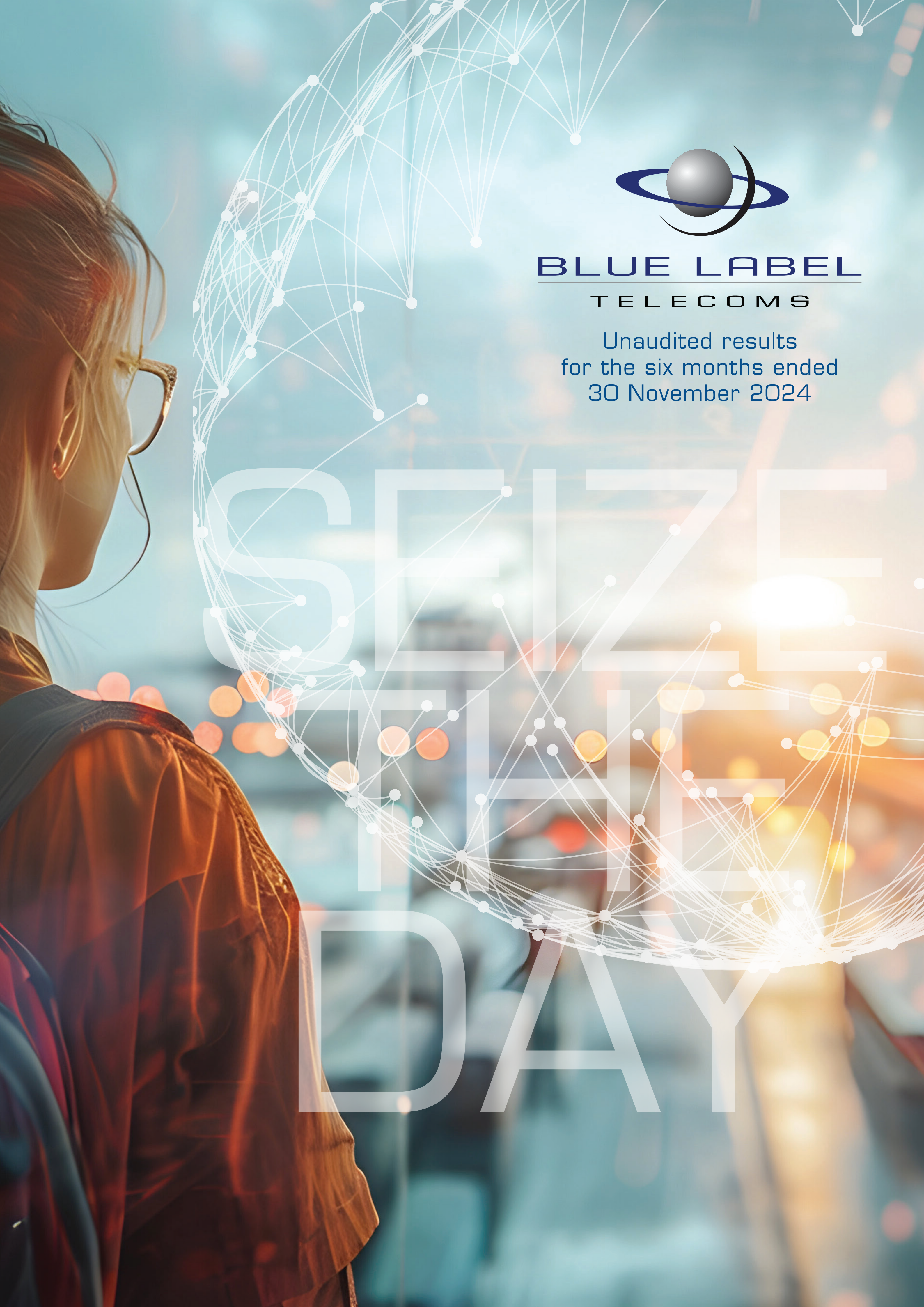
BLUE LABEL TELECOMS

Unaudited results for the six months ended 30 November 2024



FINANCIAL RESULTS

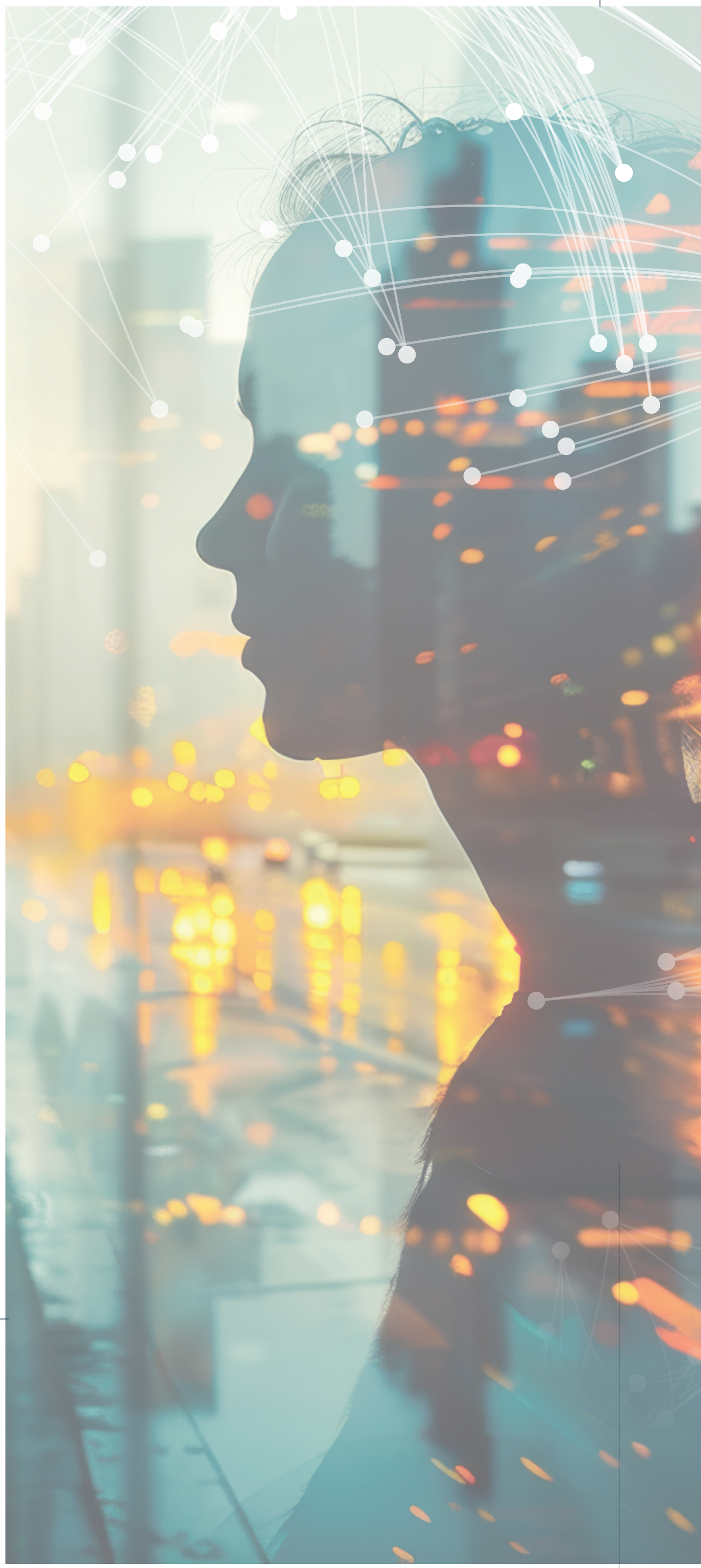
Revenue of
R7.2 billion*

Increase in gross profit of 2% to
R1.63 billion
(2023: R1.60 billion)

Increase in gross profit margin from
21.08% to 22.44%

Core headline earnings of
47.20 cents per share
(2023: 47.15 cents per share)

* On inclusion of the gross amount generated on "PINless top-ups", prepaid electricity, ticketing and universal vouchers, the effective increase equated to 8% from R43.8 billion to R47.4 billion.



COMMENTARY

SUMMARISED GROUP INCOME STATEMENT

	Group Nov 2024 R'000	Group Nov 2023 R'000	Growth R'000	Growth %
Revenue	**7 245 092**	**7 581 356**	(336 264)	(4%)
Gross profit	**1 625 720**	**1 597 881**	27 839	2%
EBITDA	**653 155**	**697 003**	(43 848)	(6%)
Finance costs	**(532 402)**	**(459 311)**	(73 091)	(16%)
Finance income	**442 662**	**352 592**	90 070	26%
Net profit after tax	**395 353**	**406 423**	(11 070)	(3%)
Core headline earnings	**424 302**	**419 575**	4 727	1%
Gross profit margin (%)	**22.44%**	**21.08%**		
EBITDA margin (%)	**9.02%**	**9.19%**		
Weighted average shares ('000)	**898 859**	**889 918**		
Share performance				
EPS (cents)	**43.98**	**45.67**	(1.69)	(4%)
HEPS (cents)	**46.01**	**45.91**	0.10	0%
Core HEPS (cents)	**47.20**	**47.15**	0.05	0%

Group revenue amounted to R7.2 billion. As only the gross profit earned on "PINless top-ups", prepaid electricity, ticketing and universal vouchers is recognised as revenue, on imputing the gross revenue generated from these sources, the effective growth in revenue equated to R3.5 billion (8%), resulting in a total revenue of R47.4 billion compared to the prior period of R43.8 billion.

Gross profit increased by R28 million (2%) from R1.598 billion to R1.626 billion, corresponding to an increase in margins from 21.08% to 22.44%. This increase in margins can be partially attributed to the growth in "PINless top-ups", prepaid electricity, ticketing and universal vouchers, where only the gross profit earned thereon is recognised as revenue.

EBITDA decreased by R44 million (6%), from R697 million to R653 million, while core headline earnings recorded a marginal increase of R5 million from R419 million to R424 million.

The decline in EBITDA and the modest growth in core headline earnings were primarily driven by a reduction in the Comm Equipment Company (CEC) subscriber base, a lower average revenue per user (ARPU) and increased finance costs associated with the sale of a portion of the CEC handset receivable book. The proceeds from the sale were transferred from CEC to The Prepaid Company (TPC) and ultimately to Cell C through the acquisition of airtime.

Earnings per share for the current and prior periods were 43.98 cents and 45.67 cents, respectively. Headline earnings per share for the same periods were 46.01 cents and 45.91 cents, respectively.

SEGMENTAL REPORT

Africa Distribution

	Nov 2024 R'000	Nov 2023 R'000	Growth R'000	Growth %
Revenue	**7 122 292**	**7 437 977**	(315 685)	(4%)
Gross profit	**1 580 144**	**1 551 981**	28 163	2%
EBITDA	**700 452**	**751 647**	(51 195)	(7%)
Finance costs	**(530 997)**	**(459 272)**	(71 725)	(16%)
Finance income	**440 395**	**350 490**	89 905	26%
Net profit after tax	**448 910**	**463 965**	(15 055)	(3%)
Core headline earnings	**470 906**	**477 231**	(6 325)	(1%)
Gross profit margin (%)	**22.19%**	**20.87%**		
EBITDA margin (%)	**9.83%**	**10.11%**		

Revenue generated within the Africa Distribution segment declined by R316 million (4%) from R7.4 billion to R7.1 billion. As only the gross profit earned on "PINless top-ups", prepaid electricity, ticketing and universal vouchers is recognised as revenue, on imputing the gross revenue generated thereon, the effective growth in revenue equated to R3.5 billion (8%) from R43.7 billion to R47.2 billion.

Gross revenue generated on "PINless top-ups" declined by R247 million from R10.8 billion to R10.6 billion, though in line with expectations.

Electricity revenue generated on behalf of the utilities increased by R3.1 billion (16%) from R18.9 billion to R21.9 billion. Net commission earnings, primarily calculated based on kilowatt-hour (kWh) consumption, remained stable at R146 million. The constrained growth in commissions was driven by inflationary increases linked to kWh usage and higher electricity consumption following the cessation of load shedding. However, this was offset by margin compression, despite overall growth in gross electricity revenue, supported by NERSA-approved tariff adjustments.

The gross revenue generated from universal vouchers increased by R1.1 billion (17%) from R6.2 billion to R7.3 billion, driven by the continued traction of BluVoucher sales through financial institution platforms. Additionally, gross ticketing revenue increased by R37 million (5%) to R718 million, primarily from revenue generated through commuter bus channels.

Gross profit increased by R28 million (2%) to R1.580 billion, up from R1.552 billion, with the gross profit margin improving from 20.87% to 22.19%.

EBITDA decreased by R51 million (7%), from R752 million to R700 million and core headline earnings decreased by R6 million from R477 million to R471 million.

The decline in EBITDA and core headline earnings were primarily driven by a reduction in the CEC subscriber base, a lower average revenue per user (ARPU), and increased finance costs associated with the sale of a portion of the CEC handset receivable book.

Solutions

	Nov 2024 R'000	Nov 2023 R'000	Growth R'000	Growth %
Revenue	**122 800**	**143 379**	(20 579)	(14%)
Gross profit	**45 576**	**45 900**	(324)	(1%)
EBITDA	**11 601**	**19 267**	(7 666)	(40%)
Share of profit from associates and joint ventures	**12 058**	**5 738**	6 320	110%
Core headline earnings	**30 062**	**21 909**	8 153	37%
Gross profit margin (%)	**37.11%**	**32.01%**		
EBITDA margin (%)	**9.45%**	**13.44%**		

A decline in SMS volumes resulted in a decrease in revenue of R21 million (14%) from R143 million to R123 million.

Gross profit declined marginally by R0.3 million (1%), from R45.9 million to R45.6 million. However, profit margins improved from 32.01% to 37.11%, despite a decrease in revenue.

EBITDA declined by R8 million (40%) from R19 million to R11 million, primarily due to an R8 million loss on the sale of an associate company during the period. Excluding this loss, as well as the impact of learnership initiative costs of R10.3 million in the current period and R8.7 million in the prior period, EBITDA increased by R2 million (7%) from R28 million to R30 million.

Core headline earnings increased by R8 million (37%) from R22 million to R30 million.

Of the core headline earnings of R30 million, BLDS accounted for R20 million. Blue Label Communications and Blu Train generated earnings of R4 million and R12 million, of which the Group's share amounted to R2.2 million and R8 million, respectively.

Of the core headline earnings of R22 million in the prior period, BLDS accounted for R17.7 million, I Talk Holdings and I Talk Financial Services generated earnings of R5 million, of which the Group's share amounted to R2 million. Blue Label Communications and BluTrain generated earnings of R1 million and R5 million respectively, of which the Group's share amounted to R0.6 million and R1.7 million, respectively.

Corporate

	Nov 2024 R'000	Nov 2023 R'000	Growth R'000	Growth %
EBITDA	**(57 950)**	**(70 344)**	12 394	18%
Net loss after tax	**(75 974)**	**(76 574)**	600	1%
Core headline earnings	**(75 974)**	**(76 574)**	600	1%

The negative contribution to Group core headline earnings declined by R0.6 million (1%) from R76.6 million to R76.0 million.

Depreciation, amortisation and impairment charges

Depreciation, amortisation and impairment charges increased by R25 million to R97 million. Of the latter amount, R35 million (2023: R35 million) pertained to depreciation on capital expenditure, R12 million (2023: R5 million) to depreciation raised in terms of IFRS 16 – Leases, R15 million (2023: R2 million) to impairments and R35 million (2023: R30 million) to the amortisation of intangible assets of which R15 million (2023: R15 million) emanated from purchase price allocations on historical acquisitions.

Finance costs

Finance costs increased by R73 million from R459 million to R532 million. Of the latter amount, R493 million related to interest paid on borrowed funds, R3 million to the unwinding of the lease liability in accordance with IFRS 16, and R36 million to other finance costs. In comparison, to the prior period, R431 million related to interest paid on borrowed funds, R2 million to the unwinding of the lease liability, and R26 million to other finance costs.

The recapitalisation transaction of Cell C in September 2022 resulted in an additional R37 million (2023: R164 million) in finance costs, incurred due to increased borrowings related to airtime sale and repurchase obligations, R15 million (2023: R13 million) for the issue of Class A Preference Shares and R72 million (2023: Nil) from finance costs recognised on the sale of the CEC's handset receivable books.

Excluding the aforementioned recapitalisation interest, finance costs increased by R127 million from R282 million to R409 million. This increase was primarily driven by an additional R92 million in interest incurred on short-term working capital facilities secured for bulk inventory purchases at favourable rebates. Additionally, R43 million of the increase resulted from CEC's R1.9 billion working capital financing facility with African Bank, while the remaining R10 million was attributed to other finance costs. These increases were partially offset by an R18 million reduction in finance costs, in line with a decrease in the Group's working capital facility from R1.36 billion to R1.16 billion, as well as a blended 0.25% decline in interest rates compared to the prior period.

Finance income

Finance income increased by R90 million from R352 million to R442 million. Of the latter amount, R15 million was attributable to interest received on cash resources, R42 million to the loan provided to Cell C relating to the CEC R1.1 billion deferral amount, R351 million from the loan extended to Cell C as a component of the debt-funding required as part of the recapitalisation transaction, R28 million from interest accrued on the overdue trade receivable balance owed to CEC by Cell C and R6 million from other loans advanced.

In the prior period, R16 million was attributable to interest received on cash resources, R54 million to the loan provided to Cell C relating to the CEC R1.1 billion deferral amount, R273 million from the loan extended to Cell C as a component of the debt-funding required as part of the recapitalisation transaction and R9 million from other loans granted.

Statement of financial position

Total assets increased by R398 million to R15.5 billion, of which non-current current assets accounted for R404 million, offset by a decrease in current assets of R6 million.

The increase in non-current assets included a R392 million increase in loans to associates and joint ventures, as well as a R74 million increase in intangible assets. These increases were partially offset by a R28 million decline in financial assets measured at fair value through profit and loss, a R22 million decrease in property, plant, and equipment, and a R13 million reduction in investments in associates following the sale of an associate company.

The net decline in current assets included a decrease of R192 million in loans to associates and joint ventures, a R184 million reduction in inventory, resulting from the destocking of surplus prepaid airtime during the period, and a R260 million decrease in advances to customers, primarily due to the partial sale of CEC's handset receivable book. These decreases were partially offset by an increase of R610 million in trade and other receivables.

In November 2024, CEC concluded additional arrangements with financial institutions, enabling the sale of its handset receivables. During the current period, CEC sold handset receivables with a gross value of R357 million. As a result thereof, advances to customers declined by R257 million, from R1.24 billion on 31 May 2024 to R979 million on 30 November 2024. Excluding the disposal of handset receivables, CEC's advances to customers increased by R86 million over the same period.

The increase of R201 million in loans to associates and joint ventures is primarily attributable to the interest accrued of R351 million from the loan extended to Cell C as a component of the debt-funding and reinvestment instrument and a reversal of expected credit losses on these loans amounting to R34 million. This was partially offset against repayments received thereon of R52 million. Additionally, R42 million related to accrued interest on the loan extended for the CEC deferral amount, with a reversal of expected credit losses of R11 million, offset by repayments received thereon of R159 million. Furthermore, associate loans receivable of R23 million were reclassified to third-party loans following the sale of an associate company.

Net profit attributable to equity holders amounted to R395 million, resulting in accumulated capital and reserves of R5.5 billion.

Non-current liabilities decreased by R361 million, comprising a reduction in non-current borrowings of R293 million and deferred taxation liabilities of R60 million.

Current liabilities increased by R364 million, primarily due to an increase in current borrowings of R601 million, offset by a reduction in trade and other payables of R235 million.

COMMENTARY CONTINUED

Statement of cash flows

Cash generated from trading operations amounted to R424 million. Working capital movements included a decrease in inventory of R183 million and advances to customers of R221 million, offset by an increase in trade and other receivables of R582 million and accounts payable of R222 million. After incurring net finance costs of R375 million and taxation of R151 million, net cash utilised in operating activities amounted to R129 million.

Net cash flows utilised in investing activities amounted to R167 million, primarily attributable to the purchase of intangible assets amounting to R267 million, property, plant and equipment of R32 million and the advancement of third-party loans totalling R19 million. These outflows were partially offset by the net repayment of loans from associates and joint ventures of R122 million, dividends received from associates amounting to R13 million and proceeds of R10 million from the sale of an associate company.

Included in net loan repayments by associates and joint ventures of R122 million were capital repayments by Cell C of R117 million partially offset by net loans of R5 million granted to other associates and joint ventures.

Cash flows generated from financing activities amounted to R257 million, of which R293 million related to a net increase in interest-bearing borrowings. These inflows were partially offset by dividend payments of R22 million to minority shareholders of subsidiary companies and lease repayments of R14 million.

Cash and cash equivalents accumulated to R857 million at 30 November 2024.

Conditional share plan

Conditional shares totalling 12 221 660 (2023: 17 336 415) were issued to qualifying employees. During the period, 3 369 519 (2023: 511 995) shares were forfeited and 5 138 208 (2023: 12 694 462) shares vested.

Appreciation

The Blue Label Board would like to extend its gratitude to the staff, suppliers, customers, and business partners for their ongoing support and dedication to the Group.

For and on behalf of the Board

LM Nestadt
Chairman

BM Levy and MS Levy
Joint Chief Executive Officers

DA Suntup* CA(SA)
Financial Director

19 February 2025

* Supervised the preparation and review of the Group's unaudited six-month period ended results.

CONDENSED GROUP STATEMENT OF COMPREHENSIVE INCOME

for the six months ended

	Notes	**30 November 2024 Unaudited R'000**	30 November 2023 Unaudited R'000
Revenue		**7 091 989**	7 421 837
Finance revenue		**153 103**	159 519
Total revenue	4	**7 245 092**	7 581 356
Other income		**29 021**	26 197
Direct operating costs*		**(5 619 372)**	(5 983 475)
Employee compensation and benefit expense		**(436 605)**	(441 852)
Depreciation and amortisation		**(96 770)**	(71 587)
Bad debts, expected credit losses and fair value movements		**(189 210)**	(157 039)
(Loss)/gain on modification of financial instruments		**(26 851)**	10 989
Other expenses		**(348 920)**	(339 173)
Operating profit		**556 385**	625 416
Finance costs		**(532 402)**	(459 311)
Finance income		**442 662**	352 592
Share of profits from associates and joint ventures	5.1	**16 775**	6 639
Profit before taxation		**483 420**	525 336
Taxation		**(84 498)**	(112 149)
Profit for the period		**398 922**	413 187
Other comprehensive income:			
Items reclassified to profit or loss			
Effective and ineffective portion of hedging instruments reclassified to profit and loss, net of tax		**—**	(6 318)
Items that may be subsequently reclassified to profit or loss			
Share of other comprehensive income/(loss) of associates and joint ventures		**353**	(306)
Loss arising on changes in fair value of hedging instruments, net of tax		**—**	(7)
Other comprehensive income/(loss) for the period, net of tax		**353**	(6 631)
Total comprehensive income for the period		**399 275**	406 556
Profit for the period attributable to:		**398 922**	413 187
Equity holders of the parent		**395 353**	406 423
Non-controlling interest		**3 569**	6 764
Total comprehensive income for the period attributable to:		**399 275**	406 556
Equity holders of the parent		**395 706**	399 792
Non-controlling interest		**3 569**	6 764
Earnings per share (cents)			
Basic	2	**43.98**	45.67
Diluted	2	**43.87**	45.36

* 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.

CONDENSED GROUP STATEMENT OF FINANCIAL POSITION

as at

	Notes	30 November 2024 Unaudited R'000	31 May 2024 Audited R'000
ASSETS			
Non-current assets		**5 734 729**	5 330 783
Property, plant and equipment		**192 837**	215 245
Right-of-use assets		**33 413**	42 492
Intangible assets		**1 539 803**	1 465 724
Goodwill		**717 475**	717 475
Investments in associates and joint ventures	5.1	**84 982**	98 333
Loans to associates and joint ventures	5.1	**2 359 374**	1 967 246
Loans receivable		**51 936**	38 753
Advances to customers		**487 556**	485 323
Financial assets at fair value through profit or loss	6	**127 845**	156 315
Deferred taxation assets		**139 508**	143 877
Current assets		**9 800 808**	9 806 556
Loans to associates and joint ventures	5.1	**254 147**	445 773
Inventories		**4 225 265**	4 409 011
Loans receivable		**62 193**	36 506
Trade and other receivables		**3 846 976**	3 236 969
Advances to customers		**491 368**	751 036
Financial assets at fair value through profit or loss	6	**39 929**	618
Current tax assets		**23 726**	30 403
Cash and cash equivalents		**857 204**	896 240
Total assets		**15 535 537**	15 137 339
EQUITY AND LIABILITIES			
Capital and reserves		**5 507 440**	5 112 140
Issued share capital and premium		**7 594 402**	7 562 077
Other reserves		**(2 897 163)**	(2 883 438)
Retained earnings		**726 398**	331 045
Total ordinary shareholders' equity		**5 423 637**	5 009 684
Non-controlling interest		**83 803**	102 456
Non-current liabilities		**2 990 413**	3 351 850
Deferred taxation liabilities		**296 555**	356 644
Non-current lease liability		**23 529**	27 425
Financial liabilities at fair value through profit or loss	6	**53 134**	57 721
Borrowings	7	**2 617 195**	2 910 060
Current liabilities		**7 037 684**	6 673 349
Trade and other payables		**5 099 621**	5 335 058
Deferred revenue		**132 190**	118 510
Lease liability		**18 132**	23 470
Current tax liabilities		**12 684**	30 028
Financial liabilities at fair value through profit or loss	6	**7 381**	–
Borrowings	7	**1 767 664**	1 166 190
Bank overdraft		**12**	93
Total equity and liabilities		**15 535 537**	15 137 339

CONDENSED GROUP STATEMENT OF CHANGES IN EQUITY

for the six months ended

	Issued share capital and premium Unaudited R'000	Retained earnings Unaudited R'000	Other reserves Unaudited R'000	Total ordinary share-holders' equity Unaudited R'000	Non-controlling interest Unaudited R'000	Total equity Unaudited R'000
Balance as at 1 June 2024	**7 562 077**	**331 045**	**(2 883 438)**	**5 009 684**	**102 456**	**5 112 140**
Profit for the period	**—**	**395 353**	**—**	**395 353**	**3 569**	**398 922**
Other comprehensive income	**—**	**—**	**353**	**353**	**—**	**353**
Total comprehensive income	**—**	**395 353**	**353**	**395 706**	**3 569**	**399 275**
Acquisition of treasury shares	**(662)**	**—**	**—**	**(662)**	**—**	**(662)**
Equity compensation benefit scheme shares vested	**32 987**	**—**	**(31 467)**	**1 520**	**(1 520)**	**—**
Equity compensation benefit movement	**—**	**—**	**17 389**	**17 389**	**1 028**	**18 417**
Dividends paid	**—**	**—**	**—**	**—**	**(21 730)**	**(21 730)**
Balance as at 30 November 2024	**7 594 402**	**726 398**	**(2 897 163)**	**5 423 637**	**83 803**	**5 507 440**
Balance as at 1 June 2023	7 521 248	(316 341)	(2 877 012)	4 327 895	111 648	4 439 543
Profit for the period	—	406 423	—	406 423	6 764	413 187
Other comprehensive loss	—	—	(6 631)	(6 631)	—	(6 631)
Total comprehensive income/(loss)	—	406 423	(6 631)	399 792	6 764	406 556
Sale of treasury shares	207	—	—	207	—	207
Equity compensation benefit scheme shares vested	40 622	—	(38 926)	1 696	(1 696)	—
Equity compensation benefit movement	—	—	17 454	17 454	825	18 279
Dividends paid	—	—	—	—	(14 999)	(14 999)
Balance as at 30 November 2023	7 562 077	90 082	(2 905 115)	4 747 044	102 542	4 849 586

CONDENSED GROUP STATEMENT OF CASH FLOWS

for the six months ended

	30 November 2024 Unaudited R'000	30 November 2023 Unaudited R'000
Cash flows from operating activities		
Cash generated by operations	**424 022**	288 482
Interest received	**114 699**	78 403
Interest paid	**(516 985)**	(424 904)
Taxation paid	**(150 883)**	(118 539)
Net cash utilised in operating activities	**(129 147)**	(176 558)
Cash flows from investing activities		
Acquisition of intangible assets and property, plant and equipment	**(298 829)**	(129 866)
Acquisition of shares in associate	**(740)**	—
Proceeds from disposal of shares in associate	**9 945**	—
Dividends received from associate	**13 372**	—
Loans repaid by associates and joint ventures	**121 762**	119 627
Loans receivable advanced	**(18 993)**	(2 436)
Loans receivable carried at fair value repaid	**—**	45 419
Other investing activities	**6 501**	13 801
Net cash (utilised in)/generated from investing activities	**(166 982)**	46 545
Cash flows from financing activities		
Interest-bearing borrowings raised/(repaid)	**293 787**	(17 667)
Lease repayments	**(14 221)**	(6 180)
(Acquisition)/sale of treasury shares	**(662)**	207
Dividends paid to non-controlling interest*	**(21 730)**	(14 999)
Net cash generated from/(utilised in) financing activities	**257 174**	(38 639)
Net decrease in cash and cash equivalents	**(38 955)**	(168 652)
Cash and cash equivalents at the beginning of the period	**896 147**	1 302 767
Cash and cash equivalents at the end of the period	**857 192**	1 134 115

* Represents a dividend paid to a minority shareholder of a subsidiary company.

NOTES TO THE GROUP FINANCIAL STATEMENTS

for the six months ended

1. HEADLINE EARNINGS

	Total	
	30 November 2024 Unaudited R'000	30 November 2023 Unaudited R'000
Profit attributable to equity holders of the parent	**395 353**	406 423
Net loss on disposal of property, plant and equipment	**578**	913
Impairment of property, plant and equipment	**10 725**	1 514
Net profit on disposal of property, plant and equipment in associate/joint venture	**(64)**	(310)
Net loss on sale of joint venture	**6 953**	—
Headline earnings	**413 545**	408 540
Headline earnings per share (cents)	**46.01**	45.91

2. SHARE PERFORMANCE

	Total			
	Attributable earnings		Cents per share	
For the six months ended	**30 November 2024 Unaudited R'000**	30 November 2023 Unaudited R'000	**30 November 2024 Unaudited**	30 November 2023 Unaudited
Headline earnings				
Basic	**413 545**	408 540	**46.01**	45.91
Diluted	**413 545**	408 540	**45.88**	45.59
Core	**424 302**	419 575	**47.20**	47.15
Earnings attributable to ordinary equity holders				
Basic	**395 353**	406 423	**43.98**	45.67
Diluted	**395 353**	406 423	**43.87**	45.36
Weighted average number of shares				
Weighted average number of ordinary shares	**898 858 938**	889 918 120		
Adjusted for forfeitable shares	**2 403 502**	6 135 984		
Weighted average number of ordinary shares for diluted earnings	**901 262 440**	896 054 104		
Number of shares in issue	**913 655 874**	913 655 874		
Number of shares in issue excluding treasury shares	**901 366 413**	896 332 571		
Reconciliation between profit and core headline earnings for the period:				
Profit for the period attributable to equity holders of the parent	**395 353**	406 423		
Amortisation of intangible assets raised through business combinations net of tax and net of non-controlling interest	**10 757**	11 035		
Core profit for the period	**406 110**	417 458		
Headline earnings adjustments	**18 192**	2 117		
Core headline earnings	**424 302**	419 575		
Core headline earnings per share (cents)	**47.20**	47.15		

NOTES TO THE GROUP FINANCIAL STATEMENTS

CONTINUED

for the six months ended

3. SEGMENTAL SUMMARY

For the six months ended 30 November 2024	Total Unaudited R'000	Africa Distribution Unaudited R'000	International Unaudited R'000	Solutions Unaudited R'000	Corporate Unaudited R'000
Total segment revenue	**9 779 967**	**9 488 359**	**—**	**136 358**	**155 250**
Internal revenue	**(2 534 875)**	**(2 366 067)**	**—**	**(13 558)**	**(155 250)**
Revenue	**7 245 092**	**7 122 292**	**—**	**122 800**	**—**
Operating profit/(loss) before depreciation and amortisation	**653 155**	**700 452**	**(948)**	**11 601**	**(57 950)**
Profit/(loss) for the period attributable to equity holders of the parent	**395 353**	**448 910**	**(692)**	**23 109**	**(75 974)**
Amortisation of intangibles raised through business combinations net of tax and non-controlling interest	**10 757**	**10 757**	**—**	**—**	**—**
Headline earnings adjustments	**18 192**	**11 239**	**—**	**6 953**	**—**
Core headline earnings for the period	**424 302**	**470 906**	**(692)**	**30 062**	**(75 974)**

For the six months ended 30 November 2023	Total Unaudited R'000	Africa Distribution Unaudited R'000	International Unaudited R'000	Solutions Unaudited R'000	Corporate Unaudited R'000
Total segment revenue	10 509 093	10 222 947	—	149 850	136 296
Internal revenue	(2 927 737)	(2 784 970)	—	(6 471)	(136 296)
Revenue	7 581 356	7 437 977	—	143 379	—
Operating profit/(loss) before depreciation and amortisation	697 003	751 647	(3 567)	19 267	(70 344)
Profit/(loss) for the period attributable to equity holders of the parent	406 423	463 965	(2 991)	22 023	(76 574)
Amortisation of intangibles raised through business combinations net of tax and non-controlling interest	11 035	11 035	—	—	—
Headline earnings adjustments	2 117	2 231	—	(114)	—
Core headline earnings for the period	419 575	477 231	(2 991)	21 909	(76 574)

4. REVENUE

	Total		Africa Distribution		Solutions	
	30 November 2024 Unaudited R'000	30 November 2023 Unaudited R'000	**30 November 2024 Unaudited R'000**	30 November 2023 Unaudited R'000	**30 November 2024 Unaudited R'000**	30 November 2023 Unaudited R'000
Revenue from contracts with customers	**6 837 874**	7 175 473	**6 715 074**	7 032 094	**122 800**	143 379
Prepaid airtime, data and related revenue	**4 502 230**	4 752 000	**4 502 230**	4 752 000	**—**	—
Postpaid airtime, data and related revenue	**90 375**	72 901	**90 375**	72 901	**—**	—
Prepaid and postpaid SIM cards	**182 986**	194 646	**182 986**	194 646	**—**	—
Services	**269 005**	239 477	**146 205**	96 098	**122 800**	143 379
Electricity commission	**160 733**	158 468	**160 733**	158 468	**—**	—
Handsets, tablets and other devices	**1 241 291**	1 470 075	**1 241 291**	1 470 075	**—**	—
Other revenue*	**391 254**	287 906	**391 254**	287 906	**—**	—
Subscription income share	**254 115**	246 364	**254 115**	246 364	**—**	—
Revenue	**7 091 989**	7 421 837	**6 969 189**	7 278 458	**122 800**	143 379
Finance revenue	**153 103**	159 519	**153 103**	159 519	**—**	—
Total revenue	**7 245 092**	7 581 356	**7 122 292**	7 437 977	**122 800**	143 379

* 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.

5. INVESTMENTS IN AND LOANS TO ASSOCIATES AND JOINT VENTURES

5.1 Summary of investments in and loans to Cell C, other associates and other joint ventures

Critical accounting judgements and assumptions

(a) Classification of significant joint arrangements

The Group exercises judgement in determining the classification of its joint arrangements.

(b) Assessment of investment in associates and joint ventures for impairment

An investment in an associate or joint venture is tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

The Group assesses at each reporting date whether such indicators exist. Similarly, the investment in an associate or joint venture is subsequently reassessed for indications of impairment loss previously recognised that may no longer exist. If there is an indication that an impairment loss has reversed, the Group is required to estimate the recoverable amount of the previously impaired investment. The impairment loss is reversed if the recoverable amount exceeds its carrying amount. The recoverable amounts of the investment in an associate or joint venture are determined based on value-in-use calculations. Where such calculations are performed, it would require the use of estimates.

(c) Classification of significant associates

The Group performs control assessments and determines the classification of its significant associates. Refer to note 5.2.1.

The Group holds the following investments in and loans to associates and joint ventures:

	Cost and share of reserves		Loans		Investments and loans	
	30 November 2024 Unaudited R'000	31 May 2024 Audited R'000	**30 November 2024 Unaudited R'000**	31 May 2024 Audited R'000	**30 November 2024 Unaudited R'000**	31 May 2024 Audited R'000
Cell C Limited	**—**	—	**2 587 859**	2 359 065	**2 587 859**	2 359 065
Other associates and joint ventures	**84 982**	98 333	**25 662**	53 954	**110 644**	152 287
	84 982	98 333	**2 613 521**	2 413 019	**2 698 503**	2 511 352
Disclosed as:						
– Non-current assets	**84 982**	98 333	**2 359 374**	1 967 246	**2 444 356**	2 065 579
– Current assets	**—**	—	**254 147**	445 773	**254 147**	445 773

Investment in Principal activity Country of incorporation	Associate Cell C Limited Network provider South Africa		Other associates and joint ventures*		Total	
	30 November 2024 Unaudited R'000	31 May 2024 Audited R'000	**30 November 2024 Unaudited R'000**	31 May 2024 Audited R'000	**30 November 2024 Unaudited R'000**	31 May 2024 Audited R'000
Cost and share of reserves at the beginning of the period	**—**	—	**98 333**	83 185	**98 333**	83 185
Acquisition of associates and joint ventures	**—**	—	**—**	—	**—**	—
Share of profits from associates and joint ventures	**—**	—	**16 775**	15 416	**16 775**	15 416
Share of results after tax	**—**	—	**16 775**	15 416	**16 775**	15 416
Foreign currency translation reserve	**—**	—	**353**	(268)	**353**	(268)
Dividends	**—**	—	**(13 372)**	—	**(13 372)**	—
Disposal of investment	**—**		**(17 847)**		**(17 847)**	
Additional investment	**—**	—	**740**	—	**740**	—
Cost and share of reserves at the end of the period	**—**	—	**84 982**	98 333	**84 982**	98 333
Loans to associates and joint ventures						
Loans at the beginning of the period	**2 359 065**	2 110 982	**53 954**	44 065	**2 413 019**	2 155 047
Loans advanced to associates and joint ventures[1]	**393 495**	701 682	**16 316**	64 768	**409 811**	766 450
Loans repaid by associates and joint ventures	**(210 730)**	(332 387)	**(21 154)**	(54 037)	**(231 884)**	(386 424)
Expected credit loss	**46 029**	(121 212)	**42**	(842)	**46 071**	(122 054)
Reclassification of loans from associates and joint ventures to third parties	**—**	—	**(23 496)**	—	**(23 496)**	—
Loans at the end of the period	**2 587 859**	2 359 065	**25 662**	53 954	**2 613 521**	2 413 019
Closing net book value	**2 587 859**	2 359 065	**110 644**	152 287	**2 698 503**	2 511 352
Share of profits from associates and joint ventures	**—**	—	**16 775**	15 416	**16 775**	15 416

* The Group also has interests in a number of individually immaterial associates and joint ventures that are accounted for using the equity method which are aggregated under "other associates" and "other joint ventures".

[1] Loans advanced to associates and joint ventures also include the interest accrued on existing loans.

5. INVESTMENTS IN AND LOANS TO ASSOCIATES AND JOINT VENTURES continued

5.2 Investments in and loans to Cell C

5.2.1 Investment in Cell C

As at 30 November 2024, BLT through its wholly owned subsidiary, TPC, holds 49.53% participatory interest in Cell C.

Critical accounting judgements and assumptions

(a) Classification of significant associates

Assessment of control over Cell C

Shareholding in Cell C

Following the recapitalisation of Cell C, TPC has a shareholding and voting rights of 49.53% in Cell C, as well as additional interests of 13.66%, derived as follows:

	Percentage
Pre-recapitalisation shareholding	45.00
Sale of shares (SPV4)	(5.00)
Net new issue	9.53
Dilution	(29.61)
New issue	39.14
Post-recapitalisation shareholding	49.53
Post-recapitalisation shareholding without voting rights	13.66
SPV1	3.19
SPV4 – Loan to SPV4	5.47
SPV4 – Sale of a 5% shareholding in Cell C to SPV4 on loan account	5.00
Total economic interest	63.19

BLT holds 49.53% of the shareholder voting rights of Cell C and is able to appoint four out of 12 on the Cell C Board of Directors, where each director has one vote. It has been determined that the Cell C Board makes the decisions about the activities that significantly affect the returns of Cell C (the relevant activities).

As a result of loans made by TPC to SPV1 and SPV4, TPC is entitled to obtain additional shares comprising 13.66% in aggregate in Cell C at any time from the special purpose vehicles (SPVs) in settlement of the loans. Should TPC wish to obtain any of these additional shares, and hence the corresponding voting rights, the Group's external legal advisors have advised that it can only do so lawfully with the prior approvals of the Competition Commission and ICASA – as acquiring additional voting rights would result in TPC obtaining control over Cell C. According to the Group's external legal advisors, it is unlawful to give effect to a transaction that requires the approval of the Competition Commission before such approval is granted, and doing so could result in the transaction being set aside. Furthermore, the granting of the regulatory approvals is not a formality or within TPC's control, hence TPC does not, on its own, have the practical ability to obtain any additional shares (and voting rights). Therefore, management has concluded that TPC's rights under the loan agreements to obtain additional Cell C shares are not substantive until such approvals have been granted. Consequently, the potential voting rights of 13.66% have been excluded from the assessment of whether the Group has control over Cell C.

SPV1 and SPV4 hold the voting rights attached to the aggregate 13.66% equity interest. Even though TPC bears the economic risks and rewards of these shares (subject to upper limits of the amounts repayable under the loans), it does not have the ability to direct the way in which the corresponding voting rights in Cell C are exercised. These decisions lie with the Directors of SPV1 and SPV4, which are appointed by Albanta Trading 109 Proprietary Limited (Albanta), over which BLT has no control.

Although the SPVs will only benefit from the aggregate 13.66% equity interest in Cell C to the extent that they realise more than the amounts repayable to TPC under the loans, whether they exercise their Cell C voting rights in line with the way that TPC exercises its 49.53% Cell C voting rights or not, management is of the view that this would not affect the SPVs in any way. Similarly, whether the SPVs vote in line with TPC or not, management is of the view that this would have no impact on whether TPC elects to obtain the additional shares in settlement of its loans, subject to receiving the requisite regulatory approvals. Since management is of the view that the SPVs do not have any incentive to exercise their Cell C voting rights in the way that TPC would want them to such that TPC can rely on them to do so, it has been concluded that the SPVs are not de facto agents of TPC. Furthermore, Albanta holds other shares (5.50%) in Cell C, therefore management believes that Albanta would exercise all its Cell C voting rights in the same way and management is of the view that there is no incentive or reason why Albanta would necessarily vote in line with TPC.

Based on historical attendance at Cell C shareholder meetings, the fact that the shares of Cell C are not widely held (there are only nine shareholders currently; six if one recognises that SPV1, SPV4 and SPV5 are all subsidiaries of Albanta), and that Gramercy and Nedbank now hold 6.09% and 7.53% of Cell C, respectively, management is of the view that there is currently no basis for concluding that TPC has de facto control of Cell C at a shareholder level. Furthermore, it is the Memorandum of Incorporation (MOI) of Cell C that enables TPC to appoint only four of the 12 Directors, and changes to the MOI require shareholder approval of at least 82% including that of Gramercy and Nedbank, for as long as they are permitted to appoint a director to the Cell C Board. Therefore, even if TPC had de facto control at a shareholder level, it could not, on its own, change the MOI to enable it to appoint the majority of the Directors. Management has thus concluded that the Group does not have control over Cell C and continues to exercise significant influence. Therefore the Group continues to account for Cell C as an associate.

(b) Assessment of investment in Cell C

As at 30 November 2024, there was no indication of a further reversal of the previous impairment, and as such, the Group did not estimate the recoverable amount of the investment in Cell C.

(c) Going concern of Cell C

Management considered the changes made to the Cell C business strategy, the successful renegotiation of key service agreements and IT support, the enhanced senior executive management team, the continued focus on operational efficiencies, reduced operational expenditure, the optimisation of traffic and the implementation of a fixed cost infrastructure. This, together with the effects of the capital and debt restructure of the business as a result of the recapitalisation of Cell C, is expected to improve both the liquidity and performance of Cell C. Taking into account the latest available financial information and estimated future cash flows, management has concluded that the going concern basis is appropriate and Cell C Limited will be able to continue as a going concern for the foreseeable future.

Exposure to Cell C

The Group's exposure to Cell C is as follows:

	30 November 2024 Unaudited R'000	31 May 2024 Audited R'000
Concentration of credit risk:		
Loans receivable	**2 718 300**	2 535 535
Loss allowance on Cell C loans receivables	**(130 441)**	(176 470)
Trade receivables	**584 515**	499 267
Loss allowance on Cell C trade receivables	**(1 876)**	(1 094)
Other receivables	**103 094**	162 338
Loss allowance on Cell C other receivables	**(53 375)**	(53 375)
Payables due to Cell C:		
Trade payables	**(455 256)**	(387 453)
Other payables	**(16 017)**	(15 786)

There is indirect exposure to Cell C as a result of the subscription sharing arrangement and inventories held.

NOTES TO THE GROUP FINANCIAL STATEMENTS

CONTINUED

for the six months ended

5. INVESTMENTS IN AND LOANS TO ASSOCIATES AND JOINT VENTURES continued

5.2 Investments in and loans to Cell C continued

5.2.1 Investment in Cell C continued

(c) Going concern of Cell C continued

Summarised balance sheet of Cell C

	Associate
Investment in	**Cell C Limited**
Principal activity	**Mobile network**
Country of incorporation	**South Africa**
Financial year-end	**31 May**

	30 November 2024 Unaudited R'000	31 May 2024 Audited R'000
Statement of financial position		
Non-current assets*	**11 673 127**	11 541 813
Current assets	**2 140 269**	2 588 661
	13 813 396	14 130 474
Capital and reserves*	**(3 328 281)**	(3 179 041)
Non-current liabilities*	**7 908 031**	7 303 962
Current liabilities	**9 233 646**	10 005 553
	13 813 396	14 130 474
Effective percentage held (%)	**49.53**	49.53
Effective economic percentage held (%)	**63.19**	63.19
Total capital and reserves	**(3 328 281)**	(3 179 041)
Cell C capital and reserves	**(10 601 019)**	(10 463 468)
Carrying value of purchase price allocations net of deferred taxation	**7 272 738**	7 284 427
Accumulated impairment	**(1 558 621)**	(1 558 621)
Accumulated losses not guaranteed	**(1 700 862)**	(1 606 557)

* Capital and reserves include the carrying value of purchase price allocations, net of deferred taxation, amounting to R7.27 billion (May 2024: R7.28 billion). This amount comprises of R9.96 billion (May 2024: R9.98 billion) in non-current assets and R2.68 billion (May 2024: R2.69 billion) in non-current liabilities.

The Group's share of accumulated losses not guaranteed

	30 November 2024 Unaudited R'000
Opening balance as at 1 June 2024	**(1 606 557)**
Share of losses for the six months ended 30 November 2024	**(94 305)**
Closing balance	**(1 700 862)**

Summarised income statement of Cell C

Financial year*	1 June 2024 to 30 November 2024 Unaudited R'000	1 June 2023 to 30 November 2023 Unaudited R'000
Statement of comprehensive income for the six months ended		
Revenue	**5 993 390**	5 964 064
Net loss before taxation	**(111 082)**	(336 735)
Taxation	**(38 158)**	—
Net loss after taxation	**(149 240)**	(336 735)
Other comprehensive income	**—**	—
Share of total comprehensive income	**—**	—
Effective economic percentage held (%)	**63.19**	63.19
Share of losses**	**(94 305)**	(212 783)

* Special purpose accounts were prepared to coincide with the Group's 2023 reporting period. These special purpose accounts are adjusted for the Group's equity-accounted adjustments relating to the amortisation of intangible assets net of deferred taxation that arise as a consequence of the purchase price allocations completed in terms of IFRS 3 – *Business combinations.*

**The Group will resume recognising its share of the profits once its share of accumulated losses not guaranteed have been fully utilised.

5.2.2 Loans to Cell C

	Debt Funding* Unaudited R'000	Reinvest-ment Instrument** Unaudited R'000	Deferral loan*** Unaudited R'000	Total Unaudited R'000
Opening balance as at 1 June 2024	**1 464 334**	**186 294**	**708 437**	**2 359 065**
Interest accrued	**313 500**	**37 894**	**42 101**	**393 495**
Payments received	**(46 681)**	**(5 026)**	**(159 023)**	**(210 730)**
Allowance gain	**31 637**	**2 848**	**11 544**	**46 029**
Closing balance as at 30 November 2024	**1 762 790**	**222 010**	**603 059**	**2 587 859**
Credit-adjusted effective interest rate (%)	**31.25**	**31.8**	**12.67**	

* The loan bears no interest for the first 24 months following the recapitalisation date. From October 2024, the total capital amount bears interest at a fixed rate of 10% per annum until month 42, and thereafter the outstanding amount bears interest at prime plus 3% until month 66, payable monthly.

** The loan bears no interest for the first 24 months following the recapitalisation date. From October 2024 the total capital amount bears interest at a fixed rate of 10% per annum. Interest payments are payable monthly.

*** Interest on this loan is being recognised using a credit-adjusted effective interest rate of 12.67%. The credit-adjusted effective interest rate reflects the initial estimate of lifetime expected credit losses. This means that CEC will only recognise the cumulative changes (both favourable and unfavourable) in the initial estimate of lifetime expected credit losses as a loss allowance.

	Total loans		Current		Non-current	
	30 November 2024 Unaudited R'000	31 May 2024 Audited R'000	30 November 2024 Unaudited R'000	31 May 2024 Audited R'000	30 November 2024 Unaudited R'000	31 May 2024 Audited R'000
Cell C Limited	**2 587 859**	2 359 065	**228 485**	391 819	**2 359 374**	1 967 246

5. INVESTMENTS IN AND LOANS TO ASSOCIATES AND JOINT VENTURES continued

5.2 Investments in and loans to Cell C continued

5.2.3 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 made at the commencement of each quarter thereafter. The first payment of R300 million (Incl. VAT) was made in October 2023. As at November 2024, there are no remaining quarterly payments 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 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 had 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 fully repurchased from the lenders, in 48 tranches, inventory with an aggregate face value of R2.115 billion (including VAT) for a cash consideration of R1.942 billion (including VAT).

In addition, on 30 April 2024, TPC purchased inventory with an aggregate face value of R375 million (including VAT) from Cell C for a cash consideration of R300 million (including VAT). TPC sold this inventory to the lenders and is required to repurchase such inventory between April 2024 and February 2025. As a result of this obligation, the inventory that was sold to the lenders has continued to be recognised as TPC's inventory, and the repurchase obligation has been recognised as borrowings.

To date, TPC has repurchased, in 8 tranches, inventory with an aggregate face value of R203 million (including VAT) for a cash consideration of R177 million (including VAT) resulting in the balance of face value inventory remaining as at 30 November 2024 of R172 million (including VAT).

Of the carrying value of inventory as of 30 November 2024, R145 million 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 repurchase agreement as detailed above. As inventory is repurchased it becomes unrestricted and is available to be sold. TPC is required to repurchase the restricted inventory by 28 February 2025.

6. FINANCIAL INSTRUMENTS

Substantially all financial instruments at fair value through profit and loss are classified as level 3 instruments in the fair value hierarchy. Movements in the instruments are as follows:

	Surety loan receivable Unaudited R'000	SPV5 derivative liability Unaudited R'000	Class B Preference shares Unaudited R'000	Escrow receivable Unaudited R'000	Total Unaudited R'000
Opening balance as at 1 June 2024	**131 870**	**(11 238)**	**(46 483)**	**25 063**	**99 212**
Additions	—	—	—	11 598	11 598
Fair value (loss)/gain recognised in profit or loss	(757)	3 857	(6 651)	—	(3 551)
Closing balance as at 30 November 2024	**131 113**	**(7 381)**	**(53 134)**	**36 661**	**107 259**
Financial assets at fair value through profit or loss – included in current assets	21 852	—	—	18 077	39 929
Financial assets at fair value through profit or loss – included in non-current assets	109 261	—	—	18 584	127 845
Financial liabilities at fair value through profit or loss - included in current liabilities	—	(7 381)	—	—	(7 381)
Financial liabilities at fair value through profit or loss – included in non-current liabilities	—	—	(53 134)	—	(53 134)
	131 113	(7 381)	(53 134)	36 661	107 259
Unrealised (loss)/gain	**(757)**	**3 857**	**(6 651)**	**—**	**(3 551)**

Surety loans receivable

Surety loans relate to the personal sureties that B Levy and M Levy signed for the US Dollar denominated 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). In February 2024 the payment terms for the surety loans were renegotiated, with the payments being agreed as instalments payable annually commencing on 30 September 2025 and ending on 30 September 2030.

Binding agreement to acquire Cell C claim from Gramercy

On 11 November 2024, TPC and Gramercy concluded a binding term sheet in terms of which TPC agrees to acquire a certain Claim of ZAR463,6 million (including accrued interest), which Gramercy has against Cell C, for a purchase consideration of ZAR450 million. The Claim bears interest at 10% per annum and is required to be settled by no later than 31 March 2026. The purchase price is payable in four non-interest-bearing instalments of ZAR112,5 million each upon Closing Date, by 30 November 2025, by 31 March 2026, and by 30 November 2026. The Closing Date is the 5th business day after the last of the conditions precedent has been fulfilled or waived. By 30 November 2024 not all the conditions precedent (which are outside TPC's control) were fulfilled. Nevertheless, the binding purchase agreement creates a forward purchase obligation subject to certain conditions, which meets the definition of a derivative. The derivative was assessed as having an insignificant fair value.

6. FINANCIAL INSTRUMENTS continued

Escrow receivable

In November 2024, a financial institution entered into an agreement with CEC, whereby CEC agreed to sell and transfer receivables (all rights, title and interest with respect to the remaining handset fee payable by a subscriber, except where indicated otherwise, under a subscriber agreement) to the financial institution (Book sale Four). The purchase price paid at the date of sale is equal to 90% of the present value of expected contractual cash flows due over the remainder of the subscription term.

CEC agreed that the financial institution may transfer back to CEC, at the end of four months, specified non-performing advances referred to as the holdback receivable. Based on the nature of the contractually specified advances, it is virtually certain at the transaction date that CEC will retain ownership of these advances to customers, and therefore at the transaction date, it was determined that CEC retained the risks and rewards associated of ownership relating to the specified advances. Contractually, the advances subject to the holdback arrangement is capped at maximum of 10% of the present value of the expected cash flows of the book sold to the financial institution.

This transaction also resulted in CEC obtaining a new financial asset, referred to as the Escrow receivable for which a risk margin is held in an Escrow account. CEC has a contractual right to the remaining balance in the Escrow account at the end of a specified period. The Escrow receivable was recognised at fair value, is measured at fair value through profit or loss and is included in financial assets at fair value through profit or loss.

Included in the current portion of advances to customers is R4.6 million relating to the hold back on the book sales that have not been derecognised.

A finance cost of R37.3 million in respect of Book sale Four is included in finance costs.

Fair value

The value of the Escrow receivable fluctuates based on the collections experience of advances over the subscription period. The escrow account will be utilised as follows:

- Any amounts not collected from subscribers in respect of sold debtors when due will be drawn by the financial institution from the escrow account;
- On the maturity date of the subscription agreements in respect of the sold receivables, any remaining amount in the escrow account will be released back to CEC.

The fair value of the Escrow receivable was determined through the discounting of post churn cash flows after taking into account the credit risk of the books sold. Since the actual cash flow performance is in line with the expected cash flows no fair value adjustment was required. Any gains or losses arising from changes in fair value will be included in profit or loss.

Critical accounting estimates and assumptions

Management has conducted an assessment of the retained credit risk following the transfer of customer advances related to Book sale Four concluded in November 2024. After comparing the retained credit risk before and after the transfer, and evaluating it against management's internal threshold for retained credit risk, it was determined that for Book sale Four the transaction resulted in the derecognition of the book as the transfer qualifies for derecognition, except for a contractually specified portion of the book, referred to as the holdback debtor, for which CEC retained the risks and rewards associated of ownership.

Transferred financial assets related to Book sale Four

	Gross carrying amount R'000	Credit loss allowance R'000	Amortised cost/ fair value R'000
Not derecognised			
Advances to customers*	**4 578**	**(990)**	**3 588**
Financial asset recognised			
Escrow receivable at fair value through profit or loss	**11 598**	**—**	**11 598**
	16 176	**(990)**	**15 186**

* This relates to the hold back receivable amount.

Book sale Five consisted of fully written-off advances to customers; therefore, the proceeds are considered a recovery of bad debts.

	Net carrying amount R'000	Proceeds R'000
Book sale Four	**343 876**	**278 431**
Book sale Five	**—**	**6 870**
	343 876	**285 301**

7. BORROWINGS

Borrowings are recognised initially at fair value, net of transaction costs incurred, when the relevant contracts are entered into. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest rate method.

Financial liabilities are derecognised when the obligation specified in the contract is discharged, cancelled or expired.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after period-end.

	30 November 2024 Unaudited R'000	31 May 2024 Audited R'000
Interest-bearing borrowings	**4 384 140**	4 075 531
Non-interest-bearing borrowings	**719**	719
Total borrowings	**4 384 859**	4 076 250
Amounts included in non-current portion of borrowings	**2 617 195**	2 910 060
Amounts included in current portion of borrowings	**1 767 664**	1 166 190
Categories of borrowings:		
Airtime repurchase obligations	**127 435**	474 831
Class A Preference shares	**194 413**	180 254
Facilities	**4 052 201**	3 411 018
Other third-party borrowings	**10 810**	10 147
Total borrowings	**4 384 859**	4 076 250

The Group did not default on any loans or breach any terms of the agreements during the period.

The carrying value of all borrowings approximates their fair value due to these balances bearing interest at market-related rates.

Total borrowings of R4.39 billion include working capital loan facilities of R1.160 billion, granted by Investec, Rand Merchant Bank, and Future Growth, to TPC, of which R1.052 billion had been utilised as of 30 November 2024.

In November 2024, TPC successfully renegotiated an extension of these facilities, extending the maturity date from 30 September 2025 to 31 March 2027, while maintaining the facility amount at R1.160 billion.

The facilities bear interest at the prime rate plus 1%.

7. BORROWINGS continued

Changes in liabilities arising from financing activities

	Borrowings due within one year R'000	Borrowings due after one year R'000	Total R'000
Closing balance as at 31 May 2023	2 230 355	1 842 765	4 073 120
Movement between current and non-current	917 027	(917 027)	—
Loan modification	—	(20 682)	(20 682)
Interest-bearing borrowings raised	691 515	1 976 174	2 667 689
Interest accrued on interest-bearing borrowings	805 762	28 830	834 592
Interest-bearing borrowings capital repaid	(2 674 283)	—	(2 674 283)
Interest-bearing borrowings interest repaid	(804 186)	—	(804 186)
Closing balance as at 31 May 2024	1 166 190	2 910 060	4 076 250
Movement between current and non-current	**307 023**	**(307 023)**	**—**
Loan modification	**—**	**2 203**	**2 203**
Interest-bearing borrowings raised	**750 000**	**—**	**750 000**
Interest accrued on interest-bearing borrowings	**400 777**	**11 955**	**412 732**
Interest-bearing borrowings capital repaid	**(456 213)**	**—**	**(456 213)**
Interest-bearing borrowings interest repaid	**(400 113)**	**—**	**(400 113)**
Closing balance as at 30 November 2024	**1 767 664**	**2 617 195**	**4 384 859**

8. RELATED PARTIES

Significant related-party transactions and balances

	Six months ended 30 November 2024 Unaudited R'000	Six months ended 30 November 2023 Unaudited R'000	Year ended 31 May 2024 Audited R'000
Sales to related parties			
Cell C Limited and its related entities*	**1 951 110**	2 254 306	4 688 906
T3 Telecoms SA Proprietary Limited*	**29 370**	35 168	415 935
Purchases from related parties			
Cell C Limited and its related entities*	**2 571 951**	2 507 405	5 693 042
Interest from related parties			
Cell C Limited and its related entities*	**421 123**	327 405	826 560
Loans to related parties			
Cell C Limited and its related entities*	**2 718 300**	2 311 630	2 535 535
Loss allowance on loans to Cell C	**(130 441)**	(62 078)	(176 470)
Brett Levy	**65 557**	63 785	65 935
Mark Levy	**65 557**	63 785	65 935
Amounts due from related parties included in trade receivables			
Cell C Limited and its related entities*	**584 515**	236 770	499 267
Loss allowance on trade receivables with Cell C	**(1 876)**	(2 416)	(1 094)
Amounts due to related parties included in trade payables			
Cell C Limited and its related entities*	**455 256**	50 522	387 453
Amounts due from related parties included in other receivables			
Cell C Limited and its related entities*	**49 719**	64 861	108 963
Cell C Limited – trade claim (included in sundry receivables)#	**53 375**	53 375	53 375
Loss allowance on other receivables with Cell C	**(53 375)**	(53 375)	(53 375)
Amounts due to related parties included in other payables			
Cell C Limited and its related entities*	**16 017**	—	15 786

* These entities are associates/joint ventures with BLT.

This receivable has been fully provided for both in the current and prior years and is included as part of the total loss allowance.

NOTES TO THE GROUP FINANCIAL STATEMENTS

CONTINUED

for the six months ended

9. SUBSEQUENT EVENTS

Additional 10% economic interest in Cell C

In 2022, a debt owed by Cell C to a lessor was transferred to a newly established special purpose vehicle (SPV5) in exchange for a 10% shareholding in Cell C, which remains SPV5's sole asset. Blue Label issued a guarantee in favour of the lessor for the repayment of this debt, while TPC committed to providing R275 million ("repayment amount") in funding to SPV5 in exchange for a claim of R699 million in SPV5, enabling it to meet its repayment obligations. The debt will be settled in tranches over the period from 31 December 2024 to 31 December 2026.

On 31 December 2024, TPC advanced the first tranche of funding amounting to R100 million and was recognised as part of the investment cost. The remaining funding commitments are scheduled as follows:

- R100 million on 31 December 2025;
- R50 million on 31 December 2026; and
- An additional R25 million on 31 December 2026, contingent upon the occurrence of certain liquidity events.

SPV5 is required to repay TPC for the amounts advanced from any future sale of shares or from dividends earned thereon, along with an additional R424 million plus 50% of the fair value of its 10% shareholding in Cell C, to the extent that the proceeds exceed R699 million. Since SPV5's only asset is its shareholding in Cell C, the repayment will be dependent on the disposal of these shares and/or dividends earned thereon. As a result, as of 31 December 2024, TPC has effectively acquired an additional 10% economic interest in Cell C, capped at the repayment amount. This investment will be equity accounted, subject to the cap, alongside TPC's existing 63.19% economic interest in Cell C. SPV5 is precluded from selling the Cell C shares without TPC's consent, but TPC has no rights with respect to directing the voting rights attached to the shares. In the event of default, TPC would be able to acquire the 10% shareholding in Cell C in settlement of its loan, but only with the prior approval of the Competition Commission of South Africa and ICASA, as such acquisition would result in TPC acquiring control of Cell C.

TPC's loan commitment to SPV5, which has been accounted for as a derivative liability (carrying a value of R7 million as of 30 November 2024 and 31 December 2024, respectively), was derecognised on 31 December 2024 and reclassified as part of the acquisition cost of the additional investment in Cell C. The present value of the remaining funding obligations to SPV5, amounting to R148 million as of 31 December 2024, was recognised as part of the investment cost, with a corresponding liability recorded to SPV5.

Due to the existence of previously unrecognised equity-accounted losses associated with the Cell C investment, the total increase in the cost of the investment of R241 million was recognised as a loss in the Group's income statement under "share of losses from associates" on 31 December 2024, thereby reducing the balance of previously unrecognised equity-accounted losses.

Banking facility

In December 2024, TPC entered into a General Banking Facility agreement with Rand Merchant Bank for R311 million (the "Facility"), scheduled to mature on 28 February 2025. The Facility carries an interest rate of Prime plus 1%.

TPC is in the final stages of securing an extension prior to the maturity date, which will extend the Facility for an additional 18 months, with repayments in equal monthly instalments commencing on 31 March 2025.

10. BASIS OF PREPARATION

The condensed unaudited consolidated interim financial statements are prepared in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board (IASB), IAS 34 – Interim Financial Reporting, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, Financial Pronouncements as issued by Financial Reporting Standards Council and the requirements of the South African Companies Act, as amended. The accounting policies applied in the preparation of these interim financial statements are in terms of International Financial Reporting Standards (IFRS) and are consistent with those applied in the previous annual financial statements.

The Group has implemented the latest accounting pronouncements from the IASB, that are effective to the Group from 1 June 2024, none of which had any material impact on the Group's financial results for the period. The Group has not early adopted any upcoming accounting pronouncements, that are not yet effective, and the Group is not expecting these pronouncements to have a material impact on the financial results of the Group. Details on changes in accounting policies will be disclosed in the Group's consolidated financial statements for the year ending 31 May 2025.

We aim to provide stakeholders with the same additional information that management uses to evaluate the performance of the Group's operations. Accordingly, we make reference to operating profit before depreciation, amortisation and impairment charges (EBITDA). In addition, the Group applies core net profit and core headline earnings as non-IFRS measures in evaluating the Group's performance. This supplements the IFRS measures. Core net profit is calculated by adjusting net profit for the year with the amortisation of intangible assets that arise as a consequence of the purchase price allocations completed in terms of IFRS 3(R) – Business Combinations. Core headline earnings are calculated by adjusting core net profit with the headline earnings adjustments required by SAICA Circular 4/2018.

The results for the period ended 30 November 2024 have not been reviewed or audited by the Group's auditors.

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