



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

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## UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2023 AND DECLARATION OF DIVIDEND NUMBER 63

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The Board of Directors of TeleMasters ("the **Board**") presents the condensed consolidated interim financial statements of the Group for the six months ended 31 December 2023. The six-month period reflects the continued effects of reduced voice usage services due to customer contract downgrades and cancellations in Catalytic Connections (Pty) Ltd. However, the data centre, trading as Ultra DataCentre (Pty) Ltd, has continued to generate a profit for the six-month period and is expected to grow sustainably going forward.

### FINANCIAL SUMMARY

The Group's financial metrics compared to the prior six months ended 31 December 2022 are set out below:

- Revenue decreased by 3.4%.
- The gross profit margin has remained at 56%.
- Operational expenses were efficiently controlled and decreased by 9%.
- Earnings before interest, taxation, depreciation, and amortisation (EBITDA) of R3,9 million were achieved compared to R3,4 million.
- Cash and cash equivalents increased due to improved EBITDA and reduced investment in equipment to R1,1 million.
- The net asset value has increased from 63.47 cents per share to 65.41 cents per share, and the tangible net asset value from 14.87 cents per share to 18.78 cents per share.
- A turnaround to earnings per share of 0.55 cents was achieved compared to a loss per share of (1.15) cents.
- A dividend of 0.201 cents per share was declared during the period (0.75 cents in the prior period).

### OPERATIONAL REVIEW

#### 1. Commentary on operating results

Sales in two of the four markets that the Group serves were down on the previous period in line with the rest of the market. The total minutes of corporate airtime used dropped as customer staff usage levels have not recovered, and mobile devices became the de facto corporate connectivity device to the detriment of switchboard-based fixed-line calls.

Secondly, the retail prices of data connectivity have decreased significantly as the market matures and the service becomes a mere commodity. We expect both of these trends to continue, which trends are accelerated by three factors:

- the cost reduction push of businesses under financial pressure;
- the deteriorating business landscape in which we lost many customers to closure; and
- the reduced output due to the electricity crisis that constrains operations and growth.

Revenue decreased by 3.4% to R29,985,955 million due to these persisting pressures.

In the Group, we have responded to changing customer requirements and often reconfigure our customer installations to efficient set-ups to secure future services revenue. In the same light, we reduced Operating Expenses by 9%.

During 2023, we deployed additional sales resources to embark on a growth path. While sales cycles have become longer, we have seen increased interest from the market for our services.

The focus on cost control is reflected in the healthy Gross Profit margin and cash flow delivered.

While profits remain impacted by substantial amounts of non-cash flow expenses such as depreciation and amortisation, the Group continued to generate positive operating cash flows from its operations.

The Group continued to invest in capital equipment during the period to create additional revenue growth opportunities. This was funded from the Group's own cash flow.

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

## **2. Issue and repurchase of shares**

There have been no changes to the issued share capital during the period under review.

## **3. Dividends declared and paid**

The Board does not link the payment of dividends primarily to the current year's operating results but considers dividends in relation to the Group's reserves of R22,7 million on 31 December 2023 (R20,9 million as of 31 December 2022) 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 60 of 0.1 cents per share was declared on 13 July 2023 and paid to all shareholders recorded in the share register of the Company at the close of business on 4 August 2023;
- 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; and
- Dividend number 62 of 0.001 cents per share was declared on 4 December 2023 and paid to all shareholders recorded in the Company's share register at the close of business on 12 January 2024.

## **4. Dividend declaration**

Notice is hereby given that a gross cash dividend (Number 63) of 0.001 cents per share has been declared and is payable to all shareholders recorded in the Company's share register at the close of business on Friday, 19 April 2024.

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

- The dividend has been declared out of retained earnings;
- The local Dividends Withholding Tax rate is 20%;
- The gross local dividend is 0.001 cents per share for shareholders exempt from Dividends Tax;
- The net local dividend is 0.0008 cents per share for shareholders liable for Dividends Tax;
- The Company has 57,482,830 ordinary shares in issue; and
- The Company's income tax reference number is 9683/978/14/3.

The following dates apply to the dividend: the last day to trade to be eligible for the dividend will be Tuesday, 16 April 2024. Shares will trade ex-dividend from Wednesday, 17 April 2024. The record date will be Friday, 19 April 2024 and the dividend payment will be made on Monday, 22 April 2024.

Share certificates may not be dematerialised / re-materialised between Wednesday, 17 April 2024 and Friday, 19 April 2024, both days inclusive. The certificated register will be closed during these dates. Dividends in respect of certificated shareholders will be transferred electronically to shareholders' bank accounts on the payment date. Following the discontinuation of cheque payments in South Africa from January 2022, all payments will only be made into a nominated bank account by electronic funds transfer. Shareholders who have not yet provided their bank account details to JSE Investor Services Proprietary Limited ("JIS") are reminded to contact JIS at 086 154 6572 with their bank account details, into which the dividends can be paid electronically.

## 5. Company Focus

TeleMasters is a diversified technology investment company. Our vision is to create and accelerate shareholder value through responsible growth, acquisitions and investments. 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 Group consists of the following divisions:



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



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



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



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

## 6. Prospects

Focused investment in strategic partnerships that were put in place during the past year is starting to yield positive results for the businesses in the Group. Each business unit has a focused management structure, each with a clearly defined strategic plan to drive growth and customer acquisition during the remainder of the financial year.

Every business in the Group is on a growth trajectory, each with exciting opportunities in hand:

- **Ultra DC** – we will continue to add customers to Ultra DC. We have expanded our interest to international customers, seeking to establish a presence in South Africa. We will continue to build our pipeline with local and international customers to add customers to our world-class facility.

- **Contineo** – Our latest collaboration with potential strategic service provider partners, Contineo, represents an exciting opportunity to introduce a range of services into the hospitality and omni-channel contact centre market. We are currently in the process of onboarding new products that complement our existing Voice and Unified Communication product suite. This strategic move aims to ensure that Contineo provides best-in-class vendors and products, thereby enhancing our value-added services.

Moreover, Contineo is proactively forging new partnerships to expand its presence in the service provider, hosted Voice, and Unified Communications sectors. This initiative underscores our commitment to growth and innovation in delivering exceptional solutions to our clients.

- **PerfectWorx** – we have onboarded new customers in the business, leading to Capex and Opex sales. PerfectWorx has also been appointed as a Service Provider Partner for a large international networking vendor. This is likely to unlock new revenue opportunities for this business.
- **Catalytic** – We have expanded our sales team and welcomed new high-level partners aboard to ramp up our sales efforts and drive revenue growth. Additionally, we have onboarded new products to our solution portfolio to diversify from competitors and expand our market presence. The new products that we have added allows us to upsell to existing customers while also breaking into new markets and acquiring new clientele. Our objective is to grow our monthly recurring revenue as well as our once-off revenue.

Overall, our outlook is positive. However, the global and local economic outlook and negative business sentiment in South Africa remain a concern. We have a great team in each business who have been hard at work during recent challenging times. The consistent hard work each team member has contributed to date will yield results and see the Group benefit from their activities in the future.

## 7. Corporate governance

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

## 8. Changes to the Board of Directors

BR Topham was appointed as a Director and interim Chief Financial Officer effective 1 June 2023 until a permanent appointment is made.

MJ Krastanov was appointed to the Board of Directors effective 20 September 2023 and has been appointed as the Chairperson of the Audit and Risk Committee.

## 9. Going concern

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

## 10. Approval of the financial statements

The unaudited condensed consolidated interim financial statements were approved by the Board of Directors on 7 March 2024 and are signed on its behalf by:

**J Voigt**  
Chief Executive Officer

**BR Topham**  
Chief Financial Officer

Waterfall City  
27 March 2024

## FINANCIAL RESULTS

The unaudited condensed consolidated financial statements for the six months ended 31 December 2023 are presented below:

### Unaudited Condensed Consolidated Statement of Financial Position

as at 31 December 2023

		31 December 2023 Unaudited R	30 June 2023 Audited R	31 December 2022 Unaudited R
	Notes			
<b>Assets</b>				
<b>Non-current assets</b>				
		<b>44,231,385</b>	<b>45,611,216</b>	<b>48,286,365</b>
Property, plant and equipment	5	6,726,312	6,441,342	6,730,640
Right of use assets	5	10,005,672	11,464,218	13,051,149
Intangible assets	5	417,005	551,271	728,889
Goodwill	6	22,952,676	22,952,676	22,952,676
Deferred tax		3,439,720	3,511,709	4,133,011
Restricted Cash		690,000	690,000	690,000
		<b>7,575,672</b>	<b>10,135,397</b>	<b>5,933,308</b>
<b>Current assets</b>				
Inventories		469,533	646,859	483,873
Trade and other receivables	7	2,974,041	7,044,091	2,936,707
Prepaid expenses		1,241,063	-	673,303
Current tax receivable		-	65,802	-
Cash and cash equivalents		2,891,035	2,378,645	1,839,425
		<b>51,807,057</b>	<b>55,746,613</b>	<b>54,219,673</b>
<b>Total assets</b>				
<b>Equity and liabilities</b>				
<b>Total equity</b>				
		<b>37,605,206</b>	<b>37,414,834</b>	<b>36,482,058</b>
Share capital		15,411,588	15,474,935	15,484,989
Retained earnings		22,193,618	21,939,899	20,997,069
<b>Non-current liabilities</b>				
		<b>4,457,165</b>	<b>6,711,329</b>	<b>9,094,048</b>
Borrowings	9	152,810	369,139	609,250
Lease liabilities	8	4,304,355	6,342,190	8,309,558
Deferred tax		-	-	175,240
		<b>9,744,686</b>	<b>11,620,450</b>	<b>8,643,567</b>
<b>Current liabilities</b>				
Trade and other payables		4,931,892	6,747,529	3,477,939
Borrowings	9	469,507	601,204	746,615
Lease liabilities	8	4,124,848	4,031,373	4,075,158
Shareholders for dividend		89,612	146,445	232,540
Current tax payable		128,827	93,899	111,315
		<b>14,201,851</b>	<b>18,331,779</b>	<b>17,737,615</b>
<b>Total liabilities</b>				
<b>Total equity and liabilities</b>				
		<b>51,807,057</b>	<b>55,746,613</b>	<b>54,219,673</b>
<b>Number of shares in issue</b>				
	4	<b>57,482,830</b>	<b>57,482,830</b>	<b>57,482,830</b>
Net asset value per share (cents)		65,42	64,01	63,47
Net tangible asset value per share (cents)		18,78	15,67	15,08

**Unaudited Condensed consolidated statement of comprehensive income**  
for the six months ended 31 December 2023

	Notes	31 December 2023 Unaudited R	31 December 2022 Unaudited R
Revenue	11	29,985,955	31,053,202
Cost of Sales		(13,207,740)	(13,590,774)
<b>Gross profit</b>		<b>16,778,215</b>	<b>17,462,428</b>
Other Income		152,436	155,060
Operating expenses		(12,948,640)	(14,223,610)
<b>Operating profit</b>		<b>3,982,011</b>	<b>3,393,878</b>
Depreciation and amortisation	5	(2,931,836)	(3,387,068)
Investment revenue		141,349	79,346
Finance costs		(800,376)	(835,607)
Profit/(Loss) before income tax		<b>391,148</b>	<b>(749,451)</b>
Income tax		(80,608)	109,735
<b>Profit/(Loss) for the period</b>		<b>310,540</b>	<b>(639,716)</b>
Other comprehensive income for the period		-	-
<b>Total comprehensive Profit/(Loss) for the period</b>		<b>310,540</b>	<b>(639,716)</b>

**Per share information**

Basic earnings/(loss) per share (cents)	<b>0,55</b>	<b>(1,15)</b>
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**Unaudited Condensed consolidated statement of changes in equity**  
for the six months ended 31 December 2023

	Share Capital R	Share Premium R	Total share Capital R	Retained Earnings R	Total Equity R
<b>Balance at 1 July 2022</b>	<b>5,576</b>	<b>14,148,683</b>	<b>14,154,259</b>	<b>22,053,616</b>	<b>36,207,875</b>
Loss for the period	-	-	-	(639,716)	(639,716)
<b>Total comprehensive loss for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(639,716)</b>	<b>(639,716)</b>
Transaction with owners:					
Shares issued	122	1,397,261	1,397,383	-	1,397,383
Treasury shares	-	(66,653)	(66,653)	-	(66,653)
Dividends	-	-	-	(416,831)	(416,831)
<b>Total transactions with owners</b>	<b>122</b>	<b>1,330,608</b>	<b>1,330,730</b>	<b>(1,056,547)</b>	<b>274,183</b>
<b>Balance at 31 December 2022</b>	<b>5,698</b>	<b>15,479,291</b>	<b>15,484,989</b>	<b>20,997,069</b>	<b>36,482,058</b>
Profit for the period	-	-	-	1,055,722	1,055,722
<b>Total comprehensive profit for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,055,722</b>	<b>1,055,722</b>
Transaction with owners:					
Shares issued	-	-	-	-	-
Treasury shares	-	(10,054)	(10,054)	-	(10,054)
Dividends	-	-	-	(112,892)	(112,892)
<b>Total transactions with owners</b>	<b>-</b>	<b>(10,054)</b>	<b>(10,054)</b>	<b>942,830</b>	<b>932,776</b>
<b>Balance at 30 June 2023</b>	<b>5,698</b>	<b>15,469,237</b>	<b>15,474,935</b>	<b>21,939,899</b>	<b>37,414,834</b>
Profit for the period	-	-	-	310,540	310,540
<b>Total comprehensive profit for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>310,540</b>	<b>310,540</b>
Transaction with owners:					
Shares issued	-	-	-	-	-
Treasury shares	-	(63,347)	(63,347)	-	(63,347)
Dividends	-	-	-	(56,821)	(56,821)
<b>Total transactions with owners</b>	<b>-</b>	<b>(63,347)</b>	<b>(63,347)</b>	<b>253,719</b>	<b>190,372</b>
<b>Balance at 31 December 2023</b>	<b>5,698</b>	<b>15,405,890</b>	<b>15,411,588</b>	<b>22,193,618</b>	<b>37,605,206</b>

## Unaudited Condensed consolidated statement of cash flows

for the six months ended 31 December 2023

	31 December 2023 Unaudited R	31 December 2022 Unaudited R
<b>Cash flows from operating activities</b>		
Cash generated by operations	4,689,687	4,235,791
Finance costs	(800,376)	(835,607)
Income taxes received/(paid)	89,111	(109,383)
<b>Net cash generated from operating activities</b>	<b>3,978,422</b>	<b>3,290,801</b>
<b>Cash flow from investing activities</b>		
Purchase of property, plant and equipment	(1,144,473)	(1,309,972)
Investment income received	141,349	79,346
<b>Net cash used in investing activities</b>	<b>(1,003,124)</b>	<b>(1,230,626)</b>
<b>Cash flow from financing activities</b>		
Dividends paid	(56,834)	(551,923)
Purchase of treasury shares	(63,347)	(66,652)
Repayment of borrowings	(348,025)	(500,824)
Repayment of leases	(1,994,702)	(1,449,875)
<b>Net cash used in financing activities</b>	<b>(2,462,908)</b>	<b>(2,569,274)</b>
Total cash movement for the period	512,390	(509,099)
Cash and cash equivalents at the beginning of period	2,378,645	2,348,524
<b>Cash and cash equivalents at the end of period</b>	<b>2,891,035</b>	<b>1,839,425</b>

## Notes to the provisional condensed consolidated financial statements

for the six months ended 31 December 2023

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

The unaudited condensed consolidated interim financial results for the six months ended 31 December 2023 are prepared in accordance with the requirements of the JSE Limited's Listings Requirements ("Listings Requirements") and the requirements of the Companies Act of South Africa. The Listings Requirements require interim financial statements to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards ("IFRS") and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by Financial Reporting Standards Council and to also, as a minimum, contain the information required by IAS 34 Interim Financial Reporting.

The information included in this announcement, including the results and any forward-looking information, were not audited or reviewed by the Company's auditors, Nexia SAB&T.

The Directors take full responsibility for the preparation of these condensed, unaudited interim financial results. These results were prepared under the supervision of Chief Financial Officer, Mr Brandon Topham CA (SA).

### 2. Accounting policies

These unaudited condensed consolidated interim financial statements do not include all the information and disclosures required for complete annual financial statements prepared in accordance with IFRS and should be read in conjunction with the Group's annual financial statements as at 30 June 2023. The accounting policies adopted in the preparation of these unaudited condensed consolidated interim financial statements are consistent with those followed in the Group's annual consolidated financial statements for the year ended 30 June 2023.

*New standards and interpretations in issue not yet effective*

The Group has chosen not to early adopt standards and interpretations issued not yet effective, which have been published and are mandatory for the Group's accounting periods beginning on or after 01 July 2023 or later periods. These standards will be implemented in the applicable year for which they are mandatory. It is unlikely to have a material impact on the future implementation of any of these standards.

### 3. Financial risk management

There has been no material change in the Group's financial risk management objectives and policies compared to those disclosed in the consolidated annual financial statements as at and for the year ended 30 June 2023.

### 4. Share capital

The Company did not issue additional shares during the period.

	<b>31 December 2023 Unaudited</b>	<b>31 December 2022 Unaudited</b>
<b>Number of shares</b>		
<b>Balance at the beginning of the period</b>	<b>57,482,830</b>	<b>55,759,670</b>
Shares issued during the period	-	1,723,160
<b>Balance at the end of the period</b>	<b>57,482,830</b>	<b>57,482,830</b>

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

	<b>Property, plant and equipment R</b>	<b>Right of use assets R</b>	<b>Intangible assets R</b>
<b>Carrying value 1 July 2022</b>	<b>7,172,580</b>	<b>13,993,272</b>	<b>906,509</b>
Additions	1,309,972	-	-
Lease addition	-	699,200	-
Depreciation for the period	(1,727,849)	(1,481,600)	(177,620)
Assets transferred	159,723	(159,723)	-
Assets scrapped	(74,104)	-	-
Assets transferred to inventory	(109,682)	-	-
<b>Carrying value 31 December 2022</b>	<b>6,730,640</b>	<b>13,051,149</b>	<b>728,889</b>

	<b>Property, plant and equipment R</b>	<b>Right of use assets R</b>	<b>Intangible assets R</b>
<b>Carrying value 1 July 2023</b>	<b>6,441,342</b>	<b>11,464,218</b>	<b>551,271</b>
Additions	1,813,721	50,342	-
Lease addition	-	-	-
Depreciation for the period	(1,289,028)	(1,508,542)	(134,266)
Assets transferred	-	-	-
Assets scrapped	(51,925)	-	-
Assets transferred to inventory	(187,798)	(346)	-
<b>Carrying value 31 December 2023</b>	<b>6,726,312</b>	<b>10,005,672</b>	<b>417,005</b>



## 6. Goodwill

	Cost R	Impairment R	Carrying Value R
<b>Balance at 1 July 2022</b>	<b>22,952,676</b>	-	<b>22,952,676</b>
Acquisitions	-	-	-
<b>Balance at 31 December 2022</b>	<b>22,952,676</b>	-	<b>22,952,676</b>
Acquisition	-	-	-
Impairment in the period	-	-	-
<b>Balance at 30 June 2023</b>	<b>22,952,676</b>	-	<b>22,952,676</b>
Impairment in the period	-	-	-
<b>Balance at 31 December 2023</b>	<b>22,952,676</b>	-	<b>22,952,676</b>

### Assessment of recoverable amounts

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

## 7. Trade and other receivables

	31 December 2023 Unaudited R	31 December 2022 Unaudited R
<b>Financial Instruments</b>	<b>2,175,970</b>	<b>1,957,953</b>
Trade debtors	2,266,283	2,692,633
Provision for expected credit loss allowance	(90,313)	(734,680)
	<b>598,966</b>	<b>647,717</b>
Deposits	71,695	64,392
Accruals for revenue	442,559	537,089
Other	84,712	46,236
	<b>2,774,936</b>	<b>2,605,670</b>
<b>Non-Financial instruments</b>		
VAT	199,105	331,037
	<b>2,974,041</b>	<b>2,936,707</b>

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

## 8. Lease liabilities

	31 December 2023 Unaudited R	31 December 2022 Unaudited R
<b>The maturity analysis of lease liabilities is as follows</b>		
Within one year	5,014,283	5,338,736
Two to five years	5,183,653	9,997,338
	<b>10,197,936</b>	<b>15,336,074</b>
Less: finance charges component	(1,768,733)	(2,951,358)
	<b>8,429,203</b>	<b>12,384,716</b>
Non-current liabilities	4,304,355	8,309,558
Current liabilities	4,124,848	4,075,158

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

## 9. Borrowings

	31 December 2023 Unaudited R	31 December 2022 Unaudited R
<b>The maturity analysis of borrowings is as follows</b>		
Within one year	545,527	910,090
Two to five years	184,068	701,064
	<b>729,595</b>	<b>1,611,154</b>
Less: finance charges component	(107,278)	(255,289)
	<b>622,317</b>	<b>1,355,865</b>
Non-current liabilities	152,810	609,250
Current liabilities	469,507	746,615

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

## 10. Segment reporting

IFRS 8 requires an entity to report financial and descriptive information about its reportable segments, which are operating segments or aggregations of operating segments that meet specific criteria.

Operating segments are components of an entity about which separate financial information is available, and that are evaluated regularly by the Chief Operating Decision Maker. The Chief Executive Officer is the Chief Operating Decision Maker ("CODM") of the Group.

During the year, the Group changed the way the business is reported on by the CODM. As a result, the Group's reporting segments for the period ended 31 December 2023 are Catalytic Connections and Contineo; PerfectWorx; Ultra DC and Corporate and the comparatives have been restated accordingly as Catalytic Connections and Contineo engage in similar business activities.

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.

Period ended 31 December 2022	Catalytic Connections & Contineo R	Perfect Worx R	Ultra DC R	Corporate R	Consolidation R	TOTAL R
Revenue external	28,583,508	1,713,931	755,763	-	-	31,053,202
Revenue internal	5,067,518	1,760,823	761,616	4,940,982	(12,530,939)	-
EBITDA*	910,867	335,473	428,647	1,724,564	(5,673)	3,393,878
Adjusted for:						
Depreciation and amortisation	(2,272,197)	(7,574)	(212,693)	(894,603)	-	(3,387,067)
Interest received	18,736	-	-	60,610	-	79,346
Finance costs	(391,145)	-	(50,290)	(394,173)	-	(835,608)
Net profit/(loss) before tax	(1,733,739)	327,899	165,664	496,398	(5,673)	(749,451)
Total Assets	21,015,464	2,730,000	4,204,075	55,763,496	(29,493,362)	54,219,673
Total Liabilities	26,035,703	482,564	5,040,464	16,336,085	(30,157,201)	17,737,615

Period ended 31 December 2023	Catalytic Connections & Contineo R	Perfect Worx R	Ultra DC R	Corporate R	Consolidation R	TOTAL R
Revenue external	28,143,294	548,398	1,294,263	-	-	29,985,955
Revenue internal	3,597,253	2,174,214	866,676	2,615,000	(9,253,143)	-
EBITDA*	3,521,141	15,001	519,204	(72,098)	(1,237)	3,982,011
Adjusted for: Depreciation and amortisation	(2,204,886)	-	(264,511)	(462,439)	-	(2,931,836)
Interest received	31,218	-	-	110,131	-	141,349
Finance costs	(326,883)	-	(168,645)	(304,848)	-	(800,376)
Net profit/(loss) before tax	1,020,590	15,001	86,048	(729,254)	(1,237)	391,148
Total Assets	20,621,180	3,103,426	3,079,566	52,347,697	(27,344,812)	51,807,057
Total Liabilities	23,090,624	842,526	3,315,123	14,059,273	(27,105,696)	14,201,850

\* Earnings before interest, tax, depreciation, and amortisation

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

## 11. Disaggregation of revenues

	31 December 2023 Unaudited	31 December 2023 Unaudited	31 December 2023 Unaudited	31 December 2022 Unaudited
	Catalytic Connections & Contineo			
	Total	PerfectWorx	Ultra DC	Total
Equipment sales	<b>2,880,048</b>	1,713,432	1,166,616	2,060,933
Rendering of services	<b>33,744,050</b>	30,027,115	1,555,996	36,582,226
	<b>36,624,098</b>	<b>31,740,547</b>	<b>2,722,612</b>	<b>38,643,159</b>
Internal revenue	(6,638,143)	(3,597,253)	(2,174,214)	(7,589,957)
	<b>29,985,955</b>	<b>28,143,294</b>	<b>548,398</b>	<b>31,053,202</b>
<b>Sale of Goods</b>				
Equipment sales	<b>2,880,048</b>	1,713,432	1,166,616	<b>2,060,932</b>
<b>Rendering of services (Catalytic)</b>				
Usage	<b>4,261,356</b>	4,261,356	-	<b>5,665,234</b>
Connectivity fees	<b>14,424,170</b>	14,424,170	-	<b>14,849,333</b>
Service fees	<b>15,058,524</b>	11,341,589	1,555,996	<b>16,067,659</b>
	<b>33,744,050</b>	<b>30,027,115</b>	<b>1,555,996</b>	<b>36,582,226</b>
<b>Total</b>	<b>36,624,098</b>	<b>31,740,547</b>	<b>2,722,612</b>	<b>38,643,158</b>

### Timing of Revenue

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

## 12. Earnings, headline earnings and dividends

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

	31 December 2023 Unaudited R	30 June 2023 Audited R	31 December 2022 Unaudited R
<b>Headline earnings reconciliation:</b>			
Profit (Loss) attributed to equity holders of the company	310,540	416,006	(639,716)
Loss on assets scrapped	38,155	45,384	74,104
<b>Headline earnings (loss)</b>	<b>348,695</b>	<b>461,390</b>	<b>(565,612)</b>
Headline earnings (loss) per share (cents)	0.61	0.73	(1.02)
Number of shares in issue	57,482,830	57,482,830	57,482,830
Weighted average shares in issue	56,663,822	56,890,296	55,450,353
Dividends declared per share (cents)	0.201	0.85	0.75

## 13. Related party transactions

Members of Key Management

J Voigt	Executive Director
BR Topham	Executive Director
Non-Executive Directors	MB Pretorius
	WF Steinberg
	M Tappan
	DJ Bate
	MJ Krastanov

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

MB Pretorius	Snowy Owl Properties 82 (Pty) Ltd
	TeleMasters (Pty) Ltd
	Zero Plus Trading 194 (Pty) Ltd
	Spero Sensors and Instruments (Pty) Ltd

A Voigt (Spouse of a director)	Level This CC
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Details of transactions and balances occurring between the company and the related parties are presented below:

	31 December 2023 R	31 December 2022 R
<b>Consulting fees paid to:</b>		
Zero Plus (Pty) Ltd	147,000	180,000
Level This CC	940,000	1,005,000
	<b>1,087,000</b>	<b>1,185,000</b>
<b>Sales to:</b>		
Spero Sensors and instruments (Pty) Ltd	438,209	346,859
	<b>438,209</b>	<b>346,859</b>
<b>Trade and other payables:</b>		
Level This CC	129,341	129,341
MB Pretorius	199,998	-
DJ Bate	124,500	-
WF Steinberg	124,500	-
M Tappan	124,500	-
MJ Krastanov	62,250	-

**Compensation to Key management ^**

MB Pretorius	199,998	199,998
DJ Bate	124,500	124,500
WF Steinberg	124,500	124,500
M Tappan	124,500	124,500
T Smith	-	124,500
MJ Krastanov	62,250	-
J Voigt	720,000	720,000
BR Topham	124,500	-
W Roos	-	550,500
<b>Total</b>	<b>1,480,248</b>	<b>1,968,498</b>

*^During the year, the Group changed the way the compensation to key management is reported in the related party transactions note. As a result, the Group's reporting segments for the period ended 31 December 2022 have been restated accordingly.*

**14. Litigation**

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

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

**15. Subsequent events**

There were no significant events subsequent to the period end.

**16. Corporate information**

**Directors:** DJ Bate<sup>\*\*</sup>, MB Pretorius<sup>\*</sup>, WF Steinberg<sup>\*\*</sup>, M Tappan<sup>\*\*</sup>, MJ Krastanov<sup>\*\*</sup>, J Voigt, BR Topham  
(\* non-executive director # independent non-executive director)

**Registered address:** Ground Floor, Building 2, ATT House, Maxwell Office Park  
Magwa Crescent West, Waterfall City 2090  
P.O. Box 68255 Highveld Park 0169

**Company secretary:** S Ramirez-Victor

**Auditors:** Nexia SAB&T  
119 Witch-Hazel Avenue, Highveld Techno Park, Centurion

**Transfer secretaries:** JSE Investor Services Proprietary Limited

**Designated Advisor:** AcaciaCap Advisors Proprietary Limited

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

**By order of the Board**  
**Waterfall City**

**27 March 2024**