 297
Total cash equivalent value remuneration received for the year ended 31 May 2020		13 203	13 203	5 225	31 630
Difference to remuneration as disclosed in note 5.3		132	132	70	333
Reconciling items					
STI bonus accrued in May 2019 and settled in August 2020	5	—	—	—	—
Dividends on shares vested in the current year		15	15	8	37
2016 forfeitable share scheme that vested in the current year at fair value		117	117	62	296
2016 forfeitable share scheme – growth performance component on vesting date (18 November 2019) at fair value	2	—	—	—	—
2016 forfeitable share scheme – vesting of retention component in the current year at fair value		117	117	62	296
		132	132	70	333

¹ No STI or outperformance bonuses, for the year ended 31 May 2020, were payable.

² The 33.34% LTI growth in core HEPS of the 2016 forfeitable share scheme that vested 18 November 2019 was not met.

³ The 33.33% LTI retention portion of the 2016 forfeitable share scheme is added to “the total cash equivalent value remuneration received”, as vesting took place on 18 November 2019.

⁴ Dividends are the total of cash receipts during the financial year applicable to the 2016 forfeitable share scheme, as vesting took place on 18 November 2019.

⁵ No STI bonuses paid in August 2019.

⁶ These amounts represent the 12 monthly instalments received during the year.

⁷ Cash equivalent value remuneration represents the total proceeds paid to the Executive Directors for the period 1 June 2019 to the 31 May 2020, inclusive of the cash element of basic remuneration, STIs, LTIs and dividends.

Compliance with policy

The Remuneration and Nomination Committee is satisfied that the remuneration and reward policy has been complied with for the year under review in so far as Executive Management is concerned.

Termination of office

No payments were made on termination of employment or office of any members of executive management.

Forfeitable share scheme – granted and unvested

Summary of unvested instruments

	Issue date	Issue price R	Vesting date	Awards outstanding as at the beginning of the year	Number of shares awarded	Awards forfeited during the year	Awards vested during the year	Balance as at the end of the year	Fair value at grant date R'000	Fair value at 31 May 2021 R'000
Forfeitable share scheme per Director										
For the year ended 31 May 2021										
BM Levy	1 September 2017	18.49	31 August 2020	163 970	—	(109 319)	(54 651)	—	—	—
BM Levy	1 September 2018	7.16	31 August 2021	448 843	—	—	—	448 843	3 214	2 065
BM Levy	18 November 2019	2.55	31 August 2022	1 908 425	—	—	—	1 908 425	4 866	8 779
BM Levy	1 September 2020	3,20	31 August 2023	—	1 520 776	—	—	1 520 776	4 866	6 996
				2 521 238	1 520 776	(109 319)	(54 651)	3 878 044	12 946	17 839
MS Levy	1 September 2017	18.49	31 August 2020	163 970	—	(109 319)	(54 651)	—	—	—
MS Levy	1 September 2018	7.16	31 August 2021	448 843	—	—	—	448 843	3 214	2 065
MS Levy	18 November 2019	2.55	31 August 2022	1 908 425	—	—	—	1 908 425	4 866	8 779
MS Levy	1 September 2020	3,20	31 August 2023	—	1 520 776	—	—	1 520 776	4 866	6 996
				2 521 238	1 520 776	(109 319)	(54 651)	3 878 044	12 946	17 839
DA Suntup	1 September 2017	18.49	31 August 2020	86 845	—	(57 900)	(28 945)	—	—	—
DA Suntup	1 September 2018	7.16	31 August 2021	237 725	—	—	—	237 725	1 702	1 094
DA Suntup	18 November 2019	2.55	31 August 2022	1 010 776	—	—	—	1 010 776	2 577	4 650
DA Suntup	1 September 2020	3,20	31 August 2023	—	805 462	—	—	805 462	2 577	3 705
				1 335 346	805 462	(57 900)	(28 945)	2 053 963	6 856	9 448

* The fair value is based on the closing price of R4.60 at 31 May 2021 and excludes performance criteria.

Remuneration report continued

Non-executive remuneration

	2021 R'000	2020 R'000
Non-executive Directors		
LM Nestadt	2 067	2 067
K Ellerin	890	640
G Harlow	1 890	1 961
J Mthimunya	1 379	1 388
SJ Vilakazi	1 042	792
L Zim*	256	—
N Mnexasana**	462	—
	7 986	6 848

* L Zim appointed on 23 October 2020.

** N Mnexasana appointed on 18 September 2020.

The proposed fees payable to Non-executive Directors are set out below:

	Current fee 2021 R	Proposed fee 2022 R
Services as Directors		
– Chairman of the Board (per annum)	1 910 120	2 024 727
– Board members (per annum)	421 350	446 631
Audit, Risk and Compliance Committee		
– Chairman (per annum)	382 024	404 945
– Member (per annum)	235 956	250 113
Remuneration and Nomination Committee		
– Chairman Remuneration (per annum)	224 720	238 203
– Chairman Nomination (per annum)	157 304	166 742
– Member (per annum)	134 832	142 922
Investment Committee		
– Chairman (per annum)	224 720	238 203
– Member (per annum)	134 832	142 922
Transformation, Social and Ethics Committee		
– Chairman (per annum)	134 832	142 922
– Member (per annum)	84 270	89 326
Ad hoc Committee		
– Chairman (per meeting)	50 562	53 596
– Member (per meeting)	30 337	32 157



GD Harlow
Chairman

27 September 2021

Notice of virtual annual general meeting

Notice is hereby given to Blue Label Telecoms Limited (“Blue Label” or “the Company”) shareholders recorded in the Company’s securities register on Friday, 17 September 2021, that the fourteenth Annual General Meeting (AGM) of shareholders of Blue Label will be held entirely by electronic communication as permitted by the Companies Act, No 71 of 2008, as amended (Act or the Companies Act) and by the Company’s Memorandum of Incorporation (MOI), on Thursday, 25 November 2021 at 10:00 (South African time), to conduct such business as may lawfully be dealt with at the AGM and to consider and, if deemed fit, pass, with or without modification, the ordinary and special resolutions set out hereunder in the manner required by the Companies Act, as read with the Listings Requirements.

In terms of section 63(1) of the Act, meeting participants (including proxies) will be required to provide reasonably satisfactory identification before being entitled to participate in or vote at the AGM. Acceptable forms of identification include original and valid identity documents, driving licences and passports.

As a result of the COVID-19 outbreak, and guidance from authorities regarding the need for social distancing, the AGM will be conducted entirely by electronic communication and shareholders would be encouraged to make use of proxies.

Record dates, proxies and voting

In terms of sections 59(1)(a) and (b) of the Act, the Board of the Company has set the record date for the purpose of determining which shareholders are entitled to:

- receive notice of the virtual AGM (being the date on which a shareholder must be registered in the Company’s shareholders’ register in order to receive notice of the virtual AGM) as Friday, 17 September 2021;

- participate in and vote at the virtual AGM (being the date on which a shareholder must be registered in the Company’s shareholders’ register in order to participate in and vote at the virtual AGM) as Friday, 19 November 2021; and
- the last date to trade to participate in and vote at the virtual AGM is Tuesday, 16 November 2021.

Certificated shareholders or own-name dematerialised shareholders may attend and vote at the virtual AGM, or alternatively appoint a proxy to attend, speak and, in respect of the applicable resolution(s), vote in their stead by completing the attached form of proxy and returning it to the Transfer Secretaries at the address given in the form of proxy by no later than 10:00 on Tuesday, 23 November 2021. Should the form of proxy not be delivered to the Transfer Secretaries by this time, you will be required to furnish a copy of such form of proxy to the Chairman of the meeting before the appointed proxy exercises any of their rights at the meeting.

Shareholders who have dematerialised their shares, other than those shareholders who have dematerialised their shares with own-name registration, should contact their central securities depository participant (CSDP) or broker in the manner and within the time stipulated in the agreement entered into between them and their CSDP or broker: to furnish their voting instructions; or in the event that they wish to attend the virtual AGM, to obtain the necessary letter of representation to do so.

On a show of hands, every shareholder present in person or represented by proxy and entitled to vote shall have only one vote irrespective of the number of shares such shareholder holds. On a poll, every shareholder, present in person or represented by proxy and entitled to vote, shall be entitled to that proportion of the total votes in the Company which the aggregate amount of the nominal value of the shares held by such shareholder bears to the

aggregate amount of the nominal value of all shares issued by the Company.

Certificated shareholders or own-name dematerialised shareholders who are entitled to attend and vote at the virtual AGM are entitled to appoint a proxy to attend, participate in and vote at the virtual AGM in their stead. A proxy need not also be a shareholder of the Company. The completion of a form of proxy will not preclude a shareholder from attending the virtual AGM.

Electronic participation

Shareholders or their duly appointed proxy(ies) who wish to participate in the virtual AGM via electronic communication (Participant(s)) must either 1 register online using the online registration portal at meetnow.global/register/za; or 2 apply to Computershare, by sending an e-mail to proxy@computershare.co.za so as to be received by Computershare by no later than 10:00 on Tuesday, 23 November 2021. Computershare will first validate such requests and confirm the identity of the shareholder in terms of section 63(1) of the Companies Act, and, if the request is validated, further details on using the electronic communication facility will be provided. The Company will inform Participants who notified Computershare of their intended participation by no later than 10:00 on Wednesday, 24 November 2021 by e-mail of the relevant details through which Participants can participate electronically.

Presentation of annual financial statements and reports

The audited Group annual financial statements, including the external auditor, Audit, Risk and Compliance Committee and Directors’ reports for the year ended 31 May 2021, have been distributed as required and will be presented to shareholders at the virtual AGM.

Notice of virtual annual general meeting continued

The Audit, Risk and Compliance Committee's report is set out on pages 105 to 108 of the Integrated Annual Report.

Ordinary resolutions

In terms of sections 62(3)(c) and 65(7) of the Act, unless otherwise specified, in order for each of the following ordinary resolutions to be passed, each resolution must be supported by more than 50% of the voting rights exercised.

1. Ordinary resolution number 1: Election of Mr PL Zim as a Director of the Company

Resolved that Mr PL Zim, who was first appointed to the Board on 23 October 2020, be and is hereby elected as a Director of the Company with immediate effect.

A brief biography of Mr PL Zim is on page 47.

2. Ordinary resolution number 2: Re-election of Mr BM Levy as a Director of the Company

Resolved that Mr BM Levy, who was first appointed to the Board on 1 February 2007, and who retires in terms of the MOI, and who is eligible and available for re-election, is re-elected as a Director of the Company with immediate effect.

A brief biography of Mr BM Levy is on page 44.

3. Ordinary resolution number 3: Re-election of Mr JS Mthimunya as a Director of the Company

Resolved that Mr JS Mthimunya, who was first appointed to the Board on 5 October 2007 and who retires in terms of the MOI, and who is eligible and available for re-election, is re-elected as a Director of the Company with immediate effect.

A brief biography of Mr JS Mthimunya is on page 46.

4. Ordinary resolution number 4: Re-election of Mr SJ Vilakazi as a Director of the Company

Resolved that Mr SJ Vilakazi, who was first appointed to the Board on 19 October 2011 and who retires in terms of the MOI, and who is eligible and available for re-election, is re-elected as a Director of the Company with immediate effect.

A brief biography of Mr SJ Vilakazi is on page 46.

5. Ordinary resolution number 5: Reappointment of external auditor

Resolved that on the recommendation of the current Audit, Risk and Compliance Committee of the Company, PricewaterhouseCoopers Incorporated, is reappointed as independent registered auditor of the Company for the ensuing year until the conclusion of the next AGM of the Company.

6. Ordinary resolution number 6: Election of Ms NP Mnexasana as a member of the Audit, Risk and Compliance Committee for the year ending 31 May 2022

Resolved that, in terms of section 94(2) of the Act, Ms NP Mnexasana, an Independent Non-executive Director of the Company, is elected as a member of the Audit, Risk and Compliance Committee.

A brief biography of Ms NP Mnexasana is on page 47.

7. Ordinary resolution number 7: Election of Mr JS Mthimunya as a member and Chairman of the Audit, Risk and Compliance Committee for the year ending 31 May 2022.

Resolved that, in terms of section 94(2) of the Act, but subject to his election as a Director of the Company in terms of resolution number 3,

Mr JS Mthimunya, an Independent Non-executive Director of the Company, is elected as a member and Chairman of the Audit, Risk and Compliance Committee.

A brief biography of Mr JS Mthimunya is on page 46.

8. Ordinary resolution number 8: Election of Mr GD Harlow as a member of the Audit, Risk and Compliance Committee for the year ending 31 May 2022.

Resolved that, in terms of section 94(2) of the Act, Mr GD Harlow, an Independent Non-executive Director of the Company, is elected as a member of the Audit, Risk and Compliance Committee.

A brief biography of Mr GD Harlow is on page 45.

9. Ordinary resolution number 9: Election of Mr SJ Vilakazi as a member of the Audit, Risk and Compliance Committee for the year ending 31 May 2022.

Resolved that, in terms of section 94(2) of the Act, Mr SJ Vilakazi, but subject to his election as a Director of the Company in terms of resolution number 4 an Independent Non-executive Director of the Company, is elected as a member of the Audit, Risk and Compliance Committee.

A brief biography of Mr SJ Vilakazi is on page 46.

10. Ordinary resolution number 10: Non-binding advisory endorsement of the remuneration and reward policy.

Resolved, by way of a non-binding advisory vote, that the Blue Label Telecoms Limited Group remuneration and reward policy (excluding the remuneration of Non-executive Directors and the members of the statutory and Board committees

for their services as Directors and members of committees) as set out in the remuneration report in the integrated annual report 2021 is endorsed.

- 11. Ordinary resolution number 11:** Non-binding advisory endorsement of the Blue Label Telecoms Limited Group's remuneration implementation report.

Resolved, by way of a non-binding advisory vote, that the Blue Label Telecoms Limited Group's remuneration implementation report set out in the remuneration report in the integrated annual report 2021 is endorsed.

- 12. Ordinary resolution number 12:** Directors' authority to implement ordinary and special resolutions

Resolved that each and every Director of the Company is authorised to do all such things and sign all such documents as may be necessary for or incidental to the implementation of the ordinary and special resolutions passed at the AGM.

Special resolutions

In terms of sections 62(3)(c) and 65(9) of the Act, the minimum percentage of voting rights required for each of the following special resolutions to be passed is 75% (seventy-five percent) of the voting rights exercised.

- 1. Special resolution number 1:** Non-executive Directors' remuneration

Resolved that in terms of section 66(9) of the Act, the following remuneration shall be payable to the Non-Executive Directors for their services as Directors for the period 1 June 2021 to 31 May 2022.

The proposed fees payable to Non-executive Directors are set out below:

	Current fee 2021 R	Proposed fee 2022 R
Services as Directors		
- Chairman of the Board (per annum)	1 910 120	2 024 727
- Board members (per annum)	421 350	446 631
Audit, Risk and Compliance Committee		
- Chairman (per annum)	382 024	404 945
- Member (per annum)	235 956	250 113
Remuneration and Nomination Committee		
- Chairman Remuneration (per annum)	224 720	238 203
- Chairman Nomination (per annum)	157 304	166 742
- Member (per annum)	134 832	142 922
Investment Committee		
- Chairman (per annum)	224 720	238 203
- Member (per annum)	134 832	142 922
Transformation, Social and Ethics Committee		
- Chairman (per annum)	134 832	142 922
- Member (per annum)	84 270	89 326
Ad hoc Committee		
- Chairman (per meeting)	50 562	53 596
- Member (per meeting)	30 337	32 157

Notice of virtual annual general meeting continued

2. Special resolution number 2: General authority to repurchase shares

Resolved that, pursuant to the MOI, the Company or any of its subsidiaries are hereby authorised by way of a general approval, from time to time, to acquire ordinary shares in the share capital of the Company in accordance with the Act and the Listings Requirements, provided that:

- (a) the number of its own ordinary shares acquired by the Company in any one financial year shall not exceed 20% (twenty percent) of the ordinary shares in issue at the date on which this resolution is passed;
- (b) this authority shall lapse on the earlier of the date of the next AGM of the Company or the date 15 (fifteen) months after the date on which this resolution is passed;
- (c) the Board has resolved to authorise the acquisition and that the Group will satisfy the solvency and liquidity test immediately after the acquisition and that since the test there have been no material changes to the financial position of the Group;
- (d) the acquisition must be effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the Company and the counterparty;
- (e) the Company only appoints one agent to effect any acquisition(s) on its behalf;
- (f) the price paid per ordinary share may not be greater than 10% above the weighted average of the market value of the ordinary shares for the five (5) business days immediately preceding the date on which an acquisition is made;

- (g) the number of shares acquired by subsidiaries of the Company shall not exceed 10% (ten percent) in the aggregate of the number of issued shares in the Company at the relevant times;
- (h) the acquisition of shares by the Company or its subsidiaries may not be effected during a prohibited period, as defined in the Listings Requirements;
- (i) an announcement containing full details of such acquisitions of shares will be published as soon as the Company and/or its subsidiaries have acquired shares constituting, on a cumulative basis, 3% (three percent) of the number of shares in issue at the date of the meeting at which this special resolution is considered and if approved, passed, and for each 3% (three percent) in aggregate of the initial number (the number of that class of shares in issue at the time that the general authority from shareholders is granted) acquired thereafter; and
- (j) an issuer or its subsidiary company may repurchase securities during a prohibited period as defined in paragraph 3.67 if they have in place a repurchase programme where the dates and quantities of securities to be traded during the relevant period are fixed (not subject to any variation) and have been submitted to the JSE in writing prior to the commencement of the prohibited period. The issuer must instruct an independent third party, which makes its investment decisions in relation to the issuer's, prior to the commencement of the prohibited period to execute the repurchase programme submitted to the JSE.

The Listings Requirements require, in terms of paragraph 11.26, the following disclosures, which appear in the integrated annual report:

- major shareholders – refer to page 125 of the Group annual financial statements;
- material change – there were no material changes;
- share capital of the Company – refer to page 104 of the Group annual financial statements; and
- responsibility statement – refer to page 01 of the Group annual financial statements.

By order of the Board



J van Eden

Group Company Secretary

Sandton

27 September 2021

Explanatory notes

Presentation of the annual financial statements

In terms of section 61(8)(a) of the Act, the Directors' report, audited Group annual financial statements for the immediately preceding financial year and the Audit, Risk and Compliance Committee report are to be presented to shareholders at the virtual AGM.

Ordinary resolution number 1: Election of Director

The Company's MOI states that, any person appointed to fill a casual vacancy or as an addition to the Board shall retain office until the following AGM of the Company and shall then retire and be eligible for election. Mr PL Zim retires from the Board in accordance with article 25.5 of the Company's MOI. Mr PL Zim was appointed to the Board on 23 October 2020. The Board recommends to shareholders that they should vote in favour of the election of the Director referred to in ordinary resolution number 1.

Ordinary resolution numbers 2 to 4 (inclusive):

Re-election of Directors

In accordance with the MOI, one-third of the Directors are required to retire at each AGM and may offer themselves for re-election. Messrs BM Levy, JS Mthimunya and SJ Vilakazi retire by rotation at the AGM in accordance with article 25.17 of the MOI, and have offered themselves for re-election.

Brief biographies of the Directors are on pages 44 to 46.

The Board is satisfied with the performance of each of the Directors standing for re-election and that they will continue to make an effective and valuable contribution to the Company and to the Board.

The Board recommends to shareholders that they should vote in favour of the re-election of each of the Directors referred to in ordinary resolution numbers 2 to 4 (inclusive).

Ordinary resolution number 5: Reappointment of external auditor

In terms of section 90(1) of the Act, each year at its AGM, the Company must appoint an auditor meeting the requirements of section 90(2) of the Act.

PwC expressed its willingness to continue in office and this resolution proposes the reappointment of PwC as the Company's auditor until the next AGM. In addition, Mr Pietro Calicchio is appointed as the individual registered auditor for the ensuing year as contemplated in section 90(3) of the Act.

The Audit, Risk and Compliance Committee has satisfied itself that the proposed auditor, PwC and Mr Pietro Calicchio, are independent of the Company in accordance with sections 90 and 94 of the Act and the applicable rules of the International Federation of Accountants.

The Audit, Risk and Compliance Committee has recommended the reappointment of PwC as independent registered auditor of Blue Label for the 2022 financial year.

Ordinary resolution numbers 6 to 9 (inclusive):

Election of Audit, Risk and Compliance Committee members

In terms of section 94(2) of the Act, each Audit Committee member must be elected by shareholders at its AGM. King IV likewise requires shareholders of a public company to elect each member of an audit committee at an AGM.

In terms of Regulation 42 of the Companies Regulations 2011, relating to the Act, at least one-third of the members of the Company's Audit, Risk and Compliance Committee at any particular time must have academic qualifications, or experience in economics, law, corporate governance, finance, accounting, commerce, industry, public affairs or human resource management. Each of the proposed

members are duly qualified, as is evident from the biographies of each member, as contained on pages 44 to 47.

Ordinary resolution number 10: Non-binding advisory vote: Endorsement of the remuneration and reward policy

King IV requires a company to table its remuneration and reward policy for a non-binding advisory vote by shareholders at its AGM. This vote enables shareholders to endorse the Remuneration Policy adopted for Executive Directors. The Blue Label Remuneration Policy is contained on pages 51 to 57.

The advisory vote is of a non-binding nature only and therefore failure to pass this resolution will not have any legal consequences relating to existing arrangements. However, the Board will take cognisance of the outcome of the vote when considering the Company's remuneration and reward policy and the remuneration of Executive Directors. In the event that this non-binding advisory endorsement approving the Company's remuneration and reward policy is voted against by shareholders exercising 25% (twenty-five percent) or more of the voting rights exercised, the Company undertakes to engage with its shareholders in order to ascertain the reasons for objection, and to address appropriately legitimate and reasonable objections and concerns.

Ordinary resolution number 11: Non-binding advisory vote: Endorsement of the remuneration implementation report

King IV requires a company to table its remuneration implementation report for a non-binding advisory vote by shareholders at its AGM. This vote enables shareholders to endorse the remuneration implementation report for Executive Directors. The Blue Label remuneration implementation report is contained on pages 57 to 62.

Notice of virtual annual general meeting continued

The advisory vote is of a non-binding nature only and therefore failure to pass this resolution will not have any legal consequences relating to existing arrangements. However, the Board will take cognisance of the outcome of the vote when considering the Company's remuneration and reward policy and the remuneration of Executive Directors. In the event that this non-binding advisory endorsement approving the Company's remuneration implementation report is voted against by shareholders exercising 25% (twenty-five percent) or more of the voting rights exercised, the Company undertakes to engage with its shareholders in order to ascertain the reasons for objection, and to address appropriately legitimate and reasonable objections and concerns.

Ordinary resolution number 12: Directors' authority to implement ordinary and special resolutions

The reason for ordinary resolution number 12 is to authorise any Director of the Company to do all things necessary to implement the ordinary and special resolutions passed at the AGM and to sign all such documentation required to give effect and to record the ordinary and special resolutions.

Special resolution number 1: Non-executive Directors' remuneration

Special resolution number 1 is proposed to enable the Company to comply with the provisions of sections 65(1)(h), 66(8) and 66(9) of the Act, which stipulate that remuneration to Non-executive Directors for their services as Directors may be paid only in accordance with a special resolution approved by shareholders.

Special resolution number 2: General authority to repurchase shares

Special resolution number 2 seeks to allow the Group, by way of a general authority, to acquire its own issued shares (reducing the total number of ordinary shares of the Company in issue in the case of an acquisition by the Company of its own shares). This resolution is required in order to allow the Company to take advantage of any opportunity that presents itself to enhance shareholder value by repurchasing shares where the Company's share price is at a level which results in a share repurchase being to the benefit of shareholders. Any decision by the Directors to use the general authority to acquire shares of the Company will be taken with regard to the prevailing market conditions, share price, cash needs of the Group, together with various other factors, and in compliance with the Act, Listings Requirements and the MOI.

Electronic participation at the virtual AGM

- (a) Shareholders wishing to participate electronically in the virtual AGM are required to:
 - (i) 1. register online using the online registration portal at meetnow.global/register/za; or
 - 2 apply to Computershare, by sending an e-mail to proxy@computershare.co.za so as to be received by Computershare by no later than 10:00 on Tuesday, 23 November 2021.
- (b) In order for the electronic notice to be valid it must contain:
 - (i) where the Blue Label shareholder is an individual, a certified copy of his/her identity document and/or driver's licence and/or passport;

- (ii) where the Blue Label shareholder is not an individual, a certified copy of a resolution or letter of representation by the relevant entity and a certified copy of the identity documents and/or passports of the persons who passed the relevant resolution or signed the relevant letter of representation. The letter of representation or resolution must set out from whom the relevant entity is authorised to represent the entity at the virtual AGM via electronic communication;
 - (iii) a valid e-mail address and/or facsimile number (contact address/number); and
 - (iv) by no later than 24 (twenty-four) hours before the virtual AGM the Company shall use its reasonable endeavours to notify a shareholder at its contact address/number of the relevant details through which the shareholder can participate via electronic communication.
- (c) The costs borne by the shareholder or his/her/its proxy(ies) in relation to the dial-in facility will be for his/her/its own account.

Form of proxy

Blue Label Telecoms Limited

(Incorporated in the Republic of South Africa)

(Registration number: 2006/022679/06)

Share code: BLU ISIN: ZAE000109088

(Blue Label or the Company)

For use by certificated shareholders or own-name dematerialised shareholders at the Annual General Meeting of the Company to be held entirely by electronic communication as permitted by the Companies Act, No 71 of 2008 (as amended) and by the Company's memorandum of incorporation at 10:00 on Thursday, 25 November 2021.

If dematerialised shareholders, other than own-name dematerialised shareholders, have not been contacted by their CSDP or broker with regard to how they wish to cast their vote, they should contact their CSDP or broker and instruct their CSDP or broker as to how they wish to cast their vote at the virtual AGM in order for their CSDP or broker to vote in accordance with such instructions. If dematerialised shareholders, other than own-name dematerialised shareholders, have not been contacted by their CSDP or broker it would be advisable for them to contact their CSDP or broker, as the case may be, and furnish them with their instructions. Dematerialised shareholders who are not own-name dematerialised shareholders and who wish to attend the virtual AGM must obtain the necessary letter of representation from their CSDP or broker, as the case may be. This must be done in terms of the agreement entered into between the dematerialised shareholder and their CSDP or broker. If the CSDP or broker, as the case may be, does not obtain instructions from such dematerialised shareholders, it will be obliged to act in terms of the mandate furnished to it, or if the mandate is silent in this regard, to abstain from voting. Such dematerialised shareholders, other than own-name dematerialised shareholders, must not complete this form of proxy and should read note 10 overleaf.

Full name: I/We

of (address)

(BLOCK LETTERS)

Telephone: (Work) (area code)

Telephone: (Home) (area code)

Fax: (area code)

Cell number:

being the holder(s) of Blue Label shares hereby appoint:

1. or failing him/her,

2. or failing him/her,

3. the Chairman of the AGM, as my/our proxy to vote for me/us on my/our behalf at the AGM of Blue Label shareholders to be held at 10:00 on Thursday, 25 November 2021 or any adjournment thereof as follows:

Resolution	For	Against	Abstain
Ordinary resolution number 1: Election of Mr PL Zim as a Director of the Company			
Ordinary resolution number 2: Re-election of Mr BM Levy as a Director of the Company			
Ordinary resolution number 3: Re-election of Mr JS Mthimunya as a Director of the Company			
Ordinary resolution number 4: Re-election of Mr SJ Vilakazi as a Director of the Company			
Ordinary resolution number 5: Reappointment of external auditor			
Ordinary resolution number 6: Election of Ms NP Mnxasana as a member of the Audit, Risk and Compliance Committee			
Ordinary resolution number 7: Election of Mr JS Mthimunya as a member and Chairman of the Audit, Risk and Compliance Committee			
Ordinary resolution number 8: Election of Mr GD Harlow as a member of the Audit, Risk and Compliance Committee			
Ordinary resolution number 9: Election of Mr SJ Vilakazi as a member of the Audit, Risk and Compliance Committee			
Ordinary resolution number 10: Non-binding advisory endorsement of the remuneration and reward policy			
Ordinary resolution number 11: Non-binding advisory endorsement of the remuneration implementation report			
Ordinary resolution number 12: Directors' authority to implement ordinary and special resolutions			
Special resolution number 1: Non-executive Directors' remuneration			
Special resolution number 2: General authority to repurchase shares			

Signed at on day of 2021

Signature

Assisted by (if applicable)

Please read the notes on the reverse side hereof.

Notes to the form of proxy

A shareholder entitled to attend and vote at the virtual AGM may appoint one or more persons as his/her/its proxy to attend, speak or vote in his/her/its stead at the virtual AGM. A proxy need not be a shareholder of the Company.

On a show of hands, every shareholder shall have one vote (irrespective of the number of shares held). On a poll, every shareholder shall have, for each share held by him/her/it that proportion of the total votes in the Company which the aggregate amount of the nominal value of that share held by him/her/it bears to the aggregate amount of the nominal value of all the shares issued by the Company.

1. A shareholder may insert the name of a proxy or the names of two alternative proxies of his/her/its choice in the spaces provided with or without deleting "the Chairman of the AGM", but any such deletion must be initialled by the Blue Label shareholder. The person whose name appears first on the form of proxy and who is present at the virtual AGM will be entitled to act as proxy to the exclusion of those whose names follow.
2. Please insert with an "X" or insert the number of shares in the relevant spaces according to how you wish your votes to be cast. If you wish to cast your votes in respect of a lesser number of Blue Label shares exercisable by you, insert the number of Blue Label shares held in respect of which you wish to vote. Failure to comply with the above will be deemed to authorise and compel the Chairman, if the Chairman is an authorised proxy, to vote in favour of the resolutions, or to authorise any other proxy to vote for or against the resolutions or abstain from voting as he/she/it deems fit, in respect of all the shareholders' votes exercisable thereat. A shareholder or his/her/its proxy is not obliged to use all the votes exercisable by the shareholder or his/her/its proxy, but the total of the votes cast and in respect whereof abstention is recorded may not exceed the total of the votes exercisable by the shareholder or his/her/its proxy.
3. For administrative purposes, forms of proxy must be lodged with the Transfer Secretaries at Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196. (Private Bag X9000, Saxonwold, 2132). Faxed to: +27 11 688 5238 or e-mailed to:

proxy@computershare.co.za, to be received by no later than 10:00 on Tuesday, 23 November 2021. Should the form of proxy not be delivered to the Transfer Secretaries by this time, you will be required to furnish a copy of such form of proxy to the Chairman of the meeting before the appointed proxy exercises any of their rights at the meeting.

4. Any alteration or correction made to this form of proxy must be initialled by the signatory(ies).
5. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy unless previously recorded by the Transfer Secretaries or waived by the Chairman of the AGM.
6. The completion and lodging of this form of proxy will not preclude the relevant shareholder from attending the virtual AGM and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such shareholder wish to do so.
7. The Chairman of the AGM may accept or reject any form of proxy which is completed and/or received other than in accordance with these notes and instructions, provided that the Chairman is satisfied as to the manner in which the shareholder wishes to vote.
8. Where there are joint holders of shares:
 - 8.1 any such persons may vote at the virtual AGM in respect of such joint shares as if he/she/it were solely entitled thereto;
 - 8.2 any one holder may sign this form of proxy; and
 - 8.3 if more than one such joint holders are present or represented at the virtual AGM, the vote(s) of the senior shareholder (for that purpose seniority will be determined by the order in which the names of shareholders appear in the register) who tenders a vote (whether in person or by proxy) will be accepted to the exclusion of the vote(s) of the other joint shareholder(s).
9. Own-name dematerialised shareholders will be entitled to attend the virtual AGM in person or, if they are unable to attend and wish to be represented thereat, must complete and return the attached form of proxy to the Transfer Secretaries in accordance with the time specified on the form of proxy.
10. Shareholders who hold shares through a nominee should advise their nominee or, if applicable, their CSDP or broker timeously of their intention to attend and vote at the virtual AGM or to be represented by proxy thereat in order for their nominee or, if applicable, their CSDP or broker to provide them with the necessary letter of representation to do so or should provide their nominee or, if applicable, their CSDP or broker timeously with their voting instruction should they not wish to attend the virtual AGM in person, in order for their nominee to vote in accordance with their instruction at the virtual AGM.
11. A vote given in terms of an instrument of proxy shall be valid in relation to the virtual AGM notwithstanding the death of the person granting it, the transfer of the shares in respect of which the vote is given, unless an intimation in writing of such death or transfer is received by the Transfer Secretaries, before the commencement of the virtual AGM.
12. Where this form of proxy is signed under power of attorney, such power of attorney must accompany this form of proxy, unless previously recorded by the Transfer Secretaries or unless this requirement is waived by the Chairman of the AGM.
13. A minor or any other person under legal incapacity must be assisted by his/her parent or guardian, as applicable, unless the relevant documents establishing his/her capacity are produced or have been registered by Blue Label or the Transfer Secretaries.
14. Unless revoked, an appointment of a proxy pursuant to this form of proxy remains valid only until the end of the virtual AGM or any postponement or adjournment of the virtual AGM. This form of proxy shall be valid at any resumption of a postponed or adjourned meeting to which it relates although this form of proxy shall not be used at the resumption of the postponed or adjourned virtual AGM if it could not be used at the virtual AGM for any reason other than it was not lodged timeously for the virtual AGM. This form of proxy shall, in addition to the authority conferred by the Act, except insofar as it provides otherwise, be deemed to confer the power generally to act at the meeting in question, subject to any specific direction contained in this form of proxy as to the manner of voting.

Administration

Directors

LM Nestadt (Chairman)*, BM Levy, MS Levy, KM Ellerine**, GD Harlow*, NP Mnxasana*, JS Mthimunya*, DA Suntup, SJ Vilakazi*, PL Zim***

(*Independent Non-executive) (**Non-executive) (*Appointed 18 September 2020) (**Appointed 23 October 2020)

Company Secretary

J van Eden

Sponsor

Investec Bank Limited

Auditors

PricewaterhouseCoopers Inc.

Blue Label Telecoms Limited

(Incorporated in the Republic of South Africa)

(Registration number 2006/022679/06)

Registered address: 75 Grayston Drive, corner Benmore Road, Morningside Ext 5, Sandton, 2196

Postal address: PO Box 652261, Benmore, 2010

Contacts: +27 11 523 3000

E-mail: info@blts.co.za

Website: www.bluelabeltelecoms.co.za

LinkedIn: https://www.linkedin.com/company/blue-label-telecoms

Facebook: www.facebook.com/BlueLabelTelecoms

Twitter: @BlueLabelTeleco

Instagram: bluelabeltelecoms

Youtube: Blue Label Telecoms

JSE share code: BLU

ISIN: ZAE000109088

("Blue Label" or "BLT" or "the Company" or "the Group")

This image shows a single sheet of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.



75 Grayston Drive
(Corner of Grayston Drive & Benmore Drive)
Morningside Extension 05, Sandton
Johannesburg, South Africa

 www.bluelabeltelecoms.co.za