TeleMasters Holdings Limited
(Incorporated in the Republic of South Africa)
Registration number: 2006/015734/06
Share code: TLM
ISIN: ZAE000093324
("TeleMasters" or "Group" or "Company")

Reviewed provisional condensed consolidated financial statements for the year ended 30 June 2021 and dividend declaration

RESULTS SUMMARY

- Decrease in earnings per share from 2.59 cents in previous period to a loss of 7.82 cents largely attributable to an increased loss allowance on trade receivables as well as increased depreciation on the re-assessment of the useful lives of assets
- Gross profit margin improved to 49.3% from 39.6% in prior period
- Cash and cash equivalents reduced due to further investment in equipment as well as the acquisition of the remaining 75% shares in ConexLink (subsequently renamed as Ultra DataCentre)
- 6.40 cents per share dividend declared in the period to date
- Acquisitions of 100% of Contineo and PerfectWorx successfully integrated

1. Commentary on operating results

Revenue decreased by 4.6% to R76 million mainly due to reduced variable usage services arising as a result of lockdown regulations which resulted in many of our clients implementing work from home procedures that reduced their consumption of corporate voice minutes. The COVID-19 pandemic sadly resulted in several of our customers being forced to close their businesses. With customers in a 'consolidation frame of mind', we focused on supporting our customers to navigate these difficult circumstances. Our sustained focus on delivering cost-predictable subscription-based services has gained momentum and started to yield positive results.

Our data centre business continues to attract substantial interest from the corporate market and significant groundwork has been laid for future growth. We invested in 56 Rittal smart racks at a cost of R8.7 million during the year and acquired the remaining 75% shares in ConexLink (Pty) Limited ("ConexLink") for a cash consideration of R3.9 million to enhance and grow the Group's value proposition in the data centre industry. The company has since been renamed Ultra DataCentre (Pty) Limited ("Ultra DC") to reflect its principal mission.

With the economic slowdown continuing, the re-assessment of the useful lives of assets resulted in additional depreciation of R1.9 million compared to the prior year.

The gross profit percentage improved to 49.3% compared with 39.6% in the prior period mainly driven by the successful integration of Contineo Virtual Communications (Pty) Ltd. ("Contineo") and PerfectWorx Consulting (Pty) Ltd. ("PerfectWorx") arising from the acquisitions with effect from 1 July 2020. The increase in operating expenses includes a provision for a net loss allowance of R3.1 million on a contract where the risk profile changed significantly as well as additional operating costs associated with the acquisitions of Contineo and PerfectWorx. Catalytic Connections (Pty) Ltd. ("Catalytic Connections"), a wholly owned Group subsidiary, has initiated legal proceedings in the High Court of South Africa, Gauteng Division, Pretoria, to collect revenues associated with such contract which proceedings comprise of an application to liquidate the customer and concurrently realise a personal suretyship signed by the CEO of the customer.

Taken together, such circumstances were the principal causes for a loss for the period of R3.94 million compared to a profit of R1.09 million for the comparative period. Earnings per share decreased from 2.59 cents per share to a loss of 7.82 cents per share.

While profits are impacted by substantial amounts of non-cash flow expenses including depreciation, amortisation and a provision for loss allowances, the Group continued to generate positive operating cash flows from operations.

The Group continued to invest in capital equipment during the period to create additional revenue growth opportunities. Although a large portion of this investment was financed externally, some of it was financed using the Group's own cash resources.

Positive cash generation remains a key component of our business and reflects our mission to build an annuity-based business that proactively manages operating costs and maximizes operating efficiencies across all subsidiaries.

The current working capital ratio excluding the contingent consideration in respect of shares to be issued in 2022 for the achievement of profit warranties, is 1.3:1. Non-current assets of R51.0 million compare favourably with non-current liabilities of R13,1 million.

The net asset value has decreased from 78.5 cents per share to 66,8 cents per share. This position was impacted by dividends of 6.40 cents per share which were paid during the period.

2. Issue and repurchase of shares

During the period under review:

- The Company issued an additional 8,500,000 shares in settlement of the initial purchase consideration payable for the acquisitions of Contineo and PerfectWorx: and

- A wholly owned subsidiary of the Company purchased 420,562 shares in the Company for an average purchase price of 127.94 cents per share as part of the Group's share repurchase programme. These shares are being held as treasury shares.

3. Dividends declared and paid

The Board does not link the payment of dividends primarily to the current year's operating results but considers dividends in relation to the Group's reserves of R25.7 million at 30 June 2021 (R32.9 million as at 30 June 2020). The Board considers the working capital requirements of the Group for the next 12-month period, among other considerations, when determining any dividend. The Board considers the payment of dividends to be a significant reason why shareholders invest in the Group and regards the principle of paying quarterly dividends as important. The payment of a dividend is accordingly considered on a quarterly basis.

The following dividends were declared during the period under review:

- Dividend number 49 of 1.60 cents per share was declared on 30 September 2020 and paid to all shareholders recorded in the share register of the Company at the close of business on 23 October 2020;

- Dividend number 50 of 1.60 cents per share was declared on 7 December 2020 and paid to all shareholders recorded in the share register of the Company at the close of business on 4 January 2021;

- Dividend number 51 of 1.60 cents per share was declared on 23 March 2021 and paid to all shareholders recorded in the share register of the Company at the close of business on 23 April 2021; and

- Dividend number 52 of 1.60 cents per share was declared on 25 June 2021 and paid to all shareholders recorded in the share register of the Company at the close of business on 6 August 2021.

4. Dividend declaration

Notice is hereby given that a gross interim cash dividend (Number 53) of 1.60 cents per share has been declared and is payable to all shareholders recorded in the share register of the Company at the close of business on Friday, 22 October 2021.

The dividend will be subject to the Dividends Tax that was introduced with effect from 1 April 2012. In accordance with the provisions of the Listings Requirements of the Johannesburg Stock Exchange, the following additional information is disclosed:

- The dividend has been declared out of retained earnings;
- The local Dividends Tax rate is 20%;
- The gross local dividend is 1.60 cents per share for shareholders exempt from Dividends Tax;
- The net local dividend is 1.28 cents per share for shareholders liable for Dividends Tax;
- The Company has 50,500,000 ordinary shares in issue; and
- The Company's income tax reference number is 9683/978/14/3.

The following dates are applicable to the dividend: the last day to trade to be eligible for the dividend will be Tuesday, 19 October 2021. Shares will trade ex-dividend from Wednesday, 20 October 2021. The record date will be Friday, 22 October 2021 and payment of the dividend will be made on Monday, 25 October 2021.

Share certificates may not be dematerialised / re-materialised between Wednesday, 20 October 2021 and Friday, 22 October 2021, both days inclusive. The certificated register will be closed during these dates. Dividends in respect of certificated shareholders will be transferred electronically to shareholders' bank accounts on payment date. Following the discontinuation of cheque payments by most South African banks, TLM no longer issues cheques and all payments will only be made into a nominated bank account by electronic funds transfer. Shareholders who have not yet provided their bank account details to JSE Investor Services Proprietary Limited ("JIS") are reminded to contact JIS on 086 154 6572 with their bank account details into which the dividends can be paid electronically.

5. Company focus

TeleMasters Holdings is a diversified technology investment company. Entities within the Group are complementary towards each other with a key focus on enhancing digital transformation, accelerating smart working environments and empowering the Gig economy. Our vision is to create and accelerate shareholder value through responsible growth, acquisitions and investments.

The Group consists of the following portfolio of companies:

Catalytic Connections (Pty) Limited is a diversified ICT managed solutions provider to medium and small enterprises through a comprehensive suite of products and services focused on digital connectivity, cloud communications, cloud services and cloud security.

Contineo Virtual Communications (Pty) Limited operates a Next Generation Unified Communications ("UC") platform based on Cisco Broadsoft technology. The platform enables customers to migrate all their voice and UC traffic into the cloud and transformed Contineo from a traditional wholesale reseller of voice minutes into the largest independent wholesaler supplier of the Cisco Broadsoft communications platform in South Africa.

PerfectWorx Consulting (Pty) Limited is a niche network systems integrator that builds and operates networks for or with customers, supplies technology to build networks or provides specific solutions for customer's network requirements. It enjoys key technology partnerships with Cisco Meraki, Fortinet, Oracle, exaware, Sonus and Juniper Networks, among others.

Ultra DataCentre (Pty) Limited (formerly ConexLink) built and operates a data centre located outside of Pretoria. This data centre is a vendor & carrier neutral facility that features several unique data centre capabilities including smart rack infrastructure, ultra-secure physical environment, and connectivity vendor redundancy. Due to its location just outside the principal jurisdictions of many other data centres, it specializes in ultra-secure disaster recovery capabilities but also functions as a primary data centre for clients. Unique among data centres, it has massive and scalable utility power availability. The building is extremely physically secure with national key point (bunker type) construction. It has significant white space scalable on demand.

The Group also owned Spice Telecom (Pty) Limited ("Spice Telecom") but the operating activities of this entity were assumed by other subsidiaries and it was wound down during the year.

6. Prospects

2021 presented several unexpected challenges and opportunities for the Group. The worldwide pandemic thrust the spotlight on digital transformation and readiness. Many companies accelerated their digital transformation journey while those that didn't have found themselves in a withered state.

Within the Group we executed a number of strategies which bolstered our offerings to the market and strategically positioned us to serve our customers' needs in the 'new normal'. Across the Group we are now uniquely positioned to provide customers with a golden thread of critical enterprise services ranging from connectivity to unified communications through to disaster recovery and business continuity. We further expect that mandatory implementation of the Protection of Personal Information Act 2013 will prompt many enterprises to strengthen their data management and security systems which will benefit our business.

As part of the 'new normal', many enterprises continue to review their digital footprint and seek new solutions partners that can cater for all their requirements in a single stable. Our Group is well positioned to fulfil this role relative to other companies in the market. We are excited at what the future holds for ourselves, our customers and our shareholders.

7. Corporate governance

The Group subscribes to the highest standards of corporate governance best practices at all levels and is committed to conducting business with discipline, integrity and social responsibility.

8. Changes to the Board of Directors

Mr Marthinus Erasmus, an independent non-executive director and chair of the Audit and Risk Committee, passed on 4 June 2021. We were deeply saddened by our loss and the loss to his family. Dr David Bate, an independent non-executive and member of the Audit and Risk Committee was appointed as the interim chair of the Committee with effect from 25 June 2021.

Mr Michael Jackie Vosloo resigned as Financial Director of the Group effective 31 October 2020 and Mr Wikus Roos was appointed as the new Financial Director on 1 November 2020.

9. Going concern

The Directors believe that the Group has adequate financial resources to continue in operation for the foreseeable future. Accordingly, the Group's consolidated annual financial statements have been prepared on a going concern basis. The Directors have satisfied themselves that the Group remains in a sound financial position with access to sufficient cash on hand and/or borrowing facilities to meet its foreseeable financial requirements. The Directors are not aware of any new material changes that may adversely impact the Group. The Directors are also not aware of any material non-compliance with any statutory or regulatory requirements or of any pending changes to legislation which may materially affect the Group.

10. COVID-19

The continued shift in working behaviour as a result of the COVID-19 pandemic has had a negative impact on Group revenues. The effects of the pandemic are not, however, expected to have an impact on the Group as a going concern into the foreseeable future.

11. Approval of the financial statements

The reviewed condensed consolidated financial statements were approved by the Board of Directors on 27 September 2021 and are signed on its behalf by:

J Voigt Chief Executive Officer	JL Roos Chief Financial Officer

Provisional Condensed consolidated statement of comprehensive income

for the year ended 30 June 2021

	30 June 2021 Reviewed R	30 June 2020 Audited R
Revenue	**76,012,774**	**79,666,284**
Cost of Sales	(38,520,786)	(48,137,728)
Gross profit	**37,491,988**	**31,528,556**
Other Income	18,245	103,291
Other operating gains	-	60,153
Operating expenses	(42,051,400)	(29,498,404)
Operating (loss)/profit	**(4,541,167)**	**2,193,596**
Investment revenue	531,593	1,242,479
Finance costs	(1,617,435)	(395,915)
Loss on disposal of financial asset	-	(2,014,819)
(Loss)/Profit before income tax	**(5,627,009)**	**1,025,341**
Income tax	1,689,590	64,214
(Loss)/Profit for the period	**(3,937,419)**	**1,089,555**
Other comprehensive income for the period	**-**	**-**
Total comprehensive (loss)/income for the period	**(3,937,419)**	**1,089,555**
Per share information (cents)		
Basic (loss)/earnings per share (cents)	**(7,82)**	**2.59**
Diluted (loss)/earnings per share(cents)	**(6,75)**	**2.59**

Provisional Condensed consolidated statement of financial position

as at 30 June 2021

	30 June 2021 Reviewed R	30 June 2020 Audited R
Assets		
Non-current assets	**51,004,431**	**25,560,172**
Property, plant and equipment	7,192,053	7,526,910
Right of use assets	16,916,565	9,775,832
Intangible assets	1,144,893	1,919,173
Goodwill	22,952,676	3,286,779
Investment in associate	-	25
Loans to associate	-	2,700,374
Deferred tax	2,798,244	351,079
Current assets	**12,702,972**	**22,916,752**
Inventories	676,660	285,053
Trade and other receivables	5,127,951	4,743,064
Prepaid expenses	667,045	1,660,746
Current tax receivable	174,101	36,885
Cash and cash equivalents	6,057,215	16,191,004
Total assets	**63,707,403**	**48,476,924**
Equity and liabilities		
Total equity	**33,751,432**	**32,958,921**
Share capital	8,009,989	48,059
Retained earnings	25,741,443	32,910,862
Non-current liabilities	**13,076,250**	**8,256,118**
Lease liabilities	12,523,492	8,256,118
Deferred tax	102,758	-
Contingent consideration	450,000	-
Current liabilities	**16,879,721**	**7,261,885**
Trade and other payables	4,084,779	4,644,244
Lease liabilities	4,549,187	1,765,188
Deferred income	-	89,036
Shareholders for dividend	896,452	758,097
Contingent consideration	7,312,500	-
Current tax payable	36,803	5,320
Total equity and liabilities	**63,707,403**	**48,476,924**
Number of shares in issue	**50,500,000**	**42,000,000**
Net asset value per share (cents)	66.83	78.47
Net tangible asset value per share (cents)	19.12	66.08

Provisional Condensed consolidated statement of changes in equity

for the year ended 30 June 2021

	Share capital	Share premium	Total share Capital	Retained Earnings	Total Equity
	R	R	R	R	R
Balance at 1 July 2019	**4,200**	**43,859**	**48,059**	**35,013,307**	**35,061,366**
Profit for the period	-	-	-	1,089,555	1,089,555
Total comprehensive income for the period	**-**	**-**	**-**	**1,089,555**	**1,089,555**
Transaction with owners:					
Dividends	-	-	-	(3,192,000)	(3,192,000)
Total transactions with owners	**-**	**-**	**-**	**(3,192,000)**	**(3,192,000)**
Balance at 30 June 2020	**4,200**	**43,859**	**48,059**	**32,910,862**	**32,958,921**
Loss for the period	-	-	-	(3,937,419)	(3,937,419)
Total comprehensive loss for the period	**-**	**-**	**-**	**(3,937,419)**	**(3,937,419)**
Transaction with owners:					
Shares issued	850	8,499,150	8,500,000	-	8,500,000
Treasury shares		(538,070)	(538.070)		(538,070)
Dividends	-	-	-	(3,232,000)	(3,232,000)
Total transactions with owners	**850**	**7,961,080**	**7,961,930**	**(3,232,000)**	**4,729,930**
Balance at 30 June 2021	**5,050**	**8,004,939**	**8,009,989**	**25,741,443**	**33,751,432**

Provisional Condensed consolidated statement of cash flows

for the year ended 30 June 2021

	30 June 2021 Reviewed R	30 June 2020 Audited R
Cash flows from operating activities		
Cash generated by operations	6,805,272	13,869,577
Finance costs	(1,279,935)	(395,915)
Income taxes paid	(264,883)	(86,163)
Net cash generated from operating activities	**5,260,454**	**13,387,499**
Cash flow from investing activities		
Purchase of property, plant and equipment	(3,707,161)	(3,780,790)
Purchase of intangible assets	(183,691)	-
Proceeds on sale of property, plant and equipment	-	355,130
Loans advanced to associate	(2,045,000)	(2,700,374)
Purchase of shares in Ultra DC(Pty)Ltd	(3,975,000)	-
Purchase of financial asset	-	(30,805,850)
Proceeds on disposal of financial asset	-	28,791,031
Cash acquired from acquisition of businesses	1,394,825	-
Investment income received	516,593	1,242,479
Net cash used in investing activities	**(7,999,434)**	**(6,898,374)**
Cash flow from financing activities		
Dividends paid	(3,093,645)	(2,517,865)
Purchase of treasury shares	(538,070)	-
Repayment of leases	(3,763,094)	(767,716)
Net cash used in financing activities	**(7,394,809)**	**(3,285,581)**
Total cash movement for the period	(10,133,789)	3,203,544
Cash and cash equivalents at the beginning of period	16,191,004	12,987,460
Cash and cash equivalents at the end of period	**6,057,215**	**16,191,004**

Notes to the provisional condensed consolidated financial statements
for the year ended 30 June 2021

1. Statement of compliance and the basis of preparation

The reviewed provisional condensed consolidated financial results for the year ended 30 June 2021 are prepared in accordance with the requirements of the JSE Limited's Listings Requirements ("Listings Requirements") for provisional reports and the requirements of the Companies Act of South Africa. The Listings Requirements require provisional reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards ("IFRS") and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by Financial Reporting Standards Council and to also, as a minimum, contain the information required by IAS 34 Interim Financial Reporting.

The provisional consolidated annual financial results were reviewed by Nexia SAB&T who expressed an unmodified review conclusion. The auditor's review conclusion is available for inspection at the Company's registered office.

The auditor's review conclusion does not necessarily report on all of the information contained in this announcement. Shareholders are therefore advised that to obtain a full understanding of the nature of the auditor's engagement they should obtain a copy of the auditor's review conclusion together with the accompanying financial information from the issuer's registered office.

The Directors take full responsibility for the preparation of the provisional report. These results were prepared under the supervision of Wikus Roos CA (SA).

2. Accounting Policies

The accounting policies applied in the preparation of the condensed consolidated financial results are in terms of IFRS and are consistent with those applied in the previous consolidated annual financial results. During the year under review various other interpretations and amendments became effective, but their implementation had no material impact on the results of either the current or prior years. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

3. Financial risk management

There has been no material change in the Group's financial risk management objectives and policies compared to those disclosed in the consolidated annual financial statements as at and for the year ended 30 June 2020.

4. Share capital

The Company issued an additional 8,500,000 shares in settlement of the initial purchase consideration payable for the acquisitions of Contineo and PerfectWorx.

Number of shares	30 June 2021 Reviewed	30 June 2020 Audited
Balance at the beginning of the year	**42,000,000**	**42,000,000**
Shares issued during the year	8,500,000	
Balance at the end of the year	**50,500,000**	42,000,000

5. Business combinations

5.1 Acquisition of Contineo and PerfectWorx

Effective 1 July 2020 the Group acquired the entire shareholding of Contineo and PerfectWorx for a maximum consideration of R16,500,000 (sixteen million five hundred thousand Rand). An aggregate of 8,500,000 shares at R1 each were issued on 23 July 2020 as settlement for the initial purchase price which the Directors deemed to be the fair value of the shares at that time. The balance of the consideration will be settled based on the performance of the companies in their 2021 and 2022 financial years. The amount will be settled by the issue of TeleMasters shares at the 30-day VWAP price per share less a 10% discount to a maximum of R8,000,000 or 8,000,000 shares.

The fair value of identifiable assets and liabilities acquired from Contineo and PerfectWorx at the acquisition date are summarised as follows:

	Contineo R	PerfectWorx R	Total R
Property, plant and equipment	76,387	89,152	165,539
Right of use assets	753,731	-	753,731
Trade and other receivables	504,782	42,957	547,739
Cash and cash equivalents	604,851	752,387	1,357,238
Lease liabilities	(753,731)	-	(753,731)
Trade and other payables	(242,210)	(263,700)	(505,910)
Fair value of identifiable assets acquired and liabilities assumed	**943,810**	**620,796**	**1,564,606**
Share capital issued	7,650,000	850,000	8,500,000
Contingent Consideration	6,975,000	465,000	7,440,000
Goodwill	**13,681,190**	**694,204**	**14,375,394**

Contingent Consideration is disclosed for as follows:

Non-current assets	Goodwill	7,440,000
Income statement	Finance costs	322,500
Non-current liabilities	Contingent consideration	(450,000)
Current liabilities	Contingent consideration	(7,312,500)

The businesses of Contineo and PerfectWorx are described earlier in this announcement. Contineo and Perfectworx have been key suppliers to TeleMasters since 2010 and provide the Group with, *inter alia*, platform services, professional and technical support services and network-related equipment. During the past two years, Contineo and Perfectworx have played a key role in assisting TeleMasters to roll out its digital solutions offerings to customers. The Board is of the opinion that the acquisition of these key suppliers enhances the Group's ability to provide vertically and horizontally integrated and unified product offerings to its customers on competitive and cost effective terms.

5.2 Acquisition of ConexLink (Renamed Ultra DC)

At the end of the 2020 financial year the Group held 25% of the share capital of ConexLink. Effective 1 January 2021, the Group acquired a further 1% for consideration of R53,000 and effective 1 April 2021, the Group acquired the remaining 74% of ConexLink's share capital for consideration of R3,922,000. The company has since been renamed Ultra DataCentre. The fair value of identifiable assets and liabilities acquired from ConexLink at the acquisition date are summarised as follows:

	R
Property, plant and equipment	150,255
Right of use asset	1,387,310
Deferred tax asset	511,614
Trade and other receivables	2,724,243
Inventory	22,527
Cash and cash equivalents	37,587
Long term loans	(4,745,374)
Lease liability	(1,387,310)
Trade and other payables	(16,330)
Fair value of identifiable assets acquired, and liabilities assumed	**(1,315,478)**
Total consideration paid	3,975,025
Goodwill	**5,290,503**

Globally the need for data centre capacity has exploded and has been widely accepted as a high growth business. South Africa is no exception to that. Ultra DC forms a strategic building block to complement existing Group businesses to offer an upgrade path for customers into the Cloud. The Board is confident that the Ultra DC offering will enhance existing service offerings and also present new opportunities that will augment existing business initiatives.

6. Property, plant & equipment, right of use assets and intangible assets

	Property, plant and machinery	Right of use assets	Intangible assets
	R	R	R
Carrying value 1 July 2019	**10,169,568**	**-**	**2,719,997**
Additions	3,780,790	9,630,897	-
Reclassification of assets	(1,113,418)	1,113,418	-
Disposals for the year	(294,977)	-	-
Depreciation for the year	(5,015,053)	(968,483)	(800,824)
Carrying value 30 June 2020	**7,526.910**	**9,775,832**	**1,919,173**

	Property, plant and machinery	Right of use assets	Intangible assets
	R	R	R
Carrying value 1 July 2020	**7,526.910**	**9,775,832**	**1,919,173**
Additions	3,707,161	8,673,428	183,691
Depreciation for the year	(4,557,318)	(3,391,313)	(957,971)
Assets transferred	199,506	(199,506)	-
Disposals	-	(82,917)	-
Fair value of assets acquired with acquisition	315,794	2,141,041	-
Carrying value 30 June 2021	**7,192,053**	**16,916,565**	**1,144,893**

7. Goodwill

	30 June 2021 Reviewed			30 June 2020 Audited
	Cost	Accumulated impairment	Carrying value	Carrying value
	R	R	R	R
Balance at the beginning of the year	**3,286,779**	**-**	**3,286,779**	**3,286,779**
Acquisitions during the year				
- Contineo & PerfectWorx	14,375,394	-	14,375,394	-
- Ultra DC	5,290,503	-	5,290,503	-
Impairments during the year	-	-	**-**	-
Balance at the end of the year	**22,952,676**	**-**	**22,952,676**	**3,286,779**

The carrying value at the beginning of the year of the Goodwill relates to R2 686 779 for Catalytic Connections (Pty) Ltd acquired on 1 March 2010 and R600 000 for Spice Telecom (Pty) Ltd acquired on 1 January 2018.

Assessment of recoverable amounts

During the financial year, the Group assessed the recoverable amount of goodwill from the acquisition of Catalytic Connections, Spice Telecom, Contineo, PerfectWorx and ConexLink (Ultra DC). The assessment determined that the goodwill allocated to the cash-generating units was not impaired. No impairment was recognised both in the current and previous financial periods.

8. Trade and other receivables

	30 June 2021 Reviewed	30 June 2020 Audited
Financial Instruments	R	R
Trade debtors	7,166,062	3,633,724
Provision for loss allowance – specific contract (note 15)	(3,067,500)	-
Provision for loss allowance – other	(640,232)	(1,375,280)
	3,458,330	**2,258,444**
Deposits	102,424	76,926
Accruals for revenue	1,023,200	1,529,391
Other	4,000	-
	4,587,954	**3,872,761**
Non-Financial instruments		
VAT	539,997	878,303
	5,127,951	**4,743,064**

The fair value of trade and other receivables approximates their carrying amounts due to their short-term nature.

9. Lease Liabilities

The maturity analysis of lease liabilities is as follows	30 June 2021 Reviewed R	30 June 2020 Audited R
Within one year	6,744,392	2 716 647
Two to five years	12,618,291	9 559 391
	19,362,683	12 276 038
Less : finance charges component	(2,290,004)	(2 254 732)
	17,072,679	**10 021 306**
Non-current liabilities	12,523,492	8 256 118
Current liabilities	4,549,187	1 765 188

The fair value of lease liabilities approximates their carrying amount due to the application of market-related interest rates in the measuring of the carrying value.

10. Segment reporting

IFRS 8 requires an entity to report financial and descriptive information about its reportable segments which are operating segments or aggregations of operating segments that meet specific criteria. Operating segments are components of an entity about which separate financial information is available and that is evaluated regularly by the Chief Operating Decision Maker. The Chief Executive Officer is the Chief Operating Decision Maker ("CODM") of the Group.

The reportable segments reflect the operating model of the Group as of 1 July 2020 and is consistent with the way the business is managed and reported on by the CODM. Management monitors the operating results of its business units separately for the purpose of resource allocation and performance assessment. Monthly management meetings are held to evaluate the individual segment performance. The CODM does not monitor assets and liabilities by segment.

The Group's reporting segments for the year ended 30 June 2021 are: Catalytic; Contineo and PerfectWorx; Ultra DC and Corporate.

For the year ended 30 June 2020, the Group did not have any reportable operating segments.

	Catalytic R	Contineo & PerfectWorx R	Ultra DC R	Corporate R	Consolidation R	TOTAL R
Revenue external	73,598,531	2,349,211	65,032	-	-	76,012,774
Revenue internal	991 716	12,306,925	1,454,700	9,802,831	(24,556,172)	-
EBITDA*	**(894,116)**	**1,528,653**	**1,134,410**	**2,596,488**	**-**	**4,365,435**
Adjusted for:						
Depreciation and amortisation	(2,568,978)	(282,779)	(110,233)	(5,944,612)	-	(8,906,602)
Interest received	46,759	-	-	469,834	15,000	531,593
Finance costs	(721,537)	(71,789)	(33,178)	(453,431)	(337,500)	(1,617,435)
Net profit/(loss) before tax	**(4,137,872)**	**1,174,085**	**990,999**	**(3,331,721)**	**(322,500)**	**(5,627,009)**
Total Assets	**24,867,756**	**4,266,487**	**1,779,708**	**36,959,301**	**(4,165,849)**	**63,707,403**
Total Liabilities	**20,874,752**	**1,453,373**	**2,381,667**	**9,221,266**	**(3,975,087)**	**29,955,971**

* Earnings before interest, tax, depreciation, and amortisation

No single customer makes up more than 10% of the Group's revenues.

11. Disaggregation of revenues

	30 June 2021 Reviewed	30 June 2021 Reviewed	30 June 2021 Reviewed	30 June 2021 Reviewed	30 June 2020 Audited
	Total	**Catalytic**	**Contineo & PerfectWorx**	**Ultra DC**	
Revenue from contracts with customers					
Equipment sales	**4,700,236**	4,209,256	490,980	-	1,256,760
Rendering of services	**86,065,879**	70,380,991	14,165,156	1,519,732	78,409,524
	90,766,115	**74,590,247**	**14,656,136**	**1,519,732**	**79,666,284**
Internal revenue	**(14,753,341)**	(991,716)	(12,306,925)	(1,454,700)	-
	76,012,774	**73,598,531**	**2,349,211**	**65,032**	**79,666,284**
Disaggregation and timing from contracts with customers					
Sale of Goods					
Equipment sales	4,700,236	4,209,256	490,980		1,320,396
Rendering of services					
Airtime	20,497,508	20,497,508	-		12,314,482
Connection fees	35,047,646	35,047,646	-		24,290,028
Service fees	15,767,384	13,844,121	1,858,231	65,032	4,373,031
	71,312,538	69,389,275	1,858,231	65,032	40,977,541
Total	**76,012,774**	**73,598,531**	**2,349,211**	**65,032**	**42,297,937**

12. Earnings, Headline Earnings and Dividends

Headline earnings reconciliation and per share information is set out below:

	30 June 2021 Reviewed	30 June 2020 Audited
	R	R
Headline earnings reconciliation:		
Profit/(loss) attributed to equity holder of the company	**(3,937,419)**	**1,089,555**
Headline earnings/(loss)	**(3,937,419)**	**1,046,245**
Headline earnings /(loss) per share (cents)	**(7.82)**	2.49
Diluted headline earnings/ (loss) per share (cents)	**(6.75)**	2.49
Number of shares in issue	50,500,000	42,000,000
Weighted average shares in issue	50,323,330	42,000,000
Diluted weighted average shares in issue	58,323,330	42,000,000
Dividends declared per share (cents)	6.40	7.60

13. Related party transactions

Members of Key Management

J Voigt	Executive Director
JM Vosloo	Executive Director (Resigned 31 October 2020)
JL Roos	Executive Director (Appointed 1 November 2020

Non-Executive Directors	MG Erasmus (deceased 4 June 2021) MB Pretorius WF Steinberg M Tappan DJ Bate

Related parties in which key management and/or non-executive directors have a beneficial interest:

MB Pretorius	Snowy Owl Properties 82 (Pty) Ltd Telemasters (Pty) Ltd Zero Plus Trading 194 (Pty) Ltd
JM Vosloo	JMV Business Solutions CC
A Voigt (Spouse of a director)	Level This CC

Related party transactions and balances	**30 June 2021 Reviewed**	**30 June 2020 Audited**
	R	**R**
Details of transactions and balances occurring between the company and the related parties are presented below:		
Loan account owing by associate		
ConexLink (Ultra DC)	-	2,700,374
Purchases from:		
ConexLink (Ultra DC)*	1,583,892	-
PerfectWorx*		3,391,092
Contineo*	-	8,446,548
Consulting fees paid to:		
Level This CC	1,400,000	-
JMV Business Solutions CC	450,000	1,189,500
Zero Plus Trading 194 (Pty) Ltd	446,775	361,500
Rentals on operating lease to:		
Snowy Owl Properties 82 (Pty) Ltd	-	1,596,710
Trade payables:		
Snowy Owl Properties 82 (Pty) Ltd	-	200,574
Compensation to Key management	2,386,446	1,415,242

*Became subsidiaries during the current year

14. Litigation

A once-off provision of R3.1 million was created for the failure to collect revenues arising from a breach of contract by one customer in relation to one specific contract concluded with Catalytic Connections for which it has initiated legal proceedings in the High Court of South Africa, Gauteng Division, Pretoria, to collect said revenues which proceedings comprise of an application to liquidate the customer and concurrently realise a personal suretyship signed by the CEO of the customer. While the outcome and timing of the outcome of such legal proceedings remain uncertain, Catalytic Connections is confident of its position and ability to collect some or all of such revenues in due course.

Other than above there are currently no legal or related proceedings against the Group, of which the Board is aware, which may have or have had in the 12 months preceding the date of this report, a material effect on the consolidated position of the Group.

15. Subsequent events

No significant events occurred since year end.

16. Corporate information

Directors:	DJ Bate*#, MB Pretorius*, WF Steinberg*#, M Tappan*#, J Voigt, JL Roos (* non-executive director # independent director)
Registered address:	Ground Floor, Building 2, ATT House, Maxwell Office Park Magwa Crescent West, Waterfall City 2090 P.O. Box 68255 Highveld Park 0169
Company secretary:	S Ramirez-Victor
Auditors:	Nexia SAB&T 119 Witch-Hazel Avenue, Highveld Techno Park, Centurion
Transfer secretaries:	JSE Investor Services Proprietary Limited 13th Floor, 19 Ameshoff Street, Braamfontein, 2017
Designated Advisor:	AcaciaCap Advisors (Pty) Ltd
Website:	www.telemasters.co.za