Summarised income statement of Cell C

Financial year	1 June 2023 to 31 May 2024* R'000	1 June 2022 to 31 May 2023* R'000
Statement of comprehensive income for the year ended		
Revenue	**11 275 356**	11 853 745
Net (loss)/profit before taxation	**(22 445)**	4 924 453
Taxation	**301 924**	(293 644)
Current taxation	**3 647**	(293 644)
Over provision prior year	**298 277**	—
Net profit after taxation	**279 479**	4 630 809
Other comprehensive (loss)/income	**—**	—
Share of total comprehensive income	**—**	—
Effective economic percentage held (%)	**63.19**	63.19
Share of profits**	**176 603**	1 838 337

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

** The Group will resume recognising its share of the profits only after its share of the profits equals the share of accumulated losses not recognised.

2.3 Bulk airtime purchases from Cell C

TPC was required to purchase, by way of four further quarterly payments of R300 million (incl. VAT), additional prepaid airtime with a face value of R500 million (including VAT), with each such quarterly payment payable at the beginning of each calendar quarter. The first such quarterly payment was made at the beginning of the 13th month following the recapitalisation of Cell C and subsequent payments were/ will be made at the commencement of each quarter thereafter. The first payment of R300 million (Incl. VAT) was made in October 2023. As at May 2024, there is one remaining quarterly payment to take place.

In addition, TPC was required to make minimum monthly purchases of airtime vouchers from Cell C for a period of 24 months from the date of the Cell C recapitalisation. For each of the first 12 months, the minimum purchase was airtime with a face value of R427 million (including VAT), and for each of the second 12 months it is airtime with a face value of R378 million (including VAT). The cash purchase price payable is at a discount of 6% to the face value of the airtime up until January 2024 and 4% thereafter. The minimum monthly purchases have been reduced by R125 million (including VAT) per month until TPC's airtime repurchase obligation towards the funders has been settled. Furthermore, if in any calendar quarter following the effective date of the Cell C recapitalisation, Cell C's actual MVNO Revenue is in excess of the MVNO Revenue for the relevant period as stated in the Agreed Financial Base Case, then for the following quarter the minimum monthly purchase requirement will be reduced by one-third of such excess.

TPC borrowings – from lenders

Since the recapitalisation of Cell C, TPC has repurchased from the lenders, in 40 tranches, inventory with an aggregate face value of R1.762 billion (including VAT) for a cash consideration of R1.619 billion (including VAT), resulting in the balance of face value inventory remaining as at 31 May 2024 of R353 million. Refer to note 3.4.2 for further information.

In addition, on 30 April 2024, TPC purchased inventory with an aggregate face value of R375 million (including VAT) for a cash consideration of R300 million (including VAT). During the year, TPC has repurchased from the lenders, in 2 tranches, inventory with an aggregate face value of R67.2 million (including VAT) for a cash consideration of R58.3 million (including VAT) resulting in the balance of face value inventory remaining as at 31 May 2024 of R307.7 million. Refer to note 3.4.2 for further information.

TPC borrowings – from other third parties

Since the recapitalisation of Cell C, TPC has repurchased from other third parties, in 18 tranches, inventory with an aggregate face value of R325 million (including VAT) for a cash consideration of R304 million (including VAT). As at 31 May 2024, there is no remaining inventory left to repurchase. Refer to note 3.4.2 for further information.

2.4 Restricted inventory

Of the carrying value of inventory as of 31 May 2024, R523 million (2023: R1 billion) is restricted as it is held by the funders under the airtime sale and repurchase agreements which form part of TPC's borrowings in connection with the Cell C recapitalisation, as detailed above. As a result of TPC's repurchase obligation, the airtime inventory that was sold to the funders has continued to be recognised as TPC's inventory, and the repurchase obligation has been recognised as borrowings. As airtime inventory is repurchased it becomes unrestricted and is available to be sold. During the next 12 months, TPC is required to repurchase R523 million of the restricted airtime. TPC has the right to sell this airtime inventory without restriction before 28 September 2024. However, there are certain restrictions regarding TPC's ability to dispose of any of this airtime that is still on hand at that date (which carrying value of airtime management believes will be negligible), these restrictions fall away from 28 March 2026 or earlier should certain trigger events occur.