Blue Label Telecoms Limited
(Incorporated in the Republic of South Africa)
(Registration number 2006/022679/06)
JSE share code: BLU
ISIN: ZAE000109088
(Blue Label, BLT, the Company or the Group)

UNAUDITED RESULTS FOR THE SIX MONTHS ENDED 30 NOVEMBER 2024

FINANCIAL HIGHLIGHTS
- Revenue of R7.2 billion*
- Increase in gross profit margin from 21.08% to 22.44%
- Increase in gross profit of 2% to R1.63 billion (2023: R1.60 billion)
- Core headline earnings of 47.20 cents per share (2023: 47.15 cents per share)

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

SUMMARISED GROUP INCOME STATEMENT
For the six months ended 30 November 2024

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

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

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

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

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

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

SUBSEQUENT EVENTS

Additional 10% economic interest in Cell C

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

On 31 December 2024, TPC advanced the first tranche of funding amounting to R100 million and was recognised as part of the investment cost. The remaining funding commitments are scheduled as follows:
- R100 million on 31 December 2025;
- R50 million on 31 December 2026; and
- An additional R25 million on 31 December 2026, contingent upon the occurrence of certain liquidity events.

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

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

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

Banking facility

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

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

APPRECIATION

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

SHORT-FORM ANNOUNCEMENT

This short-form announcement is the responsibility of the directors of the Company. This short-form announcement is based on an extract of the unaudited condensed consolidated financial statements for the half-year ended 30 November 2024 released on SENS on 20 February 2025 and does not contain full or complete details.

Any investment decision by investors and/or shareholders should be based on consideration of the full SENS announcement and unaudited condensed consolidated financial statements for the half-year ended 30 November 2024, available on the Company's website (www.bluelabeltelecoms.co.za).

The JSE link is as follows:
https://senspdf.jse.co.za/documents/2025/JSE/ISSE/BLU/Nov24.pdf.

For and on behalf of the Board

LM Nestadt	BM Levy and MS Levy	DA Suntup* CA(SA)
Chairman	Joint Chief Executive Officers	Financial Director

20 February 2025

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

Directors: LM Nestadt (Chairman)*, BM Levy, MS Levy, H Masondo*, NP Mnxasana*, JS Mthimunye*, LE Mthimunye*, DA Suntup, SJ Vilakazi*
* Independent Non-Executive

Company Secretary: J van Eden
Sponsor: Investec Bank Limited
Auditor: SizweNtsalubaGobodo Grant Thornton Inc.