

**Unaudited condensed consolidated interim financial statements for the six months ended 31 December 2021 and dividend declaration**

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**RESULTS SUMMARY**

- Revenue decreased by 21,4% compared to the period ended 31 December 2020
- Gross profit margin improved to 54,7% from 49,5% in the period ended 31 December 2020
- Operating expenses reduced by 10,2% compared to the period ended 31 December 2020
- Loss per share was 1,68 cents compared to a loss of (0,11) cents for the prior period
- 2,1 cents per share dividend declared in the period to date (3,2 cents in prior period)

**1. Commentary on operating results**

Revenue decreased by 21,4% to R32,7 million mainly due to reduced variable usage services arising from lockdown regulations resulting in many of our clients implementing work from home procedures. This led to a reduction in their consumption of corporate voice minutes. The impact of reduced voice minutes usage, driven by widescale uptake of new collaboration applications such as MS Teams or Zoom, and customers closing businesses, was off-set by a significant growth in data services. Our sustained focus on delivering cost-predictable subscription-based services has yielded positive results.

Management has taken various strategic and operational decisions to increase revenue from data storage offerings through its data centre. Whilst the consolidation of Ultra DC has led to substantial increases in finance costs and depreciation, the long lead times associated with the data centre revenue cycle has meant that expected improvement in revenues have not yet been realised.

Management placed increased focus on cost control resulting in an improved gross profit margin and a reduction in operating expenses.

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.

## 2. Issue and repurchase of shares

During the period under review:

- The Company issued an additional 5,259,670 shares at R1,2275 in settlement of the first year of an earn-out consideration payable to vendors for the acquisition of Contineo Virtual Communications (Pty) Ltd ("Contineo"): and
- A wholly owned subsidiary of the Company purchased a further 140,402 shares in the Company for an average purchase price of 129,25 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 R23,7 million at 31 December 2021 (R25,7 million as at 30 June 2021). 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 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.
- Dividend number 53 of 1.60 cents per share was declared on 30 September 2021 and paid to all shareholders recorded in the share register of the Company at the close of business on 25 October 2021;
- Dividend number 54 of 0,50 cents per share was declared on 7 December 2021 and paid to all shareholders recorded in the share register of the Company at the close of business on 10 January 2022.

## 4. Dividend declaration

Notice is hereby given that a gross interim cash dividend (Number 55) 0,5 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 April 2022.

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 0,50000 cents per share for shareholders exempt from Dividends Tax;
- The net local dividend is 0,40000 cents per share for shareholders liable for Dividends Tax;
- The Company has 55.759, 670 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 April 2022. Shares will trade ex-dividend from Wednesday, 20 April 2022. The record date will be Friday, 22 April 2022 and payment of the dividend will be made on Monday, 25 April 2022.

Share certificates may not be dematerialised / re-materialised between Wednesday, 20 April 2022 and Friday, 22 April 2022, 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 (“Catalytic Connections”)** 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 (“Contineo”)** 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 (“PerfectWorx”)** 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 Data Centre (Pty) Limited (“Ultra DC”)** 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.

## 6. Prospects

Although 2022 got off to a slow start, the general business outlook seem to be more upbeat than the previous two pandemic years. In the corporate space, the sales cycle timeline has increased as customers take more care in where they commit their monthly spend. The Group has identified 3 key focus areas in order to grow revenue in 2022: Unified Communications, Security Services and Data Centre Services. All 3 areas are high demand, high growth areas and we believe that our unique assets in the Group will serve us well in growing our customer base and revenue.

We have forged a number of strategic vendor and partner relationships through which we aim to unlock opportunities that will assist us in achieving our goals. Seeing that many of these relationships are new, we expect to see positive results in the second half of 2022.

## **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**

Mrs Talana Smith was appointed on 2 November 2021 as an independent non-executive director and chair of the Audit and Risk Committee.

## **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 interim 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 shift in working behaviour as a result of the COVID-19 pandemic continue to have 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 unaudited condensed consolidated financial statements were approved by the Board of Directors and are signed on its behalf by:

J Voigt  
Chief Executive Officer

JL Roos  
Chief Financial Officer

Waterfall City  
31 March 2022

**Unaudited Condensed consolidated statement of comprehensive income**  
for the six months ended 31 December 2021

|  | 31 December 2021 | 31 December 2020 |
|--|------------------|------------------|
|  | Unaudited<br>R   | Unaudited<br>R   |
| Revenue  | 32,718,184       | 41,654,190       |
| Cost of Sales                                    | (14,806,065)     | (21,033,947)     |
| Gross profit                                     | 17,912,119       | 20,620,243       |
| Other Income                                     | 12,106           | 493              |
| Operating expenses                               | (18,421,598)     | (20,512,991)     |
| Operating (loss)/profit                          | (497,373)        | 107,745          |
| Investment revenue                               | 103,881          | 322,171          |
| Finance costs                                    | (812,344)        | (508,791)        |
| Loss before income tax                           | (1,205,836)      | (78,875)         |
| Income tax                                       | 328,771          | 22,085           |
| <b>Loss for the period</b>                       | <b>(877,065)</b> | <b>(56,790)</b>  |
| <b>Other comprehensive income for the period</b> | <b>-</b>         | <b>-</b>         |
| <b>Total comprehensive loss for the period</b>   | <b>(877,065)</b> | <b>(56,790)</b>  |
| <b>Per share information (cents)</b>             |                  |                  |
| Basic loss per share (cents)                     | (1,68)           | (0,11)           |
| Diluted loss per share(cents)                    | (1,51)           | (0,10)           |

## Unaudited Condensed Consolidated Statement of Financial Position

as at 31 December 2021

|  | 31 December 2021<br>Unaudited<br>R | 30 June 2021<br>Audited<br>R | 31 December 2020<br>Unaudited<br>R |
|--|------------------------------------|------------------------------|------------------------------------|
| <b>Assets</b>                              |                                    |                              |                                    |
| <b>Non-current assets</b>                  | <b>50,588,947</b>                  | <b>51,004,431</b>            | <b>49,857,521</b>                  |
| Property, plant and equipment              | 6,536,021                          | 7,192,053                    | 8,510,783                          |
| Right of use assets                        | 15,917,791                         | 16,916,565                   | 17,361,409                         |
| Intangible assets                          | 1,047,946                          | 1,144,893                    | 1,694,289                          |
| Goodwill                                   | 22,952,676                         | 22,952,676                   | 17,570,052                         |
| Investment in associate                    | -                                  | -                            | 25                                 |
| Loans to associate                         | -                                  | -                            | 4,245,374                          |
| Other financial assets                     | 690,000                            | -                            | -                                  |
| Deferred tax                               | 3,444,513                          | 2,798,244                    | 373,164                            |
| Prepayments                                | -                                  | -                            | 102,425                            |
| <b>Current assets</b>                      | <b>8,993,072</b>                   | <b>12,702,972</b>            | <b>22,788,433</b>                  |
| Inventories                                | 633,324                            | 676,660                      | 567,758                            |
| Trade and other receivables                | 3,982,971                          | 5,127,951                    | 3,917,540                          |
| Prepaid expenses                           | 1,974,861                          | 667,045                      | 1,928,882                          |
| Current tax receivable                     | 113,401                            | 174,101                      | 136,885                            |
| Cash and cash equivalents                  | 2,288,515                          | 6,057,215                    | 16,237,368                         |
| <b>Total assets</b>                        | <b>59,582,019</b>                  | <b>63,707,403</b>            | <b>72,645,954</b>                  |
| <b>Equity and liabilities</b>              |                                    |                              |                                    |
| <b>Total equity</b>                        | <b>37,990,282</b>                  | <b>33,751,432</b>            | <b>39,603,369</b>                  |
| Share capital                              | 14,284,765                         | 8,009,989                    | 8,365,297                          |
| Retained earnings                          | 23,705,517                         | 25,741,443                   | 31,238,072                         |
| <b>Non-current liabilities</b>             | <b>11,866,518</b>                  | <b>13,076,250</b>            | <b>18,646,758</b>                  |
| Lease liabilities                          | 11,458,317                         | 12,523,492                   | 15,066,758                         |
| Deferred tax                               | 408,201                            | 102,758                      | -                                  |
| Contingent consideration                   | -                                  | 450,000                      | 3,580,000                          |
| <b>Current liabilities</b>                 | <b>9,725,219</b>                   | <b>16,879,721</b>            | <b>14,395,827</b>                  |
| Trade and other payables                   | 3,280,621                          | 4,084,779                    | 7,235,657                          |
| Lease liabilities                          | 4,742,701                          | 4,549,187                    | 2,399,575                          |
| Shareholders for dividend                  | 368,428                            | 896,452                      | 895,275                            |
| Contingent consideration                   | 1,306,255                          | 7,312,500                    | 3,860,000                          |
| Current tax payable                        | 27,214                             | 36,803                       | 5,320                              |
| <b>Total equity and liabilities</b>        | <b>59,582,019</b>                  | <b>63,707,403</b>            | <b>72,645,954</b>                  |
| <b>Number of shares in issue</b>           | <b>55,759,670</b>                  | <b>50,500,000</b>            | <b>50,500,000</b>                  |
| Net asset value per share (cents)          | 68.13                              | 66.83                        | 78.42                              |
| Net tangible asset value per share (cents) | 25.09                              | 19.12                        | 40.28                              |

## Unaudited Condensed consolidated statement of changes in equity

for the six months ended 31 December 2021

|  | Share<br>Capital<br>R | Share<br>Premium<br>R | Total share<br>Capital<br>R | Retained<br>Earnings<br>R | Total<br>Equity<br>R |
|--|-----------------------|-----------------------|-----------------------------|---------------------------|----------------------|
| <b>Balance at 1 July 2020</b>                    | <b>4,200</b>          | <b>43,859</b>         | <b>48,059</b>               | <b>32,910,862</b>         | <b>32,958,921</b>    |
| Loss for the period                              | -                     | -                     | -                           | (56,790)                  | (56,790)             |
| <b>Total comprehensive income for the period</b> | <b>-</b>              | <b>-</b>              | <b>-</b>                    | <b>(56,790)</b>           | <b>(56,790)</b>      |
| Transaction with owners:                         |                       |                       |                             |                           |                      |
| Shares issued                                    | 850                   | 8,499,150             | 8,500,000                   | -                         | 8,500,000            |
| Treasury shares                                  |                       | (182,762)             | (182,762)                   | -                         | (182,762)            |
| Dividends  | -                     | -                     | -                           | (1,616,000)               | (1,616,000)          |
| <b>Total transactions with owners</b>            | <b>850</b>            | <b>8,316,388</b>      | <b>8,317,238</b>            | <b>(1,616,000)</b>        | <b>6,701,238</b>     |
| <b>Balance at 31 December 2020</b>               | <b>5,050</b>          | <b>8,360,247</b>      | <b>8,365,297</b>            | <b>31,238,072</b>         | <b>39,603,369</b>    |
| Loss for the period                              | -                     | -                     | -                           | (3,880,629)               | (3,880,629)          |
| <b>Total comprehensive loss for the period</b>   | <b>-</b>              | <b>-</b>              | <b>-</b>                    | <b>(3,880,629)</b>        | <b>(3,880,629)</b>   |
| Transaction with owners:                         |                       |                       |                             |                           |                      |
| Shares issued                                    | -                     | -                     | -                           | -                         | -                    |
| Treasury shares                                  |                       | (355,308)             | (355,308)                   |                           | (355,308)            |
| Dividends  | -                     | -                     | -                           | (1,616,000)               | (1,616,000)          |
| <b>Total transactions with owners</b>            | <b>-</b>              | <b>(355,308)</b>      | <b>(355,308)</b>            | <b>(1,616,000)</b>        | <b>(1,971,308)</b>   |
| <b>Balance at 30 June 2021</b>                   | <b>5,050</b>          | <b>8,004,939</b>      | <b>8,009,989</b>            | <b>25,741,443</b>         | <b>33,751,432</b>    |
| Loss for the period                              | -                     | -                     | -                           | (877,065)                 | (877,065)            |
| <b>Total comprehensive loss for the period</b>   | <b>-</b>              | <b>-</b>              | <b>-</b>                    | <b>(877,065)</b>          | <b>(877,065)</b>     |
| Transaction with owners:                         |                       |                       |                             |                           |                      |
| Shares issued                                    | 645                   | 6,455,600             | 6,456,245                   | -                         | 6,456,245            |
| Treasury shares                                  |                       | (181,469)             | (181,469)                   |                           | (181,469)            |
| Dividends  | -                     | -                     | -                           | (1,158,861)               | (1,158,861)          |
| <b>Total transactions with owners</b>            | <b>645</b>            | <b>6,274,131</b>      | <b>6,274,776</b>            | <b>(1,158,861)</b>        | <b>5,115,915</b>     |
| <b>Balance at 31 December 2021</b>               | <b>5,695</b>          | <b>14,279,070</b>     | <b>14,284,765</b>           | <b>23,705,517</b>         | <b>37,990,282</b>    |

## Unaudited Condensed consolidated statement of cash flows

for the six months ended 31 December 2021

|   | 31 December 2021<br>Unaudited<br>R | 31 December 2020<br>Unaudited<br>R |
|---|------------------------------------|------------------------------------|
| <b>Cash flows from operating activities</b>           |                                    |                                    |
| Cash generated by operations                          | 2,342,185                          | 5,510,961                          |
| Finance costs   | (812,344)                          | (508,791)                          |
| Income taxes received/(paid)                          | 51,111                             | (115,949)                          |
| <b>Net cash generated from operating activities</b>   | <b>1,580,952</b>                   | <b>4,886,221</b>                   |
| <b>Cash flow from investing activities</b>            |                                    |                                    |
| Purchase of property, plant and equipment             | (416,781)                          | (1,900,501)                        |
| Proceed on disposal of assets                         | 2,000                              | -                                  |
| Other financial assets acquired                       | (690,000)                          | -                                  |
| Purchase of intangible assets                         | -                                  | (183,691)                          |
| Loans advanced to associate                           | -                                  | (1,545,000)                        |
| Cash acquired from acquisition of businesses          | -                                  | 1,357,238                          |
| Investment income received                            | 103,881                            | 322,171                            |
| <b>Net cash used in investing activities</b>          | <b>(1,000,900)</b>                 | <b>(1,949,783)</b>                 |
| <b>Cash flow from financing activities</b>            |                                    |                                    |
| Dividends paid  | (1,686,885)                        | (1,478,822)                        |
| Purchase of treasury shares                           | (181,469)                          | (182,762)                          |
| Repayment of leases                                   | (2,480,398)                        | (1,228,490)                        |
| <b>Net cash used in financing activities</b>          | <b>(4,348,752)</b>                 | <b>(2,890,074)</b>                 |
| Total cash movement for the period                    | (3,768,700)                        | 46,364                             |
| Cash and cash equivalents at the beginning of period  | 6,057,215                          | 16,191,004                         |
| <b>Cash and cash equivalents at the end of period</b> | <b>2,288,515</b>                   | <b>16,237,368</b>                  |



## Notes to the provisional condensed consolidated financial statements

for the six months ended 31 December 2021

### 1. Statement of compliance and the basis of preparation

The unaudited condensed consolidated interim financial results for the six months ended 31 December 2021 are prepared in accordance with the requirements of the JSE Limited's Listings Requirements ("Listings Requirements") and the requirements of the Companies Act of South Africa. The Listings Requirements require interim financial statements 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 results were not audited or reviewed by the Company's auditors, Nexia SAB&T.

The Directors take full responsibility for the preparation of these condensed unaudited interim financial results. These results were prepared under the supervision of JL Roos CA (SA).

### 2. Accounting policies

These interim condensed unaudited condensed consolidated interim financial statements do not include all the information and disclosures required for complete annual financial statements prepared in accordance with IFRS and should be read in conjunction with the Group's annual financial statements as at 30 June 2021. The accounting policies adopted in the preparation of these unaudited condensed consolidated interim financial statements are consistent with those followed in the Group's annual consolidated financial statements for the year ended 30 June 2021.

*New standards and interpretations in issue not yet effective*

The Group has chosen not to early adopt standards and interpretations issued not yet effective, which have been published and are mandatory for the Group's accounting periods beginning on or after 01 July 2021 or later periods. These standards will be implemented in the applicable year for which they are mandatory. It is unlikely to have a material impact on the future implementation of any of these standards.

### 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 2021.

### 4. Share capital

The Company issued an additional 5,259,670 shares to the vendors of Contineo in accordance with the earn-out clause of the purchase agreement effective from 1 July 2020.

|   | 31 December 2021<br>Unaudited | 31 December 2020<br>Unaudited |
|---|-------------------------------|-------------------------------|
| <b>Number of shares</b>                     |                               |                               |
| <b>Balance at the beginning of the year</b> | <b>50,500,000</b>             | <b>42,000,000</b>             |
| Shares issued during the year               | 5,259,670                     | 8,500,000                     |
| <b>Balance at the end of the year</b>       | <b>55,759,670</b>             | 50,500,000                    |

## 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. During the period under review, a further 5 259 670 shares at R1,2275 were issued to the vendors of Contineo in accordance with the earn-out clause for the 2021 financial year. The balance of the consideration will be settled based on the performance of the companies in their 2022 financial year. The amount will be settled by the issue of TeleMasters shares at the 30-day VWAP price per share less a 10% discount.

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

|   | Contineo<br>R     | PerfectWorx<br>R | Total<br>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)         |
| <b>Fair value of identifiable assets acquired and liabilities assumed</b> | <b>943,810</b>    | <b>620,796</b>   | <b>1,564,606</b>  |
| Share capital issued  | 7,650,000         | 850,000          | 8,500,000         |
| Contingent Consideration  | 6,975,000         | 465,000          | 7,440,000         |
| <b>Goodwill</b>   | <b>13,681,190</b> | <b>694,204</b>   | <b>14,375,394</b> |
| <b>Contingent Consideration</b>   |                   |                  |                   |
| Balance at beginning of transaction                                       |                   |                  | 7,440,000         |
| Income statement – finance costs  |                   |                  | 322,500           |
| Shares issued   |                   |                  | (6,456,245)       |
| <b>Balance as at 31 December 2021</b>                                     |                   |                  | <b>1,306,255</b>  |

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.

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

|  | Property, plant and equipment | Right of use assets | Intangible assets |
|--|-------------------------------|---------------------|-------------------|
|  | R                             | R                   | R                 |
| <b>Carrying value 1 July 2020</b>              | <b>7,526,910</b>              | <b>9,775,832</b>    | <b>1,919,173</b>  |
| Additions                                      | 1,900,590                     | 8,673,428           | 183,691           |
| Depreciation for the period                    | (1,082,256)                   | (1,087,851)         | (408,575)         |
| Fair value of assets acquired with acquisition | 165,539                       | -                   | -                 |
| <b>Carrying value 31 December 2020</b>         | <b>8,510,783</b>              | <b>17,361,409</b>   | <b>1,694,289</b>  |

|  | Property, plant and equipment | Right of use assets | Intangible assets |
|--|-------------------------------|---------------------|-------------------|
|  | R                             | R                   | R                 |
| <b>Carrying value 1 July 2021</b>      | <b>7,192,053</b>              | <b>16,916,565</b>   | <b>1,144,893</b>  |
| Additions                              | 416,781                       | 1,608,737           | -                 |
| Depreciation for the period            | (1,318,925)                   | (2,359,399)         | (96 947)          |
| Assets transferred                     | 248,112                       | (248,112)           | -                 |
| Disposals                              | (2,000)                       | -                   | -                 |
| <b>Carrying value 31 December 2021</b> | <b>6,536,021</b>              | <b>15,917,791</b>   | <b>1,047,946</b>  |

## 7. Goodwill

|                                      | Cost              | Impairment | Carrying Value    |
|--------------------------------------|-------------------|------------|-------------------|
|                                      | R                 | R          | R                 |
| <b>Balance at 1 July 2020</b>        | <b>3,286,779</b>  | -          | <b>3,286,779</b>  |
| Acquisitions: Contineo & PerfectWorx | 14, 375,394       | -          | 14, 375,394       |
| <b>Balance at 31 December 2020</b>   | <b>17,662,173</b> | -          | <b>17,662,173</b> |
| Acquisition: Ultra DC                | 5,290,503         | -          | <b>5,290,503</b>  |
| Impairment in the period             | -                 | -          | -                 |
| <b>Balance at 30 June 2021</b>       | <b>22,952,676</b> | -          | <b>22,952,676</b> |
| Impairment in the period             | -                 | -          | -                 |
| <b>Balance at 31 December 2021</b>   | <b>22,952,676</b> | -          | <b>22,952.676</b> |

The carrying value of the Goodwill at the beginning of the year relates to R2 686 779 for Catalytic Connections acquired on 1 March 2010, R600 000 for Spice Telecom (Pty) Ltd acquired on 1 January 2018, R14,375,344 for Contineo and PerfectWorx acquired on 1 July 2020 and R5,290,503 for Ultra DC acquired on 1 April 2021.

### Assessment of recoverable amounts

At period end the Group assessed the recoverable amount of goodwill from the acquisition of Catalytic Connections, Spice Telecom, Contineo, PerfectWorx and 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

|  | 31 December 2021<br>Unaudited<br>R | 31 December 2020<br>Unaudited<br>R |
|--|------------------------------------|------------------------------------|
| <b>Financial Instruments</b>                               | <b>2,957,761</b>                   | <b>2,774,413</b>                   |
| Trade debtors  | 6,921,824                          | 6,701,445                          |
| Provision for loss allowance – specific contract (note 15) | (3,067,500)                        | (3,067,500)                        |
| Provision for loss allowance – other                       | (896,563)                          | (859,532)                          |
|  | <b>675,533</b>                     | <b>1,062,630</b>                   |
| Deposits   | 92,579                             | -                                  |
| Accruals for revenue                                       | 526,476                            | 1,041,251                          |
| Other  | 56,478                             | 21,379                             |
|  | <b>3,633,294</b>                   | <b>3,837,043</b>                   |
| <b>Non-Financial instruments</b>                           |                                    |                                    |
| VAT  | 349,677                            | 80,497                             |
|  | <b>3,982,971</b>                   | <b>3,917,540</b>                   |

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

## 9. Lease liabilities

|   | 31 December 2021<br>Unaudited<br>R | 31 December 2020<br>Unaudited<br>R |
|---|------------------------------------|------------------------------------|
| <b>The maturity analysis of lease liabilities is as follows</b> |                                    |                                    |
| Within one year   | 6,074,277                          | 5,733,566                          |
| Two to five years   | 12,824,707                         | 14,007,489                         |
|   | 18,898,984                         | 19,741,055                         |
| Less: finance charges component                                 | (2,697,966)                        | (2 274,722)                        |
|   | <b>16,201,018</b>                  | <b>17,466,333</b>                  |
| Non-current liabilities   | 11,458,317                         | 15,066,758                         |
| Current liabilities   | 4,742,701                          | 2,399,575                          |

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 2021 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 period ended 31 December 2021 are: Catalytic Connections; Contineo and PerfectWorx; Ultra DC and Corporate.

| Period ended 31 December 2020       | Catalytic Connections | Contineo & PerfectWorx | Corporate          | TOTAL             |
|-------------------------------------|-----------------------|------------------------|--------------------|-------------------|
|                                     | R                     | R                      | R                  | R                 |
| Revenue external                    | 40,644,030            | 1,010,160              | -                  | 41,654,190        |
| Revenue internal                    | -                     | 7,394,164              | -                  | 7,394,164         |
| <b>EBITDA*</b>                      | <b>4,587,559</b>      | <b>2,777,919</b>       | <b>(2,864,662)</b> | <b>4,500,816</b>  |
| <b>Adjusted for:</b>                |                       |                        |                    |                   |
| Depreciation and amortisation       | (4,220,801)           | (172,270)              | -                  | (4,393,071)       |
| Interest received                   | -                     | -                      | 322,171            | 322,171           |
| Finance costs                       | (508,791)             | -                      | -                  | (508,791)         |
| <b>Net income/(loss) before tax</b> | <b>(142,033)</b>      | <b>2,605,649</b>       | <b>(2,542,491)</b> | <b>(78,875)</b>   |
| <b>Total Assets</b>                 | <b>34,003,791</b>     | <b>6,984,877</b>       | <b>31,657,286</b>  | <b>72,645,954</b> |
| <b>Total Liabilities</b>            | <b>27,948,329</b>     | <b>2,637,568</b>       | <b>2,456,688</b>   | <b>33,042,585</b> |

| Period ended 31 December 2021       | Catalytic Connections | Contineo & PerfectWorx | Ultra DC         | Corporate         | TOTAL              |
|-------------------------------------|-----------------------|------------------------|------------------|-------------------|--------------------|
|                                     | R                     | R                      | R                | R                 | R                  |
| Revenue external                    | 31,917,518            | 677,003                | 123,663          | -                 | 32,718,184         |
| Revenue internal                    | -                     | 7,021,317              | 444,619          | -                 | 7,465,936          |
| <b>EBITDA*</b>                      | <b>645,018</b>        | <b>1,302,606</b>       | <b>146,014</b>   | <b>1,184,260</b>  | <b>3,277,898</b>   |
| <b>Adjusted for:</b>                |                       |                        |                  |                   |                    |
| Depreciation and amortisation       | (1,693,222)           | (135,192)              | (238,266)        | (1,708,591)       | (3,775,271)        |
| Interest received                   | 16,282                | 6                      | -                | 87,593            | 103,881            |
| Finance costs                       | (358,180)             | (46,171)               | (61,177)         | (346,816)         | (812,344)          |
| <b>Net profit/(loss) before tax</b> | <b>(1,390,102)</b>    | <b>1,121,249</b>       | <b>(153,429)</b> | <b>(783,554)</b>  | <b>(1,205,836)</b> |
| <b>Total Assets</b>                 | <b>17,725,105</b>     | <b>3,316,801</b>       | <b>1,773,869</b> | <b>36,766,244</b> | <b>59,582,019</b>  |
| <b>Total Liabilities</b>            | <b>10,344,002</b>     | <b>920,620</b>         | <b>1,182,038</b> | <b>9,145,077</b>  | <b>21,591,737</b>  |

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

## 11. Disaggregation of revenues

|  | 31<br>December<br>2021<br>Unaudited | 31<br>December<br>2021<br>Unaudited | 31<br>December<br>2021<br>Unaudited | 31<br>December<br>2021<br>Unaudited | 31<br>December<br>2020<br>Unaudited |
|--|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
|  | Total                               | Catalytic<br>Connections            | Contineo &<br>PerfectWorx           | Ultra DC                            |                                     |
| <b>Revenue from contracts with customers</b>                   |                                     |                                     |                                     |                                     |                                     |
| Equipment sales  | 2,698,761                           | 359,737                             | 2,339,024                           | -                                   | 3,775,631                           |
| Rendering of services  | 37,485,359                          | 31,557,781                          | 5,359,296                           | 568,282                             | 45,272,723                          |
|  | <b>40,184,120</b>                   | <b>31,917,518</b>                   | <b>7,698,320</b>                    | <b>568,282</b>                      | <b>49,048,354</b>                   |
| Internal revenue   | (7,465,936)                         | -                                   | (7,021,317)                         | (444,619)                           | (7,394,164)                         |
|  | <b>32,718,184</b>                   | <b>31,917,518</b>                   | <b>677,003</b>                      | <b>123,663</b>                      | <b>41,654,190</b>                   |
| <b>Disaggregation and timing from contracts with customers</b> |                                     |                                     |                                     |                                     |                                     |
| <b>Sale of Goods</b>   |                                     |                                     |                                     |                                     |                                     |
| Equipment sales  | 2,698,761                           | 359,737                             | 2,339,024                           | -                                   | 3,775,631                           |
| <b>Rendering of services</b>                                   |                                     |                                     |                                     |                                     |                                     |
| Usage  | 6,874,700                           | 6,874,700                           | -                                   |                                     | 11,535,207                          |
| Connectivity fees  | 16,401,748                          | 16,401,748                          | -                                   |                                     | 18,815,842                          |
| Service fees   | 14,208,911                          | 8,281,333                           | 5,359,296                           | 568,282                             | 14,921,674                          |
|  | <b>37,485,359</b>                   | <b>31,557,781</b>                   | <b>5,359,296</b>                    | <b>568,282</b>                      | <b>45,272,723</b>                   |
| <b>Total</b>   | <b>40,184,120</b>                   | <b>31,917,518</b>                   | <b>7,698,320</b>                    | <b>568,282</b>                      | <b>49,048,354</b>                   |

### Timing of Revenue

|                    |                      |
|--------------------|----------------------|
| Sale of Goods      | - at a point in time |
| Usage              | - at a point in time |
| Connectivity fees. | - over time          |
| Service fees       | - over time          |

## 12. Earnings, headline earnings and dividends

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

|  | 31 December<br>2021<br>Unaudited<br>R | 30 June 2021<br>Audited<br>R | 31 December<br>2020<br>Unaudited<br>R |
|--|---------------------------------------|------------------------------|---------------------------------------|
| <b>Headline earnings reconciliation:</b>         |                                       |                              |                                       |
| Loss attributed to equity holders of the company | (877,065)                             | (3,937,419)                  | (56,790)                              |
| <b>Headline loss</b>                             | <b>(877,065)</b>                      | <b>(3,937,419)</b>           | <b>(56,790)</b>                       |
| Headline loss per share (cents)                  | (1,68)                                | (7,82)                       | (0,11)                                |
| Diluted headline loss per share (cents)          | (1,51)                                | (6,75)                       | (0,10)                                |
| Number of shares in issue                        | 55,759,670                            | 50,500,000                   | 50,500,000                            |
| Weighted average shares in issue                 | 52,050,375                            | 50,323,330                   | 50,441,930                            |
| Diluted weighted average shares in issue         | 57,939,036                            | 58,323,330                   | 58,441,930                            |
| Dividends declared per share (cents)             | 2.10                                  | 6.40                         | 3,20                                  |

## 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  |
|                         | T Smith (Appointed 2 November 2021)            |

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

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

**Details of transactions and balances occurring between the company and the related parties are presented below:**

|                                       | 31 December 2021<br>R | 31 December 2020<br>R |
|---------------------------------------|-----------------------|-----------------------|
| <b>Purchases from:</b>                |                       |                       |
| Conexlink (Pty) Ltd                   | -                     | 961 201               |
| <b>Consulting fees paid to:</b>       |                       |                       |
| JMV Business Solutions                | -                     | 391 364               |
| Zero Plus (Pty) Ltd                   | 194,925               | 219,075               |
| Level This CC                         | 966,000               | 600 000               |
|                                       | <b>1,160,925</b>      | <b>1,210,439</b>      |
| <b>Trade payables:</b>                |                       |                       |
| Conexlink (Pty) Ltd                   | -                     | 1,105,582             |
| <b>Compensation to Key management</b> | <b>1,238,474</b>      | <b>1,394,054</b>      |

## 14. Litigation

The company continues to pursue litigation and attendant matters in respect of a material debt recoverable from a customer.

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

There were no significant events subsequent to the period end.

## 16. Corporate information

**Directors:** DJ Bate\*#, MB Pretorius\*, WF Steinberg\*#, M Tappan\*#, T Smith\*#, J Voigt, JL Roos

(\* non-executive director # independent non-executive 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  
13<sup>th</sup> Floor, 19 Ameshoff Street, Braamfontein, 2017

**Designated Advisor:** AcaciaCap Advisors Proprietary Limited

**Website:** [www.telemasters.co.za](http://www.telemasters.co.za)

**Waterfall City**  
**31 March 2022**