

Blue Label Telecoms Limited
(Incorporated in the Republic of South Africa)
(Registration number 2006/022679/06)
Share code: BLU ISIN: ZAE000109088
("Blue Label" or "the Group")

Trading statement for the year ended 31 May 2023

Shareholders are advised that basic, headline and core headline earnings per share for the year ended 31 May 2023 will decrease by more than 20% in comparison to the year ended 31 May 2022. The table below illustrates the ranges anticipated against the comparative year:

	May 2022 cents per share	Range May 2023 cents per share	Decrease to May 2023 cents per share	Percentage Decrease
Earnings per share	117.13	28.13 – 32.82	89.00 – 84.31	76% – 72%
Headline earnings per share	117.34	39.62 – 44.31	77.72 – 73.03	66% – 62%
Core headline earnings per share	121.01	43.13 – 47.97	77.88 – 73.04	64% – 60%

The core businesses of the Blue Label Group have consistently demonstrated growth in revenue, gross profit, and core headline earnings per share for the year ended 31 May 2023. Excluding the extraneous contributions of R523 million in the current year and the non-recurring income of R214 million in the prior year, core headline earnings increased by R78 million (9%) from R847 million to R925 million. Core headline earnings per share increased by 9% from 96.56 cents per share in the prior year to 104.83 cents per share.

On exclusion of the extraneous contributions and non-recurring income from both the current and prior years, earnings per share and headline earnings per share increased by 8% to 100.35 cents per share and by 9% to 101.24 cents per share, respectively.

Core headline earnings for the year ended 31 May 2023 amounted to R402 million, equating to core headline earnings of 45.55 cents per share. In the comparative year, core headline earnings amounted to R1.061 billion, equating to core headline earnings of 121.01 cents per share.

The predominant extraneous contributions to the May 2023 basic, headline and core headline earnings per share, resulting from the recapitalisation transaction of Cell C, were attributable to:

- expected credit losses and fair value movements of R88 million;
- loss on modification of a financial instrument of R57 million primarily due to the renegotiation and reclassification of the CEC deferral amount of R1.1 billion, owed by Cell C, from 'trade and other receivables' to 'loans to associates and joint ventures';

- finance costs of R322 million resulting from increased borrowings related to airtime sale and repurchase obligations, as well as the issue of Class A Preference shares;
- finance income of R238 million resulting from a loan to Cell C for its debt funding requirements;
- a partial reversal of R962.5 million relating to the initial impairment of R2.5 billion of Blue Label's investment in Cell C as at 31 May 2019, in line with an improvement in its equity valuation; and
- recognition of the Group's share of Cell C's net accumulated losses for the period from 1 June 2019 to 31 May 2023, limited to R1.329 billion, being the aggregate of the partial reversal of the initial impairment of R962.5 million of Blue Label's investment in Cell C, as well as additional investments therein amounting to R366 million.

The financial information on which this trading statement is based has not been reviewed or audited by the Group's auditors.

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24 August 2023

Sponsor: Investec Bank Limited