1. RESULTS OF OPERATIONS continued

1.2 Revenue

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

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

Measurement and terms of sale

a. Prepaid airtime and data

Physical and virtual PIN inventory sales are measured at the face value (transaction price) of the voucher sold net of any discounts. Payment arrangements vary per customer and can range from payment before delivery to terms of up to 60 days. PINless sales are based on the commission percentage earned on the face value (transaction price) of the airtime and data sold. Payment terms for PINless sales do not generally exceed three days, with settlement usually taking place the next business day.

b. Commissions, bonuses and incentives

Commissions, bonuses and incentives are measured based on the contractual value or percentage commission earned in accordance with agreements between the Group and the relevant cellular network. Payment terms do not exceed 30 days.

Critical estimates and judgements

a. Prepaid airtime and data

The Group has considered whether it acts in the capacity of an agent or principal in the sale of physical and virtual PIN inventory. Among other considerations, the Group maintains control of the inventory prior to sale and bears all risks related to it. The Group has concluded that, in respect of these sales, it acts as principal. In relation to PINless sales, the Group has concluded that it acts in the capacity of an agent as its primary responsibility is the facilitation of the reload transaction rather than the handling and distribution of an inventory item.

b. Commissions, bonuses and incentives

No significant judgements or estimates.

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a. Postpaid airtime and data

Revenue earned on postpaid and hybrid contracts is measured at the face value (transaction price) of the fixed airtime provided, net of any discounts. Payment terms are generally 30 days from invoice. Prepaid airtime sold to postpaid customers is measured in the same manner described above for sales to prepaid customers.

b. Commissions, bonuses and incentives

Commissions, bonuses and incentives are measured based on the contractual value or percentage commission earned in accordance with agreements between the Group and the relevant cellular network. Payment terms do not exceed 30 days.

a. Postpaid airtime and data

The Group acts in the capacity of principal in relation to postpaid and hybrid contracts as the Group takes the full inventory risk, sets the price for these contracts to the end-users and is the primary obligor.

b. Commissions, bonuses and incentives

No significant judgements or estimates.

1. RESULTS OF OPERATIONS continued

1.2 Revenue continued

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

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

1. RESULTS OF OPERATIONS continued

1.2 Revenue continued

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

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

1. RESULTS OF OPERATIONS continued

1.2 Revenue continued

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

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

* Other revenue predominantly includes audit projects on municipalities and commissions earned on the sale of universal vouchers, bus ticketing and the facilitation of bill payments.

1.3 Operating profit

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

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