



TeleMasters Holdings Limited
(Registration number 2006/015734/06)

**Consolidated and Separate Annual Financial Statements
for the year ended 30 June 2024**

Nexia SAB&T
Registered Auditors

These Consolidated and Separate Annual Financial Statements have been audited in compliance with the applicable requirements of the Companies Act of South Africa No. 71 of 2008, as amended.

TeleMasters Holdings Limited

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General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Telemasters delivers full telecommunications, internet connectivity, cloud solutions and data storage to businesses across South Africa.
Directors	MB Pretorius JM Voigt BR Topham MJ Krastanov M Moela
Registered office and business address	Building 2 ATT House Maxwell Office Park Magwa Crescent Waterfall City 2090
Postal address	Postnet Suite 51 Private Bag X81 Halfway House Gauteng 1685
Bankers	First National Bank
Auditors	Nexia SAB&T Registered Auditors
Secretary	S Ramirez-Victor
Company registration number	2006/015734/06
Tax reference number	9683978143
Level of assurance	These Annual Financial Statements have been audited in compliance with the applicable requirements of the Companies Act of South Africa No. 71 of 2008, as amended.
Preparer	The Annual Financial Statements were independently compiled by: T Kritsiotis Chartered Accountant (SA)

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Audit Committee Report

Introduction

The Audit & Risk Committee (“Committee”) is an independent statutory committee appointed on an annual basis by Shareholders at the AGM in accordance with section 94 of the Companies Act, 71 of 2008 (“Companies Act”). This report considers the statutory and delegated duties of the Committee as well as the Committee’s responsibilities in terms of the JSE Listings Requirements and the King IV Code on Corporate Governance (“King IV”).

The Audit & Risk Committee’s primary role is to assist the Board to discharge its corporate governance and oversight responsibilities by ensuring:

- the integrity of the Group’s financial and corporate reporting;
- adequate systems of internal control are in place regarding financial risk; and
- internal control systems are operating effectively.

The Committee exercises its functions through close liaison and communication with management and external auditors and has an independent role with accountability to both the Board and Shareholders. The Committee does not assume the functions of management which remain the responsibility of the Executive Directors, officers and other members of senior management.

Terms of reference

The Audit & Risk Committee has adopted formal terms of reference dealing with membership, structure and levels of authority which are approved by the Board and reviewed and updated as deemed necessary by the Committee and the Board. Minor changes were adopted during the financial year under review. The roles and responsibilities of the Committee have been fully addressed in Paragraph 4.1 of the Corporate Governance Report included in this Integrated Annual Report. The Committee has explicit authority to investigate any matter under its terms of reference and has access to all the resources and information it requires in order to act on this authority. The Committee is satisfied that, in respect of the year under review, it has discharged its duties in accordance with its terms of reference and has complied with its legal and regulatory responsibilities.

Composition and governance

The Board is satisfied that the members of the Committee satisfy the requirements to serve as members of the audit committee as set out in Section 94(5) of the Companies Act 71 of 2008 and Regulation 42 of the Companies Regulations, 2011 and have adequate knowledge and experience to perform their duties. The majority of the members of the Committee are independent non-executive directors.

The composition of the Committee and attendance of meetings by its members for the 2024 financial year are set out below, noting that 5 meetings were held during the year under review:

Name	Number of meetings required to attend	Number of meetings attended
Krastanov, Michelle (Chairperson) - appointed 20 September 2023	5	5
Bate, David John – resigned 31 March 2024	4	4
Steinberg, Willem Frederik — resigned 31 March 2024	4	4
Tappan, Mariette – resigned 31 March 2024	4	4
Pretorius, Mario Bronn – appointed 12 June 2024	1	1

Mr Miller Moela was appointed as an independent director and member of the Audit and Risk Committee with effect from 1 July 2024.

Biographies of Committee members are set out in the Integrated Annual Report under the Directors’ Profile section.

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Audit Committee Report

The Chief Financial Officer, all other Directors of the Company, the external audit partner and a representative of the Company's designated advisor are invited to attend all Committee meetings but are not eligible to vote. The majority of members of the Committee are financially literate.

Five Audit & Risk Committee meetings were held during the year under review, aligned with the committee's annual work plan and key reporting timelines. The key focus areas of these meetings were:

- the financial performance of the Group;
- the review of interim and annual financial statements of the Group and the related JSE announcements;
- confirmation of the solvency and liquidity of the Group;
- considering and recommending, if appropriate, the payment of quarterly dividends to the Board;
- confirming the independence of the external auditors, review of the external audit plan and recommendation of the approval of audit fees by the Board;
- maintaining oversight of the external audit process;
- maintaining oversight of the risk management process including a review of the risk management framework and risk registers;
- maintaining oversight over IT Governance;
- confirming the Group's compliance with laws and regulations;
- reviewing the adequacy of directors' liability insurance;
- reviewing and responding to JSE correspondence arising from the pro-active monitoring of financial statements process implemented by the JSE;
- reviewing significant accounting considerations and key audit matters in respect of the external audit for the year ended 30 June 2024;
- assessing the adequacy of the Group's finance function; and
- assuring that the tax matters of the Group are being looked after.

External audit

The Audit & Risk Committee:

Satisfied itself in terms of Paragraph 3.84(g)(iii) of the JSE Listings Requirements that Nexia SAB&T and the designated individual audit partner, Mr Johandré Engelbrecht, were suitable for appointment, noting that the JSE amended its Listings Requirements regarding the accreditation of auditors;

Received written confirmation from Nexia SAB&T that they are independent of the Group and that the criteria for independence as set out in the rules of IRBA and international bodies have been followed. The Committee is accordingly satisfied that Nexia SAB&T is independent of the Group;

Recommended to shareholders that Nexia SAB&T be appointed as independent external auditors for the Company and its subsidiaries and the appointment of Mr Johandre Engelbrecht as the independent designated auditor for the Company for the financial year ending 30 June 2025 in compliance with Companies Act and the Listings Requirements of the JSE Limited;

Approved the external audit engagement letter detailing the scope and cost of the audit;

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Audit Committee Report

Confirmed the pre-approval authorisation process for any services that the external auditor may provide and that the external auditor did not perform any non-audit services to the Group other than the assistance with the submission of income tax returns to the South African Revenue Service;

Concurred that the adoption of the going concern premise in the preparation of the Annual Financial Statements was appropriate;

Considered the tenure of Nexia SAB&T, which has now completed its tenth year as auditors, noting that the financial year ending 30 June 2023 would have been the last year that Nexia SAB&T could have accepted appointment as the Company's auditors with the implementation of the rule on mandatory audit firm rotation, which has since been ruled *ultra vires*;

Accordingly, and having reviewed the results of the most recent Independent Regulatory Board of Auditors (IRBA), International Standard on Quality Control (ISQC) 1, engagement inspection of Nexia SAB&T and all audit engagement partners that will be involved with the Group audit for the 2025 financial year, including the designated individual auditor, Mr. Johandré Engelbrecht, and satisfied itself that there are no current material matters that have not been addressed by Nexia SAB&T, the Committee has nominated, for approval at the AGM, the reappointment of Nexia SAB&T as registered auditors for the 2025 financial year.

Accounting practices and key audit matters

The Committee satisfied itself that the accounting policies and the annual financial statements of the Group for the year ended 30 June 2024 are compliant with provisions of IFRS, the Companies Act and the JSE Listings Requirements and considered these in light of the findings of the JSE's Report Back on the Proactive Monitoring of Financial Statements.

The Committee furthermore considered the following key and significant audit matters identified in respect of the financial year ended 30 June 2024:

- Revenue recognition due to the large number of subscription clients with varying contractual terms and services;
- Impairments of goodwill and intangible assets with an indefinite useful life;
- Judgement related to the recognition and recoverability of deferred tax assets originating from tax losses against future taxable profits;
- The disposal of 30% of its major subsidiary to ensure compliance with ICASA regulations;
- Allowance for expected credit losses in accordance with IFRS 9;
- Risk of management overriding controls;
- Determining of existence, appropriate useful lives and residual values of items of property, plant and equipment, right-of-use assets and intangible assets, taking into account their current condition, remaining economic life and realisable value at the conclusion of use;
- Estimation uncertainties and inherent complexities in determining the deferred vendor liabilities associated with the contingent consideration payable to previous owners of subsidiaries acquired; and
- Transactions with related parties and related party disclosures.

Financial and internal controls

The Group has established and maintains internal controls and procedures to manage significant risks and control deficiencies identified by management or the external auditors. These controls, which are reviewed on a regular basis, provide reasonable assurance against the possibility of material financial or internal control failures.

The Committee is satisfied that the Group has optimized the assurance coverage obtained from management and external assurance providers in accordance with a combined assurance model and that the size of the business and the established internal control system do not warrant a separate full-time internal audit function. The Committee is also satisfied that the combined assurance model and related systems and procedures enables an effective internal control environment that supports the integrity of internal and external reports.

Based on its continuous review of the design, implementation and effectiveness of TeleMasters' systems of internal financial controls and on reports from management and the external auditors on the results of the audit, the Committee is satisfied that the Group's systems of internal financial controls are effective and form a basis for the preparation of reliable financial statements. No findings have come to the attention of the Committee that would indicate a material breakdown in internal controls during the year under review.

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Audit Committee Report

Evaluation of the Chief Financial Officer and the finance function

The Audit & Risk Committee evaluated the appropriateness of the expertise and experience of Mr Topham prior to his appointment and has subsequently reviewed his performance and confirmed his continued suitability and that his expertise and experience is appropriate to meet the responsibilities of the position.

The Committee is constantly evaluating the appropriateness, expertise and adequacy of resources of the Group's financial function and the effectiveness of the senior members of management responsible for the finance function.

Consolidated and Separate Annual Financial Statements

The Committee reviewed the external audit scope, plans and findings as well as internal management reports to determine the effectiveness of management systems and internal controls during the year. The Committee continued to monitor key risks identified and their mitigation and how subsidiaries are performing to achieve the Group's strategy and satisfied itself that the accounting policies and financial statements of the Group are appropriate and comply with IFRS, the JSE Listings Requirements and the requirements of the Companies Act.

In its consideration of the Consolidated Annual Financial Statements, the Committee reviewed the following:

- The quality and integrity of the Integrated Annual Report;
- The financial statements and announcements in respect of the results;
- The appointment, remuneration, independence and performance and of the external auditors and the audit process, including the approval of non-audit services by the external auditor;
- The effectiveness of risk management and controls;
- Internal financial controls and systems;
- Sustainability issues;
- IT governance; and
- Compliance governance.

Committee statement

After review and consideration of feedback received from management and the external auditor the Committee has resolved that the financial records may be relied upon as the basis for preparation of the Consolidated and Separate Annual Financial Statements.

The Committee has considered and discussed the Consolidated and Separate Annual Financial Statements and associated reports with both management and the external auditors. During this process, the Committee, *inter alia*:

- Evaluated significant judgments and reporting decisions;
- Determined that the going-concern basis of reporting is appropriate;
- Evaluated the material factors and risks that could impact on the Annual Financial Report and associated reports;
- Considered the findings of the JSE's Report Back on the Proactive Monitoring of Financial Statements, where applicable;
- Evaluated the completeness of the financial and sustainability discussion and disclosures and is satisfied that the Group has established appropriate financial reporting procedures and that those procedures are operating in accordance with Paragraph 3.84(g)(ii) of the JSE Listings Requirements;
- Discussed the treatment of significant and unusual transactions with management and the external auditors;
- Considered the internal controls and systems designed to provide assurance as to the reliability and integrity of the financial statements, noting that the system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve the Group's business objectives;

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Audit Committee Report

- In conjunction with other Board Committees, considered the non-financial information disclosed in the Integrated Annual Report and assessed its consistency with operational and other information known to the Audit & Risk Committee members; and
- Considered the external auditor's report and is satisfied that the information is reliable and consistent with the financial results.

The Committee considers that the Consolidated and Separate Annual Financial Statements comply in all material respects with the statutory requirements of the various laws and regulations governing disclosure and reporting in the Consolidated and Separate Annual Financial Statements and that the Consolidated and Separate Annual Financial Statements comply in all material respects with IFRS, the SAICA Financial Reporting Guides and Financial Reporting Pronouncements as well as the requirements of the Companies Act and the JSE Listings Requirements.

The Committee has recommended to the Board that the Consolidated and Separate Annual Financial Statements be adopted and approved by the Board.

On behalf of the Audit & Risk Committee:



M Krastanov

Chairperson Audit & Risk Committee

03 October 2024

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Consolidated And Separate Annual Financial Statements for the year ended 30 June 2024

Directors' Responsibilities and Approval

The Directors are required in terms of the Companies Act of South Africa No. 71 of 2008, as amended to maintain adequate accounting records and are responsible for the content and integrity of the Consolidated and Separate Annual Financial Statements and related financial information included in this report. It is their responsibility to ensure that the Consolidated and Separate Annual Financial Statements fairly present the state of affairs of the Group and Company as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with IFRS Accounting Standards. The external auditors are engaged to express an independent opinion on the Consolidated and Separate Annual Financial Statements.

The Annual Financial Statements are prepared in accordance with IFRS Accounting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The Directors acknowledge that they are ultimately responsible for the system of internal financial control established by the Group and Company and place considerable importance on maintaining a strong control environment. To enable the Directors to meet these responsibilities, the board of directors sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Group and Company and all employees are required to maintain the highest ethical standards in ensuring the Group and Company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Group and Company is on identifying, assessing, managing and monitoring all known forms of risk across the Group and Company. While operating risk cannot be fully eliminated, the Group and Company endeavours to minimize it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The Directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the Consolidated and Separate Annual Financial Statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The Directors have reviewed the Group and Company's cash flow forecast and, in light of this review and the current financial position, they are satisfied that the Group and Company has or had access to adequate resources to continue in operational existence for the foreseeable future.

The Consolidated and Separate Annual Financial Statements have been audited by the independent auditing firm, Nexia SAB&T, who have been given unrestricted access to all financial records and related data, including minutes of all meetings of Shareholders, the Board of Directors and Committees of the Board. The auditors report is presented on pages 15 to 19.

The Consolidated and Separate Annual Financial Statements set out on pages 20 to 71, which have been prepared on the going concern basis, were approved by the board of directors on 03 October 2024 and were signed on their behalf by:

Approval of the Consolidated and Separate Annual Financial Statements



JM Voigt



BR Topham

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CEO and CFO Responsibility Statement on Internal Financial Controls

In terms of section 3.84(k) of the JSE Listings Requirements, the directors, whose names are stated below, hereby confirm that:

- a) the Consolidated and Separate Annual Financial Statements set out on pages 20 to 71, fairly present in all material respects the financial position, financial performance and cash flows of the Group and Company in terms of IFRS;
- b) to the best of our knowledge and belief, no facts have been omitted or untrue statements made that would make the Consolidated and Separate Annual Financial Statements false or misleading;
- c) internal financial controls have been put in place to ensure that material information relating to the Group and its subsidiaries have been provided to effectively prepare the Consolidated and Separate Annual Financial Statements of the Group;
- d) the Internal Financial Controls are adequate and effective and can be relied upon in compiling the Consolidated and Separate Annual Financial Statements, having fulfilled our role and function as executive directors with primary responsibility for implementation and execution of controls;
- e) where we are not satisfied, we have disclosed to the Audit and Risk Committee and the external auditors any deficiencies in design and operational effectiveness of the Internal Financial Controls and have remediated the deficiencies; and
- f) we are not aware of any fraud involving directors.



JM Voigt
Chief Executive Officer

03 October 2024



BR Topham
Chief Financial Officer

03 October 2024

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Declaration by Company Secretary

The Company Secretary certifies that the Group has lodged with the Companies and Intellectual Property Commission all such returns as are required by a public company in terms of Section 88(2)(e) of the Companies Act, as amended, and that all such returns are true, correct and up to date to the extent that the Company Secretary has been informed.



S Ramirez-Victor
Company Secretary
03 October 2024

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Consolidated And Separate Annual Financial Statements for the year ended 30 June 2024

Directors' Report

The Directors have pleasure in submitting their report on the Consolidated and Separate Annual Financial Statements of TeleMasters Holdings Limited for the year ended 30 June 2024.

1. Review of financial results and activities

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, empowering next generation interconnectivity and accelerating smart working environments. The vision of the Group is to create and accelerate shareholder value through responsible growth, acquisitions and investments with focus on technology.

Full details of the financial position, results of operations and cash flows of the group are set out in these Consolidated and Separate Annual Financial Statements.

2. Authorised and issued share capital

The authorised and issued share capital as at 30 June 2024 is set out in note 17 of these Consolidated and Separate Annual Financial Statements.

As at 30 June 2024, there were 57 482 830 issued ordinary shares and 442 517 170 unissued ordinary shares. The unissued ordinary shares are under the control of the Directors subject to the provisions of the Companies Act and the JSE Listings Requirements.

During the period under review a wholly owned subsidiary of the Company purchased 105 160 shares in the Company for an average purchase price of 86.86 cents per share as part of the Group's share repurchase programme. These shares are being held as treasury shares.

There have been no changes to the authorised or issued share capital during the year under review.

3. Dividends

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 R22.2 million at 30 June 2024 (R21.9 million as at 30 June 2023) and cash generated by operations. 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 61 of 0.1 cents per share was declared on 29 September 2023 and paid to all shareholders recorded in the share register of the Company at the close of business on 20 October 2023;
- Dividend number 62 of 0.001 cents per share was declared on 4 December 2023 and paid to all shareholders recorded in the share register of the Company at the close of business on 13 January 2023; and
- Dividend number 63 of 0.001 cents per share was declared on 27 March 2024 and paid to all shareholders recorded in the share register of the Company at the close of business on 19 April 2024.

During the comparative year ended 30 June 2023, the Group declared four dividends totalling 0.102 cents per share.

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Directors' Report

4. Directorate

During the year under review, a decision was taken to reduce the size of the Board in order to reduce costs to be in line with the size of the Company, as well as to accommodate further BEE diversity on the Board.

The Directors in office during the year and at the date of this report are as follows:

Directors	Nationality	Changes
MB Pretorius	South African	
JM Voigt	South African	
BR Topham	South African	
MJ Krastanov	South African	Appointed 20 September 2023
M Moela	South African	Appointed 01 July 2024
DJ Bate	Canadian	Resigned 31 March 2024
WF Steinberg	South African	Resigned 31 March 2024
M Tappan	South African	Resigned 31 March 2024
T Smith	South African	Resigned 03 August 2023

5. Interest of directors and officers in the company securities

During the financial year, no contracts were entered into which Directors or officers of the group had an interest and which significantly affected the business of the group. Related party transactions are disclosed in note 34 of the consolidated annual financial statements.

Interest in shares

Directors	2024 Direct	2023 Direct	2024 Indirect	2023 Indirect
MB Pretorius	-	-	35 700 000	35 700 000
M Tappan	17 080	17 080	-	-
JM Voigt	8 611 006	8 611 006	-	-
BR Topham	643 228	643 228	-	-
	<u>9 271 314</u>	<u>9 271 314</u>	<u>35 700 000</u>	<u>35 700 000</u>

Transactions by Directors in the market during the period

Directors	2024 Direct	2023 Direct
JM Voigt	<u>-</u>	<u>1 131 580</u>

During the prior year, Mr JM Voigt received an additional 1 111 580 shares in the Company in settlement of the purchase consideration payable for the acquisition of Contineo Virtual Communications (Pty) Ltd ("Contineo") and Perfectworx Consulting (Pty) Ltd.

There were no changes in the interests of directors in the Company between the end of the financial year and the date of approval of the Consolidated and Separate Annual Financial Statements.

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Directors' Report

6. Subsidiary companies

The Group holds the following voting rights and issued shared capital in the following subsidiaries:

Subsidiary	% Voting rights		Total comprehensive income (loss) for the year	
	2024	2023	2024	2023
Catalytic Connections (Pty) Ltd	70%	100%	(R979 725)	(R369 008)
Spice Telecom (Pty) Ltd	100%	100%	(R1 380)	(R14 891)
Contineo Virtual Communications (Pty) Ltd	100%	100%	(R333 809)	(R146 528)
PerfectWorx Consulting (Pty) Ltd	100%	100%	R426 786	R310 801
Ultra DataCentre (Pty) Ltd	100%	100%	R186 483	R646 213

All subsidiaries are incorporated in the Republic of South Africa and the nature of their business is the provision of telecommunications & internet services, similar to that of its parent.

7. Borrowing powers

In terms of the Memorandum of Incorporation of the Company, the Directors may exercise all the powers of the Company to borrow money as they consider appropriate.

8. Special resolutions

At the Company's Annual General Meeting held on 1 December 2023, the following special resolutions were passed:

- Non-Executive Directors' remuneration for the year commencing from 1 July 2023 was approved by the Shareholders;
- A general authority to enter into funding agreements, provide loans or other financial assistance in terms of Sections 44 and 45 of the Companies Act of South Africa was granted; and
- A general authority to repurchase shares in terms of section 48 of the Companies Act.

9. Events after the reporting period

Other than that disclosed below, the Directors are unaware of any significant adjusting or disclosable events that have occurred between the end of the financial year and the date of this report that may materially affect the Group's results for the year under review or its financial position as at 30 June 2024:

- Dividend number 64 of 0.1 cents per share was declared on 3 July 2024 and paid to all shareholders recorded in the share register of the Company at the close of business on 26 July 2024.
- Mr. Miller Moela has been appointed to the Board of the Company as an Independent Non-executive Director with effect from 1 July 2024.

10. Going concern

The directors have evaluated the Group's solvency and liquidity position and draw attention to the fact that as at 30 June 2024, the Group's current liabilities exceeded its current assets by R953 534 (2023: R1 485 053).

The Directors believe that the Group has adequate financial resources to continue in operation for the foreseeable future and accordingly the Consolidated and Separate Annual Financial Statements have been prepared on a going concern basis. The Directors have satisfied themselves that the Group is in a sound financial position and that it has access to sufficient resources to meet its foreseeable cash 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 statutory or regulatory requirements or of any pending changes to legislation which may affect the Group.

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Directors' Report

11. Litigation statement

The Group continues to pursue litigation and attendant matters in respect of a bad debt of R3.1 million written off in previous years.

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.

12. Auditors

Nexia SAB&T acted as the Group's Auditors for the period ended 30 June 2024 and will be nominated to continue in office in accordance with Section 90 of the Companies Act, as amended, for re-appointment at the Annual General Meeting. The independence and remuneration of the Auditors was confirmed by the Audit & Risk Committee.

13. Secretary

The company secretary is Mrs S Ramirez-Victor.

Postal address: PO Box 68255
Highveld Park
Irene
0169

Business address: Building 2 ATT House
Maxwell Office Park
Magwa Crescent
Waterfall City
2090

14. Major and public shareholders

Details of the major shareholders are provided in Note 18 of the Consolidated Annual Financial Statements.

15. Composition of the Board and other Committees

The Directors' designations, responsibilities and other key information, as well as the responsibilities and Committee composition for each Director, are fully disclosed in the Corporate Governance Report included in the Integrated Annual Report.

The composition of the Board Committees, as well as the attendance of the Directors and the Committee meetings, is fully disclosed in the Corporate Governance Report.

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of TeleMasters Holdings Limited

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the consolidated and separate financial statements of TeleMasters Holdings Limited (the group and company) set out on pages 20 to 71, which comprise the consolidated and separate statements of financial position as at 30 June 2024, and the consolidated and separate statements of profit or loss and other comprehensive income, consolidated and separate statements of changes in equity and consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including material accounting policy information.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of TeleMasters Holdings Limited as at 30 June 2024, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Companies Act of South Africa.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements* section of our report. We are independent of the group and company in accordance with the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors* (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Audit. Tax. Advisory.

Key Audit matter	How our audit addressed the key audit matter
Goodwill and Investment in subsidiaries' impairment	
<p>The consolidated and separate financial statements recognised goodwill and investments in subsidiaries in the amount of R23 million (2023: R23 million) and R20.5 million (2023: R22.3 million) as disclosed in note 6 and note 8 to the consolidated and separate financial statements.</p> <p>The directors are required to perform an impairment test on the investments in subsidiaries if there are indicators of impairment and are required to perform an annual impairment test on the recoverability of goodwill.</p> <p>The directors performed their assessment using discounted cash flow models to determine the value in use for each appropriate cash generating unit.</p> <p>There are several key complex assumptions and judgements applied in the valuation models, which include amongst others: revenue growth rate; operating margins and weighted average capital discount rate applied to the projected cash flows, as well as consideration of the continuing impact of emerging risks on the assessment.</p> <p>Accordingly, the impairment test of goodwill and investments in subsidiaries is a key audit matter due to the significant judgement and estimations involved in determining the recoverable amount of the cash generating unit.</p>	<p>As part of our response to these key audit matters, we:</p> <ul style="list-style-type: none"> • Evaluated the determination of the cash generating units and confirmed the application thereof by management was reasonable considering the nature of the underlying operations; • Reviewed the impairment assessment approach applied by management and confirmed the methodology applied is consistent with international valuation standards; • Analysed the future projected cash flows used in the models to determine whether they are reasonable and supportable given the current economic climate and expected future performance of the cash generating unit to which the goodwill relates; • Compared the projected cash flows, including the assumptions relating to revenue growth rates and operating margins, against historical performance to test the reasonableness of the directors' projections, as well as testing the underlying calculations and obtained corroborative evidence where a significant increase in forecast earnings was noted; • Recalculated a discount rate for each cash generating unit using our independently sourced data and incorporated a further risk premium for the impact of forward-looking information as required, which we compared against managements inputs to determine whether their assessment was fair and reasonable. <p>We found the methods, assumptions and data used by the directors to be appropriate based on historical performance, future outlook and current prevailing circumstances.</p> <p>We considered the goodwill and investment in subsidiaries impairment assessment disclosures to be appropriate.</p>
Revenue Recognition	
<p>As disclosed in note 23, the consolidated financial statements include revenue of R 60 million (2023: R64 million).</p> <p>The Group has a large number of subscription clients, with varying contractual terms, generating revenue from various services on a monthly basis, which increases the risk associated with recognition and measurement of revenue.</p> <p>Furthermore, the occurrence of the revenue recorded is significantly reliant on the efficient and effective operation of the internally developed billing system.</p>	<p>As part of our response to these key audit matters, we:</p> <ul style="list-style-type: none"> • Assessed and evaluated the design and implementation of key internal financial controls related to revenue recognition; • Assessed the appropriateness of the application of revenue recognition and measurement principles in accordance with the requirements of IFRS 15: Revenue from contracts with customers; • Assessed managements conclusion that the revenue from customer premises equipment should be recognised under IFRS 15 revenue from contracts with customers due to Groups right to direct the use of the equipment throughout the period of use; • Assessed managements conclusion that the provision of certain integrated solutions represents a single

<p>Revenue recognition for the occurrence of revenue is therefore considered to be a key audit matter due to the large number of subscription clients with varying contractual terms and services.</p>	<p>performance obligation that needs to be met as the goods and services are not distinct separately identifiable and the customer cannot benefit from either the goods or the services separately;</p> <ul style="list-style-type: none"> • Performed substantive analytical procedures in respect of revenue recognition throughout the financial period in order to identify significant anomalies for further assessment; • Verified the revenue processed by the internal billing system was accurately recognised and measured in the financial reporting system throughout the financial period; • Verified that a sample of revenue transactions recognised in the billing system was accurately recognised and measured in accordance with the terms and conditions of the contractual agreements and the requirements of IFRS 15: Revenue from contracts with customers. <p>We found that the recognition and measurement of revenue was appropriate. We considered the revenue disclosures to be appropriate.</p>
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Financial assets measured at amortised cost receivable from subsidiaries

<p>Investment in preference shares and Loans to group companies (notes 9 and 13 to the consolidated and separate financial statements) comprise approximately 56.5% of the total assets in the statement of financial position of the Company.</p> <p>IFRS 9 requires entities to recognize expected credit losses ("ECL") for all financial assets held at amortised cost, including preference shares and loans to group companies.</p> <p>Due to the quantitative significance of these amounts to the Company financial statements and the potential risk of impairment due to financial performance of the subsidiary, we considered the measurement of preference shares and loans to group companies to be a matter of most significance to our audit of the Company.</p>	<p>As part of our response to the impairment assessment of the preference shares and loans to group companies, we:</p> <ul style="list-style-type: none"> • Obtained an understanding of the company's process for estimating the credit loss allowance; • Assessed the company's IFRS 9 credit loss allowance policy, modelling technique and methodology against the requirements of IFRS 9; • Reviewed the company's business model assessment to confirm the financial instruments are correctly classified on initial recognition; • Assessed under the general approach, the classification of related party loans between the various stages of credit impaired, taking into account the default rate; • Assessing the financial health of the underlying security against which the related party loans have been advanced to determine the reasonability of the present value of anticipated future cash flows; • Researching current market conditions and macro-economic indicators for indications of financial distress, and assessed the forward-looking assumptions applied by management in their calculation; and • Testing the mathematical accuracy of the model to ensure the calculation is considered to be reasonable. <p>We found the methods, assumptions and data used by the directors to be appropriate based on historical performance, future outlook and current prevailing circumstances.</p> <p>We considered the preference shares and loans to group company's impairment assessment disclosures to be appropriate.</p>
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Other Information

The directors are responsible for the other information. The other information comprises the information included in the document titled "TeleMasters Holdings Limited Consolidated and Separate Annual Financial Statements for the year ended 30 June 2024", which includes the Directors' Report, the Audit Committee Report and the Group Secretary's Certification as required by the Companies Act of South Africa and the CEO and CFO Responsibility Statement on Internal Financial Controls as required by the JSE Limited Listing Requirements, which we obtained prior to the date of this report, and the Annual Report, which is expected to be made available to us after that date. The other information does not include the consolidated and separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we do receive and read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, we may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

Responsibilities of the Directors for the Consolidated Financial Statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the group and the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group and / or the company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from

error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's and the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's and the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group and / or the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that Nexia SAB&T has been the auditor of TeleMasters Holdings Limited for 13 years.

Nexia SAB&T

Nexia SAB&T

Per: J. Engelbrecht

Director

Registered Auditor

Date: 3 October 2024

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TeleMasters Holdings Limited

(Registration number 2006/015734/06)

Consolidated And Separate Annual Financial Statements for the year ended 30 June 2024

Statement of Financial Position as at 30 June 2024

Figures in Rand	Note(s)	Group		Company	
		2024	2023	2024	2023
Assets					
Non-Current Assets					
Property, plant and equipment	4	7,638,852	6,441,342	976,743	887,939
Right-of-use assets	5	8,218,378	11,464,218	4,756,705	5,643,283
Goodwill	6	22,952,676	22,952,676	-	-
Intangible assets	7	436,352	551,271	136,350	234,007
Investment in subsidiaries	8	-	-	20,515,096	22,315,026
Investment in preference shares	9	-	-	26,664,553	-
Deferred tax	10	3,644,767	3,511,709	769,728	729,481
Restricted cash	11	-	690,000	-	-
		42,891,025	45,611,216	53,819,175	29,809,736
Current Assets					
Inventories	12	657,738	646,859	-	-
Loans to group companies	13	-	-	13,801,483	14,790,510
Trade and other receivables	14	3,199,901	7,044,091	-	44,458
Current tax receivable		26,154	65,802	-	-
Restricted cash	11	690,000	-	-	-
Cash and cash equivalents	16	5,316,731	2,378,645	3,847,909	1,396,486
		9,890,524	10,135,397	17,649,392	16,231,454
Total Assets		52,781,549	55,746,613	71,468,567	46,041,190
Equity and Liabilities					
Equity					
Equity Attributable to Equity Holders of Parent					
Share capital	17	15,383,597	15,474,935	16,401,687	16,401,687
Retained income		22,234,257	21,939,899	41,377,886	16,735,138
		37,617,854	37,414,834	57,779,573	33,136,825
Non-controlling interest		(118,382)	-	-	-
		37,499,472	37,414,834	57,779,573	33,136,825
Liabilities					
Non-Current Liabilities					
Borrowings	20	1,492,274	369,139	-	-
Lease liabilities	5	2,945,745	6,342,190	692,235	2,149,022
		4,438,019	6,711,329	692,235	2,149,022
Current Liabilities					
Trade and other payables	21	6,392,629	6,747,529	1,527,567	432,988
Loans from group companies	22	-	-	9,927,361	8,831,517
Borrowings	20	682,426	601,204	-	-
Lease liabilities	5	3,454,521	4,031,373	1,452,795	1,344,393
Current tax payable		225,446	93,899	-	-
Dividend payable		89,036	146,445	89,036	146,445
		10,844,058	11,620,450	12,996,759	10,755,343
Total Liabilities		15,282,077	18,331,779	13,688,994	12,904,365
Total Equity and Liabilities		52,781,549	55,746,613	71,468,567	46,041,190

TeleMasters Holdings Limited

(Registration number 2006/015734/06)

Consolidated And Separate Annual Financial Statements for the year ended 30 June 2024

Statement of Profit or Loss and Other Comprehensive Income

Figures in Rand	Note(s)	Group		Company	
		2024	2023	2024	2023
Revenue	23	59,863,311	64,163,482	5,667,000	7,954,032
Cost of sales		(27,785,868)	(28,226,830)	-	-
Gross profit		32,077,443	35,936,652	5,667,000	7,954,032
Other operating income and gains		166,732	165,646	-	153,165
Movement in credit loss allowances		(41,676)	(396,096)	-	-
Other operating expenses		(30,877,514)	(33,432,673)	(5,586,919)	(7,439,135)
Operating profit	24	1,324,985	2,273,529	80,081	668,062
Investment income	25	330,233	193,703	25,128,371	139,005
Finance costs	26	(1,429,275)	(1,760,207)	(547,318)	(824,566)
Profit (loss) before taxation		225,943	707,025	24,661,134	(17,499)
Taxation	27	7,415	(291,019)	40,247	14,666
Total comprehensive income (loss) for the year		233,358	416,006	24,701,381	(2,833)
Basic and diluted earnings per share	28				
Basic and diluted earnings per share (cents)		0.62	0.73		
Profit (loss) attributable to:					
Owners of the parent		351,740	416,006		
Non-controlling interest		(118,382)	-		
		233,358	416,006		
Total comprehensive income (loss) attributable to:					
Owners of the parent		351,740	416,006		
Non-controlling interest		(118,382)	-		
		233,358	416,006		

TeleMasters Holdings Limited

(Registration number 2006/015734/06)

Consolidated And Separate Annual Financial Statements for the year ended 30 June 2024

Statement of Changes in Equity

	Share capital	Share premium	Total share capital	Retained income	Total attributable to equity holders of the group / company	Non-controlling interest	Total equity
Figures in Rand							
Group							
Balance at 01 July 2022	5,576	14,148,683	14,154,259	22,053,616	36,207,875	-	36,207,875
Total comprehensive income for the year	-	-	-	416,006	416,006	-	416,006
Issue of shares	122	1,397,261	1,397,383	-	1,397,383	-	1,397,383
Treasury shares	-	(76,707)	(76,707)	-	(76,707)	-	(76,707)
Dividends	-	-	-	(529,723)	(529,723)	-	(529,723)
Balance at 01 July 2023	5,698	15,469,237	15,474,935	21,939,899	37,414,834	-	37,414,834
Total comprehensive income for the year	-	-	-	351,740	351,740	(118,382)	233,358
Treasury shares	-	(91,338)	(91,338)	-	(91,338)	-	(91,338)
Dividends	-	-	-	(57,382)	(57,382)	-	(57,382)
Balance at 30 June 2024	5,698	15,377,899	15,383,597	22,234,257	37,617,854	(118,382)	37,499,472
Note	17	17	17				
Company							
Balance at 01 July 2022	5,576	14,998,728	15,004,304	17,275,442	32,279,746	-	32,279,746
Total comprehensive loss for the year	-	-	-	(2,833)	(2,833)	-	(2,833)
Issue of shares	122	1,397,261	1,397,383	-	1,397,383	-	1,397,383
Dividends	-	-	-	(537,471)	(537,471)	-	(537,471)
Balance at 01 July 2023	5,698	16,395,989	16,401,687	16,735,138	33,136,825	-	33,136,825
Total comprehensive income for the year	-	-	-	24,701,381	24,701,381	-	24,701,381
Dividends	-	-	-	(58,633)	(58,633)	-	(58,633)
Balance at 30 June 2024	5,698	16,395,989	16,401,687	41,377,886	57,779,573	-	57,779,573
Note	17	17	17				

TeleMasters Holdings Limited

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Consolidated And Separate Annual Financial Statements for the year ended 30 June 2024

Statement of Cash Flows

Figures in Rand	Note(s)	Group		Company	
		2024	2023	2024	2023
Cash flows from operating activities					
Cash generated from operations	29	10,379,869	9,629,513	2,114,549	2,155,626
Finance costs paid		(1,429,275)	(1,760,207)	(547,318)	(824,566)
Tax received (paid)	30	42,552	(147,293)	-	-
Net cash from operating activities		8,993,146	7,722,013	1,567,231	1,331,060
Cash flows from investing activities					
Purchase of property, plant and equipment	4	(3,359,912)	(2,228,715)	-	-
Proceeds on sale of property, plant and equipment		-	76,315	-	215,883
Loans to group companies repaid		-	-	4,810,454	6,264,032
Loans advanced to group companies		-	-	(3,821,427)	(6,057,367)
Purchase of shares in subsidiary		-	-	(70)	-
Investment income received	25	330,233	184,351	263,818	139,005
Net cash from investing activities		(3,029,679)	(1,968,049)	1,252,775	561,553
Cash flows from financing activities					
Proceeds on issue of shares		30	-	-	-
Proceeds from loans from group companies		-	-	1,930,723	1,690,000
Repayment of loans from group companies		-	-	(834,879)	(528,268)
Proceeds from borrowings	32	1,842,832	-	-	-
Repayment of borrowings	32	(638,475)	(754,351)	-	-
Purchase of treasury shares	17	(91,338)	(76,709)	-	-
Payment of lease liabilities	32	(4,023,639)	(4,142,289)	(1,348,385)	(1,756,370)
Dividends paid	31	(114,791)	(750,494)	(116,042)	(758,242)
Net cash from financing activities		(3,025,381)	(5,723,843)	(368,583)	(1,352,880)
Total cash movement for the year		2,938,086	30,121	2,451,423	539,733
Cash at the beginning of the year		2,378,645	2,348,524	1,396,486	856,753
Total cash at end of the year	16	5,316,731	2,378,645	3,847,909	1,396,486

TeleMasters Holdings Limited

(Registration number 2006/015734/06)

Consolidated And Separate Annual Financial Statements for the year ended 30 June 2024

Accounting Policies

1. Material accounting policies

Management has considered the amendments to IAS 1 and principles of materiality in IFRS Practice Statement 2 Making Materiality Judgements, and only those accounting policies which are considered material have been presented in these financial statements.

1.1 Basis of preparation

The Consolidated and Separate Annual Financial Statements have been prepared on the going concern basis in accordance with, and in compliance with, IFRS Accounting Standards and International Financial Reporting Interpretations Committee ("IFRS IC") interpretations issued and effective at the time of preparing these Consolidated and Separate Annual Financial Statements, the JSE Listings Requirements and the Companies Act of South Africa No. 71 of 2008, as amended.

These Consolidated and Separate Annual Financial Statements comply with the requirements of the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council.

The Consolidated and Separate Annual Financial Statements have been prepared on the historic cost convention and incorporate the principal accounting policies set out below. They are presented in Rands, which is the Group's functional currency.

These accounting policies are consistent with the previous period.

1.2 Consolidation

Basis of consolidation

The Consolidated Annual Financial Statements incorporate the annual financial statements of the Company and all subsidiaries. Subsidiaries are entities which are controlled by the Group.

The Group has control of an entity when it is exposed to or has rights to variable returns from involvement with the entity and it has the ability to affect those returns through use its power over the entity.

The results of subsidiaries are included in the Consolidated Annual Financial Statements from the effective date of acquisition to the effective date of disposal.

All inter-company transactions, balances, and unrealised gains on transactions between group companies are eliminated in full on consolidation.

Non-controlling interests in the net assets of consolidated subsidiaries are identified and recognised separately from the group's interest therein, and are recognised within equity. Losses of subsidiaries attributable to non-controlling interests are allocated to the non-controlling interest even if this results in a debit balance being recognised for non-controlling interest.

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions and are recognised directly in the Statement of Changes in Equity.

The difference between the fair value of consideration paid or received and the movement in non-controlling interest for such transactions is recognised in equity attributable to the owners of the company.

Investments in subsidiaries in the separate financial statements

In the company's separate financial statements, investments in subsidiaries are carried at cost less any accumulated impairment losses.

TeleMasters Holdings Limited

(Registration number 2006/015734/06)

Consolidated And Separate Annual Financial Statements for the year ended 30 June 2024

Accounting Policies

1.3 Significant judgements and sources of estimation uncertainty

The preparation of Consolidated and Separate Annual Financial Statements in conformity with IFRS requires management, from time to time, to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Critical judgements in applying accounting policies

The critical judgements made by management in applying accounting policies, apart from those involving estimations, that have the most significant effect on the amounts recognised in the Consolidated and Separate Annual Financial Statements, are outlined as follows:

Taxation

Judgement is required in determining the provision for income tax due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The Group recognises the net future tax benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets requires the Group to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast budgets from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Group to realise the net deferred tax assets recorded at the year end date could be impacted. (Refer note 10.)

Key sources of estimation uncertainty

Useful lives of plant and equipment

Management applies judgement and estimates in assessing the appropriateness of the useful lives and residual values of plant and equipment. Plant and equipment are reviewed annually on an individual basis to determine their useful life and residual value. Residual value is the estimated amount which the group will currently obtain from disposal of the asset, after deducting estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life. The method of depreciation is annually reviewed and considered whether it is still appropriate.

The actual useful lives and residual values may vary depending on a variety of factors such as the nature of item, rapid technological advances, the condition as result of current usage and the expected physical wear and tear of each item of plant and equipment. The measurement of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their economic lives and the estimation of what their condition will be like at that time. Refer paragraph 1.4 for estimated useful lives.

Intangible assets

Judgement is required when determining the useful life and residual value of intangible assets. Intangible assets are reviewed annually on an individual basis to determine their useful life and residual value. Useful life is determined after taking into account the period of time over which the Group will earn revenue from the intangible asset. Residual values are assumed to be zero, due to the unique nature of the intangible assets of a defined term.

The Group tests annually whether intangible assets with indefinite lives have suffered any impairment, in accordance with the accounting policy stated in paragraph 1.6. The recoverable amounts of certain cash-generating units have been determined based on value-in use calculation. These calculations require the use of estimates. Refer note 7 for detail surrounding the estimations utilised in these calculations.

TeleMasters Holdings Limited

(Registration number 2006/015734/06)

Consolidated And Separate Annual Financial Statements for the year ended 30 June 2024

Accounting Policies

1.3 Significant judgements and sources of estimation uncertainty (continued)

Impairment of trade receivables

Judgement is required in the assumptions used for calculating the Expected Credit Loss (ECL). The Group has financial assets classified and measured at amortised cost that are subject to the expected credit loss model requirements of IFRS 9. Refer note 14 for information on the expected credit loss allowance.

Goodwill impairment

The Group tests whether goodwill has suffered any impairment at each reporting date. The assumptions used in the impairment testing are set out in the goodwill note 6 of the Consolidated Annual Financial Statements. The recoverable amounts of the cash generating units have been determined based on value-in-use calculations. These calculations require the use of estimates in relation to the projections of future cash flows, the projected growth rate, the terminal value of the business and the discount rate.

The input factors most sensitive to change are management estimates of future cash flows based on budgets and forecasts, growth rates and discount rates. Further detail on these assumptions has been disclosed in the goodwill note 6.

Revenue

Integrated solutions

The Group enters into contracts with customers to provide integrated solutions. Contracts are assessed individually to determine whether the products and services are distinct, i.e. the product or service is separately identifiable from the other promises in the contract with the customer and whether the customer can benefit from the goods or services either on its own or together with other resources that are readily available.

The nature of the promised goods or services are inputs into a working solution and the customer does not derive value from the stand-alone goods and services. The Group has applied its judgement and views these arrangements as a single performance obligation that needs to be met as the customer cannot benefit from either the goods or the services separately.

Assessment of leases relating to customer premises equipment

Management exercises significant judgement in determining whether the contracts continuing on a month-to-month basis contain a lease in terms of IFRS 16. It has been determined that while the customer premise equipment such as routers and handsets represents an identified asset, the customer does not have the right to direct how and for what purpose the customer premise equipment is used throughout the period of use. The Group, being the supplier, has such a right and therefore such arrangements do not contain a lease. It is on this basis that management has concluded that revenue from such contracts should be recognised under IFRS 15 (Revenue from Contracts with Customers).

1.4 Property, plant and equipment

An item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the Group, and the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost. Cost includes all of the expenditure which is directly attributable to the acquisition of the asset and costs incurred subsequently to add to the asset.

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the Group. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or derecognised.

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in profit or loss when the item is derecognised.

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1.4 Property, plant and equipment (continued)

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Furniture and fixtures	Straight line	10 years
Motor vehicles	Straight line	5 years
Office equipment	Straight line	6 years
IT equipment	Straight line	3-4 years
Routers and handsets	Straight line	3 years
Leasehold improvements	Straight line	5 years (shorter of useful life and lease term)

There was no significant impact from the change of the estimated useful life in the current year.

1.5 Intangible assets

An intangible asset is recognised when:

- it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- the cost of the asset can be measured reliably.

Intangible assets are initially recognised at cost, and subsequently carried at cost less any accumulated amortisation and any impairment losses. The residual values, amortisation period and the amortisation method for intangible assets are reviewed every period-end.

Acquired computer software and licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

Amortisation on intangible assets has been assessed as follows:

Item	Amortisation method	Average useful life
Computer software	Straight line	3 years
Licences		Indefinite

1.6 Impairment of assets

The Group assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the Group estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the Group also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.
- tests goodwill acquired in a business combination for impairment annually.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

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1.6 Impairment of assets (continued)

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss.

Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units or groups of units.

Each unit or group of units to which the goodwill is so allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes, and is not larger than an operating segment as defined by paragraph 5 of IFRS 8 Operating Segments before aggregation.

An impairment loss is recognised for cash-generating units if the recoverable amount of the unit is less than the carrying amount of the units. The impairment loss is allocated to reduce the carrying amount of the assets of the unit in the following order:

- first, to reduce the carrying amount of any goodwill allocated to the cash-generating unit and
- then, to the other assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss.

1.7 Financial instruments

Financial instruments are recognised when the group becomes a party to the contractual provisions of the instrument.

Note 36 Financial instruments and risk management presents the financial instruments held by the Group based on their specific classifications.

The specific accounting policies for the classification, recognition and measurement of each type of financial instrument held by the Group are presented below:

FINANCIAL ASSETS AT AMORTISED COST

Classification

Trade and other receivables (note 14), restricted cash (note 11), investment in preference shares (note 9), loans to group companies (note 13) and cash and cash equivalents (note 16) are classified as financial assets subsequently measured at amortised cost.

They have been classified in this manner because the contractual terms of these financial assets give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the Group's business model is to collect the contractual cash flows on these financial assets.

Recognition and measurement

Financial assets are measured, at initial recognition, at fair value plus transaction costs, if any. A trade receivable without a significant financing component is initially measured at the transaction price.

They are subsequently measured at amortised cost.

The amortised cost is the amount recognised on the financial assets initially, minus principal repayments, plus cumulative amortisation (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

Application of the effective interest method

For financial assets which contain a significant financing component, interest income is calculated using the effective interest method, and is included in profit or loss in investment income.

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Accounting Policies

1.7 Financial instruments (continued)

The application of the effective interest method to calculate interest income on a financial asset is dependent on the credit risk of the amount as follows:

- The effective interest rate is applied to the gross carrying amount of the financial asset, provided the financial asset is not credit impaired. The gross carrying amount is the amortised cost before adjusting for a loss allowance.
- If a financial asset was not purchased or originally credit-impaired, but it has subsequently become credit-impaired, then the effective interest rate is applied to the amortised cost of the financial asset in the determination of interest. If, in subsequent periods, the financial asset is no longer credit impaired, then the interest calculation reverts to applying the effective interest rate to the gross carrying amount.

Impairment

The Group recognises a loss allowance for expected credit losses on all financial assets measured at amortised cost. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective amount.

The Group measures the loss allowance for trade receivables by applying the simplified approach which is prescribed by IFRS 9. In accordance with this approach, the loss allowance on trade receivables is determined as the lifetime expected credit losses on trade receivables.

The Group measures the loss allowance for all other financial assets by following the general approach. The loss allowance is measured at an amount equal to lifetime expected credit losses (lifetime ECL) when there has been a significant increase in credit risk since initial recognition. If the credit risk on these financial assets has not increased significantly since initial recognition, then the loss allowance is measured at 12 month expected credit losses (12 month ECL).

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial asset. In contrast, 12 month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial asset that are possible within 12 months after the reporting date.

In order to assess whether to apply lifetime ECL or 12 month ECL, in other words, whether or not there has been a significant increase in credit risk since initial recognition, the Group considers whether there has been a significant increase in the risk of a default occurring since initial recognition rather than at evidence of a financial assets being credit impaired at the reporting date or of an actual default occurring.

Significant increase in credit risk

In assessing whether the credit risk on a financial asset has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial asset as at the reporting date with the risk of a default occurring as at the date of initial recognition.

The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the counterparties operate, as well as consideration of various external sources of actual and forecast economic information, such as forecast economic growth and inflationary pressures. The Group furthermore considers the financial position of the counterparty, their liquidity and solvency, and their ability to service the payment obligations as and when they become due and payable. Where deemed necessary the Group will consider the forecast financial performance of the counterparty to determine if there are any increases in credit risk which need to be taken into consideration.

Irrespective of the outcome of the above assessment, the credit risk on a financial asset is always presumed to have increased significantly since initial recognition if the contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increases in credit risk before the amount becomes past due.

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1.7 Financial instruments (continued)

By contrast, if a financial asset is assessed to have a low credit risk at the reporting date, then it is assumed that the credit risk on the financial asset has not increased significantly since initial recognition. A financial asset is considered to have a low credit risk where there has not been any historical default and the counterparty is considered to be a reputable institution.

Definition of default

For purposes of internal credit risk management purposes, the Group considers that a default event has occurred if there is either a breach of financial covenants by the counterparty, or if internal or external information indicates that the counterparty is unlikely to pay its creditors in full (without taking collateral into account).

Irrespective of the above analysis, the Group considers that default has occurred when a payment for a financial asset is more than 30 days past due unless there is reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Write off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Measurement and recognition of expected credit losses

Simplified approach on trade receivables

The measurement of expected credit losses for trade receivables is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default.

The assessment of the probability of default and loss given default is based on historical data, adjusted by forward-looking information as afore-mentioned described. The exposure at default is the gross carrying amount of the financial asset at the reporting date

The Group makes use of a provision matrix as a practical expedient to the determination of expected credit losses on trade receivables. The provision matrix is based on historic credit loss experience over the past 18 months, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current and forecast direction of conditions at the reporting date, including the time value of money, where appropriate. The customer base is widespread and does not show significantly different loss patterns for different customer segments. The loss allowance is calculated on a collective basis for all trade and other receivables in totality. Details of the provision matrix is presented in note 14.

General approach on other financial assets

For all other financial assets, if the Group has measured the loss allowance at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12 month ECL at the current reporting date, and vice versa.

An impairment gain or loss is recognised for all financial assets in profit or loss with a corresponding adjustment to their carrying amount through a loss allowance account. The impairment loss is included in operating expenses in profit or loss as a movement in credit loss allowance.

Credit risk

Details of credit risk related to financial assets are included in the specific notes and the financial instruments and risk management (note 36).

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Accounting Policies

1.7 Financial instruments (continued)

FINANCIAL LIABILITIES AT AMORTISED COST

Classification

Trade and other payables (note 21), loans from group companies (note 22) and borrowings (note 20) are classified as financial liabilities and subsequently measured at amortised cost, except for VAT and indirect taxes, which is not a financial liability and is measured at cost.

Recognition and measurement

Financial liabilities are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

If trade and other payables contain a significant financing component, and the effective interest method results in the recognition of interest expense, then it is included in profit or loss in finance costs.

Financial liabilities expose the Group to liquidity risk and interest rate risk. Refer to note 36 for details of risk exposure and management thereof.

DERECOGNITION

Financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

Financial liabilities

The Group derecognises financial liabilities when, and only when, the Group obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

1.8 Tax

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

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1.8 Tax (continued)

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for the carry forward of unused tax losses to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Tax expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, to other comprehensive income, or
- a business combination.

Current tax and deferred taxes are charged or credited to other comprehensive income if the tax relates to items that are credited or charged, in the same or a different period, to other comprehensive income.

1.9 Leases

The Group assesses whether a contract is, or contains a lease, at the inception of the contract.

A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

In order to assess whether a contract is, or contains a lease, management determine whether the asset under consideration is "identified", which means that the asset is either explicitly or implicitly specified in the contract and that the supplier does not have a substantial right of substitution throughout the period of use. Once management has concluded that the contract deals with an identified asset, the right to control the use thereof is considered. To this end, control over the use of an identified asset only exists when the Group has the right to substantially all of the economic benefits from the use of the asset as well as the right to direct the use of the asset.

There were no significant judgments and sources of estimation uncertainty in determining whether a contract is or contains a lease, the lease terms and in taking into account the lease renewals.

Group as lessee

A lease liability and corresponding right-of-use asset are recognised at the lease commencement date, for all lease agreements for which the Group is a lessee. There are no short-term leases of 12 months or less, or leases of low value assets.

The various lease and non-lease components of contracts containing leases are accounted for separately, with consideration being allocated to each lease component on the basis of the relative stand-alone prices of the lease components and the aggregate stand-alone price of the non-lease components (where non-lease components exist).

Details of leasing arrangements where the Group is a lessee are presented in note 5 right-of-use assets and leases liabilities (Group as lessee).

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1.9 Leases (continued)

Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate as a basis.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed lease payments, and
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect lease payments made. Interest charged on the lease liability is included in finance costs (note 26).

Right-of-use assets

Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. However, if a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. Depreciation starts at the commencement date of a lease.

Right-of-use assets are depreciated over the following periods:

Item	Depreciation method	Depreciation Period
Buildings	Straight line	5-10 years (term of lease)
Motor vehicles	Straight line	5 years (useful life)
Routers and handsets	Straight line	3 years (term of lease)
Racks	Straight line	10 years (useful life)
IT Equipment	Straight line	5 years (term of lease)

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate.

The depreciation charge for each year is recognised in profit or loss.

1.10 Inventories

Inventories consist of routers and handsets held for sale in the ordinary course of business. Inventories are measured at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The cost of inventories comprises of all costs of purchase and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories is assigned using the first-in, first-out (FIFO) formula. The same cost formula is used for all inventories having a similar nature and use to the entity. When inventories are sold, the carrying amount of those inventories are recognised as an expense in the period in which the related revenue is recognised.

1.11 Share capital and equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Ordinary shares are recognised at par value and classified as 'share capital' in equity. Any amounts received from the issue of shares in excess of par value is classified as 'share premium' in equity.

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1.12 Dividend distribution

Dividend distribution to the Group's shareholders is recognised as a liability in the Group's financial statements if the amount has been declared but not yet paid at year end.

Dividends are recognised as a liability in the entity in which they are declared.

1.13 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

1.14 Revenue from contracts with customers

The Group recognises revenue from the following major sources:

Sale of goods

- Equipment sales

Rendering of services

- Connection fees
- Airtime
- Service fees

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The consideration specified in the contract is the same as the transaction price. The Group recognises revenue when the performance obligation relating to each specific contract has been satisfied. There are no performance obligations outstanding at the end of year. Management did not have to apply significant judgement in determining the performance obligations. There are no transactions which include transaction prices that have variable considerations.

At the inception of a contract with a customer, the Group assesses the goods or services promised in the contract and identifies as a performance obligation each promise to transfer to the customer either a good or service (or bundle of goods or services) that is distinct; or a series of distinct goods or services that are substantially the same and have the same pattern of transfer to the customer.

Performance obligations are satisfied either at a point in time or over time. Where performance obligations are satisfied over time, the Group recognises revenue for the services rendered within each time frame in accordance with the contract terms and pricing for the given time frame. Given the nature of the contracts completed over time, this method provides a faithful depiction of the transfer of goods and services for performance obligations satisfied over time. The revenue for the airtime, connectivity fees and services is recognised over time as the services are provided. Services purchased by a customer beyond the contract are treated as a separate contract and recognition of revenue from such services is based on the actual voice or data usage, or is made upon the expiration of the Group's obligation to provide the services. For post-paid contracts, customers usually pay monthly in equal installments over the contract term together with the additional billing for out-of-bundle usage.

In some instances, the Group provides multiple services to customers in a single contract. Where it is the intention of the Group to provide an end to end solution, these are considered as an integrated set of activities and treated as a single performance obligation.

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Accounting Policies

1.14 Revenue from contracts with customers (continued)

The performance obligation with respect to the sale of goods is recognised when the Group entity has delivered its products to the customer and there is no unfulfilled obligation that could affect the customer's acceptance of the product. Delivery or recognition does not occur until the products have been delivered to the specified location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed or the Group has objective evidence that all criteria for acceptance have been satisfied.

When the Group performs by transferring goods or services to a customer before the customer transfers any consideration, the amount receivable is disclosed separately as a contract asset. Similarly, if a customer transfers any consideration before the Group transfers any corresponding goods or services, the amount received is disclosed separately as a contract liability. There were no contract assets or contract liabilities at year end.

Payments by customers are typically made in within 60 days for major customers and 30 days for other customers of revenue being recognised. Where payments are deferred for a period beyond 12 months after revenue being recognised, a significant financing component is included in the contract. Revenue is recognised at the present value of the consideration receivable over the contract period with the balance of the consideration being recognised as finance income over time.

The transaction price is allocated to each performance obligation in a contract on a relative stand-alone selling price basis where contracts have more than one performance obligation. The entity has adopted the expected cost-plus margin approach to determine the stand-alone selling prices. Under this approach, the entity's markup percentage is added to the expected standalone cost price of the promised good or service to the customer to get to a standalone selling price. No judgment is used in determining the standalone selling prices.

Disaggregation of revenue

The disaggregation of revenue from each category is presented in note 23 of the financial statements.

1.15 Earnings per share and headline earnings per share

The calculation of earnings per share (EPS) is based on the profit/(loss) for the period attributable to ordinary shareholders and the weighted average number of ordinary shares in issue during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares in issue for any dilutive potential ordinary shares. Headline earnings per share is calculated in accordance with circular 1/2023 issued by the South African Institute of Chartered Accountants.

1.16 Segmental 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 and are 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.

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Notes to the Consolidated And Separate Annual Financial Statements

2. Changes in accounting policy

Disclosure of accounting policies: Amendments to IAS 1 and Practice Statement 2

The Group adopted the amendments to IAS 1 and Practice Statement 2, which now require that only material accounting policy information shall be disclosed in the annual financial statements. The amendment did not result in changes to measurement or recognition of financial statement items, but management reviewed the accounting policies and made changes to ensure that only material accounting policy information is disclosed.

3. New Standards and Interpretations

3.1 Standards and interpretations effective and adopted in the current year

In the current year, the Group has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations.

There was no material impact on the implementation of any of these standards.

Standard/ Interpretation:

- Deferred tax related to assets and liabilities arising from single transactions: Amendments to IAS 12
- Disclosure of accounting policies: Amendments to IAS 1 and IFRS Practice Statement 2 to disclose material policies rather than significant policies
- Definition of accounting estimates: Amendments to IAS 8

Effective date:

Years beginning on or after

01 January 2023

01 January 2023

01 January 2023

3.2 Standards and interpretations not yet effective

The Group has chosen not to early adopt the following standards and interpretations, which have been published and may be relevant to the Group. The standards and interpretations are mandatory for the Group's accounting periods beginning on or after 01 July 2024 or later periods. These standards will be implemented in the applicable year for which they are mandatory.

There is unlikely to be a material impact on the future implementation of any of these standards.

Standard/ Interpretation:

- IFRS 19 Subsidiaries without Public Accountability: Disclosures
- Presentation and Disclosure in Financial Statements - IFRS 18 to replace IAS 1
- Lack of exchangeability - amendments to IAS 21
- Classification of Liabilities as Current or Non-Current - Amendment to IAS 1
- Supplier finance arrangements - amendments to IAS 7 and IFRS 7
- Lease liability in a sale and leaseback

Effective date:

Years beginning on or after

01 January 2027

01 January 2027

01 January 2025

01 January 2024

01 January 2024

01 January 2024

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Figures in Rand

4. Property, plant and equipment

Group	2024			2023		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Furniture and fixtures	550,677	(345,396)	205,281	550,677	(249,625)	301,052
Motor vehicles	420,096	(352,730)	67,366	434,279	(353,145)	81,134
Office equipment	199,141	(178,112)	21,029	189,594	(183,164)	6,430
IT equipment	1,963,588	(897,359)	1,066,229	1,045,040	(853,982)	191,058
Routers and handsets	13,802,589	(7,572,501)	6,230,088	18,289,818	(12,496,003)	5,793,815
Leasehold improvements	94,969	(46,110)	48,859	94,969	(27,116)	67,853
Total	17,031,060	(9,392,208)	7,638,852	20,604,377	(14,163,035)	6,441,342

Company	2024			2023		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Motor vehicles	420,096	(352,730)	67,366	434,279	(353,145)	81,134
IT equipment	85,139	(85,131)	8	144,212	(143,508)	704
Routers and handsets	3,589,279	(2,679,910)	909,369	8,815,674	(8,009,573)	806,101
Total	4,094,514	(3,117,771)	976,743	9,394,165	(8,506,226)	887,939

Reconciliation of property, plant and equipment - Group - 2024

	Opening balance	Additions	Disposals	Transfers from right-of-use assets*	Depreciation	Total
Furniture and fixtures	301,052	-	-	-	(95,771)	205,281
Motor vehicles	81,134	-	-	-	(13,768)	67,366
Office equipment	6,430	27,092	(8,663)	-	(3,830)	21,029
IT equipment	191,058	1,026,448	(4,113)	-	(147,164)	1,066,229
Routers and handsets	5,793,815	2,306,372	(35,034)	274,137	(2,109,202)	6,230,088
Leasehold improvements	67,853	-	-	-	(18,994)	48,859
	6,441,342	3,359,912	(47,810)	274,137	(2,388,729)	7,638,852

Reconciliation of property, plant and equipment - Group - 2023

	Opening balance	Additions	Disposals	Transfers from right-of-use assets*	Depreciation	Total
Furniture and fixtures	368,094	-	(2,141)	-	(64,901)	301,052
Motor vehicles	123,125	-	(28,250)	-	(13,741)	81,134
Office equipment	8,037	-	-	-	(1,607)	6,430
IT equipment	296,866	121,242	(29,262)	-	(197,788)	191,058
Routers and handsets	6,311,320	2,089,383	(67,377)	163,108	(2,702,619)	5,793,815
Leasehold improvements	65,138	18,090	-	-	(15,375)	67,853
	7,172,580	2,228,715	(127,030)	163,108	(2,996,031)	6,441,342

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4. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Company - 2024

	Opening balance	Disposals	Transfers from right-of-use assets*	Depreciation	Total
Motor vehicles	81,134	-	-	(13,768)	67,366
IT equipment	704	(6)	-	(690)	8
Routers and handsets	806,101	(35,034)	274,137	(135,835)	909,369
	887,939	(35,040)	274,137	(150,293)	976,743

Reconciliation of property, plant and equipment - Company - 2023

	Opening balance	Disposals	Transfers from right-of-use assets*	Depreciation	Total
Motor vehicles	157,425	(62,550)	-	(13,741)	81,134
IT equipment	58,015	(29,262)	-	(28,049)	704
Routers and handsets	1,318,481	(66,679)	163,108	(608,809)	806,101
	1,533,921	(158,491)	163,108	(650,599)	887,939

* Transfers from right-of-use assets relate to assets where the lease liability has been settled and the Group has retained ownership of the asset.

Property, plant and equipment encumbered as security

Refer to note 20 for details of property, plant and equipment encumbered as security for borrowings.

Contractual commitments

There were no significant contractual commitments for the acquisition of property, plant and equipment.

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5. Right-of-use assets and lease liabilities (Group as lessee)

The group leases building, racks, IT equipment as well as and routers and handsets. The average lease terms are as follows:

Head Office Premises - 5 years. There are 8 months (2023: 20 months) remaining on the lease at year end. Monthly repayments are R198 240 (2023: R198 240) and the interest rate is 8.75% (2023: 8.75%).

Ultra DataCentre Premises - 10 years. There are 60 months (2023: 72 months) remaining on the lease at year end. Monthly repayments are R52 224 (2023: R46 495) and the interest rate is prime interest rate plus 3% (2023: prime interest rate plus 3%).

Routers and handsets - 3 to 5 years. There is an average of 4 months (2023: 12 months) remaining on the leases at year end. Monthly repayments are R41 869 (2023: R60 840) and the interest rate is prime interest rate plus 7% (2023: prime interest rate plus 7%).

Racks - 3 to 5 years. There is an average of 17 months (2022: 28 months) remaining on the leases at year end. Monthly repayments are R173 336 (2023: R158 180) and the interest rate is prime interest rate plus 10% (2023: prime interest rate plus 10%).

IT Equipment - 5 years. There is 1 month (2023: 13 months) remaining on the lease at year end. Monthly repayments are R18 970 (2023: R20 682) and the interest rate is prime interest rate plus 7% (2023: prime interest rate plus 7%).

The interest rates are based on a combination of the internal borrowing rates.

There are no extension or termination options on any of the lease agreements. There are no residual guarantee values and no restrictions or covenants imposed by the leases. No arrangements have been entered into for contingent rent.

There were no leases to which the group is committed to which have not yet commenced.

Details pertaining to leasing arrangements, where the Group is lessee are presented below:

Right-of-use asset - 2024 - Group

	Opening balance	Lease adjustments and reclassifications	Transfers to inventory	Transfers to property, plant and equipment	Depreciation	Total
Premises	5,615,024	50,342	-	-	(2,219,530)	3,445,836
Routers and handsets	457,162	(178,780)	(4,245)	(274,137)	-	-
Racks	5,186,028	178,780	-	-	(608,195)	4,756,613
IT Equipment	206,004	-	-	-	(190,075)	15,929
	11,464,218	50,342	(4,245)	(274,137)	(3,017,800)	8,218,378

Right-of-use asset - 2023 - Group

	Opening balance	Lease adjustments and reclassifications	Transfers to inventory	Transfers to property, plant and equipment	Depreciation	Total
Premises	7,054,713	699,199	-	-	(2,138,888)	5,615,024
Routers and handsets	748,257	-	(2,101)	(163,108)	(125,886)	457,162
Racks	5,794,223	-	-	-	(608,195)	5,186,028
IT Equipment	396,079	-	-	-	(190,075)	206,004
	13,993,272	699,199	(2,101)	(163,108)	(3,063,044)	11,464,218

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	2024	2023	2024	2023

5. Right-of-use assets and lease liabilities (Group as lessee) (continued)

Right-of-use asset - 2024 - Company

	Opening balance	Reclassifications	Transfers to inventory	Transfers to property, plant and equipment	Depreciation	Total
Routers and handsets	202,356	76,026	(4,245)	(274,137)	-	-
Racks	5,440,922	(76,026)	-	-	(608,191)	4,756,705
	5,643,278	-	(4,245)	(274,137)	(608,191)	4,756,705

Right-of-use asset - 2023 - Company

	Opening balance	Transfers to inventory	Transfers to property, plant and equipment	Depreciation	Total
Routers and handsets	493,451	(2,101)	(163,108)	(125,886)	202,356
Racks	6,049,117	-	-	(608,195)	5,440,922
	6,542,568	(2,101)	(163,108)	(734,081)	5,643,278

Other disclosures

Interest expense on lease liabilities	1,148,865	1,521,362	547,317	824,566
Capital repayments on leases	4,023,639	4,142,289	1,348,385	1,756,370
Total cash outflow from leases	5,172,504	5,663,651	1,895,702	2,580,936

Lease liabilities

The maturity analysis of lease liabilities is as follows:

Within one year	4,086,088	5,180,911	1,742,249	1,902,968
Two to five years	3,572,956	6,833,680	725,937	2,480,318
More than five years	-	742,794	-	-
	7,659,044	12,757,385	2,468,186	4,383,286
Less finance charges component	(1,258,778)	(2,383,822)	(323,156)	(889,871)
	6,400,266	10,373,563	2,145,030	3,493,415
Non-current liabilities	2,945,745	6,342,190	692,235	2,149,022
Current liabilities	3,454,521	4,031,373	1,452,795	1,344,393
	6,400,266	10,373,563	2,145,030	3,493,415

Exposure to liquidity risk

Refer to note 36 Financial instruments and risk management for the details of liquidity risk exposure and management.

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	2024	2023	2024	2023

6. Goodwill

Group	2024			2023		
	Cost	Accumulated impairment	Carrying value	Cost	Accumulated impairment	Carrying value
Goodwill	22,952,676	-	22,952,676	22,952,676	-	22,952,676

Reconciliation of goodwill - Group - 2024

	Opening balance	Total
Goodwill	22,952,676	22,952,676

Reconciliation of goodwill - Group - 2023

	Opening balance	Total
Goodwill	22,952,676	22,952,676

The carrying amount of goodwill relates to the following cash generating units:

Catalytic Connections (Pty) Ltd - acquired 1 March 2010	2,686,779	2,686,779	-	-
Spice Telecom (Pty) Ltd - acquired 1 January 2018	600,000	600,000	-	-
Ultra DataCentre (Pty) Ltd - acquired 1 April 2021	5,290,503	5,290,503	-	-
Contineo Connections (Pty) Ltd - acquired 1 July 2020	13,681,190	13,681,190	-	-
PerfectWorx Consulting (Pty) Ltd - acquired 1 July 2020	694,204	694,204	-	-
	22,952,676	22,952,676	-	-

During the current and previous financial year, the Group assessed the recoverable amount of goodwill from all acquisitions. The assessment determined that the goodwill allocated to the cash generating units was not impaired. The accounting policy that has been applied in assessing impairment of goodwill is set out in note 1.3. No impairment was recognised both in the current and previous financial periods.

The key assumptions of the cash flow forecast used to determine the present value of the future cash flows from the cash generating unit of the group, over a five year period were based on:

- revenue growth of the respective CGU's over the forecast period; and
- discount rates.

The key assumptions are determined based on past experience from actual results, and includes alignment to external sources of information. The revenue growth rate reflects the long term inflationary increases expected to realise.

A discounted cash flow method (value in use) was used to determine the present value of the future cash flows from the cash generating unit. A discount rate, based on a pre-tax risk free rate obtained from bonds issued by government adjusted for a risk premium to reflect the investment requirements of the Group and specific risks related to the cash generating unit were used in discounting the projected cash flows over a 5-year period.

Discount rates applied

Catalytic Connections (Pty) Ltd	19.18 %	20.05 %
Spice Telecom (Pty) Ltd	19.18 %	20.05 %
PerfectWorx Consulting (Pty) Ltd	17.73 %	18.85 %
Contineo Virtual Communications (Pty) Ltd	17.73 %	18.85 %
Ultra DataCentre (Pty) Ltd	17.73 %	18.85 %

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	2024	2023	2024	2023

6. Goodwill (continued)

Revenue growth rates applied

Catalytic Connections (Pty) Ltd	4.50 %	5.00 %
Spice Telecom (Pty) Ltd	4.50 %	5.00 %
PerfectWorx Consulting (Pty) Ltd	4.50 %	5.00 %
Contineo Virtual Communications (Pty) Ltd	4.50 %	5.00 %
Ultra DataCentre (Pty) Ltd	4.50 %	5.00 %

Sensitivity Analysis

The value of a 1% (2023: 1%) increase or decrease in the discount rates and 1% (2023: 1%) decrease or increase in revenue growth rates applied to the discounted cash flow resulted in a change in value in use as indicated below.

In all instances the value per the discounted cash flow remains in excess of the carrying value of the cash generating unit, therefore no impairment is required to be recognised.

2024

	Difference due to change in discount rate	
	1% increase	1% decrease
Catalytic Connections (Pty) Ltd and Spice Telecom (Pty) Ltd	(990,501)	1,139,852
PerfectWorx Consulting (Pty) Ltd	(143,801)	168,090
Contineo Virtual Communications (Pty) Ltd	(1,120,127)	1,304,665
Ultra DataCentre (Pty) Ltd	(486,113)	566,442

2024

	Difference due to change in growth rate	
	1% increase	1% decrease
Catalytic Connections (Pty) Ltd and Spice Telecom (Pty) Ltd	697,344	(608,414)
PerfectWorx Consulting (Pty) Ltd	108,025	(92,844)
Contineo Virtual Communications (Pty) Ltd	816,354	(701,627)
Ultra DataCentre (Pty) Ltd	355,610	(305,634)

2023

	Difference due to change in discount rate	
	1% increase	1% decrease
Catalytic Connections (Pty) Ltd and Spice Telecom (Pty) Ltd	(274,816)	306,794
PerfectWorx Consulting (Pty) Ltd	(148,848)	172,009
Contineo Virtual Communications (Pty) Ltd	(851,904)	977,847
Ultra DataCentre (Pty) Ltd	(1,079,175)	1,256,515

2023

	Difference due to change in growth rate	
	1% increase	1% decrease
Catalytic Connections (Pty) Ltd and Spice Telecom (Pty) Ltd	141,134	(123,552)
PerfectWorx Consulting (Pty) Ltd	104,774	(90,667)
Contineo Virtual Communications (Pty) Ltd	566,033	(487,223)
Ultra DataCentre (Pty) Ltd	810,965	(701,772)

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7. Intangible assets

Group	2024			2023		
	Cost	Accumulated amortisation	Carrying value	Cost	Accumulated amortisation	Carrying value
Computer software	1,590,850	(1,454,498)	136,352	1,590,850	(1,339,579)	251,271
Licences - indefinite life	300,000	-	300,000	300,000	-	300,000
Total	1,890,850	(1,454,498)	436,352	1,890,850	(1,339,579)	551,271

Company	2024			2023		
	Cost	Accumulated amortisation	Carrying value	Cost	Accumulated amortisation	Carrying value
Computer software	1,227,159	(1,090,809)	136,350	1,227,159	(993,152)	234,007

Reconciliation of intangible assets - Group - 2024

	Opening balance	Amortisation	Total
Computer software	251,271	(114,919)	136,352
Licences - indefinite life	300,000	-	300,000
	551,271	(114,919)	436,352

Reconciliation of intangible assets - Group - 2023

	Opening balance	Amortisation	Total
Computer software	606,509	(355,238)	251,271
Licences - indefinite life	300,000	-	300,000
	906,509	(355,238)	551,271

Reconciliation of intangible assets - Company - 2024

	Opening balance	Amortisation	Total
Computer software	234,007	(97,657)	136,350

Reconciliation of intangible assets - Company - 2023

	Opening balance	Amortisation	Total
Computer software	468,015	(234,008)	234,007

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7. Intangible assets (continued)

Assessment of indefinite life

The Communications Network Services (ECNS) licences were acquired from external parties, and are not limited to use over a specific period. Licences acquired from external parties are considered to have an indefinite useful life as they do not have expiry dates. The licences with indefinite useful lives are tested annually for impairment. No change in circumstances occurred during the current or prior year to indicate a change in the determination of the indefinite useful lives for impairment of licences.

The indefinite life intangible assets were part of the acquisition of Catalytic Connections (Pty) Ltd. They are integral to the assumptions used in the determination of the recoverable amount and are identical to those disclosed in note 6 (goodwill) which also forms part of the annual impairment assessment.

Contractual commitments

The Group has no contractual commitments for the acquisition of intangible assets.

8. Investment in subsidiaries

Company

Name of company	% Holding/ voting power 2024	% Holding/ voting power 2023	Carrying amount 2024	Carrying amount 2023
Catalytic Connections (Pty) Ltd*	70.00 %	100.00 %	70	1,800,000
Spice Telecom (Pty) Ltd**	100.00 %	100.00 %	600,000	600,000
PerfectWorx Consulting (Pty) Ltd	100.00 %	100.00 %	1,315,000	1,315,000
Contineo Virtual Communications (Pty) Ltd	100.00 %	100.00 %	14,625,001	14,625,001
Ultra DataCentre (Pty) Ltd	100.00 %	100.00 %	3,975,025	3,975,025
			<u>20,515,096</u>	<u>22,315,026</u>

All subsidiaries are incorporated in and operate in South Africa. There are no restrictions on the ability to access or use the assets and liabilities of the subsidiaries.

There were no subsidiaries with material non-controlling interests at 30 June 2024.

* Refer to note for details of change in ownership and non-controlling interest.

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	2024	2023	2024	2023
9. Investment in preference shares				
At amortised cost				
Preference shares - Catalytic Connections (Pty) Ltd	-	-	26,664,553	-
Reconciliation of movement				
Opening balance	-	-	-	-
Initial investment in ordinary shares	-	-	1,000	-
Ordinary shares converted to Preference shares	-	-	25,912,792	-
Dividend accrued during the current financial period	-	-	750,761	-
Closing balance - non-current	-	-	26,664,553	-

On 1 April 2024 Catalytic Connections (Pty) Ltd converted 1,000 ordinary no-par value shares into 1,000 redeemable cumulative preferential shares for a total value of R25 912 792. The value of the investment in the preference shares represent a conservative internal directors' valuation of the fair value of the entire issued equity of Catalytic Connections (Pty) Ltd at the date of conversion prior to the decrease in the Company's shareholding from 100% to 30% in compliance with the requirements to adhere to the ICASA ownership rules with effect from 1 April 2024 onward.

The value of the redeemable cumulative preference shares will be increased to the extent that preference share dividends (at the coupon determined from time to time by the board of directors of Catalytic Connections (Pty) Ltd) are declared by Catalytic Connections (Pty) Ltd and decreased to the extent that the redeemable preference shares are redeemed. Should redemption of the preference shares not occur earlier at the dissolution of Catalytic Connections (Pty) Ltd, the remaining preference share liability would require redemption.

The redeemable preference shares, including unredeemed dividends, can be redeemed to the holders thereof no earlier than three years from 31 March 2024. The declaration of any and all dividend(s) in respect of the redeemable cumulative preference shares are cumulative, therefore, if any dividends are not declared by the Board of Directors of Catalytic Connections (Pty) Ltd during a specific financial period, those would subsequently have to be caught up.

The coupon rate determined by the Board of Directors is a market related coupon rate of 11.75%. The preference shares are unsecured.

Simultaneously with the share conversion noted above, 70 ordinary no-par value shares were issued at a value of R1.00 per share (70%) to TeleMasters Holdings Limited. Thereafter, 30 (30%) ordinary shares were issued by Catalytic Connections (Pty) Ltd to Sebenza Education and Empowerment Holdings (Pty) Ltd at a value of R1.00 per share. The difference between the original cost of the 1,000 ordinary shares held in Catalytic Connections (Pty) Ltd and the fair value recognised on implementation of the transaction was considered to be a preference share dividend recognised in investment income. Subsequent thereto the financial asset is recognised at amortised cost with dividends recognised as investment income.

This has resulted in an effective 30% disposal of the new shares of no par value in Catalytic Connections (Pty) Ltd going forward, with the historical value of Catalytic Connections (Pty) Ltd remaining for the benefit of TeleMasters Holdings Limited through the preference shares. The subscription consideration was paid by TeleMasters and Sebenza into the bank account of Catalytic Connections (Pty) Ltd. The Disposal follows the changes in licensing provisions by the Independent Communications Authority of South Africa (ICASA) which came into effect from 31 March 2024.

Exposure to credit risk

In determining the amount of expected credit losses, the Company took into account the financial position as well as the future prospects of the counterparty, which included forecasted profits. The credit quality of the preference shares was considered to be high as the preference shares are not in default and the prospective forecasted profits of the counterparty suggests the preference shares will be recoverable when they become due and payable. The counterparty's cash flows generated from operating activities are assessed annually to determine whether the counterparty will be able to service its obligations as and when they become due and payable. Based on these factors, no credit loss allowance was recognised.

Fair value of preference shares

The fair value of preference shares approximated its carrying amount due to the coupon rate being market related.

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	2024	2023	2024	2023
10. Deferred tax				
Deferred tax liability				
Right-of-use assets	(2,646,579)	(3,013,681)	(1,358,327)	(1,442,029)
Licences	(81,000)	(81,000)	-	-
Total deferred tax liability	(2,727,579)	(3,094,681)	(1,358,327)	(1,442,029)
Deferred tax asset				
Credit losses allowances	8,439	147,317	-	-
Employee related accruals	476,073	193,621	388,364	84,117
Lease liabilities	2,033,210	2,800,862	579,158	943,222
Deferred tax balance from temporary differences other than unused tax losses	2,517,722	3,141,800	967,522	1,027,339
Tax losses available for set off against future taxable income	3,854,624	3,464,590	1,160,533	1,144,171
Total deferred tax asset	6,372,346	6,606,390	2,128,055	2,171,510

The deferred tax assets and the deferred tax liabilities have been disclosed on a net basis per company as follows:

Deferred tax liability	(2,727,579)	(3,094,681)	(1,358,327)	(1,442,029)
Deferred tax asset	6,372,346	6,606,390	2,128,055	2,171,510
Total net deferred tax asset	3,644,767	3,511,709	769,728	729,481

Reconciliation of deferred tax asset / (liability)

At beginning of year	3,511,709	3,552,899	729,481	714,815
Increases (decrease) in tax loss available for set off against future taxable income	390,034	(112,503)	16,362	225,626
Taxable (deductible) temporary differences on:				
Lease liabilities	(767,652)	(774,219)	(364,063)	(526,718)
Prepayments	-	178,650	-	-
Licences	-	3,000	-	-
Credit loss allowances	(138,878)	(8,823)	-	-
Employee related accruals	282,452	4,464	304,247	12,452
Right-of-use assets	367,102	668,241	83,701	303,306
	3,644,767	3,511,709	769,728	729,481

Recognition of deferred tax asset

The deferred tax asset has been raised based on the assessment of the financial forecasts per entity by management that there will be future taxable profits against which the associated tax losses and deductible temporary differences can be utilised.

This forecast is based on the continued uptake in data centre services being provided by the Group, coupled with the continued uptake in inter-related networking and telecommunications services being provided. The Group has continued to decrease operating expenditure further in the current period as evidence from the Statement of Profit or Loss, the benefit of which will result in the utilisation of carried forward tax losses.

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	2024	2023	2024	2023

11. Restricted cash

Deposit guarantee on leased premises:

Non-current	-	690,000	-	-
Current	690,000	-	-	-
	690,000	690,000	-	-

Credit risk

The restriction over cash and cash equivalents is against lease liabilities owing in relation to properties, and is held by a reputable, well-established financial institution. Interest on the restricted cash accrues to the company. The amount has been classified as current due to the related premises lease expiring within the following 12 months.

Fair value of restricted cash

The fair value of restricted cash approximates its carrying amount as it attracts a market related interest rate.

12. Inventories

Routers and handsets	657,738	646,859	-	-
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The cost of inventory recognised as an expense in cost of sales during the year was R902 842 (2023: R3 264 407). During the current year inventory of R55 959 (2023: R nil) was written off.

No inventory has been pledged as security.

13. Loans to group companies

Subsidiaries

Catalytic Connections (Pty) Ltd	-	-	13,614,834	14,061,638
Ultra DataCentre (Pty) Ltd	-	-	186,649	728,872
	-	-	13,801,483	14,790,510

The loans are unsecured, interest free and have no fixed terms of repayment.

Exposure to credit risk

Loans receivable inherently expose the Company to credit risk, being the risk that the Company will incur financial loss if counterparties fail to make payments as they fall due.

In determining the amount of expected credit losses, the Company took into account the financial position as well as the future prospects of the counterparty, which included forecasted profits. The credit quality of the loans receivable was considered to be high as there has been no default and repayment continues to occur. The counterparty's free cash flow from operations are assessed annually to conclude whether sufficient cash resources are available to continue making repayments regularly. As evidenced from the Groups cash flow from operating activities, which comprise mostly the operations of Catalytic Connections (Pty) Ltd, sufficient cashflow from operations are available to continue the repayment of the financial asset receivable. Based on these factors, no credit loss allowance was recognised.

The maximum exposure to credit risk is the gross carrying amount of the loans. The Company did not hold collateral or other credit enhancements against the loans.

Fair value of group loans receivable

The fair value of group loans receivable approximated their carrying amounts due to the short term nature thereof.

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	2024	2023	2024	2023
14. Trade and other receivables				
Financial instruments at amortised cost:				
Trade receivables	2,526,173	6,425,077	-	-
Loss allowance	(41,676)	(436,494)	-	-
Trade receivables at amortised cost	2,484,497	5,988,583	-	-
Deposits	71,695	63,392	-	-
Accruals for revenue	376,786	493,854	-	-
Other receivables	8,889	-	-	-
Non-financial instruments:				
VAT	131,687	356,932	-	44,458
Prepayments	126,347	141,330	-	-
Total trade and other receivables	3,199,901	7,044,091	-	44,458

Financial instrument and non-financial instrument components of trade and other receivables

At amortised cost	2,941,867	6,545,829	-	-
Non-financial instruments	258,034	498,262	-	44,458
	3,199,901	7,044,091	-	44,458

Exposure to credit risk

Trade receivables and accruals for revenue inherently expose the Group to credit risk, being the risk that the Group will incur financial loss if customers fail to make payments as they fall due.

In order to mitigate the risk of financial loss from defaults, the Group deals with reputable customers with consistent payment histories. Sufficient deposits are also obtained when appropriate (refer note 21). Each customer is analysed individually for creditworthiness before terms and conditions are offered. Statistical credit scoring models are used to analyse customers. These models make use of information submitted by the customers as well as external bureau data (where available). Customer credit limits are in place and are reviewed and approved by credit management committees. The exposure to credit risk and the creditworthiness of customers, is continuously monitored. Based on the credit risk monitoring processes, a customer account is placed on hold should the customer be identified as having cash flow difficulties.

There have been no significant changes in the credit risk management policies and processes since the prior reporting period.

The customer base for retail trade is large and widespread, with a result that there is no specific significant concentration of credit risk from these remaining trade receivables.

The average credit period on trade receivables is 30 days (2023: 30). No interest is charged on outstanding trade receivables.

A loss allowance is recognised for all trade receivables and is monitored at the end of each reporting period. The provision matrix has been developed by making use of default experience over the past 12 to 18 months on trade receivables, but also incorporated forward looking information (namely the rising inflation rate and poor credit rating of South Africa) and general economic conditions of the industry as at the reporting date. In addition to the loss allowance, trade receivables are written off when there is no reasonable expectation of recovery, for example, when a debtor has been placed under liquidation. Trade receivables which have been written off may be subject to enforcement activities. The cumulative value of trade receivables written off in the current and prior years that were still subject to enforcement activities at year end was R1 101 689 (2023: R665 195).

The deposits and accruals for revenue were assessed for impairment and the amount was not considered to be material to the Group.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

The Group's historical credit loss experience does not show significantly different loss patterns for different customer segments. The provision for credit losses is therefore based on past due status without disaggregating into further risk profiles.

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14. Trade and other receivables (continued)

Group	2024	2024	2023	2023
	Estimated gross amount at default	Loss allowance (Lifetime expected credit loss)	Estimated gross amount at default	Loss allowance (Lifetime expected credit loss)
Expected credit loss rate:				
Less than 30 days past due: 0.25% (2023: 0.29%)	2,227,489	(5,664)	5,201,691	(14,912)
31 - 60 days past due: 1.00% (2023: 10.00%)	226,766	(2,268)	864,918	(86,490)
61 - 90 days past due: 25.00% (2023: 88.00%)	36,091	(9,023)	194,796	(171,420)
more than 90 days past due: 69.00% (2023: 100.00%)	35,827	(24,721)	163,672	(163,672)
Total	2,526,173	(41,676)	6,425,077	(436,494)

Reconciliation of loss allowances

The following table shows the movement in the loss allowance (lifetime expected credit losses) for trade receivables:

Opening balance	(436,494)	(705,593)	-	-
Amounts written off as non-recoverable	436,494	665,195	-	-
Amounts recovered	-	(29,087)	-	-
Provision raised on new trade receivables	(41,676)	(367,009)	-	-
Closing balance	(41,676)	(436,494)	-	-

Fair value of trade and other receivables

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

15. Prepayments

Reconciliation of prepayments - 2023

	Opening balance	Released to profit or loss	Closing balance
Prepaid licensing and support	674,740	(674,740)	-

16. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	4,486,994	2,311,676	3,847,909	1,396,486
Short-term deposits	829,737	66,969	-	-
	5,316,731	2,378,645	3,847,909	1,396,486

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16. Cash and cash equivalents (continued)

Credit quality of cash at bank and short term deposits, excluding cash on hand

Credit risk exposure arising on cash and cash equivalents is managed by the Group through dealing with well-established financial institutions with high credit ratings. The credit quality of cash at bank and short term deposits, excluding cash on hand that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or historical information about counterparty default rates:

Standard & Poor credit rating

zaA-1+ (2023: zaA-1+)	5,313,976	2,373,291	3,847,979	1,396,486
BB- (2023: BB-)	2,755	5,354	-	-
	5,316,731	2,378,645	3,847,979	1,396,486

Fair value of cash and cash equivalents

The fair value of current cash and cash equivalents approximates their carrying amounts due to their short term nature.

17. Share capital

Authorised

500 000 000 Ordinary shares of R0.0001 each	50,000	50,000	50,000	50,000
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Reconciliation of number of shares issued:

Reported as at 01 July	56,744,800	55,089,508	57,482,830	55,759,670
Issue of shares – ordinary shares	-	1,723,160	-	1,723,160
	56,744,800	56,812,668	57,482,830	57,482,830
Shares purchased by subsidiary	(105,978)	(67,868)	-	-
	56,638,822	56,744,800	57,482,830	57,482,830

442,517,170 unissued ordinary shares are under the control of the Directors subject to the provisions of the Companies Act of South Africa and the JSE Listings Requirements.

Issued

Ordinary	5,698	5,698	5,698	5,698
Share premium	22,318,392	22,318,392	22,318,392	22,318,392
Share issue costs written off against share premium	(462,403)	(462,403)	(462,403)	(462,403)
Capital distribution of share premium	(5,460,000)	(5,460,000)	(5,460,000)	(5,460,000)
Treasury shares held by subsidiaries	(1,018,090)	(926,752)	-	-
	15,383,597	15,474,935	16,401,687	16,401,687

The Company issued an additional 1 723 160 shares in the prior year in final settlement of the initial purchase consideration payable for the acquisitions of Contineo Virtual Communications (Pty) Ltd and Perfectworx Consulting (Pty) Ltd.

A subsidiary of the Company purchased 105 978 (2023: 67 868) shares in the Company for an average purchase price of 86.19 cents (2023: 113.02 cents) per share as part of the Group's share repurchase programme. These shares are being held as treasury shares, with 854 008 (2023: 738 030) shares held at year end.

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	2024	2023	2024	2023

18. Shareholder analysis

Shareholder analysis as at 30 June 2024:

	% Holding	No. of shareholders	No. of shares
Shareholders holding more than 5% at year end			
Maison D'Obsession Trust (Chairman beneficial interest)	62.11	1	35,700,000
JM Voigt	14.98	1	8,611,006
LP Pieton	8.70	1	4,999,999
Public and non-public shareholders			
Directors and associates	78.20	3	44,953,234
Public and staff with no restrictions on dealings	20.31	890	11,675,588
	98.51	893	56,628,822
Treasury shares held by subsidiary	1.49	1	854,008
	100.00	894	57,482,830

19. Non-controlling interest

Opening balance	-	-	-	-
Loss for the period	(118,382)	-	-	-
Non-controlling interest recognised in equity	(118,382)	-	-	-

On 1 April 2024 the Company converted 1,000 ordinary no-par value shares in Catalytic Connections (Pty) Ltd into 1,000 redeemable cumulative preferential shares for a total value of R25 912 792.

Simultaneously with the share conversion noted above, 70 ordinary no-par value shares were issued at a value of R1.00 per share (70%) to TeleMasters Holdings Limited. Subsequent thereto, 30 (30%) ordinary shares were issued by Catalytic Connections (Pty) Ltd to Sebenza Education and Empowerment Holdings (Pty) Ltd at a value of R1.00 per share.

The above conversion and subsequent issue of shares resulted in the Groups effective equity interest in Catalytic Connections (Pty) Ltd decreasing from 100% to 70% with effect from 31 March 2024.

The proceeds from the dilution of the equity interest was the nominal value of the ordinary shareholding issued.

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	2024	2023	2024	2023
20. Borrowings				
Held at amortised cost				
4Tek Finance (Pty) Ltd	761,138	-	-	-
JM Voigt	1,044,558	-	-	-
The Rental Company (Pty) Ltd	369,004	970,343	-	-
	2,174,700	970,343	-	-
Split between non-current and current portions				
Non-current liabilities	1,492,274	369,139	-	-
Current liabilities	682,426	601,204	-	-
	2,174,700	970,343	-	-

The borrowings related to contracts with The Rental Company (Pty) Ltd are for the acquisition of routers and handsets. The repayment periods vary between 24 and 60 months and the interest rate is between prime interest rate plus 6% and prime interest rate plus 10% (2023: prime interest rate plus 6% and prime interest rate plus 10%). The borrowings are repaid in monthly instalments of R38 793 (2023: R81 468).

The borrowings related to contracts with 4Tek Finance (Pty) Ltd are for the acquisition of routers and handsets. The repayment periods vary between 36 and 60 months and the interest rate is prime interest rate plus 5.35%. The borrowings are repaid in monthly instalments of R20 965.

The carrying value of the property, plant and equipment (note 4) serving as collateral for the loans from 4Tek Finance (Pty) Ltd and The Rental Company (Pty) Ltd was R1 309 627 (2023: R1 135 096).

The borrowings related to JM Voigt (Executive Director) are for IT Equipment. The repayment period is 36 months and the interest rate is prime plus 4.50%, which is considered to be market related at the same rate as 4Tek Finance (Pty) Ltd. The loan is unsecured. The borrowings are repayable over 36 months.

Refer to note 32 changes in liabilities arising from financing activities for details of the movement in the borrowings during the reporting period.

Fair value of borrowings

The fair value of borrowings approximates their carrying amounts due to the terms being market related.

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	2024	2023	2024	2023
21. Trade and other payables				
Financial instruments:				
Trade payables	3,687,519	4,954,761	12,877	37,257
Employee related payables	252,307	276,069	67,793	84,185
Accruals	541,775	401,943	4,395	-
Accrued leave pay	763,449	717,116	438,600	311,546
Accrual for directors fees	999,830	-	999,830	-
Deposits received	39,457	39,457	-	-
Non-financial instruments:				
VAT	108,292	358,183	4,072	-
	6,392,629	6,747,529	1,527,567	432,988

Financial instrument and non-financial instrument components of trade and other payables

At amortised cost	6,284,336	6,389,346	1,523,495	432,988
Non-financial instruments	108,292	358,183	4,072	-
	6,392,628	6,747,529	1,527,567	432,988

Fair value of trade and other payables

The fair value of trade and other payables approximates their carrying amounts due to the short term nature thereof.

22. Loans from group companies

Subsidiaries

Spice Telecom (Pty) Ltd	-	-	5,624,091	5,623,091
PerfectWorx Consulting (Pty) Ltd	-	-	3,608,994	2,175,568
Contineo Virtual Communications (Pty) Ltd	-	-	694,276	1,032,858
	-	-	9,927,361	8,831,517

The loans are unsecured, interest free and repayable on demand.

Refer to note 32 Changes in liabilities arising from financing activities for details of the movement in loans from group companies during the reporting period.

Fair value of group loans payable

The fair value of group loans payable approximates their carrying amounts due to the short term nature thereof.

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Figures in Rand	Group		Company	
	2024	2023	2024	2023
23. Revenue				
Revenue from contracts with customers				
Sale of goods	1,477,346	4,870,603	-	-
Rendering of services	58,385,965	59,292,879	5,667,000	7,954,032
	59,863,311	64,163,482	5,667,000	7,954,032

Disaggregation and timing of revenue from contracts with customers

Group

2024	Catalytic & Contineo	PerfectWorx	Ultra DC	Total
Sale of goods				
Equipment sales - at a point in time	1,299,064	178,282	-	1,477,346
Rendering of services				
Airtime - over time	7,568,293	-	-	7,568,293
Connection fees - over time	36,620,369	-	-	36,620,369
Service fees - over time	10,281,962	1,411,640	2,503,701	14,197,303
	54,470,624	1,411,640	2,503,701	58,385,965
Total revenue from contracts with customers	55,769,688	1,589,922	2,503,701	59,863,311
2023				
Sale of goods				
Equipment sales - at a point in time	549,955	4,320,648	-	4,870,603
	549,955	4,320,648	-	4,870,603
Rendering of services				
Airtime - over time	10,279,864	-	-	10,279,864
Connection fees - over time	37,488,206	-	-	37,488,206
Service fees - over time	8,892,997	592,680	2,039,132	11,524,809
	56,661,067	592,680	2,039,132	59,292,879
Total revenue from contracts with customers	57,211,022	4,913,328	2,039,132	64,163,482

Refer to note 28 for segment reporting.

Company

Rendering of services

Service fees - over time	-	-	5,667,000	7,954,032
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Figures in Rand	Group		Company	
	2024	2023	2024	2023
24. Operating profit (loss)				
Operating profit for the year is stated after charging (crediting) the following, amongst others:				
Auditor's remuneration - external				
Audit fees	628,900	759,885	285,450	363,317
Audit fees - prior year	-	(115,750)	-	(115,750)
	628,900	644,135	285,450	247,567
Remuneration, other than to employees				
Consulting and professional services	4,517,268	2,926,936	353,391	269,155
Secretarial services	557,802	550,498	557,802	550,498
	5,075,070	3,477,434	911,193	819,653
Employee costs				
Salaries, wages, bonuses and other benefits	13,605,421	15,326,691	3,156,590	3,860,390
Retirement benefit plans: defined contribution expense	113,691	117,558	-	-
	13,719,112	15,444,249	3,156,590	3,860,390
Depreciation and amortisation				
Depreciation of property, plant and equipment (refer note 4)	2,388,729	2,996,031	150,293	650,599
Depreciation of right-of-use assets (refer note 5)	3,017,800	3,063,044	608,191	734,081
Amortisation of intangible assets (refer note 7)	114,919	355,238	97,657	234,008
	5,521,448	6,414,313	856,141	1,618,688
Losses (gains) on disposals, scrapings and settlements				
Property, plant and equipment	47,810	62,170	35,040	(57,392)
Movement in credit loss allowances				
Trade and other receivables	41,676	396,096	-	-
Fair value adjustments				
Contingent consideration	-	-	-	(131,372)
Foreign exchange losses (gains)				
Net foreign exchange losses	99,511	28,285	-	-
25. Investment income				
Interest income				
Investments in financial assets:				
Bank and other cash	330,233	184,351	263,818	139,005
Preference shares (refer note 9)	-	-	24,864,553	-
Overpayment of tax	-	9,352	-	-
Total interest income	330,233	193,703	25,128,371	139,005

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	2024	2023	2024	2023
26. Finance costs				
Lease liabilities	1,148,865	1,493,116	547,318	824,566
Borrowings	185,127	253,221	-	-
Other interest paid	95,283	13,870	-	-
Total finance costs	1,429,275	1,760,207	547,318	824,566
27. Taxation				
Major components of the tax (income) expense				
Current				
Local income tax - current period	216,656	249,829	-	-
Local income tax - prior year underprovision	(88,013)	-	-	-
	128,643	249,829	-	-
Deferred				
Originating and reversing temporary differences	(136,058)	41,190	(40,247)	(14,666)
	(7,415)	291,019	(40,247)	(14,666)
Reconciliation of the tax expense				
Reconciliation between accounting profit and tax expense.				
Accounting profit (loss)	225,943	707,025	24,661,134	(17,499)
Tax at the applicable tax rate of 27% (2023: 27%)	61,005	190,897	6,658,506	(4,725)
Tax effect of adjustments on taxable income				
Donations	12,034	-	-	-
Prior year underprovision	(88,013)	-	-	-
Income not taxable	(3,338)	(6,279)	-	-
Preference dividend not taxable	-	-	(6,713,429)	-
Fair value adjustment on contingent consideration	-	(35,470)	-	(35,470)
Tax rate change	-	138,818	-	25,529
Tax losses carried forward	-	3,053	-	-
Other	10,897	-	14,676	-
	(7,415)	291,019	(40,247)	(14,666)

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28. Earnings per share				
Basic earnings reconciliation				
Earnings (loss) attributable to equity holders of the Company	351,740	416,006		
Basic earnings	351,740	416,006		
Headline earnings reconciliation				
Earnings attributable to ordinary shareholders	351,740	416,006		
Adjustments				
IAS 16 Loss on disposal of property, plant and equipment	47,180	62,170		
Taxation thereon	(12,739)	(16,786)		
Net adjustment	34,441	45,384		
Headline earnings	386,181	461,390		
Number of shares in issue	57,482,830	57,482,830		
Weighted average shares in issue	56,683,452	56,890,296		
Basic earnings per share (cents)	0.62	0.73		
Diluted earnings per share (cents)	0.62	0.73		
Headline earnings per share (cents)	0.68	0.81		
Diluted headline earnings per share (cents)	0.68	0.81		
29. Cash generated from operations				
Profit (loss) before taxation	225,943	707,025	24,661,134	(17,499)
Adjustments for:				
Depreciation and amortisation	5,521,448	6,414,313	856,141	1,618,688
Loss (profit) on disposal of property, plant and equipment	47,810	62,170	35,040	(57,392)
Interest income	(330,233)	(193,703)	(25,128,371)	(139,005)
Finance costs	1,429,275	1,760,207	547,318	824,566
Net movements in credit loss allowances	41,676	396,096	-	-
Fair value adjustment on contingent consideration	-	(131,372)	-	(131,372)
Other non-cash flow movements	4,245	-	4,245	2,096
Changes in working capital				
Inventories	(10,879)	370,596	-	-
Trade and other receivables	3,802,514	(3,137,879)	44,459	158,376
Prepayments	-	674,740	-	-
Trade and other payables	(351,930)	2,707,320	1,094,583	(102,832)
	10,379,869	9,629,513	2,114,549	2,155,626
30. Tax refunded (paid)				
Balance at beginning of the year	(28,097)	74,439	-	-
Current tax for the year recognised in profit or loss	(128,643)	(249,829)	-	-
Balance at end of the year	199,292	28,097	-	-
	42,552	(147,293)	-	-

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	2024	2023	2024	2023
31. Dividends paid				
Balance at beginning of the year	(146,445)	(367,216)	(146,445)	(367,216)
Dividends	(57,382)	(529,723)	(58,633)	(537,471)
Balance at end of the year	89,036	146,445	89,036	146,445
	(114,791)	(750,494)	(116,042)	(758,242)

32. Changes in liabilities arising from financing activities

Reconciliation of liabilities arising from financing activities - Group - 2024

	Opening balance	Lease adjustments	Total non-cash movements	Cash flows	Closing balance
Borrowings	970,343	-	-	1,204,357	2,174,700
Lease liabilities	10,373,563	50,342	50,342	(4,023,639)	6,400,266
Total liabilities from financing activities	11,343,906	50,342	50,342	(2,819,282)	8,574,966

Reconciliation of liabilities arising from financing activities - Group - 2023

	Opening balance	Lease additions	Issue of shares	Fair value adjustment	Total non-cash movements	Cash flows	Closing balance
Borrowings	1,724,694	-	-	-	-	(754,351)	970,343
Contingent consideration	1,528,755	-	(1,397,383)	(131,372)	(1,528,755)	-	-
Lease liabilities	13,816,653	699,199	-	-	699,199	(4,142,289)	10,373,563
Total liabilities from financing activities	17,070,102	699,199	(1,397,383)	(131,372)	(829,556)	(4,896,640)	11,343,906

Reconciliation of liabilities arising from financing activities - Company - 2024

	Opening balance	Cash flows	Closing balance
Lease liabilities	3,493,415	(1,348,385)	2,145,030
Loans from group companies	8,831,517	1,095,844	9,927,361
Total liabilities from financing activities	12,324,932	(252,541)	12,072,391

Reconciliation of liabilities arising from financing activities - Company - 2023

	Opening balance	Issue of shares	Fair value adjustment	Total non-cash movements	Cash flows	Closing balance
Contingent consideration	1,528,755	(1,397,383)	(131,372)	(1,528,755)	-	-
Lease liabilities	5,249,785	-	-	-	(1,756,370)	3,493,415
Loans from group companies	7,669,785	-	-	-	1,161,732	8,831,517
Total liabilities from financing activities	14,448,325	(1,397,383)	(131,372)	(1,528,755)	(594,638)	12,324,932

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	2024	2023	2024	2023

33. Litigation

The Group continues to pursue litigation and attendant matters in respect of a bad debt of R3.1 million written off in previous years.

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.

34. Related parties

Relationships

Executive directors	JM Voigt BR Topham
Non-executive directors	MB Pretorius M Moela MJ Krastanov

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

MB Pretorius	Zero Plus Trading 194 (Pty) Ltd Spero Sensors and Instruments (Pty) Ltd
A Voigt (spouse of a Director)	Level This CC
M Krastanov	AcaciaCap Advisors (Pty) Ltd

Related party balances

Loan amounts owing by (to) related parties*

JM Voigt *	(1,044,558)	-	-	-
Ultra DataCentre (Pty) Ltd **	-	-	186,649	728,872
Catalytic Connections (Pty) Ltd **	-	-	13,614,834	14,061,638
Spice Telecom (Pty) Ltd *	-	-	(5,624,091)	(5,623,091)
Contineo Virtual Communications (Pty) Ltd *	-	-	(694,276)	(1,032,858)
PerfectWorx Consulting (Pty) Ltd *	-	-	(3,608,994)	(2,175,568)

* Refer to note 22 for loan terms

** Refer to note 13 for loan terms

Amounts included in Trade receivables regarding related parties

Spero Sensors and Instruments (Pty) Ltd	-	1,131,246	-	-
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Amounts included in Trade payables regarding related parties

Level This CC	(129,342)	(129,342)	-	-
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Preference shares

Catalytic Connections (Pty) Ltd	-	-	26,664,553	-
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	2024	2023	2024	2023
34. Related parties (continued)				
Related party transactions				
Sales to related parties				
Spero Sensors and Instruments (Pty) Ltd	-	(1,616,698)	-	-
Services rendered to related parties				
Catalytic Connections (Pty) Ltd	-	-	(3,469,954)	(6,264,032)
Contineo Virtual Communications (Pty) Ltd	-	-	(496,297)	(1,210,000)
PerfectWorx Consulting (Pty) Ltd	-	-	(360,349)	(480,000)
Ultra DataCentre (Pty) Ltd	-	-	(1,340,500)	-
Consulting fees paid to other related parties				
Level This CC	1,860,000	1,860,000	-	-
AcaciaCap Advisors (Pty) Ltd	235,650	224,700	235,650	224,700
Zero Plus Trading 194 (Pty) Ltd	292,000	379,390	292,000	379,390
Investment in ordinary shares converted to preference shares				
Catalytic Connections (Pty) Ltd (refer notes 9 & 25)	-	-	25,912,792	-
Preference dividend received from related parties				
Catalytic Connections (Pty) Ltd (refer note 25)	-	-	750,761	-
Purchase of shares				
Catalytic Connections (Pty) Ltd	-	-	70	-
Value of shares issued				
JM Voigt	-	875,511	-	875,511

The transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions.

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35. Directors' emoluments

Executive

2024

Directors' emoluments	Emoluments
JM Voigt	1,608,314
BR Topham	249,000
	1,857,314

2023

Directors' emoluments	Emoluments
JM Voigt	1,514,185
JL Roos	923,240
	2,437,425

Non-executive

2024

Directors' emoluments	Fees for services as director
MB Pretorius	399,996
MJ Krastanov	193,667
DJ Bate	186,750
WF Steinberg	186,750
M Tappan	186,750
	1,153,913

2023

Directors' emoluments	Fees for services as director
MB Pretorius	399,996
DJ Bate	249,000
WF Steinberg	249,000
M Tappan	249,000
T Smith	249,000
	1,395,996

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36. Financial instruments and risk management

Categories of financial instruments

Categories of financial assets

Group - 2024

	Note(s)	Amortised cost	Fair value
Restricted cash	11	690,000	690,000
Trade and other receivables	14	2,941,867	2,941,867
Cash and cash equivalents	16	5,316,731	5,316,731
		8,948,598	8,948,598

Group - 2023

	Note(s)	Amortised cost	Fair value
Restricted cash	11	690,000	690,000
Trade and other receivables	14	6,545,829	6,545,829
Cash and cash equivalents	16	2,378,645	2,378,645
		9,614,474	9,614,474

Company - 2024

	Note(s)	Amortised cost	Fair value
Investment in preference shares	9	26,664,553	26,664,553
Loans to group companies	13	13,801,483	13,801,483
Cash and cash equivalents	16	3,847,909	3,847,909
		44,313,945	44,313,945

Company - 2023

	Note(s)	Amortised cost	Fair value
Loans to group companies	13	14,790,510	14,790,510
Cash and cash equivalents	16	1,396,486	1,396,486
		16,186,996	16,186,996

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36. Financial instruments and risk management (continued)

Categories of financial liabilities

Group - 2024

	Note(s)	Amortised cost	Leases	Total	Fair value
Trade and other payables	21	6,284,336	-	6,284,336	6,284,336
Borrowings	20	2,174,700	-	2,174,700	2,174,700
Lease liabilities	5	-	6,400,266	6,400,266	6,400,266
Dividend payable		89,036	-	89,036	89,036
		8,548,072	6,400,266	14,948,338	14,948,338

Group - 2023

	Note(s)	Amortised cost	Leases	Total	Fair value
Trade and other payables	21	6,386,339	-	6,386,339	6,386,339
Borrowings	20	970,343	-	970,343	970,343
Lease liabilities	5	-	10,373,563	10,373,563	10,373,563
Dividend payable		146,445	-	146,445	146,445
		7,503,127	10,373,563	17,876,690	17,876,690

Company - 2024

	Note(s)	Amortised cost	Leases	Total	Fair value
Trade and other payables	21	1,523,495	-	1,523,495	1,523,495
Loans from group companies	22	9,927,361	-	9,927,361	9,927,361
Lease liabilities	5	-	2,145,030	2,145,030	2,145,030
Dividend payable		89,036	-	89,036	89,036
		11,539,892	2,145,030	13,684,922	13,684,922

Company - 2023

	Note(s)	Amortised cost	Leases	Total	Fair value
Trade and other payables	21	432,988	-	432,988	432,988
Loans from group companies	22	8,831,517	-	8,831,517	8,831,517
Lease liabilities	5	-	3,493,415	3,493,415	3,493,415
Dividend payable		146,445	-	146,445	146,445
		9,410,950	3,493,415	12,904,365	12,904,365

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36. Financial instruments and risk management (continued)

Capital risk management

The Group's capital structure consists of cash and cash equivalents, restricted cash and equity attributable to equity holders of the Group which comprises issued share capital, share premium and accumulated earnings. The Group's capital management objective is to achieve an effective weighted average cost of capital while continuing to safeguard the Group's ability to meet its liquidity requirements, repay borrowings as they fall due and continue as a going concern, whilst concurrently ensuring that at all times its credit worthiness is considered to be at least investment grade. Management reviews the capital structure, analyses interest rate exposure and reevaluates treasury management strategies in the context of economic conditions and forecasts regularly. This could lead to an adjustment to the dividend yield and/or an issue or repurchase of shares.

This policy is consistent with that of the comparative period. The Group is not subject to any external capital requirements.

Financial risk management

Financial instrument risk exposure and management

Other than the creation of the preference share investment, there have been no substantive changes to the Group and Company exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note. Information disclosed has not been disaggregated as the financial instruments used by the Group share the same economic characteristics and market conditions.

Risk management is carried out by management under policies approved by the Board. The Board provides principles for overall risk management, as well as policies covering specific areas, such as interest rate risk and credit risk. The directors monitor their collections from the Group's receivables, movement in prime lending rates and the risks that the Group is exposed to based on current market conditions, on a monthly basis.

The principal financial instruments used by the Group and Company, from which financial risk arises, are as follows:

- Restricted cash;
- Investment in preference shares;
- Trade and other receivables;
- Loans to group companies
- Cash and cash equivalents;
- Trade and other payables;
- Loans from group companies;
- Borrowings;
- Lease liabilities; and
- Dividends payable.

The Group is currently exposed to credit risk, liquidity risk and interest rate risk (which comprises cash flow interest rate risk).

The main purpose of financial liabilities is to raise finance to fund the acquisition of plant and equipment and intangible assets, working capital and future acquisitions.

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36. Financial instruments and risk management (continued)

Procedures for avoiding excessive concentration of risk include:

Credit risk

- Maintaining a wide customer base;
- Continually looking for opportunities to expand the customer base;
- Reviewing current developments in technology in order to identify any product line which may increase margins in the future;
- Subjecting all customers to a credit verification procedure before agreements are entered into;
- Reviewing the trade debtors' age analysis weekly with the intention of minimising the Group's exposure to bad debts; and
- Reviewing the financial performance and profit forecasts for related counterparties.

Liquidity risk

- Maintaining cash balances;
- Effecting necessary price increases as and when required; and
- Reviewing the Group's bank accounts daily and transferring excess funds from the main current account to other facilities in order to increase the interest earnings to the Group.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The Group is exposed to credit risk on restricted cash (note 11), preference shares (note 9), loans to related parties (note 13), trade and other receivables (note 14) and cash and cash equivalents (note 16). The management of credit risk exposure is detailed in the individual notes.

The maximum exposure to credit risk is presented in the table below:

Group	2024			2023			
	Gross carrying amount	Credit loss allowance	Amortised cost	Gross carrying amount	Credit loss allowance	Amortised cost	
Restricted cash	11	690,000	-	690,000	690,000	-	690,000
Trade and other receivables	14	2,983,543	(41,676)	2,941,867	6,982,323	(436,494)	6,545,829
Cash and cash equivalents	16	5,316,731	-	5,316,731	2,378,645	-	2,378,645
		8,990,274	(41,676)	8,948,598	10,050,968	(436,494)	9,614,474

Company	2024			2023			
	Gross carrying amount	Credit loss allowance	Amortised cost	Gross carrying amount	Credit loss allowance	Amortised cost	
Loans to group companies	13	13,801,483	-	13,801,483	14,790,510	-	14,790,510
Investment in preference shares	9	35,100,578	-	35,100,578	-	-	-
Cash and cash equivalents	16	3,847,909	-	3,847,909	1,396,486	-	1,396,486
		52,749,970	-	52,749,970	16,186,996	-	16,186,996

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36. Financial instruments and risk management (continued)

Liquidity risk

The Group is exposed to liquidity risk, which is the risk that the Group will encounter difficulties in meeting its obligations as they become due.

The Group manages its liquidity risk by effectively managing its working capital, capital expenditure and cash flows. The financing requirements are met through cash generated from operations and shareholder funding when required. Deposits are held with reputable financial institutions. The management of liquidity risk is also achieved by monitoring the economy to ensure that necessary price increases are effected. There have been no defaults or breaches on trade payables during the course of the financial year.

The maturity profile of contractual cash flows are presented in the following table. The cash flows are undiscounted contractual amounts.

Group - 2024

		Less than 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Total	Carrying amount
Non-current liabilities								
Borrowings	20	-	794,211	713,590	195,878	151,657	1,855,336	1,492,274
Lease liabilities	5	-	1,383,312	690,243	724,755	774,646	3,572,956	2,945,745
Current liabilities								
Trade and other payables	21	6,284,336	-	-	-	-	6,284,336	6,284,336
Borrowings	20	986,698	-	-	-	-	986,698	682,426
Lease liabilities	5	4,086,088	-	-	-	-	4,086,088	3,454,521
Dividend payable		89,039	-	-	-	-	89,039	89,039
		12,446,786	2,177,523	1,403,833	920,633	926,303	16,874,453	14,948,341

Group - 2023

		Less than 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years	Total	Carrying amount
Non-current liabilities									
Borrowings	20	-	58,990	251,630	116,666	-	-	427,286	369,139
Lease liabilities	5	-	4,074,843	1,367,295	670,763	705,445	758,128	7,576,474	6,342,190
Current liabilities									
Trade and other payables	21	6,389,346	-	-	-	-	-	6,389,346	6,389,346
Borrowings	20	730,084	-	-	-	-	-	730,084	601,204
Lease liabilities	5	5,180,911	-	-	-	-	-	5,180,911	4,031,373
Dividend payable		146,445	-	-	-	-	-	146,445	146,445
		12,446,786	4,133,833	1,618,925	787,429	705,445	758,128	20,450,546	17,879,697

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36. Financial instruments and risk management (continued)

Company - 2024

		Less than 1 year	1 to 2 years	Total	Carrying amount
Non-current liabilities					
Lease liabilities	5	-	725,937	725,937	692,235
Current liabilities					
Trade and other payables	21	1,523,495	-	1,523,495	1,523,495
Loans from group companies	22	9,927,361	-	9,927,361	9,927,361
Lease liabilities	5	1,742,249	-	1,742,249	1,452,795
Dividend payable		89,036	-	89,036	89,036
		10,895,641	725,937	14,008,078	13,684,922

Company - 2023

		Less than 1 year	1 to 2 years	2 to 3 years	Total	Carrying amount
Non-current liabilities						
Lease liabilities	5	-	1,750,813	729,505	2,480,318	2,149,022
Current liabilities						
Trade and other payables	21	432,988	-	-	432,988	432,988
Loans from group companies	22	8,831,517	-	-	8,831,517	8,831,917
Lease liabilities	5	1,902,968	-	-	1,902,968	1,344,393
Dividend payable		146,445	-	-	146,445	146,445
		19,145,191	1,750,813	729,505	13,794,236	12,904,765

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36. Financial instruments and risk management (continued)

Interest rate risk

The Group policy with regards to financial assets, is to invest cash at floating rates of interest and to maintain cash reserves in short-term investments in order to maintain liquidity, while also achieving a satisfactory return for shareholders.

There have been no significant changes in the interest rate risk management policies and processes since the prior reporting period.

Interest rate profile

The interest rate profile of interest bearing financial instruments at the end of the reporting period was as follows:

	Note	Average effective interest rate		Carrying amount	
		2024	2023	2024	2023
Group					
Assets					
Restricted cash	11	5.25%-6.23%	5.25%-6.23%	690,000	690,000
Cash and cash equivalents	16	5.25%-6.23%	5.25%-6.23%	5,316,731	2,378,645
				6,006,731	3,068,645
Liabilities					
Borrowings	20	16.25%-21.75%	18.25%-20.45%	(2,174,700)	(970,343)
Lease liabilities		8.75%-21.75%	8.75%-20.45%	(6,400,266)	(10,373,563)
				(8,574,966)	(11,343,906)
				(2,568,235)	(8,275,261)

	Note	Average effective interest rate		Carrying amount	
		2024	2023	2024	2023
Company					
Assets					
Investment in preference shares	9	11.75 %	- %	26,664,553	-
Cash and cash equivalents	16	5.25%-6.23%	5.25%-6.23%	3,847,909	1,396,486
				30,512,462	1,396,486
Liabilities					
Lease liabilities	5	21.75%	21.75%	(2,145,030)	(3,493,415)
				28,367,432	(2,096,929)

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36. Financial instruments and risk management (continued)

Interest rate sensitivity analysis

The following sensitivity analysis has been prepared using a sensitivity rate which is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. All other variables remain constant. The sensitivity analysis includes only financial instruments exposed to interest rate risk which were recognised at the reporting date.

Group

At 30 June 2024, if the prime interest rate had been 1.50% per annum (2023: 1.50%) higher or lower during the period, with all other variables held constant, profit or loss for the year would have been R28 122 (2023: R60 409) lower or higher.

Company

At 30 June 2024, if the prime interest rate had been 1.50% per annum higher or lower during the period, with all other variables held constant, profit or loss for the year would have been R310 623 higher or lower.

At 30 June 2023, if the prime interest rate had been 1.50% per annum higher or lower during the period, with all other variables held constant, profit or loss for the year would have been R22 961 lower or higher

37. Going concern

The directors have evaluated the Group's solvency and liquidity position and draw attention to the fact that as at 30 June 2024, the Group's current liabilities exceeded its current assets by R953 534 (2022: R1 485 053).

The Directors believe that the Group has adequate financial resources to continue in operation for the foreseeable future and accordingly the Consolidated Annual Financial Statements have been prepared on a going concern basis. The Directors have satisfied themselves that the Group is in a sound financial position and that it has access to sufficient resources to meet its foreseeable cash 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 statutory or regulatory requirements or of any pending changes to legislation which may affect the Group.

38. Events after the reporting period

Other than that disclosed below, the Directors are unaware of any significant adjusting or disclosable events that have occurred between the end of the financial year and the date of this report that may materially affect the Group's results for the year under review or its financial position as at 30 June 2024:

- Dividend number 64 of 0.1 cents per share was declared on 3 July 2024 and paid to all shareholders recorded in the share register of the Company at the close of business on 26 July 2024.
- Mr. Miller Moela has been appointed to the Board of the Company as an Independent Non-executive Director with effect from 1 July 2024.

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39. Segment reporting

The reportable segments reflect the operating model of the Group 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.

Catalytic Connections (Pty) Ltd (“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) Ltd (“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) Ltd (“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) Ltd (“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.

The Group's reporting segments are: Catalytic & Contineo; PerfectWorx; Ultra DC and Corporate. Catalytic & Contineo are managed and reported on as a single business unit due to the interdependencies between the entities.

2024

	Catalytic & Contineo	PerfectWorx	Ultra DC	Corporate	Consolidation	Total
Revenue[^]						
Revenue - external	55,769,688	1,589,922	2,503,701	-	-	59,863,311
Revenue - internal	7,132,247	4,952,542	1,813,333	5,667,000	(19,565,122)	-
	62,901,935	6,542,464	4,317,034	5,667,000	(19,565,122)	59,863,311
EBITDA*	3,850,172	605,389	1,111,615	840,152	439,106	6,846,434
Adjusted for:						
Depreciation and amortisation	(4,114,375)	(20,752)	(530,180)	(856,141)	-	(5,521,448)
Investment income	66,415	-	-	25,128,371	(24,864,553)	330,233
Finance costs	(1,306,743)	-	(325,976)	(547,318)	750,761	(1,429,276)
Net profit (loss) before tax	(1,504,531)	584,637	255,459	24,565,064	(23,674,686)	225,943
Total assets	16,603,086	4,671,956	2,770,037	77,208,454	(48,471,984)	52,781,549
Total liabilities	47,069,405	1,995,219	2,881,925	13,688,994	(50,353,466)	15,282,077

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28. Segment reporting (continued)

2023

	Catalytic & PerfectWorx Contineo	Ultra DC	Corporate	Consolidation	Total
Revenue[^]					
Revenue - external	57,211,022	4,913,328	2,039,132	-	64,163,482
Revenue - internal	8,095,720	4,014,002	1,552,153	(21,615,907)	-
	65,306,742	8,927,330	3,591,285	(21,615,907)	64,163,482
EBITDA*	4,450,327	363,455	1,645,677	(7,749)	8,687,842
Adjusted for:					
Depreciation and amortisation	(4,327,073)	(7,575)	(498,161)	(1,581,504)	(6,414,313)
Investment income	54,698	-	-	139,005	193,703
Finance costs	(753,677)	-	(180,507)	(826,023)	(1,760,207)
Net profit (loss) before tax	(575,725)	355,880	967,009	(7,749)	707,025
Total assets	19,535,415	4,835,630	3,332,321	(23,740,144)	55,746,613
Total liabilities	22,775,412	2,585,677	3,641,444	(23,575,108)	18,331,779

* Earnings before interest, tax, depreciation and amortisation

[^] Refer to note 23 for disaggregation of revenue.

No single customer comprised more than 10% of the Group's revenues in the current and prior year. There were no non-current assets belonging to the Group that are domiciled outside of South Africa in the current and prior year. There was no revenue from foreign countries in the current and prior year.