

3. INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries are carried at cost less any accumulated impairment losses in BLT's annual financial statements.

Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes directly attributable costs of investments.

Subsidiaries are all entities over which BLT has control. BLT controls an entity when BLT is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

Name of company	% holding 2024	% holding 2023	Carrying amount 2024 R'000	Carrying amount 2023 R'000
Blu Nova Proprietary Limited	100.00	100.00	— *	— *
Blue Label AltBureau Proprietary Limited	100.00	100.00	— *	— *
Blue Label Company Proprietary Limited	100.00	100.00	— *	— *
Blue Label Distribution Proprietary Limited	100.00	100.00	194 000	194 000
Blue Label One Proprietary Limited	100.00	100.00	40 000	40 000
Blue Label Ventures Proprietary Limited	100.00	100.00	— *	— *
Blue Moon Asset Company Proprietary Limited	100.00	100.00	— *	— *
Budding Trade 1170 Proprietary Limited	100.00	100.00	6 000	6 000
Datacel Direct Proprietary Limited	100.00	100.00	150 000	150 000
Glocell Retail Solutions Proprietary Limited	100.00	100.00	— *	— *
Gold Label Investments Proprietary Limited	100.00	100.00	— *	— *
One World Telecoms Proprietary Limited	100.00	100.00	— *	— *
The Prepaid Company Proprietary Limited	100.00	100.00	2 433 048	2 433 048
TicketPros Proprietary Limited	100.00	100.00	14 700	14 700
Transaction Junction Proprietary Limited	60.00	60.00	4 200	4 200
Ventury Group Proprietary Limited	100.00	100.00	98 701	98 701
WiConnect Proprietary Limited	100.00	100.00	5 000	5 000
Accumulated impairment of WiConnect Proprietary Limited			(5 000)	(5 000)
			2 940 649	2 940 649

All subsidiaries listed above are incorporated in South Africa.

* Less than R1 000.

The Prepaid Company Proprietary Limited (TPC)

As at 31 May 2024, there was no indicator of an impairment, and as such, the Company did not estimate the recoverable amount of the investment in TPC. There was an indicator identified in the prior year.

In the prior year, a value-in-use calculation was performed to determine the recoverable amount of the investment. This calculation used cash flow projections based on financial budgets approved by the Board of Directors for the forthcoming year and forecasts for up to five years which were based on assumptions of the business, industry and economic growth. Cash flows beyond this period were extrapolated using a terminal growth rate which did not exceed the expected long-term economic growth rate.

NOTES TO THE COMPANY ANNUAL FINANCIAL STATEMENTS CONTINUED

for the year ended 31 May 2024

3. INVESTMENTS IN SUBSIDIARIES continued

The Prepaid Company Proprietary Limited continued

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

	2023
Average EBITDA margin %	2.0
Terminal growth %	4.5
Pre-tax discount rate (%)	22.1

The discount rates used were pre-tax and reflected specific risks relating to The Prepaid Company Proprietary Limited. The growth rate was used to extrapolate cash flows beyond the budget period. The growth rates were consistent with publicly available information relating to long-term average growth rates for the markets in which the companies operate. BLT's target debt-to-equity ratio was applied in the calculation of the weighted average cost of capital.

Based on the calculation performed, no impairment loss was recognised in the prior year. If one or more of the inputs were changed to a reasonable possible alternative, there would have been no impairments that would have had to be recognised.

WiConnect Proprietary Limited

BLT's investment in WiConnect Proprietary Limited was fully impaired in FY20. The Directors of WiConnect Proprietary Limited are still in the process of realising all assets and settling all liabilities, after which they will consider deregistering WiConnect Proprietary Limited.

4. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

Accounting policy

Investments in associates and joint ventures are carried at cost less any accumulated impairment losses in BLT's annual financial statements.

The following table lists all of the associates and joint ventures of BLT:

Name of company	Number of shares issued	% ownership interest 2024	% ownership interest 2023	Carrying amount 2024 R'000	Carrying amount 2023 R'000
Utilities World Proprietary Limited	1 000	25.10	25.10	12 046	12 046
T3 Telecoms SA Proprietary Limited	50	50.00	50.00	—*	—*
Blue Label Communications Proprietary Limited	100	20.00	20.00	—*	—*
Blu Train Group Proprietary Limited	100	10.00	10.00	—*	—*
				12 046	12 046

* Less than R1 000.

All entities listed above are incorporated in South Africa.

5. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Accounting policy

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

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

Classification

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

BLT classifies its financial assets to be measured at amortised cost only if the asset is held within a business model whose objective is to collect the contractual cash flows, and the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding.