1. RESULTS OF OPERATIONS

1.1 Segmental summary

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

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

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

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS
CONTINUED
for the year ended 31 May 2024

1. RESULTS OF OPERATIONS continued

1.1 Segmental summary continued

The segment results for the year ended 31 May 2024 are as follows:

	Total		Africa Distribution	
	2024 R'000	2023 R'000	**2024 R'000**	2023 R'000
Total segment revenue	**20 480 909**	24 958 278	**19 626 058**	24 470 272
Internal revenue	**(5 882 465)**	(6 040 015)	**(5 282 105)**	(5 826 462)
Revenue	**14 598 444**	18 918 263	**14 343 953**	18 643 810
Segment result				
Operating profit/(loss) before depreciation, amortisation and the additional items listed below	**1 758 620**	2 042 028	**1 889 223**	2 143 415
Fair value gain on surety receivable	**2 555**	32 743	**—**	—
Fair value gain on put option	**—**	22 000	**—**	—
Fair value gain on other financial instruments	**4 658**	14 533	**4 658**	14 533
Expected credit loss on loans	**(124 227)**	(69 571)	**(123 102)**	(69 028)
Bad debts and expected credit losses on trade receivables, other receivables and advances to customers	**(383 555)**	(667 354)	**(383 574)**	(667 551)
Loss on modification/derecognition of financial instruments	**(32 576)**	(57 453)	**(32 576)**	(57 453)
Depreciation and amortisation	**(163 879)**	(190 440)	**(157 504)**	(168 976)
Operating profit/(loss)	**1 061 596**	1 126 486	**1 197 125**	1 194 940
Finance costs	**(1 121 356)**	(682 599)	**(1 120 225)**	(681 193)
Finance income	**901 884**	411 540	**896 028**	407 731
Reversal of impairment of investment in associate	**—**	962 531	**—**	962 531
Share of profits/(losses) from associates and joint ventures	**15 416**	(1 329 747)	**(2 489)**	(1 320 348)
Taxation	**(197 955)**	(200 038)	**(197 927)**	(187 893)
Profit/(loss) for the year	**659 585**	288 173	**772 512**	375 768
Profit/(loss) for the year attributable to:				
Equity holders of the parent	**647 386**	268 966	**769 270**	360 771
Non-controlling interest	**12 199**	19 207	**3 242**	14 997
Reconciliation of profit/(loss) for the year to core headline earnings for the year				
Profit/(loss) for the year attributable to equity holders of the parent	**647 386**	268 966	**769 270**	360 771
Amortisation of intangibles raised through business combinations net of tax and non-controlling interest	**21 791**	31 605	**21 791**	31 605
Headline earnings adjustment	**10 311**	101 390	**10 510**	101 026
Core headline earnings for the year	**679 488**	401 961	**801 571**	493 402

The Company is domiciled in the Republic of South Africa. The revenue earned from external customers in South Africa is R14.6 billion (2023: R18.9 billion), and from external customers from other countries is R3.1 million (2023: R3.1 million).

The Africa Distribution segment includes revenue of R2.5 billion and R1.6 billion from two external customers.

At 31 May 2024, the Group is managed on the basis of four main business segments:

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

International		Solutions		Corporate	
2024 R'000	2023 R'000	**2024 R'000**	2023 R'000	**2024 R'000**	2023 R'000
—	—	**268 474**	283 366	**586 377**	204 640
—	—	**(13 983)**	(8 913)	**(586 377)**	(204 640)
—	—	**254 491**	274 453	**—**	—
(1 564)	(650)	**28 918**	40 608	**(157 957)**	(141 345)
2 555	32 743	**—**	—	**—**	—
—	—	**—**	—	**—**	22 000
—	—	**—**	—	**—**	—
(1 381)	(98)	**256**	(445)	**—**	—
—	—	**19**	196	**—**	1
—	—	**—**	—	**—**	—
—	—	**(672)**	(655)	**(5 703)**	(20 809)
(390)	31 995	**28 521**	39 704	**(163 660)**	(140 153)
—	—	**(39)**	(79)	**(1 092)**	(1 327)
28	1	**3 901**	3 317	**1 927**	491
—	—	**—**	—	**—**	—
—	—	**17 905**	(9 399)	**—**	—
(1 378)	(7 892)	**2 699**	(4 398)	**(1 349)**	145
(1 740)	24 104	**52 987**	29 145	**(164 174)**	(140 844)
(1 740)	24 104	**44 030**	24 935	**(164 174)**	(140 844)
—	—	**8 957**	4 210	**—**	—
(1 740)	24 104	**44 030**	24 935	**(164 174)**	(140 844)
—	—	**—**	—	**—**	—
—	—	**(199)**	305	**—**	59
(1 740)	24 104	**43 831**	25 240	**(164 174)**	(140 785)

Core headline earnings

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

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