TELE MASTERS HOLDINGS

2023

INTEGRATED ANNUAL REPORT

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TECHNOLOGY FOCUSED INVESTMENT COMPANY

HIGHLIGHTS

Revenue decreased by **1.29% to R64 million** due to reduced variable usage caused by the hybrid working model

Gross profit margin improved from **54.5% to 56%** and **operational expenses were reduced by 5.1% due to an increased focus on expense control**

EBITDA of **R8 million achieved** compared to **R7 million** the previous year

Profit after taxation of **R0.4 million** was achieved compared to a loss of **R1.9 million** in the previous year

Ultra Datacentre gaining traction with **59% of racks occupied and contracted**

Investment of **R2 million** in **equipment** to **create additional revenue growth opportunities**

Dividends of 0.85 cents were declared during the year with a **final dividend of 0.1 cents**

CORPORATE PROFILE

TeleMasters Holdings Limited ("TeleMasters" or "the Group") is a diversified technology investment firm. The various companies under our umbrella complement each other, with a primary focus on advancing digital transformation, enabling next-generation connectivity, and expediting the development of intelligent work environments. Our overarching goal is to generate and enhance shareholder value through responsible growth, strategic acquisitions and targeted investments.

VISION AND MISSION

Our **Vision**

We work collaboratively with our customers, partners, and employees to ensure a seamless alignment of ICT (Information and Communication Technology) solutions. Customers consistently choose and remain loyal to us because we emerge as their trusted advisors for all their technology-related needs.

Our **Mission**

We nurture professional relationships with our customers to deliver efficient and dependable ICT solutions that fully meet their requirements. Our extensive experience uniquely positions us to provide solutions that unlock increased operational efficiency, boost productivity, and yield cost savings, regardless of the industry or the location of our customers.

The Group consists of the following entities:

TELE MASTERS HOLDINGS

catalytic

CONTINEO VIRTUAL COMMUNICATIONS

perfectworx CONSULTING

ULTRA DATACENTRE

catalytic

Catalytic Connections ("Catalytic") is a versatile ICT managed solutions provider, offering a comprehensive range of essential services to small and medium-sized enterprises. Our offerings encompass digital connectivity, cloud communications, cloud services, and cloud security. We are dedicated to providing critical Managed Services and solutions that empower businesses to strategically engage with a single service provider.

Beyond our technological offerings, Catalytic is driven by a deep commitment to enhancing human connections as well as business productivity. We believe that the cornerstone of every successful business lies in the strong bonds between individuals. From our perspective, conversations are inherently tied to the human experience, and connections are fundamentally human in nature. Technology has never been the primary focus - it has always been, and will always remain, about people.

CONTINEO
VIRTUAL COMMUNICATIONS

At Contineo Virtual Communications ("Contineo"), our mission is to simplify communications technology to make it easier to share experiences, enhance productivity and meet the demands of businesses by enabling faster and more seamless connections.

Contineo operates a cutting-edge Unified Communications ("UC") platform built on Cisco BroadSoft technology. This platform empowers customers to shift all their voice and UC traffic to the cloud, transforming Contineo from a traditional wholesale reseller of voice minutes into South Africa's largest independent supplier of the Cisco BroadSoft communications platform.

Contineo stands as a premier provider of top-tier Wholesale Cloud Communications solutions in South Africa with a dedicated focus on equipping partners to offer best-in-class Cloud Communications services to their own customers. Our unwavering commitment lies in delivering an exceptional Quality of Experience that ensures satisfaction for both our partners and their valued clients.

Consult, engineer, execute.

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

PerfectWorx believes that technology decisions should be driven by business requirements. It endeavours to completely understand customers' business requirements and deliver technologies that work for them.

PerfectWorx delivers complete technical solutions to our customers to maximise the value, efficiency and performance of their network assets.

ULTRA DATACENTRE

The New Standard in Data Centres

Ultra Datacentre ("Ultra DC"), situated in Gauteng, South Africa, is an exceptional operator specialising in data centre services. Our primary focus revolves around delivering tailored and cutting-edge colocation solutions designed for clients who value innovation and the latest advancements in this critical domain. At Ultra DC, we pride ourselves on being a vendor and carrier neutral facility that offers a range of distinctive data center capabilities.

Our facilities boast intelligent rack infrastructure, an exceptionally secure physical environment and redundancy in connectivity vendors. Located just outside the primary jurisdictions of many other data centres, we excel in providing ultra-secure disaster recovery capabilities while also serving as a primary data centre for our clients. What sets us apart is our unparalleled utility power availability - which is both massive and scalable to meet the widest range of client needs.

Furthermore, our building is constructed to the highest security standards and classified as a national key point with bunker-like attributes. With significant available white space that can be expanded on demand, Ultra DC is your go-to partner for cutting-edge data centre solutions.

CHAIRMAN'S AND CEO'S STATEMENT

Pretorius, Mario Brönn
Chairman

Voigt, Jaco-Muller
Chief Executive Officer

Highlights of the Year

We are pleased to note a significant uptick in customer engagements. The challenging economic conditions are prompting customers to scrutinize their expenses diligently. We benefitted from a demand for higher quality services and faster deployment. It is satisfying to know that Information Communication Technology ("ICT") businesses is not just seen as another commodity.

Four years ago we set a strategy to put more services at every customer. We aimed to be more of a strategic provider of Connected ICT services than just a vendor. This meant revisiting existing customers more often and finding ways to make customer interactions easier.

Doing this at a fraction of a site visit cost is where the real savings lie. Data access has changed our world for the better – anticipating where one's customers will want to move their communication to, is one of our key strengths.

Communication cost has dropped to a fraction of corporate expenditure.

We found it easier to answer to our customers, the positives we learned are reflected in the results below.

The Group has 4 operational entities, each positioned to contribute to a holistic ICT service offering:

Contineo stands as a prominent Platform-as-a-Service provider, specialising in hosted voice communications within the South African market. Through our strategic partnership with Cisco, we maintain a steadfast position at the forefront of global technology advancements. Cisco is rolling out new applications with an emphasis on secure and reliable equipment. This commitment ensures that our clients can consistently provide world-class solutions to their own customer base.

We are particularly enthusiastic about the ongoing expansion of our service portfolio on the Cisco Broadsoft/Webex platform. Our dedication to innovation remains unwavering. We introduced the new services to the market with success. To boost this, we upped our social media presence. Voice communication represents just one facet of the multifaceted business landscape. The action is on multiple devices and on different media. We aim to make customers happier by using the latest platform.

PerfectWorx has recently become a trusted Juniper Service Provider Partner. We offer Juniper solutions to both clients and distributors. Juniper's technology plays an indispensable role for Internet Service Providers (ISPs) operating in the Southern African Development Community (SADC) region, providing the essential higher capacity and enhanced reliability needed to meet the ever-growing demands of their customer base.

Ultra Datacentre is a trusted provider of secure Data Centre facilities in South Africa. Since its inception, our primary objective has been to furnish data centre clients with authentic and practical resiliency solutions. We serve both domestic and international customers. The risks associated with relying solely on a single data centre provider – with the inherent risks - are now a thing of the past. Today, every Risk Committee in South Africa can offer their board and shareholders the assurance that achieving resilience for their critical IT systems is not only feasible but also cost-effective.

We are thrilled about the substantial pipeline of local and international customers we have cultivated over the past year. Although the sales cycle for data centre services is far lengthier than our other business endeavours, we are highly optimistic about the growth prospects awaiting Ultra DC. It is unique in its location, access to power and has significant expansion capability.

Catalytic is dedicated to comprehensive Connected ICT Services. Our strategy for expanding and upgrading these services is steadily coming into its own, and our customers are showing strong positive responses to our Solutions Roadmap proposal. We try to imagine the office of the future and what it would function like. This is where we need to be in the future too – trusted to keep our customers abreast of the most efficient ways of doing impersonal business. The C-suite spends much time in front of the users. We try to shape the thinking to get ready for a world of great competition from artificial intelligence ("AI") and whatever that will bring.

Overall, we believe that the current economic conditions, the regulatory landscape, the increasing commoditisation of data and voice services, and the automation driven by technological advancements poises the market for consolidation. We are confident that our listed entity is ready to capitalize on and create opportunities within this evolving landscape.

Commentary on Operating Results

It is pleasing to report a turnaround on profits. It is important to understand that the businesses have substantial non-cash items as expenses, the metric to the Board is always the size of the margins and the size of the cash generated from operations.

The Board is pleased to announce that margins are higher at 56%. We are even more pleased to report that cash generated from operations is R1 million higher at R9 million for the year. Ultra DCand PerfectWorx had significant contributions here. We built annuity income-based businesses that makes for steady revenue.

Financial discipline remains a key focus area for the Group - during the past financial year we managed to reduce operational expenses by 5.1% over the previous year.

The Group continued to invest in capital equipment during the period to underpin future revenues. This investment was funded primarily from the Group's internal cash flow.

The year saw a more diligent approach to expense and cash management in a market where debt and equipment financing is progressively more difficult to obtain. The hunt for efficiencies and simplified processes continues.

Future Outlook

In a mature market like ICT, the imperative is to exert extra effort for more, better and business-appropriate services at prices that customers see value. We have full confidence that our Connect ICT services strategy is precisely what the market demands, and our dedicated team, is deeply committed and motivated to bringing this vision to fruition.

We are particularly enthusiastic about the potential that Ultra DC represents, and as this offering continues to evolve, our primary focus will be on converting our pipeline into uniquely satisfied customers.

Appreciation

Our existence is not solely for ourselves but is intricately tied to our many loyal customers, and we are grateful for their unwavering support. Where they can profit, we can too.

We extend our heartfelt gratitude to all our service providers and other valued stakeholders for their loyalty and patronage. Such partnerships are invaluable.

To our esteemed board members, we appreciate your vigilant oversight and invaluable guidance and contributions.

To our dedicated team members who wholeheartedly commit themselves to achieve fulfillment and success, we thank them for making our vision tangible.

Our journey towards success would be slow and difficult otherwise. We look forward to a continued long and mutually beneficial relationship with all of our stakeholders in the years to come.

Pretorius, Mario Brönn
Chairman

Voigt, Jaco-Muller
Chief Executive Officer

THE BOARD

during the year under review

Mr Jaco-Muller Voigt
Chief Executive Officer
Executive

Mr Mario Brönn Pretorius
Non-Executive
Chairman

Mrs Talana Smith
Independent
Non-Executive

Mr Willem Frederik Steinberg
Independent
Non-Executive

Ms Mariette Tappan
Independent
Non-Executive

Dr David Bate
Independent
Non-Executive

Prof Brandon Rodney Topham
Acting Chief Financial Officer
Executive

DIRECTORS' PROFILES

Mr Mario Brönn Pretorius
Non-Executive (66)

Mario matriculated at Afrikaans Hoër Seunskool, Pretoria in 1974 and obtained a Bachelor of Commerce degree in 1979 from Potchefstroom University. His early career exposed him to the international business world and he held marketing positions in Oslo, Norway, and in Ann Arbor, Michigan, USA.

In 1984 Mario obtained his MBA from the University of Cape Town. In corporate life he spearheaded the listing of Aida Holdings Limited in 1987 and later served as a Non-Executive Director of Nimbus Holdings Limited in 1989. In 1991, he changed tack from MD to entrepreneur.

Mario has established various successful enterprises in legal services, telecommunications, real estate development and farming and successfully completed several management buy-outs in the mining supply and engineering sectors. He holds several professional short course qualifications and acts as Chairman for 6 companies and CEO of three other companies. As founder and prior CEO of TeleMasters, Mario remains committed to expanding the scope and success of the Group.

Mr Jaco-Muller Voigt
Chief Executive Officer (49)

In 1996, Jaco earned a Bachelor of Social Sciences degree from the University of the Orange Free State. His professional journey began in 1998 when he joined DataPro in the communications industry. Over the years, he has held various management roles within the organization which culminated in his role as a co-founder and Managing Director of VoxTelecom.

In 2007, Jaco decided to venture into entrepreneurship and founded PerfectWorx Consulting, a specialized consulting firm offering professional services to entities entering the Next Generation Network arena. Today, PerfectWorx Consulting serves a diverse clientele in the telecommunications industry, including established operators and various VANS operators.

In 2010, Jaco embarked on a new endeavour by launching Contineo Virtual Communications, a wholesale cloud communications provider. What initially began as a virtual PABX service evolved into a comprehensive unified communications platform, empowering businesses to efficiently manage and exchange various forms of information among mobile employees, virtual teams and geographically dispersed customers.

In 2020, both PerfectWorx and Contineo found a new home under the umbrella of TeleMasters through acquisition. Jaco assumed the role of CEO at TeleMasters on 1 January 2018 and leads the Group in the next phase of its development.

DIRECTORS' PROFILES (CONTINUED)

Mr Willem Frederik Steinberg (Fred)
Independent Non-Executive (59)

Fred boasts over three decades of experience in the information and telecommunications technology sectors. His journey began as a software engineer and project manager. He later embarked on the path of entrepreneurship by establishing several prosperous IT enterprises. Among these ventures, Fred founded Communication Genetics, a prominent South African company renowned for its top-notch Customer Communication Solutions. Additionally, he established Isonet SA, a comprehensive cloud-based customer communications management solution. Fred's entrepreneurial spirit also led him to co-found and serve as a Director at I Am App (Pty) Ltd. This Company specializes in providing low-code, full-stack Business Process Automation solutions that facilitate enterprise digital transformation through use of cutting-edge products and turnkey services.

Ms Mariette Tappan
Independent Non-Executive (60)

Mariette, (B.Com, CFP®, CeFT®) is a Partner at Adviceworx, a Financial advice business that assists clients to grow and preserve their wealth. Prior to joining Adviceworx, she was an Executive Financial Advisor at Liberty Life. Mariette currently serves on the Financial Planning Institutes' Client Engagement Committee and is a member of the Woman in Finance Organisation and the South African Council for Business Women (SACBW).

Mariette holds the distinction of being the first Certified Financial Transitionist Planner in Africa and, with over 30 years' experience, she is an industry pioneer with a deep-rooted commitment to holistic financial health based on making well-informed decisions. Mariette firmly believes in the value that diversity brings to the economy and supports thoughtful leadership and creativity. She advocates for authenticity and value-driven service for clients.

Mrs Talana Smith
Independent Non-Executive (56)

Talana is a CA (SA) and holds, inter alia, a Masters in Financial Management and a CIMA qualification in International Cost Accounting. Talana has held various senior executive and management roles including that of Chief Financial Officer of TeleMasters and Financial Director of Atterbury Property Group, Director of Mergers at Attacq Limited (pre-listing) and Company Secretary of Attacq Limited. Talana is currently the HR and BEE Transformation Manager at Safari Investments RSA Limited where she also serves on the Social and Ethics Committee and is part of the management team. Talana is also Chairperson of the ELEOS Charity.

Dr David Bate
Independent Non-Executive (55)

David has over 30 years of experience making an impact as an investment banker, lawyer, director, entrepreneur and educator. He is Chairman and CEO of Abner Innovation Laboratories Limited, a Canadian software technology company. He is also Chairman of the Board of Advisors of Velocia Investment Management Company SA, an international investment firm. He was previously Deputy Chairman and CEO of Brookwood Capital Corporation, an international investment banking firm. David has founded or co-founded several businesses in the investment banking, software, financial technology, real estate and wine industries. He has worked for ABN AMRO Bank and ABN AMRO Securities in Johannesburg, the Royal Bank of Canada in Singapore and an American law firm in Tokyo. David has taught ICT, finance, law and management courses at university levels. He holds numerous academic qualifications including a DPA, MSc, MBA, MPA, JD and BA.

Among other memberships, David is a member of the Institute of Directors in Southern Africa (IoDSA) and the Institute of Corporate Directors (ICD) in Canada and a practicing attorney associated with a law firm in South Africa

DIRECTORS' PROFILES (CONTINUED)

Prof Brandon Rodney Topham
Acting Chief Financial Officer (52)

Brandon served as an Executive Director and later as a Non-Executive Director for TeleMasters from February 2006 to January 2019 when he left to join the Financial Sector Conduct Authority as Divisional Executive for Enforcement. He is an accomplished business executive with considerable local and international experience in forensic accounting, financial services, corporate governance, finance and commercial law.

Brandon is an experienced forensic accountant having performed work in most industries in many areas of financial misconduct. He is a qualified Chartered Accountant in South Africa and an Admitted Advocate of the High Court of South Africa as well as a non-practicing member on the roll of the Solicitors Regulation Authority of England & Wales. He holds a Bachelor of Law (LLB); a B.Proc, B.Compt; B.Compt (Hons) Master of Law (LLM) and Master of Business Administration as well as other qualifications.

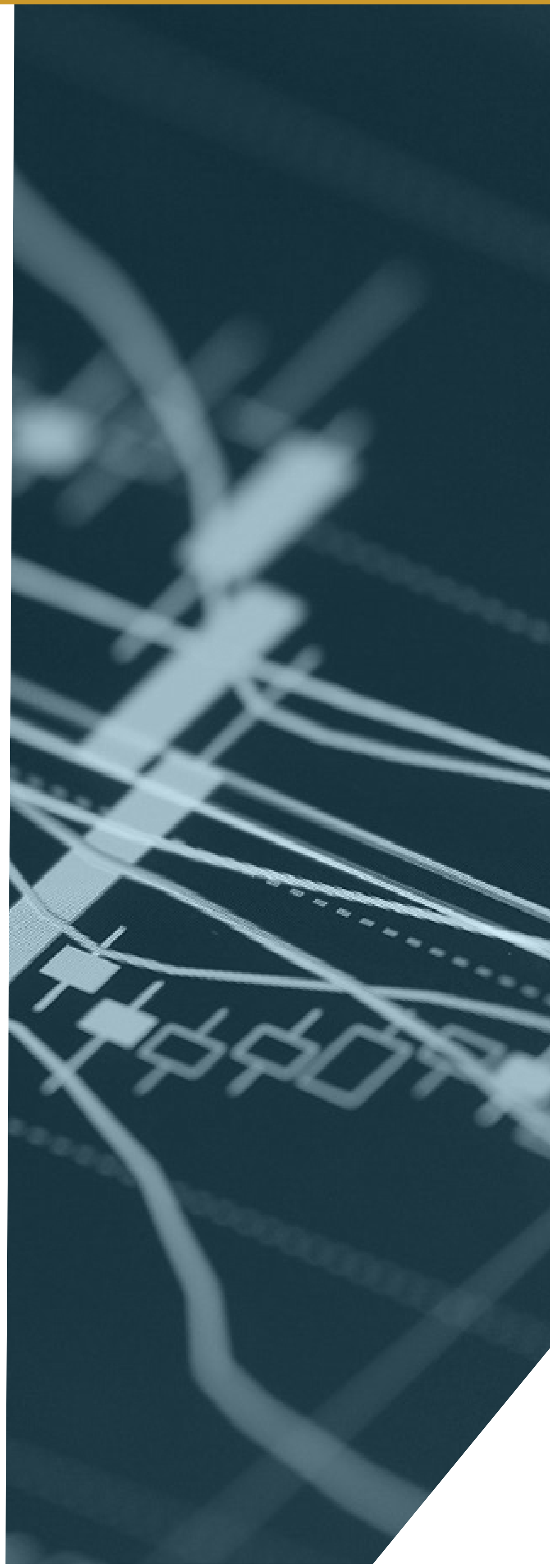
He has held a number of leadership and advisory positions.

Ms Michelle Julie Krastanov
Independent Non-Executive (57)

Michelle holds a B.Com and B.Acc from the University of Witwatersrand, is a CA(SA) and JSE Approved Executive. Michelle joined Price Waterhouse (now PWC) in 1987 and completed her articles in January 1990. She was an Assistant Manager and Manager until early 1994 when she joined Kingfisher Finance International, a joint venture between management and FirstCorp Merchant Bank. This company was wound down after the restructuring of FirstCorp Merchant Bank and Michelle formed a new entity, Kingfisher Corporate & Executive, in January 1996 to retain employees and continue the business. Kingfisher focused primarily on corporate finance and JSE Listings for almost six years.

In October 2001, Michelle joined the Arcay group of companies to establish and manage the JSE sponsor business, growing the client base over the past 22 years. The sponsor business was acquired from the group through a management buyout in 2013. Michelle manages the sponsor business, acquiring full ownership in October 2019.

Michelle has served on a number of listed company boards and audit risk committees during her career. She has a sophisticated understanding of JSE Listing Requirements, IFRS and the Companies Act as well as extensive professional experience with deal structuring and business.



CORPORATE GOVERNANCE REPORT

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CORPORATE GOVERNANCE REPORT

The Board hereby confirms its commitment to the principles of integrity, competence, fairness, accountability, responsibility and transparency. Through this process, Shareholders and other stakeholders may derive assurance that the Group is being managed ethically in accordance with prudently determined risk parameters and in compliance with generally accepted corporate governance practices. The Board has examined the principles and practices of the King IV Report and the JSE Listings Requirements with regards to corporate governance. Due consideration has been given to the implementation of such prescriptions and guidelines within the Group. At a minimum, the Board has complied with the following:

1. Composition and Independence of the Board

The Directors bring a high standard of conduct and a wide range of experience, diversity, insight and independence of judgment on issues of strategy, performance and resources to the Board.

The Group has a unitary Board structure that operates under the guidance of the Non-Executive Chairman. The roles of Chairman and Chief Executive Officer (CEO) are separated. The Board currently consists of five Non-Executive Directors and two executive Directors. The Non-Executive Directors are not appointed under service contracts. Four of the five Non-Executive Directors are independent.

The Directors' terms in office are as follows:

Director	Years on the Board
Bate, David – Non-Executive, Independent	3.5 years
Pretorius, Mario Brönn – Non-Executive	16.5 years
Steinberg, Willem Frederik – Non-Executive, Independent	5 years
Tappan, Mariette – Non-Executive, Independent	5 years
Voigt, Jaco-Muller – Executive	15 years
Roos, Johannes Lodewikus – Executive	Retired 22 May 2023
Smith, Talana – Non-Executive, Independent	Resigned 3 August 2023
Krastanov, Michelle Julie - Non-Executive, Independent	Appointed 20 September 2023
Topham, Brandon Rodney – Executive	Appointed 1 June 2023

Due to the required rotation of Directors, WF Steinberg, and M Tappan will retire as Directors. Both will offer themselves for re-election at the Annual General Meeting of Shareholders. Their respective curricula vitae are set out under the Directors' Profiles section of this report.

The Directors' remuneration is not linked to the Group's financial performance.

At each Board meeting, any interests that a Director may have on any matters on the meeting agenda are disclosed prior to the commencement of the meeting in accordance with section 75 of the Companies Act, No. 71 of 2008, as amended ("Companies Act"). All Directors are aware of their duty to make full disclosure of any interests and if there are any conflicts of interest, the Director concerned is recused from the meeting and does not participate in the decision making on the matter in which he or she has an interest.

Board meetings are attended by a representative of the Company's designated advisor in accordance with the JSE Listings Requirements for companies listed on the Alternative Exchange of the Johannesburg Stock Exchange ("AltX").

The Board meets quarterly. Directors are properly briefed in respect of special business prior to Board meetings and information is timeously provided to enable them to consider all the issues being dealt with. Directors make further enquiries where necessary.

The attendance of Directors at Board meetings during the year under review, considering their dates of appointment and/or resignation, was as follows:

Name	# of meetings	# of meetings attended
Bate, David	5	4
Pretorius, Mario Brönn	5	5
Steinberg, Willem Frederik	5	4
Tappan, Mariette	5	5
Voigt, Jaco-Muller	5	5
Roos, Johannes Lodewikus**	5	4
Smith, Talana***	5	5
Topham, Brandon Rodney*	1	1

***Appointed as Director and Acting CFO with effect from 1 June 2023**

**** Resigned on 22 May 2023**

***** Resigned on 3 August 2023**

CORPORATE GOVERNANCE REPORT (CONTINUED)

1.1. Chairman of the Board

The Chairman is a Non-Executive Director and the founder and former CEO of the Company. The Chairman is not a member of the Audit and Risk Committee and does not chair the Remuneration Committee.

The roles and responsibilities of the Chairman include:

- Setting the ethical tone for the Board and the Group;
- Providing overall leadership to the Board;
- Managing relationships with Shareholders and stakeholders for trust and confidence;
- Meeting with the CEO and/or CFO and/or Company Secretary before Board meetings to discuss important issues and agree on the agenda;
- Setting the agenda for Board meetings;
- Ensuring that complete, timely, relevant and accurate information is placed before the Board for informed decisions;
- Presiding over and ensuring productive Board meetings;
- Presiding over Shareholders' meetings;
- Formulating a work plan for the Board against its set objectives;
- Ensuring that the Board's decisions are executed;
- Managing Directors' conflicts of interest by ensuring directors recuse themselves from voting on matters on which they have declared an interest;
- Ensuring the independence of the independent Non-Executive Directors is evaluated biennially;
- Acting as the link between the Board, the CEO and management;
- Mentoring, developing and encouraging the Directors;
- Ensuring that a formal annual performance evaluation of the Board, the Directors and Board Committees is conducted biennially;
- Identifying the training needs of the Directors;
- Adopting a programme of continuing professional education of the Directors;
- Identifying and participating in the selection of the Board members;
- Overseeing the succession plan for the Board and senior management; and
- Recommending the removal of non-performing or unsuitable Directors.

1.2. Chief Executive Officer

The CEO is appointed by the Board. The CEO has the ultimate responsibility for all management functions but may delegate these to management team members.

The CEO is not a member of the Remuneration Committee or Audit and Risk Committee but is invited to attend the meetings of these Committees.

The roles and responsibilities of the CEO include:

- Establishing the organisational structure for the Group;
- Recommending or appointing the executive team;
- Organising succession planning for the executive team;
- Conducting performance appraisals for the executive team;
- Developing the Group's strategy over the short and long term for approval by the Board;
- Developing and recommending business plans and budgets;
- Monitoring and reporting on the Group's performance to the Board;
- Monitoring and reporting on the Group's compliance with laws and corporate governance to the Board; and
- Creating a corporate culture that promotes sustainable ethical practices, encourages integrity and fulfils the Group's social responsibility.

CORPORATE GOVERNANCE REPORT (CONTINUED)

2. Appointment and Re-election of the Board

Directors are appointed based on the needs of the Group and the nature of its business and to ensure diversity in terms of qualifications, technical expertise, industry knowledge, experience, nationality, age, culture, race and gender.

The size of the Group does not, at this point in time, warrant the establishment of a Nominations Committee.

The following procedures are followed regarding any changes to the Board:

- A Search Committee is formed to consider filling any vacancies on the Board and any Board Committees;
- The Search Committee undertakes a needs assessment and formulates a position description to be agreed by the Board;
- The Search Committee undertakes a search for suitable candidates to serve on the Board and/or any Board Committees, ensuring that any such candidates meet the Companies Act provisions;
- The Search Committee evaluates candidates identified through such search process;
- The Search Committee makes recommendations to the Board regarding the filling of any vacancy on the Board and / or any Board Committees;
- Any new appointment is considered by the Board as a whole; and
- The Company Secretary ensures that every new Director satisfies the JSE AltX Requirements for Directors, including completion of the JSE Directors Induction Programme, as well as relevant Companies Act provisions, and provides every new Director with an induction session to ensure that every new Board member understands the Group, the business environment and their role and responsibilities as a Director of the Company.

All of the Directors have completed the JSE Induction Programme and otherwise satisfy the requirements of the Companies Act to serve as a Director of the Company

3. Roles and Functions of the Board

The Memorandum of Incorporation of the Company ("MOI") sets out the Directors' powers and conditions of appointment. The day-to-day management of the Group is vested in the Executive Directors.

The Board's main responsibilities include:

- Setting and monitoring strategy and operations based on the economic, social and environmental sustainability of the Group over the short and long-term;
- Aligning Group strategy and performance with the interests and expectations of Shareholders;
- Establishing a proper corporate governance framework;
- Setting the ethical foundation for the Group through setting and adhering to a Code of Conduct;
- Examining opportunities and implementing measures to ensure that all opportunities are appropriately evaluated;
- Maintaining governance of risk;
- Maintaining governance of information and communications technologies ("ICT");
- Establishing a framework for the delegation of authority;
- Setting a formal process for the appointment of Directors;
- Appointing a competent, suitably qualified and experienced Company Secretary;
- Establishing an effective and independent Audit and Risk Committee and approving its charter, agenda and work plan;
- Establishing a Remuneration Committee to ensure that Directors and executives are remunerated fairly and responsibly;
- Ensuring that the Group complies with all applicable laws and considers adherence to rules, codes and standards;
- Ensuring the integrity of the Group's Integrated Annual Report; and
- Reporting on the effectiveness of the Group's system of internal controls.

Two of the Board members are involved in the Group's operations daily. While retaining overall accountability and subject to matters reserved to itself, the Board has delegated authority to run the Group's day-to-day affairs to the CEO.

Directors all have unfettered access to the Company Secretary. Directors are entitled to ask questions of any personnel and have unrestricted access to all Company documentation, information and property.

CORPORATE GOVERNANCE REPORT (CONTINUED)

4. Board Committees

The Board has the following four standing committees through which it executes some of its duties: Audit and Risk Committee, Remuneration Committee, Environmental Social and Governance ("ESG") Committee and Shareholder Value Committee.

4.1. Audit and Risk Committee

The Board has established an Audit and Risk Committee as part of the Board's commitment to ensure a sound system of internal controls to safeguard stakeholders' interests and the Group's assets. The terms and functioning of this Committee are fully set out in the Audit and Risk Committee report included in the Consolidated Annual Financial Statements ("AFS").

For the majority of the year under review, the Audit and Risk Committee consisted of four independent Non-Executive Directors. The Chief Financial Officer ("CFO"), all other Directors of the Company, the External Audit Partner and a representative of the Company's designated advisor are invited to attend all meetings but have no votes. The majority of the members of the Committee are financially literate.

The Audit and Risk Committee convened on various occasions during the financial period under review as set out in the Audit and Risk Committee report included in the Consolidated Annual Financial Statements. The members of the Audit and Risk Committee met with the External Auditors and Executive Directors following completion of the audit for the year ended 30 June 2023.

The primary objective of the Audit and Risk Committee is to promote the overall effectiveness of corporate governance within the Group and includes:

- Ensuring the integrity of the Group's Integrated Annual Report, accounting and financial reporting systems;
- Ensuring compliance with applicable legislation and the requirements of regulatory authorities;
- Reviewing financial reports such as the Consolidated Annual Financial Statements, interim results announcements, integrated information, price-sensitive financial information, trading statements and circulars;
- Evaluating significant judgments and reporting decisions, including changes in accounting policies, significant unusual items and materiality:
- Recommending the Consolidated Annual Financial Statements and interim Financial Statements to the Board for approval;
- Reviewing the statement on going concern after taking into consideration the Group's future working capital requirements;
- Reviewing forecasts;
- Reporting on sustainability issues;
- Performing an annual review of the expertise, resources and experience of the Group's finance function including the CFO;
- Monitoring all contracts entered into by the Group in which any of the Directors are either beneficially or indirectly beneficially interested to ensure that all such contracts are fair and reasonable and in the best interest of the Group;
- Nominating for approval by Shareholders the appointment or re-appointment of the External Auditors and designated External Audit Partner who is independent of the Group;
- Approving the External Auditors' terms of engagement;
- Approving the External Auditor's remuneration;
- Reviewing, monitoring and reporting on the independence and objectivity of the External Auditors;
- Assessing the effectiveness of the external audit process annually;
- Defining a policy for the nature, extent and terms of non-audit services that may be performed by the external auditors for approval by the Board;
- Handling disagreements between management and the External Auditors;
- Engaging External Auditors to provide an assurance report on any summarised financial information;
- Addressing concerns raised by the External Auditors;
- Receiving notice of reportable irregularities in terms of the Auditing Profession Act, No. 26 of 2005 from the External Auditors;
- Advising on monitoring or enforcement actions against the Group;
- Ensuring that the appropriate systems are in place for monitoring risk, financial control and compliance with the law and codes of conduct;
- Performing an annual review of the design, implementation and effectiveness of internal financial controls;
- Reviewing arrangements made by the Group for "whistle blowing";
- Approving amendments to the Group's Code of Conduct;

CORPORATE GOVERNANCE REPORT (CONTINUED)

- Reporting to Shareholders at the Annual General Meeting and internally to the Board on how the Audit and Risk Committee carried out its functions;
- Reviewing the external audit and commenting on the Consolidated Annual Financial Statements, policies and internal control;
- Ensuring compliance with the King IV Report on Corporate Governance and compliance with the Group's Code of Ethics;
- Reviewing the Group's top risk and mitigation strategies;
- Reviewing the Group's directors' and officers' liability insurance; and
- Seeking confirmation from management regarding the Group's IT infrastructure and that it adequately supports the sustainability and performance objectives of the Group.

The Audit and Risk 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 Audit and Risk Committee had four scheduled meetings and one special meeting during the period under review. The attendance of Committee members at the Audit and Risk Committee meeting during the year, taking into account their dates of appointment, was as follows:

Name	# of meetings	# of meetings attended
Bate, David	5	4
Steinberg, Willem Frederik	5	4
Tappan, Mariette	5	5
Smith, Talana***	5	5
Voigt, Jaco-Muller (By invitation)	5	5
Roos, Johannes Lodewikus* (By Invitation)	5	4
Topham, Brandon Rodney** (By Invitation)	1	1

*Resigned on 22 May 2023

** appointed as Acting CFO with effect from 1 June 2023

*** Resigned on 3 August 2023

4.2. Remuneration Committee

The Remuneration Committee consists of four Non-Executive Directors. The Chairman is a Non-Executive Director.

The Remuneration Committee met twice during the period under review. The attendance of Committee members at the Remuneration Committee meeting during the year, taking into account their dates of appointment and / or resignation, was as follows:

Name	# of meetings	# of meetings attended
Bate, David	2	2
Smith, Talana*	2	2
Steinberg, Willem Frederik (Chairman)	2	2
Tappan, Mariette	2	2

*Resigned on 3 August 2023

The primary objective of the Remuneration Committee is to set the remuneration of the Directors of the Company, including:

- Reviewing the Group's remuneration philosophy which dictates the remuneration policy;
- Considering the remuneration parameters for the Chief Executive Office and Executive Directors;
- Reviewing proposed benefits to ensure that they are justified, correctly valued, and properly disclosed;
- Reviewing the recommendations of management on fee proposals for the Chairman and Non-Executive Directors and determining, in conjunction with the Board, the final proposals to be submitted to Shareholders for approval at the Annual General Meeting;
- Negotiating employment contracts for senior executives; and
- Ensuring proper disclosure of the remuneration of each individual Director and certain senior executives.

CORPORATE GOVERNANCE REPORT (CONTINUED)

Remuneration Report

Background Statement

The Group's remuneration philosophy supports its business strategy to build sustainable value, both in the short and long term, for stakeholders by adopting a high-performance culture. In the opinion of the Remuneration Committee, the remuneration of the Board, Executive Directors and employees is fair and market related. The Board recognises the value of motivating employee and team success and applies its Remuneration Policy in relation to work roles, the marketplace in which the business operates and personal performance equally, fairly, and consistently.

The Board, through the Remuneration Committee, has maintained this approach to ensure that remuneration is targeted at attracting and keeping employees with consistently high-performance standards. The Remuneration Committee and the Board recognise the value of inspiring individual and team success and is thus equitable, fair and consistent in applying the Group's Remuneration Policy.

Governance and the Remuneration Committee

The Board carries ultimate responsibility for the Remuneration Policy. The Remuneration Policy and implementation thereof are referred to Shareholders on an annual basis for the endorsement thereof and the remuneration of the Non-Executive Directors is submitted to Shareholders for approval on an annual basis.

The Remuneration Policy includes the following:

- The remuneration paid to Directors is determined on a cost-to-company basis and consists of a fee for Non-Executive Directors and a basic salary and certain fringe benefits for Executive Directors with the amounts being based on each Director's level of day-to-day responsibility and activity. These packages are not linked to the performance of the Group and the Group does not operate a share incentive scheme;
- Contracts do not allow for balloon payments on termination or severance compensation due to any change in control;
- Salaries that are fair, equitable and industry related are offered and performance to the stated goals are measured, reported, reviewed and rewarded;
- Performance payments are transparent and a true reflection of the measured contribution;
- No individual, irrespective of position, is present when their performance is evaluated and their remuneration discussed;
- No discrimination of any kind influences any remuneration decisions; and
- Key executive remuneration is approved directly by the Remuneration Committee.

The remuneration of each individual Director is set out in Note 30 of the Consolidated Annual Financial Statements.

In line with King IV, the Remuneration Policy and implementation thereof will be tabled for two separate non-binding advisory votes at the Annual General Meeting. If 25% or more of the Shareholders vote against either resolution at the Annual General Meeting, the Board will invite dissenting Shareholders to engage with the Remuneration Committee on their issues and will report back on the outcomes thereof and on any corrective measures taken.

CORPORATE GOVERNANCE REPORT (CONTINUED)

4.3. Environmental Social and Governance Committee

The Board has appointed an Environmental Social and Governance ("ESG") Committee (effectively the Social and Ethics Committee as required in terms of the Companies Act, 2008) , which comprises which comprises four Non-Executive Directors. The Committee has adopted a Charter and Terms of Reference to monitor Company activities with reference to the law and best practices.

The ESG committee oversaw aspects of the company that has an impact on the environment and society and issues that can impact the company's long-term sustainability.

The ESG Committee met twice during the period under review. The attendance of Committee members at the ESG Committee meeting during the year, taking into account their dates of appointment, was as follows:

Name	# of meetings	# of meetings attended
Bate, David	2	2
Smith, Talana*	2	2
Steinberg, Willem Frederik	2	2
Tappan, Mariette (Chairman)	2	2

*Resigned on 3 August 2023

The ESG Committee undertook the following activities during the year under review and up to the date of this report:

- Oversaw the drafting of a Group health and wellness policy;
- Received confirmation from management that the Group's activities are not in conflict with the principles of the United Nations Global Compact Principles;
- Oversaw review of the Group's Diversity Policy and Code of Conduct;
- Considered the Group's BEE status in the context of the size and nature of the Group's business; and
- Received feedback on the social projects undertaken by the Group and employees.
- Embarked on an awareness campaign on the functions of the ESG committee with in the company and reported to the board on aspects within the components of the ESG that can have a positive influence.
- The committee reviewed the reporting on matters impacting the ESG responsibilities and will continue to enhance the provision of information, policies and monitoring to comply with an efficient and functional committee.

The mandate of the ESG Committee is that:

- It has fulfilled its mandate as prescribed by the Companies Regulations to the Companies Act and there are no instances of material non-compliance to disclose; and
- To the best of its knowledge and belief, the Company continues to act in compliance with the provisions of the Companies Act, 71 of 2008 and in conformity with its Memorandum of Incorporation.

Attitude to Gratitude

The Group supports local organisations / charities on a regular basis. The goal is to invest our time in other people and ultimately change our attitudes to gratitude.

- Lifeline Johannesburg

We also sponsor Voice Connectivity services to various branches.

- We sponsor Voice services to other NGO's on a monthly basis.

4.4. Shareholder Value Committee

The Board has established a Shareholder Value Committee as part of the Board's commitment to developing, operating and growing a highly profitable business on a responsible and sustainable basis that maximises opportunities to create and accelerate Shareholder value. The Board has approved terms of reference for this Committee which set out the Committee's powers and reporting responsibilities.

The Committee consists of four Non-Executive Directors of which three are Independent Non-Executive Directors. All other Directors are invited to attend meetings of the Committee but have no vote on matters decided by the Committee. The members of the Committee are entrepreneurs who have built their own businesses and professionals with extensive experience in corporate finance and other activities related to the creation and acceleration of Shareholder value.

The primary objective of the Shareholder Value Committee is to engage in a rigorous strategic planning and oversight process in respect of the Group's strategic direction and strategic initiatives for the creation and acceleration of Shareholder value and submit recommendations to the Board in respect of the same. Specific areas dealt with by the Shareholder Value Committee include but are not limited to:

Strategic Direction

The Shareholder Value Committee works with the Group's senior management team to:

- Formulate, review and evaluate the Group's strategic direction;
- Review implementation of the Group's strategic direction; and
- Maintain an ongoing and interactive strategic planning process with the Group's management team, including identifying, setting and maintaining strategic goals and expectations.

CORPORATE GOVERNANCE REPORT (CONTINUED)

Strategic Alternatives

The Shareholder Value Committee, working with the Group's management team, is mandated to consider all available or prospective strategic alternatives for the Group, including potential acquisitions, joint ventures, strategic alliances, strategic partnerships, strategic collaborations, mergers, disposals, abandonment of businesses and other corporate finance transactions, as applicable or as they may arise.

Capital Efficiency

The Shareholder Value Committee monitors, reviews and evaluates the Group's return on equity (ROE) (use of Shareholder equity), return on invested capital (ROIC) (use of all available capital) and advises the Board accordingly.

Corporate Structuring

At its discretion from time to time, the Shareholder Value Committee reviews and evaluates the Group's corporate structure and makes recommendations to the Board regarding options that may arise to improve the efficiency of the Group's corporate structure.

Capital and Debt Markets

At its discretion from time to time, the Shareholder Value Committee reviews and evaluates optimal ways for the Group to access capital markets and debt markets to improve the Group's performance for the benefit of Shareholders and makes recommendations to the Board in respect of the same.

Investor Relations

The Shareholder Value Committee, working with the Group's management team, monitors, reviews and evaluates the Company's Shareholder and investor engagement strategy and activities and makes recommendations to the Board in respect of the same, including consideration of announcements, road shows, broker visits and other market communication and engagement efforts, and otherwise monitors and considers the impact of any changes in the Group's investor and Shareholder profile.

The Shareholder Value Committee met three times during the period under review at which meetings it considered various acquisition opportunities, the strategic positioning and branding of the Company and the introduction and continuance of the share repurchase program implemented by the Company. The attendance of members at Committee meetings, taking into account their dates of appointment and / or resignation, was as follows:

Name	# of meetings	# of meetings attended
Bate, David (Chairman)	4	4
Smith, Talana*	4	4
Pretorius, Mario Brönn	4	4
Steinberg, Willem Frederik	4	4

*Resigned on 3 August 2023

CORPORATE GOVERNANCE REPORT (CONTINUED)

5. Risk Management

In line with the King Report IV, the Board is responsible for overall risk management within the Group. In this regard, the Board is assisted by the Audit and Risk Committee which reports to the Board. The Group, through the CEO, conducts strategic and operational risk management assessments throughout the year and the top risks and mitigation strategies are reviewed by the Audit and Risk Committee. The following material financial and non-financial risks specific to the Group have been identified:

Key Risk 1

Competitor Activity and Revenue Protection / Retention

Risk description	Risk response
Due to increased competition and low entry barriers for new entrants, pricing is becoming commoditised. Protecting and growing the Group's top-line revenue is a key success factor for building sustainable earnings growth.	The Group is committed to delivering a mix of organic growth and strategic acquisitions that fit into its overall strategy to grow the business and create and accelerate shareholder value. In this regard, the Group has implemented a service diversification strategy through its acquisition of a data centre business and undertaken a deliberate campaign to increase product offerings and cross-selling opportunities that deliver maximum solution value to customers and recurring revenue streams to the Group. The Group has also implemented a strategic marketing strategy including a weekly podcast series aimed at small businesses which is broadcast on a well-known on-line radio station and has an effective customer retention strategy, using its CRM platform to continuously engage with customers and sustain and grow relationships. This system not only enables the Group to access customer needs on an ongoing basis which increases cross-selling opportunities but also generates granular business intelligence information which allows the Group to reliably predict revenue expectations.

Key Risk 2

Regulatory Environment

Risk description	Risk response
A failure to achieve full compliance with regulatory requirements could expose the Group to potential regulatory and reputational breaches. Key regulatory bodies active in the Group's business environment include but are not limited to the Independent Communications Authority of South Africa, the Information Regulator and the JSE Limited.	The Group and its subsidiaries submit reports to relevant regulators as required to comply with relevant legislation, regulations and prescriptions. The Group regularly reviews its commercial parameters and documentation with experts to ensure compliance with all of its regulatory, statutory and legal obligations.

Key Risk 3

Information Security Risks and Digital Disruption

Risk description	Risk response
Cyber attacks and hacking activities present increased and ongoing information security risks which could result in operational disruption and an inability to provide services, the exposure of clients' information, reputational damage and regulatory fines.	The Group makes extensive use of IT systems and digital technology in all areas of operations. Through services delivered by Group companies, such as cybersecurity, digital back–up solutions and disaster recovery, the Group has reduced its risk profile and exposure to such threats.

CORPORATE GOVERNANCE REPORT (CONTINUED)

Key Risk 4

Financial Risks

Risk description	Risk response
The continued negative economic headwinds, both locally and internationally, bring increased risk to businesses including interest rate risks, liquidity, capital availability risks and cash flow risks and could have an impact on the Group's ability to maintain financial capacity to sustain and grow its business and to manage further unforeseen economic events.	Annual budgets and quarterly forecasts are prepared, and cash is managed on a weekly basis. The Group uses scenario planning as part of its strategic management process. A keen focus is maintained on areas within the Group's control to ensure revenue growth and cost containment.

Key Risk 5

Failure of Utilities

Risk description	Risk response
The Group's business is dependent on the availability of core network assets. The inability of such assets to operate due to equipment failures caused by unreliable electricity and water supplies jeopardises the Group's ability to deliver services to its clients, earn revenue and retain customers.	The Group follows a risk mitigation strategy that assures maximum operational uptime. The Group's network architecture methodology consists of geo-redundant points of presence, independent multi-vendor failover capabilities and highly available equipment infrastructure. Quarterly workshop reviews focus on solution relevance.

Key Risk 6

Dependency on Suppliers

Risk description	Risk response
Dependency on the services provided by certain suppliers exposes the Group to various risks including susceptibility to supplier demands, product and service cost increases and the competitiveness and quality of the service offering.	The Group has strong and sustainable relationships with key suppliers which enable it to stay abreast of the latest technology advances and newest product releases. These relationships are enhanced by weekly communication with key suppliers regarding delivery commitments and the conclusion of Master Service Agreements with all suppliers.

CORPORATE GOVERNANCE REPORT (CONTINUED)

6. Interests of Directors and Officers

The register of interests of Directors in contracts in terms of Section 75 of the Companies Act is available to members of the public on request. The interests of Directors and officers in the Group's securities as at 30 June 2023 is set out in the Directors' Report.

7. Company Secretary

The appointment and removal of the Company Secretary is a matter for the Board as a whole. The roles and responsibilities of the Company Secretary include:

- Assisting in setting the procedure for the appointment of Directors;
- Assisting in the proper induction, orientation, ongoing training and education of Directors;
- Assessing individual training needs of Directors and executive management in their fiduciary and governance responsibilities;
- Providing guidance on duties and responsibilities of the Board and the individual Directors;
- Providing guidance and advice to the Board on governance and legislation;
- Formulating the Board and Committee charters;
- Compiling and circulating Board packs;
- Assisting the Chairman and Committees with work plans;
- Obtaining responses and feedback on agenda items and matters arising;
- Ensuring proper recording of Board and Committee meetings and circulating the minutes timeously; and
- Assisting the Chairman with the annual evaluation of the Board, the Directors and senior management.

All Directors have access to the advice and services of the Company Secretary. The Group's Company Secretary also performs the company secretarial duties for the subsidiaries in the Group.

The Board is satisfied that Sascha Ramirez-Victor, a qualified Company Secretary, legal practitioner and admitted attorney of the High Court of South Africa, has the required skills and competencies to guide the Board on corporate governance and its legal duties. The Board is further satisfied that Ms Ramirez-Victor is independent of and has an arms-length relationship with members of the Board.

8. Accounting and Auditing

The Board is committed to complying with International Financial Reporting Standards (IFRS), the Companies Act and the JSE Listings Requirements.

The External Auditors observe the highest level of business and professional ethics and their independence is not impaired in any way. The External Auditors are given unrestricted access to all financial records and related data, including minutes of all meetings of Shareholders and of the Board and Board Committees. The Directors believe that all representations made to the External Auditors during their audit are valid and appropriate.

The External Auditors provide an independent assessment of systems of internal financial control to the extent necessary for the audit and express an independent opinion on whether the financial statements are fairly presented.

The External Auditors do not perform any non-audit services other than providing limited tax assistance.

9. Internal Audit

The Group has not established an internal audit function to evaluate to Group's risk management, internal controls, governance processes and ethics as the Board is of the opinion that the Group is ethically and efficiently managed and that the costs of a separate internal audit function outweigh the benefits derived there from. Furthermore, the size of the business and the established internal control system do not warrant a full-time internal audit function. The Board will, in consultation with the Audit and Risk Committee, outsource certain work to external consultants as and when the need arises. The Board is satisfied that there is an ongoing process for identifying, evaluating and managing any significant risks.

In the absence of an internal audit function, the responsibility of monitoring risks and establishing a formal risk management policy and plan has been delegated to the Audit and Risk Committee. This Committee ensures that effective controls are in place to mitigate identified risks and ensure an effective internal control framework.

10. Stakeholder Relationships

The Board has adopted a policy of effective communication and engagement with all stakeholders. The Group seeks to provide a secure, healthy and participative social and working environment for its employees, partners, consultants and suppliers.

The Board encourages its stakeholders to attend the Group's general meetings where they will be provided with the opportunity to ask questions of the Board, the Audit and Risk Committee and the External Auditors.

CORPORATE GOVERNANCE REPORT (CONTINUED)

11. Closed and Prohibited Periods

The Company enforces a restricted period for dealing in shares in terms of which the Board disallows all Directors, employees, and other related parties from dealing in Shares from the time that the reporting period has elapsed to the time that the results are released and at any time that the Company is trading under a cautionary announcement or is considered to be in a prohibited period. A procedure for Directors to deal in Shares is in place and all affected persons have access to the Company Secretary and the Designated Advisor should they have any doubt as to whether they may trade.

The Company has an approved Share buy-back program in place. Shares were acquired in accordance with the rules set out in the program during the closed period.

12. Code of Conduct

The Board subscribes to the highest level of professionalism and integrity in conducting its business and dealing with all its stakeholders.

In implementing the Group's Code of Conduct, the Board is guided by the following broad principles:

- Businesses should operate and compete in accordance with the principles of free enterprise;
- Free enterprise will be constrained by the observance of relevant legislation and generally accepted principles regarding ethical behaviour in business;
- Ethical behaviour is predicated on the concept of utmost good faith and characterised by integrity, reliability, and a commitment to avoid harm;
- Business activities will benefit all participants through a fair exchange of value or satisfaction of need; and
- Equivalent standards of ethical behaviour are expected from individuals and companies with whom business is conducted.

13. Governance of Information Technology

The Board has not adopted a formal charter and policies setting out the decision-making rights and accountability in relation to IT. The effective and efficient management of the IT resources is currently controlled by the CEO and any expenditure is aligned with the performance and sustainability objectives set by the Board.

The Audit and Risk Committee has, in the absence of an IT steering committee, included IT risks and the measures to mitigate these risks as part of its risk management process and matrix. Measures have been implemented to address issues such as disaster recovery plans, privacy and security concerns.

14. Sustainability Reporting

Our current business methodology and business offerings (ICT Solutions) remain at the leading edge of technological developments. These services ensure our long-term sustainability whilst embracing technologies which have almost no environmental impact.

The Board believes that the Group has adhered to its ethical standards during the year under review.

The overall well-being of the Group's employees is regarded as very important, and the Group encourages its employees to raise any issue with the Executive Directors.

The Group adopted a Health and Wellness policy.

The Group's office systems are aimed at reducing resource consumption over time and the Directors are continuously exploring ways in which to reduce paper, energy and water usage. The use of natural light and heating is optimised in the Group's current offices and recycling of waste is encouraged and implemented.

The ESG Committee, in collaboration with employees of the Group, continues to hold social drives to raise money for charitable events and programmes.

The Group continually reviews its sustainability practices in terms of industry best practices.

15. Transfer Office

JSE Investor Services (Pty) Ltd acts as the Company's transfer secretary.

16. Designated Advisor

AcaciaCap Advisors (Pty) Ltd acts as the Company's Designated Advisor in compliance with the JSE Listings Requirements.

17. Diversity Policy

The Board has adopted a diversity policy which guides the Board in filling vacancies as and when they occur. Appointments to the Board are based on levels of skill, acumen, qualifications, experience and actual or potential contributions to the Group, having due regard to employment equity, race, age, culture, gender diversity and field of knowledge. One appointment was made during the applicable financial year. The Board established a Search Committee to identify a candidate in line with the Diversity Policy as an additional member to the Board. The position was advertised with the IoDSA and 13 applications were received and reviewed by this Search Committee. During May 2023 the CFO retired and the Search Committee recommended a candidate from the applications previously received. One candidate was recommended to the Board who ultimately appointed Prof Brandon Rodney Topham as a member of the Board and Acting CFO. The Board continues to seek ways to advance the goals of the Diversity Policy. The Board acknowledges that its current composition is not optimal in the context of this Policy and continuously seeks to address this going forward.

CORPORATE GOVERNANCE REPORT (CONTINUED)

18. Application of the King IV Report on Corporate Governance for South Africa

TeleMasters Holdings Limited is a company listed on the Alternative Exchange of the Johannesburg Stock Exchange operated by the JSE Limited (JSE). The Company complies with the principles of King IV and the mandatory corporate governance requirements of the JSE Listings Requirements Paragraph 3.84 which stipulate that issuers must comply with certain specific requirements concerning corporate governance.

For the period ended 30 June 2023, TeleMasters applied all the principles of King IV as disclosed below:

Leadership, Ethics and Corporate Citizenship

Principle 1

Leadership

Principle description

The Board should lead ethically and effectively.

Principle response

The Board exercises effective leadership, with each Director adhering to the duties of a Director. The Directors have the necessary competence and act ethically in discharging their responsibility to provide strategic direction and exercise control over the Company as provided for in the Board charter and MOI.

The Board Charter outlines the Board's roles and responsibilities, and the Board has adopted additional policies setting out the protocols applied on matters such as dealing with price sensitive information, Directors' dealings in the securities of the Company and declarations of conflicts of interest. Directors adhere to the Company's declarations of interest policy which is based on the requirements of the Companies Act 71 of 2008. The Board considers and takes note of the declarations of interests tabled, identifies and acts on untenable conflicts. Directors, executives and senior employees are prohibited from dealing in the Company's securities during certain prescribed periods. The Company Secretary regularly informs Directors, executives and senior employees of the insider trading legislation and advises them of closed periods. A report on Directors' dealings in the Company's shares is tabled at each Board meeting and is disclosed in terms of the applicable JSE Listings Requirements.

The Board is committed to driving the Group strategy and operations of the Group based on an ethical foundation.

In seeking to ensure the sustainability of the Group's business, it ensures that Directors act in the best interest of the Group and oversees the strategic direction and monitors the implementation and execution of the strategy by management to ensure accountability for the Group's performance. In adopting a risk-based approach to the Group's business, the Board considers the short- and long-term impact of the Group's operations on its stakeholders.

The Board exercises control through the governance framework of the Group which includes detailed reporting to the Board and its Committees, Board reserved decision-making authority and effective internal controls.

Principle 2

Organisational Ethics

Principle description

The Board should govern the ethics of the Group in a way that supports the establishment of an ethical culture.

Principle response

The Board determines and sets the tone of the Group's values and culture, including principles of ethical business practice, human rights considerations, and the requirements of being a responsible corporate citizen. Through the ESG Committee, the Board approves the Group's Code of Conduct ("Code") which is built around the principles of responsibility, honesty, fairness and respect.

Management has been delegated the responsibility for the implementation and execution of the Code. The Board, with the assistance of the ESG Committee, exercises ongoing oversight of the management of ethics, monitors the Group's activities regarding ethics and ensures that ethics are integrated into Group operations.

The Code guides interaction with all stakeholders of the Group, including employees, and addresses the key ethical risks of the Group.

A whistleblowing policy was adopted during the year and the Chairman of the ESG Committee held a workshop at the office of the Company to ensure that all staff members were adequately informed.

APPLICATION OF THE KING IV REPORT ON CORPORATE GOVERNANCE FOR SOUTH AFRICA (CONTINUED)

Principle 3

Responsible Corporate Citizenship

Principle description

The Board should ensure that the Group is and is seen to be a responsible corporate citizen.

Principle response

In accordance with its role of overseeing the Group's conduct as a good corporate citizen, the Board approves the strategy and priorities of the business, including material matters and, more specifically, those related to sustainability. Through stakeholder engagement, the Group has committed to understanding and being responsive to the interests and expectations of stakeholders.

It is a TeleMasters imperative to be a values-driven organisation and to fulfil its legal and moral obligations as a good corporate citizen. The Board, with the support of its Committees and Group Executives, oversees and monitors how the operations and activities of the Group affect its status as a responsible corporate citizen.

Strategy, Performance and Reporting

Principle 4

Strategy and Performance

Principle description

The Board should appreciate that the Group's core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value creation process.

Principle response

The Board informs and approves the Group's strategy which is aligned with the purpose of the Group, the value drivers of its business and the legitimate expectations of its stakeholders and is aimed at ensuring sustainability and considers the risks facing the Group. The Board oversees and monitors, with the support of its Committees, the implementation and execution by management of the strategy and ensures that the Group accounts for its performance by, among other means, reporting and disclosure.

The Board continually monitors the risks of the Group to ensure continuity and sustainably.

APPLICATION OF THE KING IV REPORT ON CORPORATE GOVERNANCE FOR SOUTH AFRICA (CONTINUED)

Principle 5

Reporting

Principle description

The Board should ensure that reports issued by the Group enable stakeholders to make informed assessments of the Group's performance and its short-, medium- and long-term prospects.

Principle response

The Board, through the Audit and Risk Committee, ensures that necessary controls are in place to verify and safeguard the integrity of the annual reports and any other disclosures. The Group complies with all required disclosures.

Reporting frameworks and materiality are approved by the Audit and Risk Committee to ensure compliance with legal requirements and relevance to stakeholders.

The Audit and Risk Committee oversees the Integrated Annual Reporting process and reviews the Consolidated Annual Financial Statements.

The Company ensures that the annual reports, including the Consolidated Annual Financial Statements, the Integrated Annual Report, sustainability reports and any other relevant information to stakeholders are published on the Company's website and distributed to applicable stakeholders.

Governing Structures and Delegation

Principle 6

Primary Role and Responsibilities of the Board

Principle description

The Board should serve as the focal point and custodian of corporate governance in the Group.

Principle response

The Board has an approved Charter which it reviews annually. The Board Charter sets out its governance responsibilities, including its role, responsibilities, membership requirements and procedural conduct. The Board implements and monitors the governance practices within the Group.

The Board, as well as any Director or Committee, may obtain independent, external professional advice at the Group's expense concerning matters within the scope of their duties, and the Directors may request documentation from and set up meetings with management as and when required.

An appropriate governance framework and the necessary policies and processes are in place to ensure adherence to essential Group requirements and minimum governance standards. The number of Board and Board Committee meetings held during the year and Board members attendance thereat is disclosed in the Group's Integrated Annual Report. The Board is satisfied that during the period under review, it has either fulfilled its responsibilities in accordance with its charter or explained the reasons for any deviance there from. As a direct Shareholder, the Company exercises its rights and is involved in the decision-making of its subsidiaries on material matters. Subsidiaries have adopted the governance framework as appropriate and have aligned it to their memoranda of incorporation.

APPLICATION OF THE KING IV REPORT ON CORPORATE GOVERNANCE FOR SOUTH AFRICA (CONTINUED)

Principle 7

Composition of the Board

Principle description

The Board should comprise the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively.

Principle response

The majority of Shareholders believe in maintaining a small Board of Directors and the Board is satisfied that current Directors have an appropriate mix of business, commercial and industry knowledge as well as the skills and experience to discharge the Board's roles and responsibilities.

There is a clear distinction drawn between the roles of CEO and Chairman and these positions are occupied by separate individuals.

The Board is comprised of an appropriate balance of Executive, Non-Executive and Independent Non-Executive Directors and the capacity of each Director is disclosed in the Integrated Annual Report. The Chairman of the Board, being the founder of the Company, is a Non-Executive Director, but the majority of the Non-Executive Directors are independent. Mr Fred Steinberg has been appointed as the lead Independent Director and, inter alia, chairs Board discussions and decision-making processes when the Chairman has a conflict of interest. In terms of the MOI, one-third of Non-Executive Directors must retire at every Annual General Meeting and are eligible for re-election. When considering appointment or re-election of Directors, the Board considers the knowledge, skills and resources required for conducting the Group's business as well the Board's size, diversity and demographics to ensure its effectiveness.

A brief CV for each Director is included in the Integrated Annual Report.

Newly appointed Directors are inducted in the Company's business, Board matters, their duties and governance responsibilities as Directors under the guidance of the Company Secretary in accordance with each Director's specific needs. Directors receive briefings on new legal developments and changes in the risk and general business environment on an ongoing basis.

At each Board meeting, any interest that any Director may have on any matters on the meeting agenda are disclosed prior to the commencement of the meeting and all Directors are aware of their duty to make full disclosure of any interests. If a Director has any interest in a matter being considered by the Board, the Director concerned is recused from the meeting and does not participate in the decision making on the matter in which they have an interest.

Principle 8

Committees of the Board

Principle description

The Board should ensure that its arrangements for delegation within its own structures promote independent judgment and assist with the balance of power and the effective discharge of its duties.

Principle response

Board Committees have been established to assist the Board in discharging its responsibilities. The Committees of the Board comprise of the Audit and Risk Committee, the Remuneration Committee, the ESG Committee, and the Shareholder Value Committee.

The Committees are appropriately constituted, and members are appointed by the Board except for the Audit and Risk Committee whose members are nominated by the Board and elected by Shareholders.

Where necessary, external advisors, Executive Directors and members of management attend Board Committee meetings by invitation. Board Committees play an important role in enhancing high standards of governance and achieving increased effectiveness within the Group. Formal terms of reference are established and approved for each Board Committee which are reviewed regularly. Each Board Committee has its own charter.

The Board considers the allocation of roles and associated responsibilities and the composition of membership across Board Committees holistically to achieve the following objectives: effective collaboration through cross-membership between Committees, where required; coordinated timing of meetings; and avoidance or duplication or fragmented functioning in so far as possible.

There is a balanced distribution of power in respect or membership across Board Committees so that no individual has the ability to dominate decision-making and no undue reliance is placed on any individual.

A delegation by the Board of its responsibilities to any Board Committee will not by or of itself constitute a discharge of the Board's accountability.

The Chairman of each Board Committee reports back to the Board on the matters discussed by the relevant Committee at the next Board meeting and the Board applies its collective mind to the information, opinions, recommendations, reports, and statements presented by the Chairman of each Board Committee.

Any member of the Board who is not a member of any Board Committee is entitled to attend any Board Committee meeting as an observer but is not entitled to a vote on any of such Committee's decisions.

APPLICATION OF THE KING IV REPORT ON CORPORATE GOVERNANCE FOR SOUTH AFRICA (CONTINUED)

Audit and Risk Committee

The Board has an Audit and Risk Committee comprising only of Non-Executive Directors and its independence and effectiveness is reviewed on an annual basis. The Audit and Risk Committee is constituted as a statutory Committee of TeleMasters in respect of its statutory duties in terms of section 94(7) of the Companies Act and a Committee of the Board in respect of all other duties assigned to it by the Board.

The Audit and Risk Committee performs the functions as set out in the Companies Act. Adequate processes and structures have been implemented to assist the Committee in providing oversight and ensuring the integrity of financial reporting, internal control and other governance.

As at the date of this report, the Audit and Risk Committee consists of four Independent Non-Executive Directors. Members of the Committee are elected by Shareholders. All Committee members are financially literate.

The Audit and Risk Committee provides independent oversight of, among others, the effectiveness of the Group's assurance services with a focus on combined assurance arrangements including external assurance service providers, the finance function and the integrity of the Consolidated Annual Financial Statements and to the extent delegated by the Board, other external reports issued by the Company. The Committee also considers annually and satisfies itself of the appropriateness of the expertise and experience of the CFO and the finance function.

The performance of the Audit and Risk Committee and significant issues dealt with during the year are described in the Report of the Audit and Risk Committee included in the Consolidated Annual Financial Statements.

Remuneration Committee

The Remuneration Committee is responsible for overseeing remuneration. All members of the Committee are Non-Executive Directors.

The Chairman of the Board is not a member of the Remuneration Committee.

Environmental Social and Governance Committee

The ESG Committee is responsible to oversee and report on ethics, responsible corporate citizenship, sustainable development and stakeholder relationships. It is also responsible to execute on the statutory duties set out in the Companies Act.

Shareholder Value Committee

The Shareholder Value Committee is committed to developing, operating and growing a highly profitable business on a responsible and sustainable basis that maximises opportunities to create and accelerate value for Shareholders.

The Chairman of the Board is a member of the Shareholder Value Committee.

APPLICATION OF THE KING IV REPORT ON CORPORATE GOVERNANCE FOR SOUTH AFRICA (CONTINUED)

Principle 9

Evaluations of the Performance of the Board Governing Body

Principle description

The Board should ensure that the evaluation of its own performance and that of its Committees, its Chair and its individual members, support continued improvement in its performance and effectiveness.

Principle response

The Board is responsible to evaluate the effectiveness and performance of the Board, its Committees and individual Directors every second year. The Chairman of the Board, assisted by the Company Secretary, leads the evaluation process.

The Board determines the number of external Directorships and other positions a Director may hold, taking into consideration the relative size and complexity of the other organisation. The Chairman annually considers the commitments of Directors and whether the individual Directors have sufficient time to fulfil the responsibilities as a Director to ensure they can still execute their job effectively and is free from conflicts that cannot be managed satisfactorily. Should the Chairman be of the view that a Director is over-committed or has an unmanageable conflict, the Chairman will meet with that Director to discuss the resolution of the matter.

The role of the Chairman is formalised and every second year an assessment of the Chairman's ability to add value and his performance against what is expected of his role and function is conducted by the Board. Mr WF Steinberg, as the lead Independent Director, is responsible for evaluating the performance of the Chairman. The Board is responsible for succession planning for the position of the Chairman.

Principle 10

Appointment and Delegation to Management

Principle description

The Board should ensure that the appointment of, and delegation to, management contributes to role clarity and the effective exercise of authority and responsibilities.

Principle response

The Board approves and regularly reviews the framework and top-level delegation of authority in terms of which matters are delegated to the CEO. The CEO is the highest executive decision-making authority of the Group and is delegated with authority from and is accountable to the Board for the successful implementation of the Group strategy and the overall management and performance of the Group in a manner consistent with enhancing long-term Shareholder value.

The CEO's contract stipulates that he is required to provide the Company with one months' notice should he decide to resign and provides for a restraint of trade period of twelve months within a limited area.

The CEO is not a member of the Remuneration or the Audit and Risk Committees but attends meetings of these Committees by invitation.

The CEO and the Board will agree on whether the CEO may take up additional professional positions including membership on other governing bodies outside the Group. Time constraints and potential conflicts of interests will be considered and balanced against the opportunity for professional development.

A formal CEO succession plan has not been adopted but is a matter that will be considered by the Remuneration Committee during the upcoming year.

Ms Sascha Ramirez-Victor was appointed as the Company Secretary in 2018 and ensures that the Board is independently and professionally guided on matters of corporate governance and its legal duties and is adequately supported in the coordination and functioning of both it and its Committees.

APPLICATION OF THE KING IV REPORT ON CORPORATE GOVERNANCE FOR SOUTH AFRICA (CONTINUED)

Governance Functional Areas

Principle 11

Risk Governance

Principle description

The Board should govern risk in a way that supports the Group in setting and achieving its strategic objectives.

Principle response

The Board has responsibility for the governance of risk and approves the Risk Policy that gives effect to its risk appetite. The Board is assisted primarily in this regard by the Audit and Risk Committee which coordinates the risk register and the management of the risk profile and Policy. The Group's Risk Policy reaffirms that the Group is committed to effective risk management in pursuit of its strategic objectives with the ultimate aim to grow value sustainably for all stakeholders by embedding risk management into key decision-making processes.

The Board approves the Group's risk profile and financial risk appetite and tolerance levels to ensure that risks are managed within these levels. The Board also considers the risk environment from time to time as deemed appropriate and based on materiality and changes in the external and internal environments.

To support the Board in ensuring effective risk management oversight, the Audit and Risk Committee is responsible for ensuring the effective monitoring of relevant Group risks. In monitoring and providing oversight on the Group's risk, the Audit and Risk Committee considers potential risks and / or opportunities as appropriate.

Principle 12

Technology and Information Governance

Principle description

The Board, supported by the Audit and Risk Committee, is responsible for IT governance as well as the strategic alignment of IT with the performance and sustainability objectives of the Group.

Principle response

IT governance is based on best practice principles which provide for the alignment of the IT strategy with that of the Group. The Group has the following policies and processes in place:

- IT Network Processes;
- IT Network Cable Check Work Instruction;
- Maintaining Hardware Work Instruction;
- Antivirus Work Instruction;
- Software Licence Process;
- Network Fault Finding Process;
- Server Check Work Instruction;
- Disaster Recovery Policy; and
- Backup Work Instruction.

Decision-making structures are defined and a reporting framework is in place.

APPLICATION OF THE KING IV REPORT ON CORPORATE GOVERNANCE FOR SOUTH AFRICA (CONTINUED)

Principle 13

Compliance Governance

Principle description

The Board should govern compliance with applicable laws and adopt non-binding rules, codes and standards in a way that supports the Group being ethical and a good corporate citizen.

Principle response

The Group requires all Directors and employees to comply with all applicable laws. Legal compliance systems and processes are in place and are continuously improved to mitigate the risk of non-compliance with the laws and also to ensure appropriate responses to changes and developments in the regulatory environment.

To the extent that legal and regulatory matters have an impact on the financial statements, reports are presented to the Audit and Risk Committee.

Principle 14

Remuneration Governance

Principle description

The Board should ensure that the Group remunerates fairly, responsibly, and transparently to promote the achievement of strategic objectives and positive outcomes in the short-, medium- and long-term.

Principle response

The Group has a rewards strategy and policy which translates into competitive and appropriate reward outcomes.

The Remuneration Committee is tasked by the Board to independently approve and oversee the implementation of a Remuneration Policy that will encourage the achievement of the Group strategy and grow stakeholder value sustainably.

The Remuneration Policy aims to enable the attraction and retention of skilled resources and ensure that rewards are aligned with Shareholder interests.

The Company issues an implementation report on remuneration of each Director by publishing the prescribed information individually in its Consolidated Annual Financial Statements.

In line with the recommended practices in King IV, both the Remuneration Policy and the implementation report are tabled for separate non-binding advisory votes by the Shareholders at the Annual General Meeting. In the event of 25% or more of the Shareholders voting against either resolution at the Annual General Meeting, the Board will invite dissenting Shareholders to engage with the Remuneration Committee on their issues and will report back on the outcomes thereof and on any corrective measures taken.

Principle 15

Assurance

Principle description

The Board should ensure that assurance services and functions enable an effective control environment and that these support the integrity of information for internal decision-making and of the Company's external reports.

Principle response

In light of the size and nature of business of the Group, the Board and Audit and Risk Committee, is of the opinion that the appointment of a separate internal audit function is unwarranted. The Audit and Risk Committee is responsible for the quality and integrity of TeleMasters' Integrated Annual Reporting. The Board, with the support of the Audit and Risk Committee, satisfies itself that the combined assurance model is effective and sufficiently robust for the Board to be able to place reliance on the combined assurance underlying the statements that the Board makes concerning the integrity of the Company's external reports.

The Board is satisfied that the Group maintains a system of internal financial controls that is designed to provide assurances on the maintenance of proper accounting records and the reliability of financial information used within the business and for publication. The system contains self-monitoring mechanisms and actions are taken to correct deficiencies as they are identified.

APPLICATION OF THE KING IV REPORT ON CORPORATE GOVERNANCE FOR SOUTH AFRICA (CONTINUED)

Stakeholder Relationships

Principle 16

Stakeholders

Principle description

In the execution of its governance role and responsibilities, the Board should adopt a stakeholder-inclusive approach that balances the needs, interests, and expectations of material stakeholders in the best interests of the Group over time.

Principle response

The Group aims to ensure a systematic and integrated approach to stakeholder engagement across the Group, facilitated through engagement, to enable increased assurance to the Board that all stakeholder issues have been identified, prioritised, and appropriately addressed.

The Board, through the Shareholder Value Committee, considers issues around stakeholder perceptions. The Committee has oversight of stakeholder engagement and management. Reporting by management to the Shareholder Value Committee and the Chairman of that Committee to the Board, the Board is equipped with the necessary information to enable it to take the legitimate interests and expectations of stakeholders into account in its decision-making.

It is a business imperative for the TeleMasters Group that it understands and is responsive to the needs and interests of our key stakeholder groups which include: employees; government and regulators; Shareholders; the communities around our operations; suppliers and customers; and business partners. Individual stakeholders within these groups are highly diverse with sometimes competing interests. The Company is therefore constantly seeking to improve the way in which it engages with its stakeholders to effectively respond to this complexity and diversity.

Interaction with stakeholders happens during the ordinary course of business at multiple levels across the Group and the Company strives to resolve disputes with its stakeholders effectively and expeditiously.

The Company publishes its most recent financial performance, historical information, including its annual reports, as well as all SENS and other regulatory announcements, on its website.

The Company invites and encourages all Shareholders to attend the upcoming Annual General Meeting which will take place on 1 December 2023.

CONTENTS

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 DJ Bate WF Steinberg M Tappan JM Voigt BR Topham MJ Krastanov
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 Consolidated Annual Financial Statements have been audited in compliance with the applicable requirements of the Companies Act of South Africa.
Preparer	The Consolidated Annual Financial Statements were independently compiled by: T Kritsiotis Chartered Accountant (SA)

AUDIT COMMITTEE REPORT

Introduction

The Audit and 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 and Risk Committee 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 and 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. All members of the Committee are independent non-executive directors.

The composition of the Committee and attendance of meetings by its members for the 2023 financial year are set out below:

Name	Number of meetings	Number of meetings attended
Krastanov, Michelle - appointed 20 September 2023	-	-
Smith, Talana (Chairperson) - resigned 3 August 2023	5	5
Bate, David*	5	4
Steinberg, Willem Frederik	5	4
Tappan, Mariette	5	5

* Appointed as interim Chairperson of the Committee effective 4 August 2023.

Subsequent to the year end, MJ Krastanov was appointed to the board with effect from 20 September 2023 and has been appointed as the Chairperson of the Committee.

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

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.

AUDIT COMMITTEE REPORT (Continued)

Five Audit and 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 2023;
- 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 and 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 Johandre Engelbrecht, were suitable for appointment, having requested and considered the information detailed in Paragraph 22.15(h) of the JSE Listings Requirements, and that both Nexia SAB&T and Mr Johandre Engelbrecht remained accredited in terms of the JSE Listings Requirements;
- 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 ended 30 June 2023 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;
- 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 2024 financial year, including the designated individual auditor, Mr. Johandre 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 2024 financial year. The Committee will consider the appointment of the replacement audit firm, post 2024 in terms of the mandatory rotation requirements, after reviewing proposals from other audit firms, bearing in mind the recent retirement of the former financial director.

AUDIT COMMITTEE REPORT (Continued)

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 2023 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 2023:

- 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;
- 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 the to the attention of the Committee that would indicate a material breakdown in internal controls during the year under review.

Evaluation of the Chief Financial Officer and the finance function

The Audit and 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 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.

AUDIT COMMITTEE REPORT (Continued)

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 Annual Financial Statements.

The Committee has considered and discussed the Consolidated 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;
- 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 and 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 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 Annual Financial Statements and that the Consolidated 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 Annual Financial Statements be adopted and approved by the Board.

On behalf of the Audit and Risk Committee:

M Krastanov
Chairperson Audit and Risk Committee

29 September 2023

On behalf of the audit committee

DIRECTORS' RESPONSIBILITIES AND APPROVAL

The Directors are required in terms of the Companies Act of South Africa to maintain adequate accounting records and are responsible for the content and integrity of the Consolidated Annual Financial Statements and related financial information included in this report. It is their responsibility to ensure that the Consolidated Annual Financial Statements fairly present the state of affairs of the Group 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 International Financial Reporting Standards and the JSE Listings Requirements. The External Auditors are engaged to express an independent opinion on the Consolidated Annual Financial Statements.

The Consolidated Annual Financial Statements are prepared in accordance with International Financial Reporting Standards and the JSE Listings Requirements 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 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 all employees are required to maintain the highest ethical standards in ensuring the Group's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Group is on identifying, assessing, managing and monitoring all known forms of risk across the Group. While operating risk cannot be fully eliminated, the Group 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 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's cash flow forecast and, in light of this review and the current financial position, they are satisfied that the Group has or had access to adequate resources to continue in operational existence for the foreseeable future.

The Consolidated 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 48 to 51.

The Consolidated Annual Financial Statements set out on pages 52 to 89, which have been prepared on the going concern basis, were approved by the board of directors on 29 September 2023 and were signed on their behalf by:

Approval of the Consolidated Annual Financial Statements

JM Voigt

BR Topham

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 Annual Financial Statements set out on pages 52 to 89, fairly present in all material respects the financial position, financial performance and cash flows of the Group 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 Annual Financial Statements false or misleading:

c) Internal Financial Controls have been put in place to ensure that material information relating to the Group has been provided to effectively prepare the Consolidated Annual Financial Statements of the Group;

d) the Internal Financial Controls are adequate and effective and can be relied upon in compiling the Consolidated 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

29 September 2023

BR Topham
Chief Financial Officer

29 September 2023

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. 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

29 September 2023

DIRECTORS' REPORT

The Directors have pleasure in submitting their report on the Consolidated Annual Financial Statements of TeleMasters Holdings Limited and its subsidiaries (the Group) for the year ended 30 June 2023.

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 Annual Financial Statements.

2. Authorised and issued share capital

The authorised and issued share capital as at 30 June 2023 is set out in note 13 of these Consolidated Annual Financial Statements.

As at 30 June 2023, 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:

- The Company issued an additional 1 223 160 shares at 85.33 cents, and an additional 500 000 shares at 70.73 cents, in final settlement of the earn-out consideration payable to vendors for the acquisition of Contineo Virtual Communications (Pty) Ltd ("Contineo") and PerfectWorx Consulting (Pty) Ltd ("PerfectWorx"); and
- A wholly owned subsidiary of the Company purchased 67 868 shares in the Company for an average purchase price of 113.02 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 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 R21.9 million at 30 June 2023 (R22.1 million as at 30 June 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 57 of 0.5 cents per share was declared on 30 September 2022 and paid to all shareholders recorded in the share register of the Company at the close of business on 21 October 2022;
- Dividend number 58 of 0.25 cents per share was declared on 20 December 2022 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 59 of 0.10 cents per share was declared on 31 March 2023 and paid to all shareholders recorded in the share register of the Company at the close of business on 21 April 2023;

During the comparative year ended 30 June 2022, the Group declared four dividends totalling 3.10 cents per share.

Dividend number 60 of 0.10 cents per share was declared after year end.

DIRECTORS' REPORT (Continued)

4. Directorate

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

Directors	Nationality	Changes
MB Pretorius	South African	
DJ Bate	Canadian	
JL Roos	South African	Retired 21 June 2023
WF Steinberg	South African	
M Tappan	South African	
JM Voigt	South African	
T Smith	South African	Resigned 03 August 2023
BR Topham	South African	Appointed 01 June 2023
MJ Krastanov	South African	Appointed 20 September 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 company had an interest and which significantly affected the business of the company. Related party transactions are disclosed in note 29 of the consolidated annual financial statements.

Interest in shares Directors	2023 Direct	2022 Direct	2023 Indirect	2022 Indirect
MB Pretorius	-	-	35 700 000	35 700 000
M Tappan	17 080	17 080	-	-
JM Voigt	8 611 006	7 479 426	-	-
BR Topham*	643 228	-	-	-
	9 271 314	7 496 506	35 700 000	35 700 000

* Shares were held prior to his appointment.

Transactions by Directors in the market during the period

Directors	2023 Direct	2022 Direct
JM Voigt	1 131 580	20 000
M Tappan	-	(32 920)
	1 131 580	(12 920)

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 and PerfectWorx Consulting (Pty) Ltd.

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

6. Subsidiary companies

The Group holds 100% of the voting rights and issued shared capital in the following subsidiaries:

Subsidiary	**Total comprehensive income (loss) for the year** 2023	 **2022**
Catalytic Connections (Pty) Ltd	(R369 008)	(R2 400 548)
Spice Telecom (Pty) Ltd	(R14 891)	(R15 909)
Contineo Virtual Communications (Pty) Ltd	(R146 528)	R510 346
PerfectWorx Consulting (Pty) Ltd	R310 801	R163 697
Ultra Datacentre (Pty) Ltd	R646 213	(R353 377)

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

DIRECTORS' REPORT (Continued)

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 9 December 2022, the following special resolutions were passed

- Non-Executive Directors' remuneration for the year commencing from 1 July 2022 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 2023:

- 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.
- MJ Krastanov was appointed to the Board of Directors with effect from 20 September 2023 and has been appointed as the Chairperson of the Committee.

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 2023, the Group's current liabilities exceeded its current assets by R1 485 053 (2022: R2 391 961).

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 shareholder loan facilities available 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.

11. Litigation statement

The Group continues to pursue litigation and attendant matters in respect of a material bad 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.

12. Auditors

Nexia SAB&T acted as the Group's Auditors for the period ended 30 June 2023 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 and Risk Committee.

DIRECTORS' REPORT (Continued)

13. Secretary

The company secretary is Mrs S Ramirez-Victor.

Postal address:	PostNet Suite #51 Private Bag x81 Halfway House Gauteng 1685
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 14 of the Consolidated Annual Financial Statements.

15. Separate financial statements

The financial results, position and cash flows of TeleMasters Holdings Limited are not presented in these Consolidated Annual Financial Statements. These Consolidated Annual Financial Statements include only the consolidated results, position and cash flows of the Group.

The Annual Financial Statements of TeleMasters Holdings Limited, the Company, are available on the Group's website.

16. 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 Financial Statements Opinion

We have audited the consolidated financial statements of TeleMasters Holdings Limited and its subsidiaries (the Group) set out on pages 19 to 63, which comprise the consolidated statement of financial position as at 30 June 2023, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 30 June 2023, and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards 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 Financial Statements section of our report. We are independent of the Group 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 financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed the key audit matter
Goodwill impairment	
The Group recognised goodwill in the amount of R23 million (2022: R23 million) as disclosed in note 5 to the consolidated financial statements. The directors are required to perform an annual impairment test on the recoverability of goodwill. The directors performed their assessment using discounted cash flow models to determine the value	As part of our response to this key audit matter, we: • 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

INDEPENDENT AUDITOR'S REPORT (Continued)

Key Audit Matter	How our audit addressed the key audit matter
in use for each appropriate cash generating unit. 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. Accordingly, the impairment test of goodwill is a key audit matter due to the significant judgement and estimations involved in determining the recoverable amount of the cash generating unit.	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. We found the methods, assumptions and data used by the directors to be appropriate based on historical performance, future outlook and current prevailing circumstances. We considered the goodwill impairment assessment disclosures to be appropriate.

Key Audit Matter	How our audit addressed the key audit matter
Revenue recognition	
As disclosed in note 18, the consolidated financial statements include revenue of R 64 million (2022: R65 million). 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. Furthermore, the accuracy, completeness and validity of the revenue recorded is significantly reliant on the efficient and effective operation of the internally developed billing system. Revenue recognition and measurement is therefore considered to be a key audit matter due to the large number of subscription clients with varying contractual terms and services.	As part of our response to this key audit matter, our procedures included: • 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; • 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; • Selected a sample of active contractual agreements and verified the revenue transactions were accurately recognised in the billing system and measured in accordance with the requirements of IFRS 15: Revenue from contracts with customers; • We selected transactions before and after the reporting period end, to confirm the transactions were recognised in the correct financial period. We found that the recognition and measurement of revenue was appropriate.

INDEPENDENT AUDITOR'S REPORT (Continued)

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 Annual Financial Statements for the year ended 30 June 2023", 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 FD 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 Integrated 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 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 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 financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information prior to the date of this auditor's report, 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 Integrated 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 financial statements in accordance with International Financial Reporting Standards 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 the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the group'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 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 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 financial statements.

INDEPENDENT AUDITOR'S REPORT (Continued)

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 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 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 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 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 to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated 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 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 12 years.

Nexia SAB&T

Nexia SAB&T
Johandre Engelbrecht

Director

Registered Auditor

29 September 2023

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2023

Figures in Rand	Note(s)	2023	2022
Assets			
Non-Current Assets			
Property, plant and equipment	3	6,441,342	7,172,580
Right-of-use assets	4	11,464,218	13,993,272
Goodwill	5	22,952,676	22,952,676
Intangible assets	6	551,271	906,509
Deferred tax	7	3,511,709	3,723,583
Restricted cash	8	690,000	690,000
		45,611,216	**49,438,620**
Current Assets			
Inventories	9	646,859	1,017,455
Trade and other receivables	10	7,044,091	4,302,308
Prepayments	11	-	674,740
Current tax receivable		65,802	101,653
Cash and cash equivalents	12	2,378,645	2,348,524
		10,135,397	**8,444,680**
Total Assets		**55,746,613**	**57,883,300**
Equity and Liabilities			
Equity			
Share capital	13	15,474,935	14,154,259
Retained income		21,939,899	22,053,616
		37,414,834	**36,207,875**
Liabilities			
Non-Current Liabilities			
Borrowings	15	369,139	961,770
Lease liabilities	4	6,342,190	9,706,330
Deferred tax	7	-	170,684
		6,711,329	**10,838,784**
Current Liabilities			
Trade and other payables	17	6,747,529	4,040,209
Borrowings	15	601,204	762,924
Lease liabilities	4	4,031,373	4,110,323
Current tax payable		93,899	27,214
Dividend payable		146,445	367,216
Contingent consideration	16	-	1,528,755
		11,620,450	**10,836,641**
Total Liabilities		**18,331,779**	**21,675,425**
Total Equity and Liabilities		**55,746,613**	**57,883,300**

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Figures in Rand	Note(s)	2023	2022
Revenue	18	64,163,482	65,001,950
Cost of sales		(28,226,830)	(29,620,139)
Gross profit		**35,936,652**	**35,381,811**
Other operating income and gains		165,646	81,662
Movement in credit loss allowances	19	(396,096)	(754,347)
Other operating expenses		(33,432,673)	(35,235,905)
Operating profit (loss)	19	**2,273,529**	**(526,779)**
Investment income	20	193,703	172,839
Finance costs	21	(1,760,207)	(2,340,735)
Profit (loss) before taxation		**707,025**	**(2,694,675)**
Taxation	22	(291,019)	718,201
Total comprehensive income (loss) for the year		**416,006**	**(1,976,474)**
Basic and diluted earnings (loss) per share			
Basic earnings (loss) per share (cents)	23	0.73	(3.67)
Diluted earnings (loss) per share (cents)		0.73	-
No dilutive earnings (loss) per share has been presented for the prior year as the effect was anti-dilutive.			

STATEMENT OF CHANGES IN EQUITY

Figures in Rand	Share capital	Share premium	Total share capital	Retained income	Total equity
Balance at 01 July 2021	**5,050**	**8,004,939**	**8,009,989**	**25,741,443**	**33,751,432**
Total comprehensive loss for the year	-	-	-	(1,976,474)	(1,976,474)
Issue of shares	526	6,455,719	6,456,245	-	6,456,245
Treasury shares	-	(311,975)	(311,975)	-	(311,975)
Dividends	-	-	-	(1,711,353)	(1,711,353)
Balance at 01 July 2022	**5,576**	**14,148,683**	**14,154,259**	**22,053,616**	**36,207,875**
Total comprehensive income for the year	-	-	-	416,006	416,006
Issue of shares	122	1,397,261	1,397,383	-	1,397,383
Treasury shares	-	(76,707)	(76,707)	-	(76,707)
Dividends	-	-	-	(529,723)	(529,723)
Balance at 30 June 2023	**5,698**	**15,469,237**	**15,474,935**	**21,939,899**	**37,414,834**
Note	13	13	13		

STATEMENT OF CASH FLOWS

Figures in Rand	Note(s)	2023	2022
Cash flows from operating activities			
Cash generated from operations	24	9,629,513	7,525,569
Finance costs paid		(1,760,207)	(2,118,235)
Tax paid	25	(147,293)	(64,298)
Net cash from operating activities		**7,722,013**	**5,343,036**
Cash flows from investing activities			
Purchase of property, plant and equipment	3	(2,228,715)	(3,973,687)
Proceeds on sale of property, plant and equipment		76,315	80,260
Advances to restricted cash	8	-	(690,000)
Investment income received	20	184,351	172,839
Net cash from investing activities		**(1,968,049)**	**(4,410,588)**
Cash flows from financing activities			
Proceeds from borrowings	27	-	2,193,083
Repayment of borrowings	27	(754,351)	(471,249)
Purchase of treasury shares	13	(76,709)	(311,975)
Payment of lease liabilities	27	(4,142,289)	(3,810,409)
Dividends paid	26	(750,494)	(2,240,589)
Net cash from financing activities		**(5,723,843)**	**(4,641,139)**
Total cash movement for the year		**30,121**	**(3,708,691)**
Cash at the beginning of the year		2,348,524	6,057,215
Total cash at end of the year	12	**2,378,645**	**2,348,524**

ACCOUNTING POLICIES

1. Significant accounting policies

The principal accounting policies applied in the preparation of these Consolidated Annual Financial Statements are set out below.

1.1. Basis of preparation

The Consolidated Annual Financial Statements have been prepared on the going concern basis in accordance with, and in compliance with, International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretations Committee ("IFRS IC") interpretations issued and effective at the time of preparing these Consolidated Annual Financial Statements, the JSE Listings Requirements and the Companies Act of South Africa.

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

The Consolidated 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.

Business combinations

The group accounts for business combinations using the acquisition method of accounting. The cost of the business combination is measured as the aggregate of the fair values of assets given, liabilities incurred or assumed and equity instruments issued. Costs directly attributable to the business combination are expensed as incurred, except the costs to issue debt which are amortised as part of the effective interest and costs to issue equity which are included in equity.

Any contingent consideration is included in the cost of the business combination at fair value as at the date of acquisition.

The acquiree's identifiable assets, liabilities and contingent liabilities which meet the recognition conditions of IFRS 3 Business combinations are recognised at their fair values at acquisition date. Contingent liabilities are only included in the identifiable assets and liabilities of the acquiree where there is a present obligation at acquisition date.

Goodwill

Goodwill is determined at acquisition date as the consideration paid, plus the fair value of any shareholding held prior to obtaining control, plus any non-controlling interest (when applicable) and less the fair value of the identifiable assets and liabilities of the acquiree. The acquisition date is the date on which the Group effectively obtains control of the acquiree.

ACCOUNTING POLICIES (Continued)

1.3. Significant judgements and sources of estimation uncertainty

The preparation of Consolidated 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 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 7).

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. Useful life is determined taking into account technological advances impacting the industry. 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, the condition as result of current usage and the expected physical wear and tear of each item of plant and equipment. Refer to 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 to note 6 for detail surrounding the estimations utilised in these calculations.

ACCOUNTING POLICIES (Continued)

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 to note 10 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 5 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 derived from the weighted average cost of capital specific to the Group.

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 5.

1.4. Property, plant and equipment

Property, plant and equipment are tangible assets which the Group holds for its own use or in the production of income, and which are expected to be used for more than one year.

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.

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.

ACCOUNTING POLICIES (Continued)

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 Licences	Straight line	3 years 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.

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.

ACCOUNTING POLICIES (Continued)

1.6. Impairment of assets (continued)

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 31 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 10), restricted cash (note 8) and cash and cash equivalents (note 12) 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.

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.

ACCOUNTING POLICIES (Continued)

1.7 Financial instruments (continued)

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 other receivables 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 a loan has not increased significantly since initial recognition, then the loss allowance for that loan 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 an other receivable 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.

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 90 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.

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 60 days past due unless there is reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

ACCOUNTING POLICIES (Continued)

1.7 Financial instruments (continued)

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

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 2 years, 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 10.

For all other receivables, 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 receivables 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 31).

FINANCIAL LIABILITIES AT AMORTISED COST

Classification

Trade and other payables (note 17) and borrowings (note 15) 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 31 for details of risk exposure and management thereof.

ACCOUNTING POLICIES (Continued)

1.7 Financial instruments (continued)

FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

Classification

When a financial liability is contingent consideration in a business combination, the Group classifies it as a financial liability at fair value through profit or loss. Refer to note 16.

Recognition and measurement

Financial liabilities at fair value through profit or loss are measured, at initial recognition and subsequently, at fair value. Transaction costs are recognised in profit or loss.

The unwinding of the discounting applied on the fair value assessment at initial recognition is included in finance costs and investment income.

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.

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.

ACCOUNTING POLICIES (Continued)

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 4 right-of-use assets and leases liabilities (Group as lessee).

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 21).

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.

ACCOUNTING POLICIES (Continued)

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.

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.

ACCOUNTING POLICIES (Continued)

1.14. Revenue from contracts with customers (continued)

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 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. The performance obligation with respect to provision of services is recognised when the service has been provided to the customer.

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. 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.

Disaggregation of revenue

The disaggregation of revenue from each category is presented in note 18 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.

ACCOUNTING POLICIES (Continued)

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.

2. New Standards and Interpretations

2.1. 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:	Effective date: Years beginning on or after
• Annual Improvement to IFRS Standards 2018-2020: Amendments to IFRS 1	01 January 2022
• Reference to the Conceptual Framework: Amendments to IFRS 3	01 January 2022
• Annual Improvement to IFRS Standards 2018-2020: Amendments to IFRS 9	01 January 2022
• Property, Plant and Equipment: Proceeds before Intended Use: Amendments to IAS 16	01 January 2022
• Onerous Contracts - Cost of Fulfilling a Contract: Amendments to IAS 37	01 January 2022

2.2. 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 2023 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:	Effective date: Years beginning on or after
• Disclosure of accounting policies: Amendments to IAS 1 and IFRS Practice Statement 2 to disclose material policies rather than significant policies	01 January 2023
• Definition of accounting estimates: Amendments to IAS 8	01 January 2023
• Classification of Liabilities as Current or Non-Current - Amendment to IAS 1	01 January 2024
• Deferred tax related to assets and liabilities arising from single transactions: Amendments to IAS 12	01 January 2023
• Lease liability in a sale and leaseback	01 January 2024

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

3. Property, plant and equipment

	2023 Cost	2023 Accumulated depreciation	2023 Carrying value	2022 Cost	2022 Accumulated depreciation	2022 Carrying value
Furniture and fixtures	550,677	(249,625)	301,052	553,824	(185,730)	368,094
Motor vehicles	434,279	(353,145)	81,134	588,339	(465,214)	123,125
Office equipment	189,594	(183,164)	6,430	189,594	(181,557)	8,037
IT equipment	1,045,040	(853,982)	191,058	972,052	(675,186)	296,866
Routers and handsets	18,289,818	(12,496,003)	5,793,815	16,090,847	(9,779,527)	6,311,320
Leasehold improvements	94,969	(27,116)	67,853	76,879	(11,741)	65,138
Total	**20,604,377**	**(14,163,035)**	**6,441,342**	**18,471,535**	**(11,298,955)**	**7,172,580**

Reconciliation of property, plant and equipment - 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**

Reconciliation of property, plant and equipment - 2022

	Opening balance	Additions	Disposals	Reclassifica tions	Depreciation	Total
Furniture and fixtures	421,231	-	-	-	(53,137)	368,094
Motor vehicles	209,844	-	(34,300)	-	(52,419)	123,125
Office equipment	27,926	9,643	-	-	(29,532)	8,037
IT equipment	474,492	121,246	-	(51,752)	(247,120)	296,866
Routers and handsets	6,032,400	3,795,534	-	-	(3,516,614)	6,311,320
Leasehold improvements	26,160	47,264	-	-	(8,286)	65,138
	7,192,053	**3,973,687**	**(34,300)**	**(51,752)**	**(3,907,108)**	**7,172,580**

* 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 15 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.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

4. 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 20 months (2022: 32 months) remaining on the lease at year end. Monthly repayments are R198 241 (2022: R185 275) and the interest rate is 8.75% (2022: 8.75%).

Ultra Datacentre Premises - 8 to 10 years. There are 72 months (2022: 84 months) remaining on the lease at year end. Monthly repayments are R46 495 (2022: R40 934) and the interest rate is prime interest rate plus 3%.

Routers and handsets - 3 to 5 years. There is an average of 12 months (2022: 24 months) remaining on the leases at year end. Monthly repayments are R60 840 (2022: R41 869) and the interest rate is prime interest rate plus 7% (2022: prime interest rate plus 7%).

Racks - 3 to 5 years. There is an average of 16 months (2022: 28 months) remaining on the leases at year end. Monthly repayments are R158 180 (2022: R173 336) and the interest rate the interest rate is prime interest rate plus 10% (2022: prime interest rate plus 10%).

IT Equipment - 5 years. There are 13 months (2022: 25 months) remaining on the lease at year end. Monthly repayments are R20 682 (2022: R18 970) and the interest rate is prime interest rate plus 7% (2022: prime interest rate plus 7%).

The interest rates are based on the internal borrowing rate.

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 - 2023

	Opening balance	Additions	Transfers to inventory	Transfers to property, plant and equipment	Depreciation	Total
Buildings	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**

Right-of-use asset - 2022	Opening balance	Additions	Lease adjustments and reclassifications	Depreciation	Total
Buildings	7,769,028	712,385	574,346	(2,001,046)	7,054,713
Routers and handsets	1,238,797	-	(131,663)	(358,877)	748,257
Racks	7,333,880	-	(727,389)	(812,268)	5,794,223
IT Equipment	574,860	-	-	(178,781)	396,079
	16,916,565	**712,385**	**(284,706)**	**(3,350,972)**	**13,993,272**

Other disclosures	2023	2022
Interest expense on lease liabilities	1,521,362	1,937,726
Capital repayments on leases	4,142,289	3,810,409
Total cash outflow from leases	**5,663,651**	**5,748,135**

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

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

Lease liabilities

The maturity analysis of lease liabilities is as follows:

	2023	2022
Within one year	5,180,911	5,498,514
Two to five years	6,833,680	10,533,816
More than five years	742,794	982,423
	12,757,385	17,014,753
Less finance charges component	(2,383,822)	(3,198,100)
	10,373,563	**13,816,653**
Non-current liabilities	6,342,190	9,706,330
Current liabilities	4,031,373	4,110,323
	10,373,563	**13,816,653**

Exposure to liquidity risk

Refer to note 31 Financial instruments and risk management for the details of liquidity risk exposure and management.

5. Goodwill

	2023			2022		
	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 - 2023

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

Reconciliation of goodwill - 2022

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

The carrying amount of goodwill relates to the following acquisitions :		
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 Virtual Communications (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**

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

5. Goodwill (continued)

Assessment of recoverable amounts

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;
- Discount rates; and
- The number of racks leased impacting revenue earned.

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.

Weighted average discount rates applied	2023	2022
Catalytic Connections (Pty) Ltd	20.05 %	16.58 %
Spice Telecom (Pty) Ltd	20.05 %	16.58 %
PerfectWorx Consulting (Pty) Ltd	18.85 %	17.58 %
Contineo Virtual Communications (Pty) Ltd	18.85 %	17.58 %
Ultra Datacentre (Pty) Ltd	18.85 %	20.58 %

Weight average revenue growth rates applied	2023	2022
Catalytic Connections (Pty) Ltd	5.00 %	5.50 %
Spice Telecom (Pty) Ltd	5.00 %	5.50 %
PerfectWorx Consulting (Pty) Ltd	5.00 %	7.00 %
Contineo Virtual Communications (Pty) Ltd	5.00 %	7.00 %
Ultra Datacentre (Pty) Ltd	^^ refer below	^ refer below

^^ Based on an average growth of 5 racks per year until full capacity is reached in 3 years (2022: 4 years).

Sensitivity

The value of a 1% (2022: 1%) increase in the discount rates and 1% (2022: 1%) decrease in revenue growth rates applied to the discounted cash flow resulted in a change in value 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.

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

	Difference due to change in growth rate	
2023	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)

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

5. Goodwill (continued)

2022	Difference due to change in discount rate	
	1% increase	1% decrease
Catalytic Connections (Pty) Ltd and Spice Telecom (Pty) Ltd	(1,190,583)	1,190,583
PerfectWorx Consulting (Pty) Ltd	(372,668)	372,668
Contineo Virtual Communications (Pty) Ltd	(1,098,318)	1,098,318
Ultra Datacentre (Pty) Ltd	(577,376)	577,376

2022	Difference due to change in growth rate	
	1% increase	1% decrease
Catalytic Connections (Pty) Ltd and Spice Telecom (Pty) Ltd	6,447,333	(6,447,333)
PerfectWorx Consulting (Pty) Ltd	770,642	(770,642)
Contineo Virtual Communications (Pty) Ltd	1,640,035	(1,640,035)
Ultra Datacentre (Pty) Ltd	1,880,963	(1,880,963)

6. Intangible assets

	2023			2022		
	Cost	Accumulated amortisation	Carrying value	Cost	Accumulated amortisation	Carrying value
Computer software	1,590,850	(1,339,579)	251,271	1,590,850	(984,341)	606,509
Licences - indefinite life	300,000	-	300,000	300,000	-	300,000
Total	**1,890,850**	**(1,339,579)**	**551,271**	**1,890,850**	**(984,341)**	**906,509**

Reconciliation of intangible assets - 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 - 2022

	Opening balance	Reclassification	Amortisation	Total
Computer software	844,893	51,752	(290,136)	606,509
Licences - indefinite life	300,000	-	-	300,000
	1,144,893	**51,752**	**(290,136)**	**906,509**

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, a 100% subsidiary. They are integral to the assumptions used in the determination of the recoverable amount and are identical to those disclosed in note 5 (goodwill) which also forms part of the annual impairment assessment.

Contractual commitments

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

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

7. Deferred tax

Figures in Rand	2023	2022
Deferred tax liability		
Lease liabilities	(1,184,490)	(410,271)
Prepayments	-	(178,650)
Licences	(81,000)	(84,000)
Total deferred tax liability	**(1,265,490)**	**(672,921)**
Deferred tax asset		
Credit losses allowances	147,317	156,140
Employee related accruals	193,621	189,157
Right-of-use assets	971,671	303,430
Deferred tax balance from temporary differences other than unused tax losses	1,312,609	648,727
Tax losses available for set off against future taxable income	3,464,590	3,577,093
Total deferred tax asset	**4,777,199**	**4,225,820**

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

Figures in Rand	2023	2022
Deferred tax liability	-	(170,684)
Deferred tax asset	3,511,709	3,723,583
Total net deferred tax asset	**3,511,709**	**3,552,899**
Reconciliation of deferred tax asset / (liability)		
At beginning of year	3,552,899	2,695,486
Increases (decrease) in tax loss available for set off against future taxable income	(112,503)	1,725,896
Taxable (deductible) temporary differences on: Leases	(774,219)	(340,124)
Prepayments	178,650	(25,901)
Licenses	3,000	-
Credit loss allowances	(8,823)	(612,740)
Employee related accruals	4,464	21,555
Right-of-use assets	668,241	88,727
	3,511,709	**3,552,899**

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 to customers following increased sales activities which has already started to materialise towards year end.

8. Restricted cash

Figures in Rand	2023	2022
Deposit guarantee: leased premises	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.

Fair value of restricted cash

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

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

9. Inventories

Figures in Rand	2023	2022
Routers and handsets	560,119	475,334
Licences	86,740	542,121
	646,859	**1,017,455**
Carrying value of inventories carried at fair value less costs to sell	202,691	224,357
No inventory has been written off, or pledged as security.		

10. Trade and other receivables

Figures in Rand	2023	2022
Financial instruments at amortised cost:		
Trade receivables	6,425,077	3,498,640
Loss allowance - other	(436,494)	(705,593)
Trade receivables at amortised cost	5,988,583	2,793,047
Deposits	63,392	63,392
Accruals for revenue	493,854	625,952
Other receivables	-	66,219
Non-financial instruments:		
VAT	356,932	753,698
Prepayments	141,330	-
Total trade and other receivables	**7,044,091**	**4,302,308**
Financial instrument and non-financial instrument components of trade and other receivables		
At amortised cost	6,545,829	3,548,610
Non-financial instruments	498,262	753,698
	7,044,091	**4,302,308**

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 to note 17). 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 remaining 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 (2022: 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 value of trade receivables written off that were still subject to enforcement activities at year end was R665 195 (R2022: R3 067 500).

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

Accruals for revenue was assessed for impairment and the amount was not considered to be material to the Group.

10. Trade and other receivables (continued)

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

Other than the afore-mentioned specific customer, 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.

	2023	2023	2022	2022
	Estimated gross carrying amount at Expected credit loss rate: default	**Loss allowance (Lifetime expected credit loss)**	**Estimated gross carrying amount at default**	**Loss allowance (Lifetime expected credit loss)**
Less than 30 days past due: 0.29% (2022: 1.36%)	5,201,691	(14,912)	2,574,915	(34,939)
31 - 60 days past due: 10.00% (2022: 10.21%)	864,918	(86,490)	42,043	(4,273)
61 - 90 days past due: 88.00% (2022: 89.21%)	194,796	(171,420)	27,940	(24,296)
more than 90 days past due: 100.00% (2022: 75.21%)	163,672	(163,672)	853,742	(642,085)
Total	**6,425,077**	**(436,494)**	**3,498,640**	**(705,593)**

Reconciliation of loss allowances

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

Figures in Rand	2023	2022
Opening balance	**(705,593)**	**(3,707,733)**
Amounts written off as uncollectible	665,195	3,756,487
Amounts written off recovered during the year	(29,087)	-
Provision raised on new trade receivables	(367,009)	(754,347)
Closing balance	**(436,494)**	**(705,593)**

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.

11. Prepayments

Reconciliation of prepayments - 2023	**Opening balance**	**Released to profit or loss**	**Closing balance**
Prepaid licensing and support	674,740	(674,740)	-

Reconciliation of prepayments - 2022	**Opening balance**	**Additions**	**Released to profit or loss**	**Closing balance**
Prepaid licensing and support	667,045	2,508,651	(2,500,956)	674,740

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

12. Cash and cash equivalents

Figures in Rand	2023	2022
Cash and cash equivalents consist of:		
Cash on hand	-	1,800
Bank balances	2,311,676	1,226,888
Short-term deposits	66,969	1,119,836
	2,378,645	**2,348,524**

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:

Figures in Rand	2023	2022
Standard & Poor credit rating		
zaA-1+ (2022: zaAA)	2,373,291	1,933,873
2022: A	-	391,094
BB- (2022: AA+)	5,354	21,757
	2,378,645	**2,346,724**

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.

13. Share capital

Figures in Rand	2023	2022
Authorised		
500 000 000 Ordinary shares of R0.0001 each	50,000	50,000
Reconciliation of number of shares issued:		
Reported as at 01 July	55,089,508	50,079,438
Issue of shares – ordinary shares	1,723,160	5,259,670
Issue of shares to directors – ordinary shares	56,812,668	55,339,108
Shares purchased by subsidiary	(67,868)	(249,600)
	56,744,800	**55,089,508**

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.

Figures in Rand	2023	2022
Issued		
Ordinary	5,698	5,576
Share premium	22,318,392	20,921,131
Share issue costs written off against share premium	(462,403)	(462,403)
Capital distribution of share premium	(5,460,000)	(5,460,000)
Treasury shares held by subsidiaries	(926,752)	(850,045)
	15,474,935	**14,154,259**

The Company issued an additional 1 723 160 (2022: 5 259 670) shares in final settlement of the initial purchase consideration payable for the acquisitions of Contineo Virtual Communications (Pty) Ltd and PerfectWorx Consulting (Pty) Ltd. Refer to note 16 for contingent consideration.

A wholly owned subsidiary of the Company purchased 67 868 (2022: 249 600) shares in the Company for an average purchase price of 113.02 cents (2022: 124.99 cents) per share as part of the Group's share repurchase programme. These shares are being held as treasury shares, with 738 030 shares held at year end.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

14. Shareholder analysis

Shareholder analysis as at 30 June 2023:

Shareholders holding more than 5% at year end	% Holding	No. of shareholders	No. of s hares
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	78.21	3	44,954,234
Public and staff with no restrictions on dealings	20.51	748	11,790,566
	98.72	**751**	**56,744,800**
Treasury shares held by subsidiary	1.28	1	738,030
	100.00	**752**	**57,482,830**

15. Borrowings

Figures in Rand	2023	2022
Held at amortised cost		
The Rental Company (Pty) Ltd	970,343	1,724,694
Split between non-current and current portions		
Non-current liabilities	369,139	961,770
Current liabilities	601,204	762,924
	970,343	**1,724,694**

The borrowings relate to contracts with The Rental Company Proprietary Limited for the acquisition of equipment. The repayment periods vary between 24 and 60 months and the interest rate is prime interest rate plus 10% (2022: prime interest rate plus 10%). The borrowings are repaid in monthly instalments of R81 468 (2022: R82 564).

The carrying value of the property, plant and equipment serving as collateral was R1 135 096 (2022: R1 728 735).

Refer to note 27 changes in liabilities arising from financing activities for details of the movement in the borrowings during the reporting period.

16. Contingent consideration

Effective 1 July 2020 the Group acquired the entire shareholding of Contineo Virtual Communications (Pty) Ltd and PerfectWorx Consulting (Pty) Ltd for a maximum consideration of R16 500 000. An aggregate of 8 500 000 shares at R1 each were issued on 23 July 2020 as settlement for the initial purchase price which the Directors deemed to be the fair value of the shares at that time. In the 2022 year, an additional 5,259,670 shares were issued at 122.75 cents in settlement of the first year of the earn-out consideration payable.

During the current year in accordance with the earn-out calculation included in the sale of shares agreement entered into by Voigt, Pieton, TeleMasters and Contineo on 29 June 2020 ("Contineo Sale of Shares Agreement"), the Company issued an additional 1 223 160 new shares to Voigt (611 580 shares) and Pieton (611 580 shares) at an issue price of 85.33 cents per share in accordance with the final earn-out calculation provided for in the Contineo Sale of Shares Agreement.

During the current year in accordance with the earn-out calculation included in the sale of shares agreement entered into by Voigt, TeleMasters and PerfectWorx on 29 June 2020 ("PerfectWorx Sale of Shares Agreement"), the Company issued an additional 500 000 new shares to Voigt at an issue price of 70.73 cents per share in accordance with the final earn-out calculation provided for in the PerfectWorx Sale of Shares Agreement.

Figures in Rand	2023	2022
Reconciliation of contingent consideration		
Contingent consideration at beginning of year	**1,528,755**	**7,762,500**
Fair value adjustment (refer to note 19)	(131,372)	-
Finance costs (refer to note 21)	-	222,500
Shares issued	(1,397,383)	(6,456,245)
Contingent consideration at end of year	**-**	**1,528,755**

The fair value of the contingent consideration was determined using a discount rate of 10%. The measurement of fair value was recognised in terms of IFRS 13 as a level 3 in that there no observable inputs due to the amount owing being based on forecast earnings.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

17. Trade and other payables

Figures in Rand	2023	2022
Financial instruments:		
Trade payables	4,954,761	2,041,640
Employee related payables	276,069	295,829
Accruals	401,943	796,120
Accrued leave pay	717,116	675,561
Accrued audit fees	-	190,750
Deposits received	39,457	39,457
Non-financial instruments:		
VAT	358,183	852
	6,747,529	**4,040,209**
Financial instrument and non-financial instrument components of trade and other payables		
At amortised cost	6,389,346	4,039,357
Non-financial instruments	358,183	852
	6,747,529	**4,040,209**

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.

18. Revenue

Figures in Rand	2023	2022
Revenue from contracts with customers		
Sale of goods	9,521,714	3,696,131
Rendering of services	54,641,768	61,305,819
	64,163,482	**65,001,950**

Disaggregation and timing of revenue from contracts with customers

The disaggregation and timing of revenue from customers as per the reportable segments is as follows:

2023	Catalytic & Contineo	PerfectWorx	Ultra DC	Total
Sale of goods				
Equipment sales - at a point in time	4,217,374	4,320,648	-	8,538,022
Sale of other goods - at a point in time	983,692	-	-	983,692
	5,201,066	**4,320,648**	**-**	**9,521,714**
Rendering of services				
Airtime - at a point in time	10,279,864	-	-	10,279,864
Connection fees - over time	38,386,409	-	-	38,386,409
Service fees - over time	3,343,683	592,680	2,039,132	5,975,495
	52,009,956	**592,680**	**2,039,132**	**54,641,768**
Total revenue from contracts with customers	**57,211,022**	**4,913,328**	**2,039,132**	**64,163,482**

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

18. Revenue (continued)

2022	Catalytic & Contineo	PerfectWorx	Ultra DC	Total
Sale of goods				
Equipment sales - at a point in time	2,502,855	1,193,276	-	3,696,131
Rendering of services				
Airtime - at a point in time	13,984,494	-	-	13,984,494
Connection fees - over time	32,403,276	-	-	32,403,276
Service fees - over time	14,333,323	165,265	419,461	14,918,049
	60,721,093	165,265	419,461	61,305,819
Total revenue from contracts with customers	**63,223,948**	**1,358,541**	**419,461**	**65,001,950**

Refer to note 34 for segment reporting.

19. Operating profit (loss)

Operating profit (loss) for the year is stated after charging (crediting) the following, amongst others:

Figures in Rand	2023	2022
Auditor's remuneration - external		
Audit fees	759,885	574,855
Audit fees - prior year overprovision	(115,750)	-
	644,135	**574,855**
Remuneration, other than to employees		
Consulting and professional services	2,926,936	2,559,964
Secretarial services	550,498	606,505
	3,477,434	**3,166,469**
Employee costs		
Salaries, wages, bonuses and other benefits	15,326,691	15,591,645
Retirement benefit plans: defined contribution expense	117,558	218,560
	15,444,249	**15,810,205**
Depreciation and amortisation		
Depreciation of property, plant and equipment	2,996,031	3,907,108
Depreciation of right-of-use assets	3,063,044	3,351,064
Amortisation of intangible assets	355,238	290,136
	6,414,313	**7,548,308**
Losses (gains) on disposals, scrappings and settlements		
Property, plant and equipment	62,170	(45,960)
Movement in credit loss allowances		
Trade and other receivables	396,096	754,347
Fair value adjustments		
Contingent consideration	(131,372)	-

20. Investment income

Figures in Rand	2023	2022
Interest income		
Investments in financial assets:		
Bank and other cash	184,351	172,839
Overpayment of tax	9,352	-
Total interest income	**193,703**	**172,839**

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

21. Finance costs

Figures in Rand	2023	2022
Lease liabilities	1,521,362	1,937,726
Contingent consideration	-	222,500
Borrowings	235,292	143,614
Other interest paid	3,553	36,896
Total finance costs	**1,760,207**	**2,340,736**

22. Taxation

Figures in Rand	2023	2022
Major components of the tax (income) expense Current		
Local income tax - current period	249,829	127,157
Deferred		
Originating and reversing temporary differences	41,190	(845,358)
	291,019	**(718,201)**
Reconciliation of the tax expense		
Reconciliation between accounting profit and tax expense.		
Accounting profit (loss)	707,025	(2,694,675)
Tax at the applicable tax rate of 27% (2022: 28%)	190,897	(754,509)
Tax effect of adjustments on taxable income		
Unrecognised tax losses utilised	-	(39,766)
Underprovision in prior year	-	4,911
Expenses not tax deductible	-	8,863
Income not taxable	(6,279)	-
Movement on contingent consideration	(35,470)	62,300
Tax rate change	138,818	-
Tax losses carried forward	3,053	-
	291,019	**(718,201)**

The income tax rate of 28% in 2022 was reduced to 27% in 2023.

23. Earnings (loss) per share

Figures in Rand	2023	2022
Basic earnings (loss) reconciliation		
Loss attributable to equity holders of the Company	416,006	(1,976,474)
Basic earnings (loss)	**416,006**	**(1,976,474)**
Headline earnings (loss) reconciliation		
Earnings (loss) attributable to ordinary shareholders	416,006	(1,976,474)
Adjustments		
IAS 16 Loss (profit) on disposal of property, plant and equipment	62,170	(45,960)
Taxation thereon	(16,786)	12,869
Net adjustment	45,384	(33,091)
Headline earnings (loss)	**461,390**	**(2,009,565)**
Number of shares in issue	57,482,830	55,759,670
Weighted average shares in issue	56,890,296	53,876,273
Basic earnings (loss) per share (cents)	0.73	(3.67)
Diluted earnings (loss) per share (cents)	0.73	-
Headline earnings (loss) per share (cents)	0.81	(3.73)

Diluted per share information was not presented for the prior year as it was considered anti-dilutive, due to the loss per share and headline loss per share for the prior year. There are no dilutive instruments in issue at year-end. Refer to note 16 for dilutive instruments at the end of the prior year.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

24. Cash generated from operations

Figures in Rand	2023	2022
Profit (loss) before taxation		
Adjustments for:	707,025	(2,694,675)
Depreciation and amortisation	6,414,313	7,548,308
Loss (profit) on disposal of property, plant and equipment	62,170	(45,960)
Interest income	(193,703)	(172,839)
Finance costs	1,760,207	2,340,735
Net movements in credit loss allowances	396,096	754,347
Other non-cash income: fair value adjustment on contingent consideration	(131,372)	-
Other non-cash movement relating to lease adjustment		
Changes in working capital net of acquisitions:	-	117,418
Inventories	370,596	(340,796)
Trade and other receivables	(3,137,879)	71,296
Prepayments	674,740	(7,695)
Trade and other payables	2,707,320	(44,570)
	9,629,513	**7,525,569**

25. Tax paid

Figures in Rand	2023	2022
Balance at beginning of the year	74,439	137,298
Current tax for the year recognised in profit or loss	(249,829)	(127,157)
Balance at end of the year	28,097	(74,439)
	(147,293)	**(64,298)**

26. Dividends paid

Figures in Rand	2023	2022
Balance at beginning of the year	(367,216)	(896,452)
Dividends	(529,723)	(1,711,353)
Balance at end of the year	146,445	367,216
	(750,494)	**(2,240,589)**

27. Changes in liabilities arising from financing activities Reconciliation of liabilities arising from financing activities - 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 - 2022

	Opening balance	Issue of shares	Net finance costs	Lease additions	Other non-cash movements	Total non-cash movements	Cash flows	Closing balance
Borrowings	-	-	-	-	2,860	2,860	1,721,834	1,724,694
Contingent consideration	7,762,500	(6,456,245)	222,500	-	-	(6,233,745)	-	1,528,755
Lease liabilities	17,072,679	-	-	712,385	(158,002)	554,383	(3,810,409)	13,816,653
Total liabilities from financing activities	**24,835,179**	**(6,456,245)**	**222,500**	**712,385**	**(155,142)**	**(5,676,502)**	**(2,088,575)**	**17,070,102**

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

28. Litigation

The Group continues to pursue litigation and attendant matters in respect of a material bad 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.

29. Related parties

Relationships

Members of key management	JM Voigt
	BR Topham (appointed 1 June 2023)
	JL Roos (retired 21 June 2023)

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

Figures in Rand	2023	2022
Related party balances		
Amounts included in Trade receivables regarding related parties		
Spero Sensors and Instruments (Pty) Ltd	1,131,246	-
Amounts included in Trade payables regarding related parties		
Level This CC	(129,342)	-
Related party transactions		
Sales to related parties		
Spero Sensors and Instruments (Pty) Ltd	(1,616,698)	(596,596)
Consulting fees paid to other related parties		
Level This CC	1,860,000	1,740,000
Zero Plus Trading 194 (Pty) Ltd	379,390	450,000
Value of shares issued		
JM Voigt	875,511	3,228,122

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

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

30. Directors' emoluments

Executive

2023

Directors' emoluments	Emoluments
JL Roos	923,240
JM Voigt	1,440,000
	2,363,240

2022

Directors' emoluments	Emoluments
JL Roos	900,000
JM Voigt	1,680,640
	2,580,640

Non-executive

2023

Directors' emoluments	Directors' fees
DJ Bate	249,000
MB Pretorius	399,996
WF Steinberg	249,000
M Tappan	249,000
T Smith	249,000
	1,395,996

2022

Directors' emoluments	Directors' fees
DJ Bate	228,250
MB Pretorius	405,127
WF Steinberg	249,000
M Tappan	249,000
T Smith	166,000
	1,297,377

31. Financial instruments and risk management

Categories of financial instruments

Categories of financial assets

2023	Note(s)	Amortised cost	Fair value
Restricted cash	8	690,000	690,000
Trade and other receivables	10	6,545,829	6,545,829
Cash and cash equivalents	12	2,378,705	2,378,705
		9,614,534	**9,614,534**

2022	Note(s)	Amortised cost	Fair value
Restricted cash	8	690,000	690,000
Trade and other receivables	10	3,548,610	3,548,610
Cash and cash equivalents	12	2,348,524	2,348,524
		6,587,134	**6,587,134**

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

31. Financial instruments and risk management (continued)

Categories of financial liabilities

2023

	Note(s)	Amortised cost	Leases	Fair value
Trade and other payables	17	6,389,346	-	6,349,346
Borrowings	15	970,343	-	970,343
Lease liabilities	4	-	10,373,563	10,373,563
Dividend payable		146,445	-	146,445
		7,506,134	**10,373,563**	**17,839,697**

2022

	Note(s)	Amortised cost	Leases	Fair value
Trade and other payables	17	4,039,357	-	4,039,357
Borrowings	15	1,724,694	-	1,724,694
Lease liabilities	4	-	13,816,653	13,816,653
Dividend payable		367,216	-	367,216
		6,131,267	**13,816,653**	**19,947,920**

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

There have been no substantive changes to the Group's 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' 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, from which financial risk arises, are as follows:

- Restricted cash;
- Trade and other receivables;
- Cash and cash equivalents;
- Trade and other payables;
- Borrowings;
- Lease liabilities;
- Dividends payable; and
- Contingent consideration.

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.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

31. 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; and
- Reviewing the trade debtors' age analysis weekly with the intention of minimising the Group's exposure to bad debts.

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 8), trade and other receivables (note 10) and cash and cash equivalents (note 12). The management of credit risk exposure is detailed in the individual notes.

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

		2023			2022		
		Gross carrying amount	Credit loss allowance	Amortised cost	Gross carrying amount	Credit loss allowance	Amortised cost
Restricted cash	8	690,000	-	690,000	690,000	-	690,000
Trade and other receivables	10	6,982,323	(436,494)	6,545,829	4,254,203	(705,593)	3,548,610
Cash and cash equivalents	12	2,378,705	-	2,378,705	2,346,724	-	2,346,724
		10,051,028	**(436,494)**	**9,614,534**	**7,290,927**	**(705,593)**	**6,585,334**

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.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

31. Financial instruments and risk management (continued)

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	15	-	58,990	251,630	116,666	-	-	427,286	369,139
Lease liabilities	4	-	4,074,843	1,367,295	670,763	705,445	758,128	7,576,474	6,342,190
Current liabilities									
Trade and other payables	17	6,389,346	-	-	-	-	-	-	6,389,346
Borrowings	15	730,084	-	-	-	-	-	-	601,204
Lease liabilities	4	5,180,911	-	-	-	-	-	-	4,031,373
Dividend payable		146,445	-	-	-	-	-	-	146,445
		10,895,641	**4,133,833**	**1,618,925**	**6,753,006**	**6,753,006**	**6,753,006**	**8,003,760**	**17,879,697**

2022		Less than 1 year	2 to 5 years	Over 5 years	Total	Carrying amount
Non-current liabilities						
Borrowings	15	-	1,115,038	-	1,115,038	961,770
Lease liabilities	4	-	10,533,816	982,423	11,516,239	9,706,330
Current liabilities						
Trade and other payables	17	4,039,357	-	-	4,039,357	4,039,357
Borrowings	15	990,554	-	-	990,554	762,924
Lease liabilities	4	5,498,514	-	-	5,498,514	4,110,323
Dividend payable		367,216	-	-	367,216	367,216
Contingent consideration	16	1,528,755	-	-	1,528,755	1,528,755
		19,145,191	**11,648,854**	**982,423**	**25,055,673**	**21,476,675**

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.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

31. Financial instruments and risk management (continued)

Interest rate profile

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

		Average effective interest rate		Carrying amount	
	Note	2023	2022	2023	2022
Variable rate instruments: Assets					
Cash and cash equivalents	12	5.25%-6.23%	4.65%-5.25%	2,378,705	2,348,524
Restricted cash	8	5.25%-6.23%	4.65%-5.25%	690,000	690,000
				3,068,705	**3,038,524**
Liabilities					
Borrowings	15	18.25%-20.45%	15.98%-20.85%	(970,343)	(1,724,694)
Lease liabilities	4	8.75%-20.45%	9.8%-16.38%	(10,373,563)	(5,249,785)
				(11,343,906)	(6,974,479)
Net variable rate financial instruments				**(8,275,201)**	**(3,935,955)**
Fixed rate instruments: Liabilities					
Lease liabilities	4		10.47%	-	(424,435)
Net fixed rate financial instruments				**-**	**(424,435)**

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.

At 30 June 2023, if the prime interest rate had been 1.50% per annum (2022: 1.50%) higher or lower during the period, with all other variables held constant, profit or loss for the year would have been R 60,409 (2022: R 42,508) lower and

R 60,409 (2022: R 42,508) higher.

32. Going concern

The directors have evaluated the Group's solvency and liquidity position and draw attention to the fact that as at 30 June 2023, the Group’s current liabilities exceeded its current assets by R1 485 053 (2022: R2 391 961).

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 shareholder loan facilities available 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.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

33. 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 2023:

- 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.
- MJ Krastonov was appointed to the Board of Directors with effect from 20 September 2023 and has been appointed as the Chairperson of the Committee.

34. 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.

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 30 June 2023 are Catalytic & Contineo; PerfectWorx; Ultra DC and Corporate. The comparatives have been restated accordingly as Catalytic 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.

Catalytic Connections (Pty) Ltd ("Catalytic") 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 Datacentre (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.

2023	Catalytic & Contineo	PerfectWorx	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	7,954,032	(21,615,907)	-
	65,306,742	**8,927,330**	**3,591,285**	**7,954,032**	**(21,615,907)**	**64,163,482**
EBITDA*	**4,450,327**	**363,455**	**1,645,677**	**2,236,132**	**(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**	**(32,390)**	**(7,749)**	**707,025**
Total assets	**19,535,415**	**4,835,630**	**3,332,321**	**51,783,391**	**(23,740,144)**	**55,746,613**
Total liabilities	**22,775,412**	**2,585,677**	**3,641,444**	**12,904,354**	**(23,575,108)**	**18,331,779**

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

34. Segment reporting (continued)

2022	Catalytic & Contineo	PerfectWorx	Ultra DC	Corporate	Consolidation	Total
Revenue^						
Revenue - external	63,223,948	1,358,541	419,461	-	-	65,001,950
Revenue - internal	7,737,641	3,897,652	1,038,079	10,096,519	(22,769,891)	-
	70,961,589	**5,256,193**	**1,457,540**	**10,096,519**	**(22,769,891)**	**65,001,950**
EBITDA*	**2,123,026**	**199,929**	**180,528**	**4,535,243**	**(17,198)**	**7,021,528**
Adjusted for:						
Depreciation and amortisation	(3,968,334)	(27,762)	(320,542)	(3,231,669)	-	(7,548,307)
Investment income	33,840	-	-	138,999	-	172,839
Finance costs	(848,488)	(40)	(335,897)	(1,156,310)	-	(2,340,735)
Net profit (loss) before tax	**(2,659,956)**	**172,127**	**(475,911)**	**286,263**	**-**	**(2,694,675)**
Total assets	**21,076,282**	**2,582,334**	**3,466,586**	**47,775,882**	**(17,017,784)**	**57,883,300**
Total liabilities	**23,800,789**	**643,184**	**4,421,922**	**15,496,139**	**(22,686,609)**	**21,675,425**

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

^ Refer to note 18 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.

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SHAREHOLDERS INFORMATION

SHAREHOLDERS DIARY

Annual Report Approved
31 October 2023

Annual Report Dispatched
31 October 2023

Annual General Meeting
1 December 2023

NOTICE OF THE ANNUAL GENERAL MEETING

Notice is hereby given:

That The Annual General Meeting of Shareholders of the Company ("**AGM**") will be held at the office of Catalytic, Building 2 ATT House, Ground Floor, Maxwell Office Park, Magwa Crescent, Waterfall City, Johannesburg, at 09:30 on Friday, 1 December 2023. The record date on which Shareholders must be recorded as such in the register maintained by the transfer secretaries of the Company for purposes of determining which Shareholders are entitled to attend and vote at the Annual General Meeting is Friday, 24 November 2023. The last day to trade in order to be eligible to vote at the AGM will accordingly be Tuesday, 21 November 2023. The purpose of the meeting is to consider, and if deemed fit, to pass, with or without non-material modifications the following resolutions:

1. **Ordinary resolution number 1 – Consolidated Annual Financial Statements**

   "RESOLVED THAT the Consolidated Annual Financial Statements of the Group for the year ended 30 June 2023, together with the Directors' and Auditor's reports thereon, be and are hereby received, considered and adopted."

   In order for this ordinary resolution to be adopted, the support of 50% of the voting rights exercised on the resolution by Shareholders present or represented by proxy at the Annual General Meeting and entitled to exercise voting rights on the resolution is required.

2. **Ordinary resolution number 2 – Approval of election of Director**

   "RESOLVED THAT the interim appointment by the Board of Prof BR Topham, as Director of the Company and Acting Chief Financial Officer as 1 June 2023 be ratified and approved.

   In order for this ordinary resolution to be adopted, the support of 50% of the voting rights exercised on the resolution by Shareholders present or represented by proxy at the Annual General Meeting and entitled to exercise voting rights on the resolution is required.

3. **Ordinary resolution number 3 – Approval of election of Director**

   "RESOLVED THAT the interim appointment by the Board of Mrs MJ Krastanov, as an independent Non-Executive Director of the Company as of 20 September be ratified and approved.

   In order for this ordinary resolution to be adopted, the support of 50% of the voting rights exercised on the resolution by Shareholders present or represented by proxy at the Annual General Meeting and entitled to exercise voting rights on the resolution is required.

4. **Ordinary resolution number 4 - Director retirement and re-election**

   "RESOLVED THAT Mr WF Steinberg, who retires in accordance with the provisions of the Company's Memorandum of Incorporation but, being eligible, offers himself for re-election, be and is hereby re-elected as a Director of the Company."

   A *curriculum vitae* for Mr WF Steinberg is set out under Directors' and Executive Managers' Profiles on page 12 of the Integrated Annual Report.

   In order for this ordinary resolution to be adopted, the support of 50% of the voting rights exercised on the resolution by Shareholders present or represented by proxy at the Annual General Meeting and entitled to exercise voting rights on the resolution is required.

5. **Ordinary resolution number 5 – Director retirement and re-election**

   "RESOLVED THAT Mrs M Tappan, who retires in accordance with the provisions of the Company's Memorandum of Incorporation but, being eligible, offers herself for re-election, be and is hereby re-elected as a Director of the Company."

   A *curriculum vitae* for Mrs M Tappan is set out under Director's and Executive Managers' Profiles on page 12 of the Integrated Annual Report.

   In order for this ordinary resolution to be adopted, the support of 50% of the voting rights exercised on the resolution by Shareholders present or represented by proxy at the Annual General Meeting and entitled to exercise voting rights on the resolution is required.

6. **Ordinary resolution number 6 – Directors' remuneration**

   "RESOLVED THAT the remuneration paid to non-executive Directors for the financial year ending 30 June 2023 as disclosed in Note 30 of the Consolidated Annual Financial Statements be and is hereby approved."

   In order for this ordinary resolution to be adopted, the support of 50% of the voting rights exercised on the resolution by Shareholders present or represented by proxy at the Annual General Meeting and entitled to exercise voting rights on the resolution is required.

NOTICE OF THE ANNUAL GENERAL MEETING (Continued)

7. **Ordinary resolution number 7 – Appointment of auditors and remuneration**

"RESOLVED THAT the re-appointment of Nexia SAB&T as the auditors, with Mr Johandre Engelbrecht as the designated auditor, be and is hereby approved and that the Audit and Risk Committee be and is hereby authorised to determine the remuneration of the auditors."

In order for this ordinary resolution to be adopted, the support of 50% of the voting rights exercised on the resolution by Shareholders present or represented by proxy at the Annual General Meeting and entitled to exercise voting rights on the resolution is required.

8. **Ordinary resolution number 8 – General authority to allot and issue shares for cash**

"RESOLVED THAT, subject to the approval of 75% of the members present in person and by proxy and entitled to vote at the meeting, the Directors of the Company be and are hereby authorised, by way of general authority, to allot and issue all or any of the authorised but unissued shares in the capital of the Company as they in their discretion deem fit, subject to the following limitations:

- The shares which are the subject of the issue for cash must be of a class already in issue or, where this is not the case, must be limited to such equity securities or rights that are convertible into a class already in issue;
- This authority shall not endure beyond the next Annual General Meeting of the Company nor shall it endure beyond 15 months from the date of this meeting, whichever comes soonest;
- There will be no restrictions in regard to the persons to whom the shares may be issued provided that such shares are to be issued to public Shareholders (as defined by the JSE Listings Requirements) and not to related parties;
- Upon any issue of shares which, together with prior issues during any financial year, will constitute 5% or more of the number of shares of the class in issue, the Company shall, by way of an announcement on Stock Exchange News Service ("**SENS**"), give full details thereof, including the effect on the net asset value of the Company and earnings per share;
- any such issue will only be made to public shareholders, as defined in paragraphs 4.25 to 4.27 of the JSE Listings Requirements, and not to related parties, save therefore that related parties may participate in a general issue for cash through a bookbuild process provided that (i) related parties may only participate with a maximum bid price at which they are prepared to take-up shares or at book close price. In the event of a maximum bid price and the book closes at a higher price the relevant related party will be "out of the book" and not be allocated shares; and (ii) equity securities must be allocated equitably "in the book" through the bookbuild process and the measures to be applied must be disclosed in the SENS announcement launching the bookbuild;
- The number of ordinary shares that may be issued shall not in the current financial year, in aggregate, exceed 28 741 415 twenty eight million seven hundred and forty one thousand four hundred and fifteen shares (including any shares which are compulsorily convertible into ordinary shares), being 50% of the Company's issued ordinary shares at the date of this notice of Annual General Meeting; and
- The maximum discount at which shares may be issued is 10% of the weighted average traded price of the Company's shares over the 30 business days prior to the date that the price of the issue is determined or agreed by the Directors of the applicant."

In order for this ordinary resolution to be adopted, the support of 75% of the voting rights exercised on the resolution by Shareholders present or represented by proxy at the Annual General Meeting and entitled to exercise voting rights on the resolution is required.

NOTICE OF THE ANNUAL GENERAL MEETING (Continued)

9. Ordinary resolution number 9 – Authority to execute requisite documentation

"RESOLVED THAT any Director of the Company or the Company Secretary be and hereby is authorised to do all such things and sign all such documents issued by the Company and required to give effect to the special resolutions and ordinary resolutions passed at the Annual General Meeting."

In order for this ordinary resolution to be adopted, the support of 50% of the voting rights exercised on the resolution by Shareholders present or represented by proxy at the Annual General Meeting and entitled to exercise voting rights on the resolution is required.

10. Ordinary resolution number 10 – Appointment of Ms MJ Krastanov as member and Chair of the Audit and Risk Committee

"RESOLVED THAT the appointment of Ms MJ Krastanov as a member and Chair of the Audit and Risk Committee of the Company for the forthcoming year ending 30 June 2024 and until the next AGM be and is hereby approved."

A *curriculum vitae* for Ms MJ Krastanov is set out under Directors' and Executive Managers' Profiles on page 13 of the Integrated Annual Report.

In order for this ordinary resolution to be adopted, the support of 50% of the voting rights exercised on the resolution by Shareholders present or represented by proxy at the Annual General Meeting and entitled to exercise voting rights on the resolution is required.

11. Ordinary resolution number 11 – Appointment of Ms M Tappan as member of the Audit and Risk Committee

"RESOLVED THAT the appointment of Ms M Tappan as a member of the Audit and Risk Committee of the Company for the forthcoming year ending 30 June 2024 and until the next AGM be and is hereby approved."

A *curriculum vitae* for Ms M Tappan is set out under Directors' and Executive Managers' Profiles on page 12 of the Integrated Annual Report.

In order for this ordinary resolution to be adopted, the support of 50% of the voting rights exercised on the resolution by Shareholders present or represented by proxy at the Annual General Meeting and entitled to exercise voting rights on the resolution is required.

12. Ordinary resolution number 12 – Appointment of Mr WF Steinberg as member of the Audit and Risk Committee

"RESOLVED THAT the appointment of Mr WF Steinberg as a member of the Audit and Risk Committee of the Company for the forthcoming year ending 30 June 2024 and until the next AGM be and is hereby approved."

A *curriculum vitae* for Mr WF Steinberg is set out under Directors' and Executive Managers' Profiles on page 12 of the Integrated Annual Report.

In order for this ordinary resolution to be adopted, the support of 50% of the voting rights exercised on the resolution by Shareholders present or represented by proxy at the Annual General Meeting and entitled to exercise voting rights on the resolution is required.

13. Ordinary resolution number 13 – Appointment of Dr DJ Bate as member of the Audit and Risk Committee

"RESOLVED THAT the appointment of, Dr DJ Bate as a member of the Audit and Risk Committee of the Company for the forthcoming year ending 30 June 2024 and until the next AGM be and is hereby approved."

In order for this ordinary resolution to be adopted, the support of 50% of the voting rights exercised on the resolution by Shareholders present or represented by proxy at the Annual General Meeting and entitled to exercise voting rights on the resolution is required.

NOTICE OF THE ANNUAL GENERAL MEETING (Continued)

14. Non-binding advisory resolution number 1 - Approval of Remuneration Policy

"RESOLVED THAT the Remuneration Policy as determined and implemented by the Remuneration Committee from time to time is hereby endorsed by way of a non-binding advisory vote."

Motivation for the advisory endorsement:

A summary of the Company's Remuneration Policy is included in the Integrated Annual Report under the Remuneration Committee section included in the Corporate Governance report. In terms of King IV and the JSE Listing Requirements, an advisory vote should be obtained from Shareholders on the implementation report of the Company's remuneration policy. The vote allows Shareholders to express their views on the remuneration policy adopted, but will not be binding on the Company.

15. Non-binding advisory resolution number 2 – Approval of implementation report

"RESOLVED by way of a separate non-binding advisory vote that the implementation of the Company's Remuneration Policy (excluding the remuneration of Non-Executive Directors for their services as Directors and members of Board Committees and the Audit and Risk Committee) as set out in the Consolidated Annual Financial statements for the year ended 30 June 2023 be and is hereby endorsed."

Motivation for the advisory endorsement:

In terms of King IV and the Listing Requirements, an advisory vote should be obtained from Shareholders on the implementation report of the Company's Remuneration Policy. The vote allows Shareholders to express their views on the extent of implementation of the Company's Remuneration Policy, but will not be binding on the Company.

Should more than 25% of the total votes cast be against either non-binding advisory resolution number 1 or 2, the Company will issue an announcement on SENS inviting Shareholders who voted against the resolution(s) to meet with members of the Remuneration Committee. The process to be followed will be set out in the SENS announcement.

16. Special resolution number 1 – Non-Executive Directors' remuneration

"RESOLVED THAT the Non-Executive Directors' remuneration for the year commencing 1 July 2023, which shall not exceed the amounts detailed below, excluding VAT, be and is hereby approved."

	Amount per annum
Dr DJ Bate	R249 000
Mrs T Smith	R249 000
Mr WF Steinberg	R249 000
Mrs M Tappan	R249 000
Mr MB Pretorius	R399 996
Ms MJ Krastanov	R249 000

In addition, remuniration of up to 30% of the above amount may be paid to Non-Executive directors in relation to specific additional work requierd, which work and remuniration with be determined by disinterested directors.

Shareholders are required to approve the remuneration of Non-Executive Directors. This special resolution requires a vote of 75% of Shareholders present and eligible to vote at the general meeting in terms of Section 66(9) of the Act.

17. Special resolution number 2 – General authority to enter into funding agreements, provide loans or other financial assistance

"RESOLVED THAT in terms of Sections 44 and 45 of the Act, the Company be and is hereby granted approval to enter into direct or indirect funding agreements or guarantee a loan or other obligation, secure any debt or obligation or to provide loans or financial assistance between subsidiaries or between itself and its Directors, prescribed officers, subsidiaries or any related or interrelated persons from time to time, subject to the provisions of the JSE Listings Requirements, and as the Directors in their discretion deem fit. Loans to the value not exceeding twenty million Rand is hereby approved between the Company and its subsidiaries."

Reason and effect of special resolution number 2:

The purpose of this resolution is to enable the Company to enter into funding arrangements with its Directors, prescribed officers, subsidiaries and their related and interrelated persons and to allow inter Group loans between subsidiaries. This special resolution requires a vote of 75% of Shareholders eligible to vote at the general meeting in terms of Section 66(9) of the Act.

NOTICE OF THE ANNUAL GENERAL MEETING (Continued)

18. Special resolution number 3 - General authority to repurchase shares in terms of section 48 of the Companies Act

"RESOLVED THAT the Board of Directors of the Company is hereby authorised, by way of a renewable general authority, to approve the purchase of its own ordinary shares by the Company, or to approve the purchase of ordinary shares in the Company by any subsidiary of the Company, upon such terms and conditions as the Board of Directors of the Company may from time to time determine, provided that:

- The general repurchase of ordinary shares in the aggregate in any one financial year by the Company does not exceed 5% (five percent) of the Company's issued ordinary share capital as at the beginning of the financial year;
- The general repurchase of securities will be effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the Company and the counterparty (reported trades are prohibited);
- Authorisation thereto has been given by the Company's Memorandum of Incorporation ("**MOI**");
- This general authority shall only be valid until the Company's next Annual General Meeting, provided that it shall not extend beyond 15 (fifteen) months from the date of passing of this Special Resolution;
- General repurchases may not be made at a price greater than 10% (ten percent) above the weighted average of the market value for the securities for the five business days immediately preceding the date on which the transaction is effected (the JSE should be consulted for a ruling if the applicant's securities have not traded in such five business day period);
- At any point in time, the Company may only appoint one agent to effect any repurchases on the Company's behalf;
- A resolution has been passed by the Board of Directors confirming that the Board has authorised the general repurchase, that the Company passed the solvency and liquidity test and that, since the test was done, there have been no material changes to the financial position of the Group;
- Any such general repurchase will be subject to the applicable provisions of the Companies Act (including sections 114 and 115 to the extent that section 48(8) is applicable in relation to that particular repurchase);
- Any such general repurchases are subject to exchange control regulations and approval at that point in time;
- The number of shares purchased and held by a subsidiary or subsidiaries of the Company shall not exceed 10% (ten percent) in aggregate of the number of issued shares in the Company at the relevant times;
- The Company or its subsidiary may not repurchase securities during a prohibited period as defined in the JSE Listings Requirements unless they have in place a repurchase programme where the dates and quantities of securities to be traded during the relevant period are fixed (not subject to any variation) and have been submitted to the JSE in writing prior to the commencement of the prohibited period; and
- When the Company has cumulatively repurchased 3% (three percent) of the initial number of the relevant class of securities, and for each 3% (three percent) in aggregate of the initial number of that class acquired thereafter, an announcement will be made in accordance with paragraph 11.27 of the JSE Listings Requirements."

Reason and effect of special resolution number 3:

Special resolution number 3 is proposed to provide a general approval and authority in terms of section 5.72 of the JSE Listing Requirements for the acquisition by the Company and / or its subsidiaries of securities (as that term is defined in the Companies Act), issued by the Company.

The Board's intention in proposing special resolution number 3 is to enable the Company and its subsidiaries, subject to the requirements of the Companies Act, JSE Listings Requirements and the Company's MOI, to acquire (repurchase) ordinary shares issued by the Company should the Board consider that it would be in the interest of the Company and / or its subsidiaries to do so.

In order for this resolution to be adopted, the support of at least 75% of the voting rights exercised on the resolution by Shareholders present or represented by proxy at the AGM and entitled to exercise voting rights on the resolution is required.

NOTICE OF THE ANNUAL GENERAL MEETING (Continued)

Disclosures in regard to other JSE Listings Requirements applying to special resolutions and applying to special resolution number 3:

The JSE Listings Requirements prescribe certain disclosures which are disclosed in the Consolidated Annual Financial Statements and the Integrated Annual Report as set out below:

- Major Shareholders of the Company are set out on in Note 14 on page 77 of the Integrated Annual Report;
- The share capital of the Company is set out in Note 13 on page 76 of the Integrated Annual Report;
- There has been no material change in the financial or trading position of the Company and its subsidiaries since the date of publication of the Company's audited results on 30 September 2023; and
- The Directors of the Company will not effect a general repurchase of ordinary shares as contemplated above unless, in addition to complying with the requirements of the Companies Act, the following conditions as contemplated by the JSE Listings Requirements are met:

The Company and the Group are in a position to repay their debt in the ordinary course of business for a period of 12 months after the date of the notice of the Annual General Meeting;

- The Company's and the Group's assets at fair value will be in excess of the liabilities of the Company and the Group for a period of 12 months after the date of the notice of the Annual General Meeting. For this purpose, the assets and liabilities will be recognised and measured in accordance with the accounting policies used in the latest Consolidated Annual Financial Statements, which comply with the Companies Act;
- The share capital and reserves of the Company and the Group are adequate for a period of 12 months following the date of the notice of the Annual General Meeting; and
- The available working capital of the Company and the Group will be adequate for ordinary business purposes for a period of 12 months after the date of the notice of the Annual General Meeting.

Directors' responsibility statement

The Directors, whose names appear on page 10 of the Integrated Annual Report, collectively and individually accept full responsibility for the accuracy of the information pertaining to special resolution 3 and certify that, to the best of their knowledge and belief, no facts have been omitted that would make any statement false or misleading and that all reasonable enquiries to ascertain such facts have been made and that this resolution and additional disclosures in terms of section 11.26 of the JSE Listings Requirements pertaining thereto contain all such information required by law and the JSE Listings Requirements.

19. Special Resolution 4 – Name Change – Correction of spelling error

"RESOLVED THAT in terms of Section 12(1) of the Act, the Company be and is hereby granted approval to reserve with Companies Intellectual Property Commission ("CIPC") the name TeleMasters Holdings Limited and subsequent registration of the name change."

Reason and effect of special resolution number 4:

It has come to the attention of the Board of Directors that the name of the Company has a spelling error with the CIPC in that the name is recorded as TeleMasters Holdingsc Limited. Despite a diligent investigation as to how the error came to being the Board has not been able to get CIPC to amend the spelling error. The Board therefore requests shareholders to approve the reservation of the name TeleMasters Holdings Limited and subsequent "name change" registration with CIPC. The Board confirms that all official documents such as the Memorandum of Incorporation, bank accounts, share certificates etc will not be affected as they all reflect the correct name. This special resolution requires a vote of 75% of Shareholders eligible to vote at the general meeting in terms of Section 66(9) of the Act.

ELECTRONIC PARTICIPATION

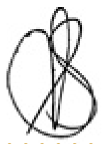
In terms of section 61(10) of the Companies Act, 71 of 2008, as amended, every Shareholders' meeting of a public Company must be reasonably accessible within South Africa for electronic participation by Shareholders. Shareholders wishing to participate electronically in the Annual General Meeting are required to deliver written notice to the transfer secretaries, JSE Investor Services (Pty) Limited, One Exchange Square, 2 Gwen Lane, Sandown, Sandton, 2196 by no later than 09h30 on 29 November 2023 that they wish to participate via electronic communication at the Annual General Meeting (the "**Electronic Notice**").

In order for the Electronic Notice to be valid it must contain:

- If the Shareholder is an individual, a certified copy of their identity document and / or passport;
- If the Shareholder is not an individual, a certified copy of a resolution by the relevant entity and a certified copy of the identity documents and / or passports of the persons who passed the relevant resolution. The relevant resolution must set out whom from the relevant entity is authorised to represent the relevant entity at the Annual General Meeting via electronic communication;
- A valid e-mail address (the "contact address"); and
- If the Shareholder wishes to vote via electronic communication, Notice of such must be sent by no later than 24 (twenty four) hours before the commencement of the Annual General Meeting, the Company shall use its reasonable endeavours to notify a Shareholder at their contact address of the relevant details through which the Shareholder can participate via electronic communication.

A form of proxy which sets out the relevant instructions for use is attached for those members who wish to be represented at the Annual General Meeting of members. Duly completed forms of proxy must be lodged with the transfer secretaries, JSE Investor Services (Pty) Limited, One Exchange Square, 2 Gwen Lane, Sandown, Sandton, 2196 by no later than 09h30 on 29 November 2023 or thereafter hand it to the Company or the Chairman of the meeting prior to the commencement of the meeting on1 December 2023.

By order of the Board



Ramirez-Victor, Sascha
Company Secretary

Building 2 ATT House, Ground Floor

Maxwell Office Park, Magwa Crescent,

Waterfall City

FORM OF PROXY

For use by certificated and "own name" registered dematerialised Shareholders of the Company ("**Shareholders**") at the Annual General Meeting of Shareholders of the Company to be held at the office of Catalytic, Building 2 ATT House, Ground Floor, Maxwell Office Park, Magwa Crescent, Waterfall City, Johannesburg, at 09h30 on 1 December 2023 ("**the Annual General Meeting**") and at any adjournment thereof.

I/We (please print) ______________________________

of (address) ______________________________

being the holder of ____________ ordinary shares in the Company, hereby appoint

1. ______________________________ or failing him/her,

2. ______________________________ or failing him/her,

the chairman of the Annual General Meeting

as my / our proxy to act for me/us and on my / our behalf at the Annual General Meeting which will be held for the purpose of considering and, if deemed fit, passing, with or without non-material modification, the resolutions to be proposed thereat and at any adjournment thereof and to vote for and/or against the resolutions and/or abstain from voting in respect of the ordinary shares registered in my/our name/s, in accordance with the following instructions:

Number of votes (one vote per share)	For	Against	Abstain
Ordinary resolution number 1 – Adoption of Consolidated Annual Financial Statements			
Ordinary resolution number 2 – Director election – BR Topham			
Ordinary resolution number 3 – Director election – MJ Krastanov			
Ordinary resolution number 4 – Director retirement and re-election – WF Steinberg			
Ordinary resolution number 5 – Director retirement and re-election – M Tappan			
Ordinary resolution number 6 – Directors' remuneration			
Ordinary resolution number 7 – Appointment of auditors and remuneration			
Ordinary resolution number 8 – General authority to allot and issue shares for cash			
Ordinary resolution number 9 – Authority to execute requisite documentation			
Ordinary resolution number 10 – Appointment of MJ Krastanov as member and Chair of Audit and Risk Committee			
Ordinary resolution number 11 – Appointment of M Tappan as member of Audit and Risk Committee			
Ordinary resolution number 12 – Appointment of WF Steinberg as member of Audit and Risk Committee			
Ordinary resolution number 13 – Appointment of DJ Bate as member of Audit and Risk Committee			

FORM OF PROXY (CONTINUED)

Number of votes (one vote per share)	For	Against	Abstain
Non-binding advisory resolution number 1 - Approval of Remuneration Policy			
Non-binding advisory resolution number 2 - Approval of Implementation report			
Special resolution number 1 – Non-Executive Directors' remuneration			
Special resolution number 2 – General authority to enter into funding agreements, Provide loans or other financial assistance			
Special resolution number 3 – General authority to repurchase shares			
Special resolution number 4 – Name change			

Signed at on 2023

Signature

Assisted by me (where applicable)

Name Capacity Signature

(Please print in BLOCK LETTERS)

Certificated Shareholders and dematerialised Shareholders with "own name" registration

If you are unable to attend the Annual General Meeting of Shareholders to be held at 09h30 on Friday, 1 December 2023 at the office of Catalytic, Building 2 ATT House, Ground Floor, Maxwell Office Park, Magwa Crescent, Waterfall City, Johannesburg, and wish to be represented thereat, you should complete and return the attached form of proxy in accordance with the instructions contained therein and lodge it with, or post it to, the transfer secretaries, JSE Investor Services (Pty) Limited, One Exchange Square, 2 Gwen Lane, Sandown, Sandton, 2196 to be received by them by no later than 09h30 on 29 November 2023 or thereafter hand it to the Company or the Chairman of the meeting prior to the commencement of the meeting on 1 December 2023

NOTES TO THE PROXY FORM

Dematerialised Shareholders other than those with "own name" registration

If you hold dematerialised shares through a CSDP or broker other than with an "own name" registration, you must timeously advise your CSDP or broker of your intention to attend and vote at the Annual General Meeting in order for your CSDP or broker to provide you with the necessary authorisation to do so or, should you not wish to attend the Annual General Meeting in person, you must timeously provide your CSDP or broker with your voting instruction in order for the CSDP or broker to vote in accordance with your instruction at the Annual General Meeting.

- Each member is entitled to appoint one or more proxies (who need not be members of the Company) to attend, speak and, on a poll, vote in place of that member at the Annual General Meeting;
- A member may insert the name of a proxy or the names of two alternative proxies of the member's choice in the space provided, with or without deleting "the chairman of the Annual General Meeting". The person whose name stands first on the form of proxy and who is present at the Annual General Meeting will be entitled to act as proxy to the exclusion of those whose names follow;
- A member's instructions to the proxy must be indicated by the insertion of the relevant number of votes exercisable by that member in the appropriate box/es provided. Failure to comply with the above will be deemed to authorise the chairperson of the Annual General Meeting, if he/her is the authorised proxy, to vote in favour of the resolutions at the Annual General Meeting, or any other proxy to vote or to abstain from voting at the Annual General Meeting as he/she deems fit, in respect of all the member's votes exercisable thereat;
- A member or their proxy is not obliged to vote in respect of all the ordinary shares held or represented by them but the total number of votes for or against the resolutions and in respect of which any abstention is recorded may not exceed the total number of votes to which the member holder or their proxy is entitled;
- Forms of proxy must be lodged with the transfer secretaries of the Company by no later than 09h30 on 1 December 2023 or thereafter hand it to the Company or the Chairman of the meeting prior to the commencement of the meeting on 1 December 2023;
- The completion and lodging of this form of proxy will not preclude the relevant member from attending the Annual General Meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such member wish to do so;
- Any alterations or corrections to this form of proxy must be initialled by the signatory/ies;
- Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy unless previously recorded by the Company's transfer office or waived by the chairperson of the Annual General Meeting; and
- The chairperson of the Annual General Meeting may reject or accept any proxy form which is completed and/or received other than in accordance with these instructions and notes, provided that he is satisfied as to the manner in which a member wishes to vote.

SUMMARY OF RIGHTS

Summary of rights established by section 58 of the Companies Act, 71 of 2008 ("**Companies Act**"), as required in terms of subsection 58(8)(b)(i):

1. A Shareholder may at any time appoint any individual, including a non-Shareholder of the Company, as a proxy to participate in, speak and vote at a Shareholders' meeting on his or her behalf (section 58(1)(a)), or to give or withhold consent on behalf of the Shareholder to a decision in terms of section 60 (Shareholders acting other than at a meeting) (section 58(1)(b));
2. A proxy appointment must be in writing, dated and signed by the Shareholder, and remains valid for one year after the date on which it was signed or any longer or shorter period expressly set out in the appointment, unless it is revoked or expires earlier (section 58(2));
3. A Shareholder may appoint two or more persons concurrently as proxies and may appoint more than one proxy to exercise voting rights attached to different securities held by the Shareholder (section 58(3)(a));
4. A proxy may delegate his or her authority to act on behalf of the Shareholder to another person, subject to any restriction set out in the instrument appointing the proxy ("proxy instrument")(section 58(3)(b));
5. A copy of the proxy instrument must be delivered to the Company, or to any other person acting on behalf of the Company, before the proxy exercises any rights of the Shareholders Company, at a Shareholders' meeting (section 58(3)(c)) and in terms of the MOI at least 48 hours before the meeting commences;
6. Irrespective of the form of instrument used to appoint a proxy: the appointment is suspended at any time and to the extent that the Shareholder chooses to act directly and in person in the exercise of any rights as a Shareholder (section 58)4)(a)); the appointment is revocable unless the proxy appointment expressly states otherwise (section 58(4)(b)); and if the appointment is revocable, a Shareholder may revoke the proxy appointment by cancelling it in writing or by making a later, inconsistent appointment of a proxy, and delivering a copy of the revocation instrument to the proxy and to the Company (section 58(4)(c));
7. The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the Shareholder as of the later of the date stated in the revocation instrument, if any, or the date on which the revocation instrument was delivered as contemplated in paragraph 6.3 above (section 58(5));
8. If the proxy instrument has been delivered to a Company, as long as that appointment remains in effect, any notice required by the Companies Act or the Company's MOI to be delivered by the Company to the Shareholder must be delivered by the Company to the Shareholder (section 58(6)(a), or the proxy or proxies, if the Shareholder has directed the Company to do so in writing and paid any reasonable fee charged by the Company for doing so (section 58(6)(b));
9. A proxy is entitled to exercise, or abstain from exercising, any voting right of the Shareholder without direction, except to the extent that the MOI or proxy instrument provides otherwise (section 58(7)); and
10. If a Company issues an invitation to Shareholders to appoint one or more persons named by the Company as a proxy, or supplies a form of proxy instrument: the invitation must be sent to every Shareholder entitled to notice of the meeting at which the proxy is intended to be exercised (section 58(8)(a)); the invitation or form of proxy instrument supplied by the Company must:
    - 10.1. bear a reasonably prominent summary of the rights established in section 58 of the Companies Act (section 58(8)(b) (i));
    - 10.2. contain adequate blank space, immediately preceding the name(s) of any person(s) named in;
    - 10.3. it, to enable a Shareholder to write the name, and if desired, an alternative name of a proxy chosen by the Shareholder (section 58(8)(b)(ii));
    - 10.4. provide adequate space for the Shareholder to indicate whether the appointed proxy is to vote in favour of or against any resolution(s) to be put at the meeting, or is to abstain from voting (section 58(8)(b)(iii)); the Company must not require that the proxy appointment be made irrevocable (section 58(8)(c)); and the proxy appointment remains valid only until the end of the meeting at which it was; and
    - 10.5. intended to be used, subject to paragraph 7 above (section 58(8)(d)).

TELE MASTERS HOLDINGS

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