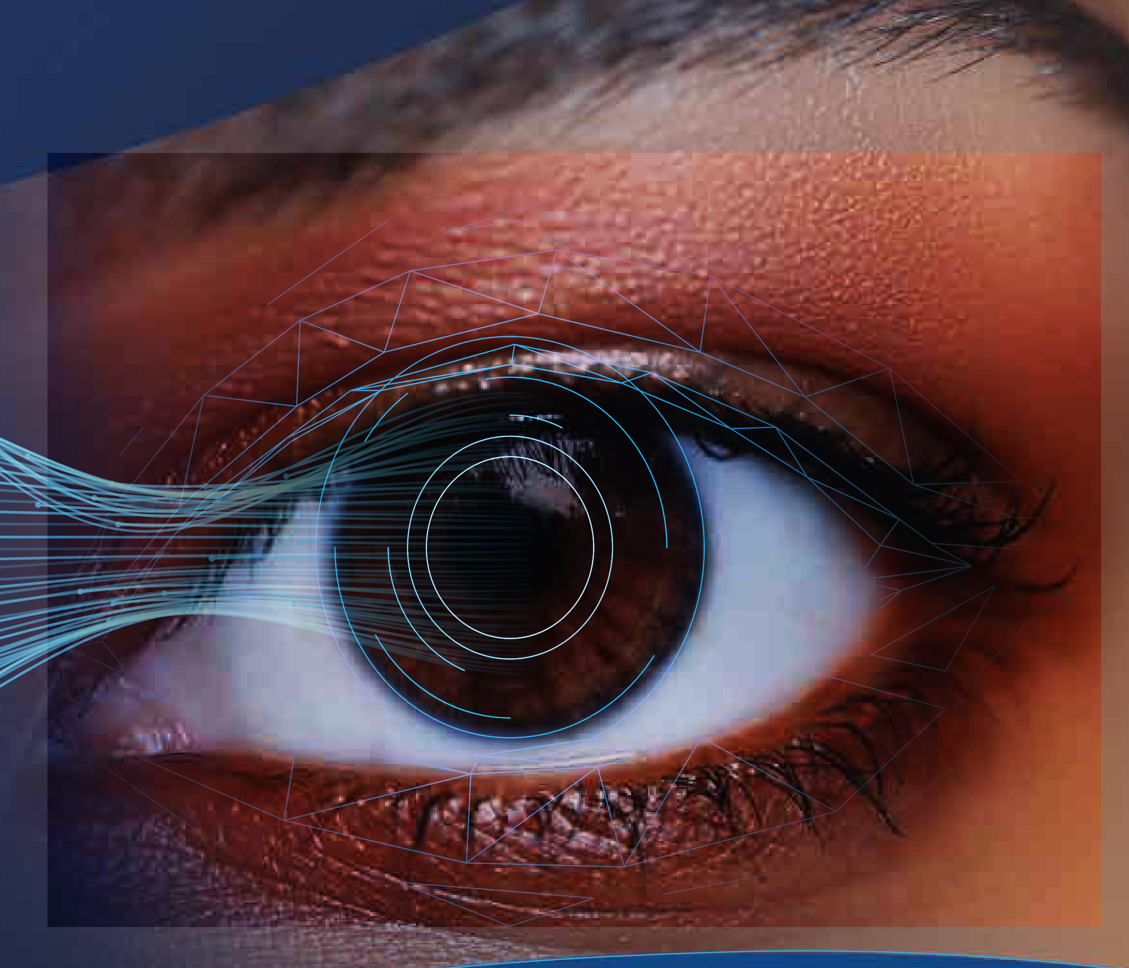
IMAGINATION IS THE LIMITATION



INTEGRATED ANNUAL REPORT
2022

BLUE LABEL
TELECOMS

Contents

OUR REPORTING SUITE

2022 Annual Financial Statements
2022 Notice of Annual General Meeting

How to navigate this report

This interactive and electronic format of our report provides readers with links to content within the report (no internet access is required) and to external content on other websites, where additional information is considered relevant (internet access is required). The navigation tool for this report is located at the top of each page, and can be used to move to any report section that is of interest to the reader.

The following tools will assist you to navigate the report:

- Further information is available on our website at **www.bluelabeltelecoms.co.za**
- Further information is available in this report
- Download the **LAYAR** app and scan to view videos online

CONNECT WITH US ON SOCIAL MEDIA

Click on this icon to view the Board of Directors curricula vitae online.

FEEDBACK ON IAR

We welcome your feedback on this IAR. Please email your comments to Lionel Adendorf at **lionela@blts.co.za**

ABOUT THIS REPORT

Approach

This integrated annual report aims to document Blue Label Telecoms' (BLT, Blue Label or the Group) unique value creation model and to provide a holistic view of the Group's operations. At the same time, the report shares BLT's integrated thinking as it implements its strategy across the Group.

This integrated annual report is the Group's primary report and covers its business segments and financial and operational performance for the financial year ended 31 May 2022. Non-financial and sustainability information is limited to the South African operations.

Ultimately, the report aims to provide stakeholders with a means of assessing the Group's ability to create and sustain value over the short, medium and long terms.

Reporting frameworks

This report has been compiled in line with the disclosure requirements of King IV, the JSE Listings Requirements, and the principles of the International Integrated Reporting Council's (IIRC) Integrated Reporting <IR> Framework.

In line with the recommendations of the King IV Report on Corporate Governance for South Africa (King IV), the JSE Listings Requirements and the framework set out by the Value Reporting Foundation, Blue Label aims to link material Group information with reference to strategy, governance, performance, remuneration, risk and opportunities and prospects in a manner that enables stakeholders to obtain a view of the commercial, social, and environmental context in which the Group operates.

The report aims to provide a balanced view of material issues the Group is dealing with and the manner in which these are managed in accordance with the six capitals, as defined by the IIRC's <IR> Framework. In order to determine the material content of the report, Blue Label applies a risk-based model that identifies risks and stakeholder issues. Material matters are defined as those that substantively affect the ability of Blue Label to create value over the short, medium and long terms.

The annual financial statements are prepared in accordance with International Financial Reporting Standards (IFRS), the JSE Listings Requirements, and the Companies Act of South Africa, No 71 of 2008, as amended.

Disclosure and assurance

Blue Label Telecoms aims to achieve the highest standards for all disclosures included in this integrated annual report to provide meaningful, accurate, complete, transparent and balanced information to stakeholders.

Blue Label's external auditor, PricewaterhouseCoopers Inc. (PwC), is independently assuring the annual financial statements. The Board of Directors (the Board) did not deem it necessary to obtain independent assurance on non-financial information.

Board responsibility and approval statement

The Board acknowledges its responsibility to ensure the integrity of this integrated annual report and is assisted in this regard by the Audit, Risk and Compliance Committee (ARCC).

The Board has applied its collective mind to the preparation and presentation of this integrated annual report and has concluded that it is presented in accordance with the principles of the IIRC's <IR> Framework, while the reporting continues to evolve year-on-year.

The integrated annual report was approved by the Board.

LM Nestadt
Chairman

30 September 2022

ENVIRONMENTAL, SOCIAL AND GOVERNANCE SUSTAINABILITY

TRANSFORMATION BEYOND PRODUCTS AND SERVICES

Social responsibility is not just an add-on, it is our code

We will continue to drive customer-centric products and value-added services

We will provide innovative solutions for products and services sold by third-party partners

We are making a difference and changing lives

THE ORGANISATION IS RESPONSIVE TO THE NEEDS OF THE COMMUNITY AROUND US

The following global environmental, social and governance standards (ESG) offer an opportunity for BLT to make the most meaningful impact:

1 NO POVERTY
+ Socio-economic development initiatives
+ Employment
+ Entrepreneurs

3 GOOD HEALTH AND WELL-BEING
+ Proactive employee wellness initiatives
+ Support initiatives and education on physical/mental and financial wellbeing

4 QUALITY EDUCATION
+ Bursaries
+ Learnerships
+ Skills development
+ Employees, and unemployed and youth development

8 DECENT WORK AND ECONOMIC GROWTH
+ Conditions of employment
+ Management and leadership development programmes
+ Long-term employee development through succession planning
+ We will place high focus on employment retention

10 REDUCED INEQUALITIES
+ Employment equity strategy targets
+ Diversity and inclusion initiatives

11 SUSTAINABLE CITIES AND COMMUNITIES
+ Social and ethics committee
+ Socio-economic approved implementation plan
+ Governance and process adherence

17 PARTNERSHIPS FOR THE GOALS
+ Flagship beneficiaries align with our strategy

Environmental

Visit how we create value (page 8) for more information about our environmental practices.

Social

Visit corporate social responsibility and community development (page 74) for more about our social initiatives.

Governance

Visit governance philosophy and approach (page 79) for more about our approach to governance.

HIGHLIGHTS

A snapshot overview of Blue Label's performance for the year ended 31 May 2022:

Revenue of
R17.8 billion*

Headline earnings of
117.34 cents per share
(2021: 86.16 cents per share)

Increase in gross profit of 23% to
R2.93 billion
(2021: R2.38 billion)

Increase in gross profit margin from
12.66% to 16.46%

Core headline earnings of
121.01 cents per share**
(2021: 89.65 cents per share)

* On inclusion of the gross amount generated on "PINless top-ups", prepaid electricity, ticketing and gaming, the effective increase in revenue equated to 10% from R66.0 billion to R72.3 billion.
** On exclusion of non-recurring income of R214 million in the current year and R47 million in the prior year, core headline earnings per share from continuing operations increased by 18% to 96.56 cents per share compared to 81.50 cents per share in the prior year.

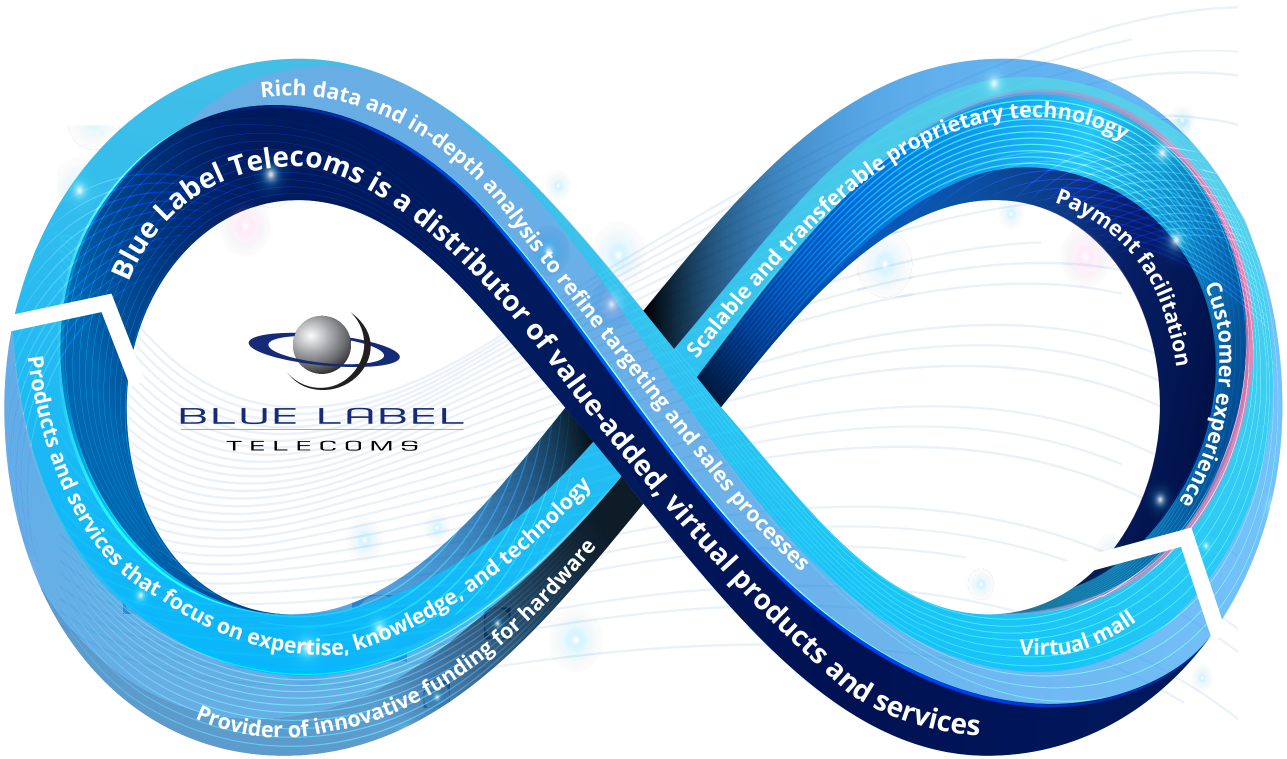
ABOUT US

COMPANY OVERVIEW

Blue Label is a mobile technology company specialising in prepaid products and the electronic distribution of virtual merchandise and value-added services. This includes the full and seamless reconciliation of billions of nano transactions.

Listed on the JSE since 2007, we derive our strength from our extensive distribution network and our commitment to long-term partnerships. Our proprietary platforms enable mobile networks, utilities, banks, retailers, petroleum companies and point-of-sale devices to access the advantages of a digital economy. We are constantly innovating to drive customer centricity and speed-to-market, while ensuring the stability and security of our systems.

We strive for financial inclusion for the mass market. We do this by combining technical innovation with entrepreneurial flair. In this way, we bring products and services associated with the developed world directly to the doorsteps of people who may be geographically and economically isolated from the mainstream. We create jobs, support the growth of small businesses, and bridge the digital divide.



Blue Label Telecoms is a distributor of value-added, virtual products and services in an open loop:

- scalable and transferable proprietary technology;
- hardware that operates with different types of systems without suffering compatibility issues;
- products and services that focus on expertise, knowledge and technology rather than on a brand;
- customer experiences that are the same, regardless of the channel;
- payment facilitation that accommodates all methods of payment by the consumer and significantly reduces the cost of capital for customers; and
- rich data and in-depth analysis to refine targeting and sales processes.

Blue Label Telecoms is also a:

- virtual mall – our products and services require no inventory management for the merchants, eliminating obsolescence; and
- provider of innovative funding for hardware sold to clients by third-party companies.

Our Blu Approved logo is the symbol of trust and quality that safeguards our market leadership and of our values-driven and customer-first approach.

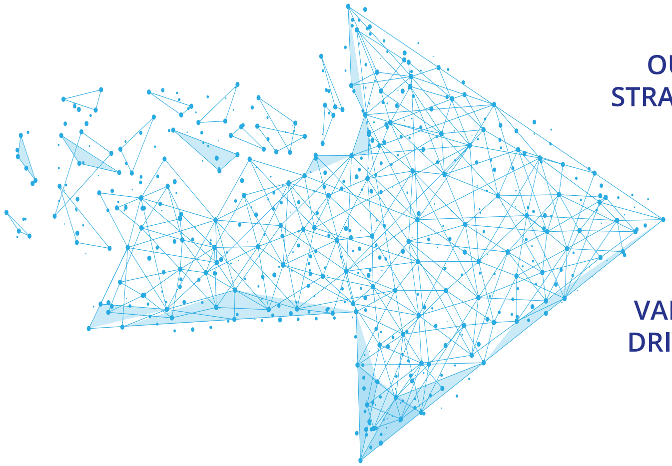
Visit **www.bluelabeltelecoms.co.za** for a full list of our products and services.

VISION, MISSION, VALUES

Our strategy to grow shareholder value aims to deliver, through our four pillars. These pillars are deeply embedded in our operations and corporate culture.

OUR VISION AND MISSION

To be the leading global distributor of secure fintech products and services within emerging markets.



OUR STRATEGY

VALUE DRIVEN

OUR TARGET

OUR FRAMEWORK

Our proprietary platforms enable mobile networks, utilities, banks, retailers, petroleum companies and point-of-sale devices to drive customer centricity and speed to market, while ensuring the stability and security of our systems.

OUR PURPOSE

Making a difference in people's lives by doing what we do and supplying the means to earn a living

Growth & scale | Innovation & resilience | Products & services | Customer experience

OUR VALUE SYSTEM

1

Customer service orientation

Customers are our most important assets. We exist to satisfy their expectations in a sustainable manner.

2

Achievement and drive to succeed

We recognise and reward the achievement of goals and targets. We celebrate creative and exceptional deliverables.

3

Honesty and integrity

By conducting ourselves with honesty and integrity in all interactions, we build trust with our stakeholders.

4

Enjoyment

We create an enjoyable work environment that motivates and incentivises employees to be more productive and creative.

5

Collaboration

Consulting and working together as a team towards a common goal ensures that we can achieve our objectives. We do this while developing sustainable value propositions for each stakeholder group.

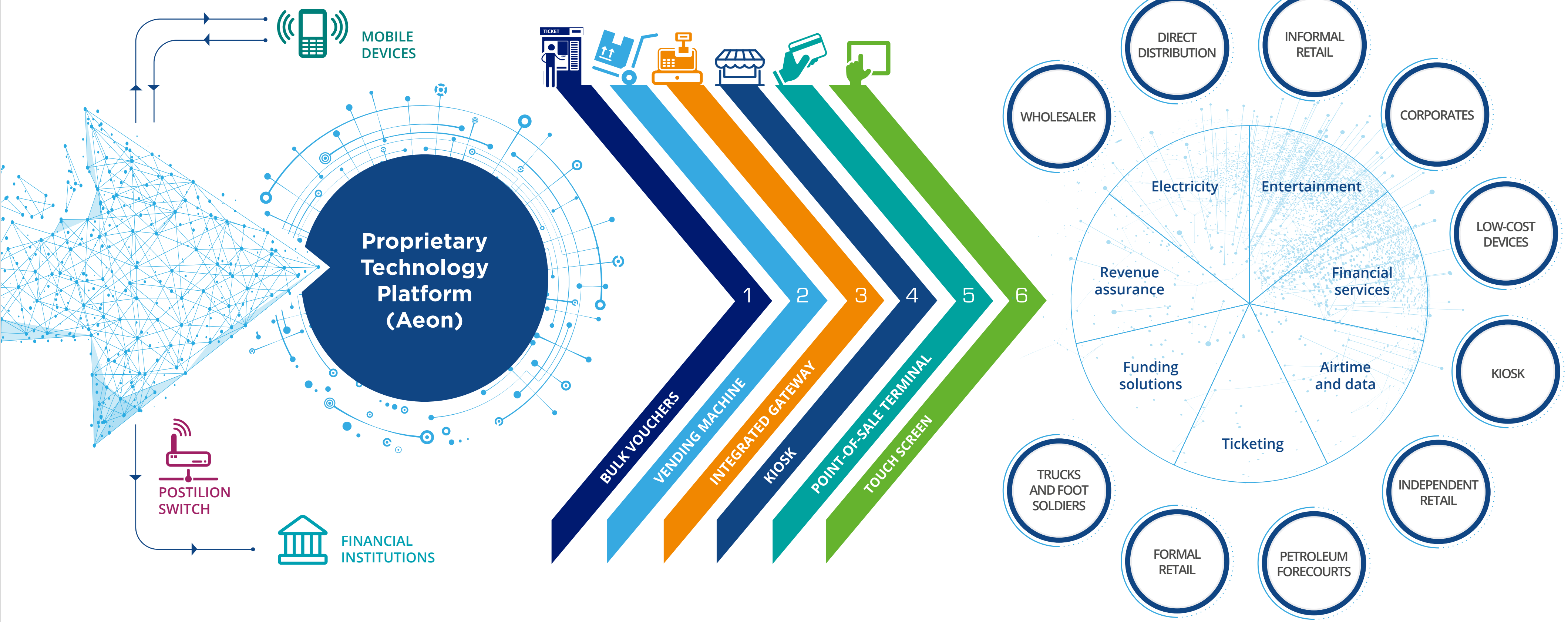
HOW WE CREATE VALUE

In allocating our capital to our strategy's levers among the various value drivers, we need to consider the trade-offs between the resources available to us. The <IR> Framework categorises these resources into six capitals that are affected or transformed by the activities and outputs of an organisation. All our decisions seek to maximise positive outcomes and mitigate negative impacts.

Our resources	Operating inputs
Financial capital The pool of funds available to Blue Label.	• Equity capital; • Debt capital; • Working capital.
Manufactured capital Physical objects and infrastructure that are available to Blue Label to use for the distribution of goods and services.	Property plant and equipment to the value of R195 million, including: • R82 million vending machines and POS devices; • R63 million computer equipment; • R28 million motor vehicles.
Intellectual capital The knowledge-based intangibles that sustain the quality of our product and service offering, which provides Blue Label's competitive advantage. These include our innovations, collective knowledge and systems.	• Skills, expertise and institutional knowledge; • Entrepreneurial culture and agile practices; • Operating systems, policies, processes and procedures; • Reporting and communication; • Proprietary technology, software and IT systems; • Targeted analytical processes, machine learning and artificial intelligence.
Human capital The competencies, capabilities and experience of our employees and how they innovate, collaborate and align with Blue Label's objectives.	• 1 566 permanent staff members; • Experienced Board, Executive and General Management; • Performance management system; • Various training courses.
Social and relationship capital The strength/efficacy of our relations with various stakeholder groups and networks, as well as our brand and reputation, and our social licence to operate.	• Relationships with all stakeholder groups, including: – Employees, customers, shareholders, government and regulators, partners and suppliers and media. • CSI initiatives – Trust Blu Foundation NPC; – Boys and Girls Clubs of South Africa.
Natural capital Any natural resources or environmental assets (such as soil, water, atmosphere and ecosystems), which provide a flow of useful goods and/or services, now and in the future.	• Electricity; • Water; • Fuel; • Paper.

Business activities

Blue Label is a mobile technology company that specialises in prepaid products and the electronic distribution of virtual merchandise and value-added services, including the full and seamless reconciliation of billions of nano transactions.



Our Company philosophy is to relentlessly drive financial inclusion for the mass market. We combine technical innovation with entrepreneurial flair to bring products and services associated with the developed world directly to the doorsteps of people who may be geographically and economically isolated from the mainstream. By doing so, we create jobs, support the growth of small businesses, and assist in bridging the digital divide.

HOW WE CREATE VALUE CONTINUED

Our resources	Operating outputs	Outcomes and resource trade offs
Financial capital	• Revenue: R17.8 billion; • Gross profit: R2.93 billion; • Capital expenditure: R78 million; • Finance activities: R668 million; • Lease payments: R38 million; • Taxes paid: R166 million.	• A strong balance sheet and sufficient working capital to fund the operations that support long-term sustainability; • Investments into technology, processes and key personnel that ensure sustainability and competitive advantage; • Economic benefits to employees, partners, and suppliers; • Good stewardship of our investors' financial capital. We leverage financial capital to invest in our business and to grow our competitive market position. This has a positive impact on the human, intellectual, and social and relationship capitals. We create jobs, support the growth of small businesses, and relentlessly drive financial inclusion for the mass market. There is an important trade-off between short and long-term investment associated with financial capital. It is important to balance the interest of short-term benefits with those of long-term sustainable growth objectives. While both are important for different stakeholders at different times, it is a key focus in our strategic decision-making process.
Manufactured capital	• Capital expenditure incurred: R78 million.	• Ability to deliver valuable services and solutions in response to changing consumer demands; • Strategically located outlets offering convenient customer access to products and services; • Secure and productive working environments. By investing in equipment, outlets and distribution capacity, we increase our manufactured capital, but negatively impact natural capital and, in the short term, financial capital. Automation of routine tasks through technology may in the long term reduce human capital. INDUSTRY, INNOVATION AND INFRASTRUCTURE
Intellectual capital	• Purchase of intangible assets: R47 million*; • Accelerating our digitisation projects to fast-track our ability to be responsive to our new environment; • Improved responses to changing consumer needs; • Brand reinforcement and market communication; • Accelerated deployment of new technologies; • Effective controls and processes; • Full legal and regulatory compliance; • Risk identification and mitigation.	• Creative solutions increase productivity, cost savings, and synergies; • Proprietary systems/solutions add value and secure sophisticated contracts. Our technical innovation and entrepreneurial drive are central to effectively serving the unbanked market segment. Improved investment in business processes and new systems is growing our intellectual capital and indirectly benefiting our human, and social and relationship capitals, but negatively impacting financial capital in the short term. REDUCED INEQUALITIES

* Excluding costs relating to the subscription income sharing arrangement and subscriber acquisition costs (refer to note 4.2 of the Group annual financial statements).

Our resources	Operating outputs	Outcomes and resource trade offs
Human capital	• Building an organisation that is future fit, inclusive business with a growth mindset; • Salaries and benefits spend: R780 million; • Most organisations were impacted by the Great Resignation, however BLT managed to retain 87% of staff; • Employee well being has become part of our strategy to succeed; • Employee engagement is more centred around creating meaningful jobs and creating an environment that creates purpose; • Continue to invest in learnership development and leadership programmes to enable us to grow individuals and critical skills. Total spend: R68 million.	• A vibrant, diverse and flexible workforce committed to the long-term success of Blue Label; • Improved effectiveness, skills and expertise. Significant people-related investments in initiatives decreases our financial capital in the short term, but positively impacts our human, and social and relationship capitals. Over the longer term, this enables us to have the people and capabilities required to deliver our strategy and performance targets. In turn, our appeal as an employer of choice and our brand value increase our intellectual capital. DECENT WORK AND ECONOMIC GROWTH
Social and relationship capital	• Building sustainability programmes that impact communities and youth development; • Initiatives aimed to build entrepreneurs and SMME's; • Supporting flagship beneficiaries that align to our shared socio-economic values through the Trust Blu Foundation; • SED spend: R17.5 million; • Strategic partnerships with renewable energy suppliers for one of our prime CSI projects in Orange Farm.	• Business efficiency through collaboration with producers and suppliers; • Building trust and respect; • Social relevance in the communities we operate in; • Brand reinforcement and market communication; • Sustained confidence from shareholders and investors. Trusted, long-term partnerships with customers. Stakeholder-related investments reduce our financial capital in the short term but positively impact our social and relationship capital. Over the longer term, this enables us to have a community of stakeholders that are loyal and supportive to our brand and provide our social licence to operate. PARTNERSHIPS FOR THE GOALS NO POVERTY

Natural capital

	2022 R'000	2022 Usage	2021 R'000	2021 Usage	Increase/ (decrease) in spend (%)	Increase/ (decrease) in usage (%)
Electricity (kWh)	**3 575**	**2 026 636**	3 183*	1 986 933*	12	2
Water (kℓ)	**463**	**9 927**	446*	10 175*	4	(2)
Petrol (ℓ)	**10 042**	**484 921**	7 321	486 130	37	–
Diesel (ℓ)	**1 696**	**85 325**	884	54 811	92	56
Paper (kg)	**183**	**8 614**	127	5 836	44	48

* The prior year numbers have been restated to exclude a duplication of electricity and water expenditure.

With the emergence from COVID-19 lockdowns and the general increase in the cost of natural capital, we have seen an increase in the usage and cost of electricity, water, fuel and paper.

The reduction in water usage is due to incorrect charging by the provider and subsequent corrections.

- Responsible management of waste and emissions;
- Focus on sustainable use of our resources.

While certain business activities impact our natural capital (for example, use of fossil fuels and related emissions), these positively impact the human, social and relationship, and financial capitals.

We are aware of the environmental impacts of our operations and activities and focus on the responsible use of resources. Blue Label views digital products and services as having significant potential to deliver positive environmental outcomes.

SUSTAINABLE CITIES AND COMMUNITIES

OPERATING STRUCTURE

Our operating structure is designed to significantly improve customer service through the creation of new routes to market. These include efficient processes and technology built around customer needs and value sets, ensuring that agility is embedded and adopted throughout our Company. The structure supports the speed of deployment of new products and services across all channels and enables us to leverage both skill and scale across the Group.

EXECUTIVE COMMITTEE

The Executive Committee (Exco) was reconstituted during FY2022.

Mark Levy
Joint Chief Executive Officer

Brett Levy
Joint Chief Executive Officer

Dean Suntup
Financial Director

James Newman
Chief Operating Officer

Antoinette Roberts
Group Executive Human Capital and Transformation

Mahomed Shaik
Chief Technology and Information Officer

Suveer Ramdhani
Chief Executive Officer of BluNova

Grant Levin
Chief Executive Officer of Comm Equipment Company

Desiree Simba
Group Financial Director of SA Distribution

Modise Nyawane
Chief Executive Officer of Cigicell

Deelan Rama
Chief Commercial Officer of SA Distribution

BLUE LABEL
TELECOMS

BOARD OF DIRECTORS

LAURENCE (LARRY) NESTADT

Independent Non-executive Chairman

(Chair of Nomination Committee)

BRETT LEVY

Joint Chief Executive Officer

MARK LEVY

Joint Chief Executive Officer

BCompt (Unisa)

DEAN SUNTUP

Financial Director

(Alternate to Brett Levy on Social, Ethics and Transformation Committee)

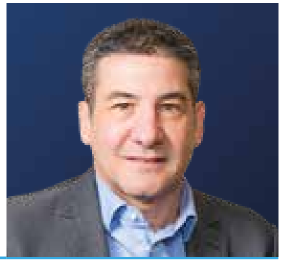
BCom (Wits), Hons (Unisa), Chartered Accountant (SA)

GARY HARLOW

Independent Non-executive Director

BBusSci (Hons) (UCT), FCMA, CGMA, Chartered Accountant (SA)

(Chair of Investment Committee)
(Chair of Remuneration Committee)



KEVIN ELLERINE

Non-executive Director

National Diploma in Company Administration

JERRY VILAKAZI

Independent Non-executive Director

BA (Unisa), MA (Thames Valley), MA (London), MBA (California Coast University)

(Chair of Social, Ethics and Transformation Committee)

JOE MTHIMUNYE

Independent Non-executive Director

BCompt (Hons), CTA (Unisa), Chartered Accountant (SA)

(Chair of Audit, Risk and Compliance Committee)

NOMAVUSO MNXASANA

Independent Non-executive Director

Chartered Accountant (SA), BCompt (Hons)

LAZURUS ZIM

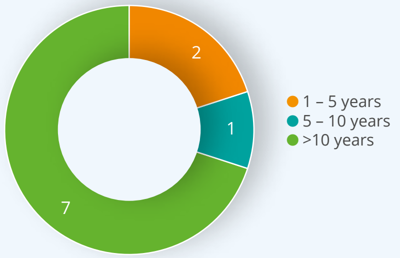
Independent Non-executive Director

BCom (Fort Hare), BCom Honours (Wits), MCom (RAU), Dip SBID (Technicon – Israel), DCom (honoris causa) (Fort Hare), DHumanities (honoris causa) (Thomas a Becket – Edinburgh)

Committee key

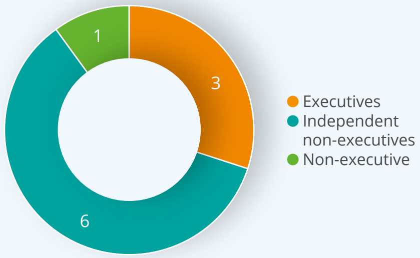
- Investment Committee
- Remuneration and Nomination Committee
- Social, Ethics and Transformation Committee
- Audit, Risk and Compliance Committee

Board tenure



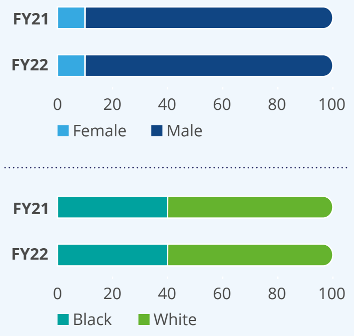
Average tenure:
10 years

Board members



6/7 Non-executive directors are independent

Gender and racial diversity



BOARD OF DIRECTORS CONTINUED

LAURENCE (LARRY) NESTADT

Independent Non-executive Chairman

Age: 71

Joined the Board: October 2007

Larry Nestadt has a long and successful global corporate career.

He is a co-founder and former executive director of Investec Bank Limited. Larry has been instrumental in the creation and strategic development of a number of listed companies including Capital Alliance Holdings Limited (Capital Alliance Life – acquired by Liberty Life; Capital Alliance Bank – now Brait), Super Group Limited, HCI Limited, SIB Holdings Limited, CorpGro Limited and Global Capital Limited. He also served as past chairman on the boards of these companies. Previously, Larry sat on the boards of Softline Limited, JCI Limited and Abacus Technologies Holdings Limited.

Further, he has been a former chairman on a number of non-listed company boards both in South Africa and abroad, including Stenham Limited (UK) and Prefsure Life Limited (AUS). Larry is the current executive chairman of Global Capital Proprietary Limited and the current chairman of Blue Label Telecoms Limited, Dis-Chem Pharmacies Limited, Universal Partners Limited, National Airways Corporation Proprietary Limited, Morecorp Group, Melrose Motor Investments Proprietary Limited and SellDirect Marketing Proprietary Limited. He also serves as deputy chairman of Cell C Limited. Larry is a life member of the World Presidents' Organisation, Lloyds of London (since 1983).

As a respected senior member of the South African business community, his strategic vision, guidance and experience contribute significantly to the Board and its deliberations.

BRETT LEVY

Joint Chief Executive Officer

Age: 47

Joined the Board: February 2007

Serves as director of various Group companies

Brett has an impressive entrepreneurial record of founding and operating many small businesses across a wide range of industries.

These include the distribution of fast-moving consumer goods and insurance replacements for electronic goods. Brett plays a key role in developing the Group's strategy and commercial negotiations. His achievements have earned him a number of prestigious nominations, accolades and awards. These include the Absa Bank Jewish Entrepreneur of the Year Award (2003) and the Absa Jewish Business Achiever Non-Listed Company Award (2007), which he won jointly with his brother Mark. Brett was nominated as an Ernst & Young World Entrepreneur SA Finalist for 2007.

In 2010 he received the Liberty Life Award for a Remarkable Success Story in the David Awards and was a finalist in the Top Young Entrepreneur category of the African Access National Business Awards. In 2011 he shared the Top Entrepreneur accolade in the African Access National Business Awards with Mark.

MARK LEVY

Joint Chief Executive Officer

Age: 51

BCompt (Unisa)

Joined the Board: February 2007

Serves as director of various Group companies

Mark graduated with a BCompt from Unisa in 1993. After some years as a commodities trader, he decided to pursue a goal of becoming an entrepreneur.

At Blue Label, Mark is integral in spearheading the execution of Blue Label's growth strategy, integration of acquisitions and development of the IT architecture. His leadership stature is frequently recognised. Together with his brother Brett, Mark received the Absa Bank Jewish Business Achiever Non-Listed Company Award (2007). He was nominated as an Ernst & Young World Entrepreneur SA finalist for 2007.

In 2010 Mark was voted Top IT Personality of the Year by ITWeb and was a finalist in the Top Young Entrepreneur category of the African Access National Business Awards. In 2011 he shared the Top Entrepreneur accolade in the African Access National Business Awards with Brett.

DEAN SUNTUP

Financial Director

Age: 45

BCom (Wits), Hons (Unisa), CA(SA)

Joined the Board: November 2013

Serves as director of various Group companies

Dean completed his articles at PwC where he continued working after qualifying as a Chartered Accountant (SA), participating in the audits of various large corporations and multinational companies.

In 2003 he joined BSC Technologies, a business established by the Levy brothers, and where he later became financial director. In 2005 he transferred to The Prepaid Company in the role of Financial Director. In heading up finance at Blue Label, Dean contributes significantly to the governance and reporting systems across the Group. Dean is a member of SAICA.

KEVIN ELLERINE

Non-executive Director

Age: 54

National Diploma in Company Administration

Joined the Board: December 2009

Serves as director of The Prepaid Company

Kevin joined the family business, Ellerine Holdings, in 1991. After serving in various roles, in 1993 he was appointed as property manager of Ellerine Bros. Proprietary Limited, rising to managing director of the property division in 2000, a position he still holds today.

He sits on the boards of the property and private equity companies in which Ellerines is invested. He is also a director of Hyprop Investments Limited and Newpark REIT Limited. Kevin's all-round business skill and acumen contribute to the Board and Committee deliberations of the Group.

GARY HARLOW

Independent Non-executive Director

Age: 64

BBusSci (Hons) (UCT), FCMA, CGMA, CA(SA)

Joined the Board: October 2007

Serves as director of various Group companies

Gary graduated from the University of Cape Town in 1979, qualifying as a Chartered Accountant (SA) in 1982, an associate of the Chartered Institute of Management Accountants (UK) in 1983 and as a Fellow Chartered Management Accountant (UK) in 1996. His career was forged in merchant and investment banking.

In the early 1990s he became an adviser to the African National Congress in developing black economic empowerment strategies, and in 1992 was instrumental in the creation of Thebe Investment Corporation, South Africa's first broad-based black-owned company. Gary served as joint CEO of Msele Corporate and Merchant Bank, South Africa's first black-controlled merchant bank.

In 1996, Gary was appointed group CEO of Unihold Limited, where he remains executive chairman. He led its transition from an engineering conglomerate to an international IT and telecommunications group, followed by a delisting through a management buyout in 2002. Gary serves on various other private and public boards.

NOMAVUSO MNXASANA

Independent Non-executive Director

Age: 66

BCompt (Hons) CA(SA)

Joined the Board: September 2020

Nomavuso is a Chartered Accountant (SA), having obtained her BCompt and Hons from the University of South Africa. She received her training from Deloitte & Touche. After completing her articles, she spent one year at Deloitte before joining SizweNtsaluba VSP (formerly Nkonki Sizwe Ntsaluba).

During her tenure at SizweNtsaluba, she specialised in consulting, internal auditing and attest function. She started the corporate governance division which housed the internal audit services, as she identified this opportunity during the introduction of the Public Finance Management Act (PFMA). She was also involved in staff development and training as a staff partner for five years. She then joined the Imperial Group as the Group Audit and Risk Executive. While at Imperial she introduced Training Outside Public Practice (TOPP). When she left the group, she had 11 TOPP trainees who were spread across the group, and she still assists Imperial Group on a consulting basis to ensure they receive adequate training. She was appointed to serve on the board of Imperial Bank as a non-executive director representing Imperial, the position she held until the bank surrendered its banking licence in September 2010. Nomavuso sits on a number of boards in both listed and unlisted companies.

BOARD OF DIRECTORS CONTINUED

JOE MTHIMUNYE

Independent Non-executive Director

Age: 57

BCompt (Hons), CTA (Unisa), CA(SA)

Joined the Board: October 2007

Serves as director of various Group companies

Joe qualified as a Chartered Accountant (SA) in 1993. In 1996, he co-founded Gobodo Incorporated, an accounting practice with eight other partners which later became SNG Grant Thornton.

In 1999, he led a management buy-out of Gobodo Corporate Finance from the accounting firm and rebranded it aloeCap Proprietary Limited, of which he is currently the executive chairman. He serves on the board of directors of various non-listed companies in which aloeCap is invested. Joe is an independent non-executive director of Dis-Chem Pharmacies Limited and the chairman of Cell C Limited. He is also chairman of the Dis-Chem audit committee.

JERRY VILAKAZI

Independent Non-executive Director

Age: 61

BA (Unisa), MA (Thames Valley), MA (London), MBA (California Coast University)

Joined the Board: October 2011

Jerry has held various executive positions in government and in the business sector, including that of director for Commerce and Industry at SAICA and MD of the Black Management Forum (BMF), where he also served on the board of the BMF investment company. He was nominated by Parliament and appointed by the President as a public service commissioner in 1998. In the recent past, he served as a member of the B-BBEE Advisory Council, and the first National Planning Commission. Jerry was chairman of the Mpumalanga Gambling Board, Mpumalanga Economic Growth Agency and the State Information Technology Agency (SOC) Proprietary Limited until the end of his term in 2015. He previously served on the boards of PPC Limited and Goliath Gold Limited, and held the position of chairman of Netcare Limited as well as adviser to Citibank.

Jerry is executive chairman of Palama, which he co-founded. He was the CEO of Business Unity South Africa (BUSA) and has also served as chairman of the SADC Employer Group and the EU-Southern African Business Council. In addition to representing business at Nedlac, he served as a member of the King Committee on Corporate Governance, the National Anti-corruption Forum and SADC Business Forum. He currently serves on the boards of Cell C Limited and Sibanye-Stillwater Limited, where he also chairs the social and ethics committee. He was recently appointed adjunct professor at UNISA in the College of Economic and Management Sciences.

LAZARUS ZIM

Independent Non-executive Director

Age: 62

BCom (Fort Hare), BCom Hons (Witwatersrand), M Com (RAU), Dip SBID (Technion – Israel), DCom hc (Fort Hare), DHumanities hc (Thomas a Becket – Edinburgh)

Joined the Board: October 2020

Serves as director and Chairman of Comm Equipment Company

Lazarus has extensive experience as CEO and chairman of blue chip companies across a wide range of industries.

Lazarus is the founder and chairman of Zanozi Properties & Commodities. He is the former CEO of Anglo American South Africa Limited and former chairman of Anglo Operations Limited (AOL). He has served on the boards of directors of MTN Group, Anglo Gold Ashanti, Anglo American Platinum, Kumba Resources, Mondi South Africa, and Tongaat Hulett. He is a former chairman of Kumba Iron Ore, Telkom SA and TransHex Group.

In 2006, he invested in Mvelaphanda Resources which held significant stakes in Northam Platinum, TransHex Group and Goldfields Limited. He retired from mining boards in 2017 after 10 years as chairman of Northam and after serving as founder chairman of Zambezi Platinum. During his tenure, Northam expanded from being a one mine company (Zondereinde) to multi-shaft operations, which included the successful design, development and commissioning of Booysendal Mine and the acquisition of Eland Platinum.

Lazarus is past president of the Chamber of Mines of South Africa and was voted African Business Leader of the Year in 2005. He is also a retired Honorary Colonel in the South African Army. He holds a BCom degree from Fort Hare, a BCom Honours from Wits, an MCom from RAU and a DCom (honoris causa) from Fort Hare. He has also served on the boards of Sanlam, Armscor, and on the International Advisory Council of Capital International (USA). Between 1994 and 2003 he held several executive positions at M-Net Supersport, Multichoice and MTN Group.

OUR PRODUCTS, SERVICES AND SOLUTIONS

Blue Label's diverse product and service offering enables us to bring mainstream products and services to the mass market. Presented below are Blue Label's various divisions and the Group companies that they manage. (Entities are wholly owned by Blue Label, unless otherwise indicated.)

AFRICA DISTRIBUTION

BLD are specialists in **prepaid** products and the **electronic distribution** of virtual merchandise across South Africa, through extensive distribution channels. These encompass, but are not limited to, banks, retailers, spaza shops and other informal traders, as well as petroleum forecourts.

BLC distributes tailor-made hybrid **top-up airtime and data** contracts on behalf of all major South African cellular network operators.

Ticketpro allows our customers access to exclusive **transport services, sporting events, and entertainment**.

The company is engaged in the **facilitation of event ticket sales** to the public and operates in South Africa.

CEC has evolved from a specialised lender to a fully operational business unit with **responsibilities that range across the Cell C postpaid offerings**.

Blu Nova has become one of the leading practitioners of data and decision science in South Africa. We have deployed a state of the art decision engine that supplies **intelligent data** leads and assists in securing new business.

BLO is engaged in **media advertising**.

(50% shareholding)

A mobile technology and **mobile value-added services and product distribution company** with an exceptional mobile product development team.

OUR PRODUCTS, SERVICES AND SOLUTIONS CONTINUED

WHOLESALE

The leading distributor of **prepaid products** for all the major SA network operators, with trusted proprietary technology that guarantees purchasing efficiency and sound inventory control with an emphasis on mutually beneficial terms. The business provides wholesale and community sales, starter packs, handsets, tablets, and bulk printing vouchers.

Glocell Distribution's core strategy is in the **distribution of starter packs** through its established channels.

RETAIL

(51% shareholding)

Robtronics Service Solutions specialises in **handset repairs** and reverse logistics supporting the repair process.

GCRS is a **distributor** of all prepaid network operator products, prepaid products and value-added services to retail, wholesale, banking and emerging markets through its significant and well-recognised retail channels, which include national retailers, petroleums, financial institutions, independent dealers, distributors and major wholesalers.

(50% shareholding)

Provides the most **cost-effective full maintenance scooter rental model** available in the South African market through the supply of data, airtime and electricity products.

NETWORK OPERATOR

(49.53% shareholding)

Cell C Limited operates as a **mobile operator** in South Africa.

BLUE LABEL SOLUTIONS

(81% shareholding)

BLDS is one of the market leaders in **consumer data**, big data, validation, verification, cleansing of data and **lead generation**.

(40.5% shareholding)

Contact centre management, IP telephony products, connectivity solutions, lead warming, VAS product sales, system integration and consultancy.

(30.38% shareholding)

Contact centre management, IP telephony products, connectivity solutions, software development, **system integration and consultancy**.

BLUE LABEL SOLUTIONS continued

(40.5% shareholding)

iTalk2U is a safe and secure **web-based application** that was developed during the COVID-19 pandemic, where working remotely was becoming more 'normal'. It is a **decentralised sales platform** that allows people to make sales and earn a commission while working remotely. The vision is to combat unemployment by educating and uplifting South Africans by providing a work-from-home employment opportunity.

(57.26% shareholding)

Blue Label Communications offers three business verticals: **reverse data billing, SMS, and voice**.

(64.68% shareholding)

Blue Train Group provides **unfunded learnerships, training, recruitment and payroll requirements** for the workforce of the Blue Label Group.

One World Telecoms

Engages in VAS product sales and contact centre sales.

TECHNOLOGY AND DEVELOPMENT

(60% shareholding)

A business-enablement transaction platform that delivers **digital payment solutions** to suit the needs of businesses across diverse markets, while ensuring that the regulatory requirements are met.

ELECTRICITY/MUNICIPALITIES

(74% shareholding)

Cigicell **partners with municipalities** to grow their revenue while providing prepaid electricity and water services.

(25.1% shareholding)

The core focus of Utilities World is the design of **prepayment revenue management software**. The business also oversees the design, manufacture and installation of prepaid electricity meters. The systems they develop have been in use for a number of years by local municipalities, both in South Africa and internationally.

OUR PRODUCTS, SERVICES AND SOLUTIONS CONTINUED

ELECTRICITY/MUNICIPALITIES continued

VISUAL Revenue Management

(75% shareholding)

A key player and strategic partner in the municipal space of South Africa. The immediate focus of VRM is **revenue management, spatial data solutions, infrastructure** – electricity and infrastructure – water.

REWARE

ReWare is a **provider of smart meters** that record actual electricity consumption assisting in monitoring, verifying and managing consumption.

BLUE LABEL VENTURES

iCrypto

(14.29% shareholding)

iCrypto enables organisations to **eliminate cyber risks** such as identity theft, access breaches, data breaches and ransom attacks, while enforcing compliance through technology-leveraging biometrics and tokenised identity.

mobii

(29.9% shareholding)

Mobii Systems Group provides **match game analytics and Internet of Things (IoT) enabled products**.

CHAIRMAN'S REPORT

LARRY NESTADT
Chairman

As the world recovers from one of the most disruptive periods in our history and our economy readjusts to the devastation caused by it, Blue Label Telecom's **resilience** and **performance** validates our innovative product and services offering as well as our management and team efforts.

Through these difficult economic circumstances, exacerbated by various high-impact international developments, we continued to drive financial inclusion for the mass market and in doing so, we made life easier for our customers and continue to ensure more convenient and faster access to the products they need to work, live and play.

During the past year, our management team worked tirelessly to complete the Cell C recapitalisation transaction. This has been a frustrating and complicated drawn-out process, involving many stakeholders, both at Cell C and at Blue Label. Part of the reason for delays in the implementation of the Cell C recapitalisation process was the need to ensure our own balance sheet covenants are adhered to with the full support of the bankers. Fortunately, our business model delivers strong cash generation, evidenced in the financial results.

I am pleased to report that this three-year process was successfully completed and implementation is underway. We remain optimistic that the recapitalisation of Cell C will enable us to recover shareholder value over time.

With a restructured balance sheet and a new capex-light business model, Cell C is expected to perform in line with its operational plans and reattain the confidence and support of all its stakeholders.

CHAIRMAN'S REPORT CONTINUED

Board commitment to value creation and preservation

The Board understands the key role it plays in the oversight of strategic decisions by ensuring the creation and preservation of shareholder value.

To this end, and learning from decisions that eroded some value in the past, a new capital allocation framework has been adopted. The overarching objective of our capital allocation framework is to optimise financial and investment decisions within predefined risk parameters.

We are committed to a strong ethical culture, supported by regulatory compliance. This should also be seen as part of our long-term value creation story because meeting these important standards is not only about doing what is expected, but also about producing what is needed.

Past financial internal control and compliance shortcomings have been addressed and have galvanised a more vigilant and governance-focused regime, managed by a newly appointed compliance officer who reports to the Audit and Risk Committee.

As a responsible corporate citizen, we know the important role we play in the communities in which we operate. During the last three years, primarily motivated by COVID-19, our social responsibility initiatives were mostly driven by our need to plough back and reconnect with our consumers and business partners on a more personal level.

These social investment and enterprise development initiatives in the communities in which we operate are driven by a philosophy we call "shared value". By supporting the communities we sell our products and services to, we build brand loyalty, a vital aspect of our future sustainability efforts.

ESG and sustainability

We have noticed increased investor and societal interest in environmental, social and governance issues and we are acutely aware that this is not only important to our own sustainability and future prospects, but also essential to the way we do business and engage in the environments in which we operate.

We have put in place the required mechanisms to proactively monitor, measure and improve our performance and ensure that these are embedded throughout the organisation and become central to our performance and output.

This is why we welcomed the long-awaited Sustainability and Climate Disclosure Guidance, issued by the JSE in June 2022. As a board, we are committed to the full implementation of these guidelines.

A future-ready organisation

The devastating impact that COVID had on our economy and on business in general, understandably changed the way we work and think, but most importantly, it forced us to constantly think of the next pandemic, the next disaster, the next disruption, the next social problem, and how we can then use the lessons learnt from the past, to ensure that we are "future" ready.

Our sustainability is driven by our ability to develop much-needed products and services through digitalisation and innovation, enabled by the strength of our network, partnerships and capabilities. This supports the efficient and cost-effective delivery of our products and services to our customers.

This translates into continued focus on innovation and investment in IT infrastructure and our "Big Data" project, an integral part of our "future ready" strategy. Our back-to-basics business programme, implemented four years ago, has delivered impressive results.

Outlook and appreciation

Blue Label Telecoms has proven its resilience under very difficult conditions in the past and leveraged the challenges provided, to innovate and reorganise to effectively exploit the opportunities given.

While we do foresee more changes in the market and additional competition in our space, we are well placed to improve our own position through product innovation and consistent focus on the needs of our consumers.

The majority of our Board members have served for more than nine years. Their valuable experience and contribution are highly appreciated. Now that the Cell C recapitalisation has been completed and in line with the King Code IV on Corporate Governance, some of the long-serving Board members will be rotated. The Board renewal process will be orderly and should be over a period of three years to ensure a seamless handover to the new Board members.

On behalf of the Board, I would like to compliment the management team for the achievement of our targets in the most difficult circumstances. I would also like to extend our gratitude to all our stakeholders for their support and belief in us. A new chapter beckons.

Larry Nestadt
Chairman

30 September 2022

MATERIAL RISKS

The main purpose of risk management is to adequately position the organisation to understand and respond to potential risks that could materially impact the execution of our strategy and our ability to create value.

Our Group's primary risks are identified within the context of our strategy to proactively respond to ever-changing internal and external operating environments. We continue to ensure that we strengthen the link between our strategy and the Group's risks by applying our Enterprise Risk Management (ERM) process in the context of our key business requisites.

In pursuing our goals towards creating, preserving and realising value for our stakeholders, within our ERM Framework, we aim to proactively manage risks and opportunities in a dynamic operating context. Our ERM process ensures the adequacy, appropriateness and effectiveness of our responses, mitigating potential significant negative business impacts in order to deliver on our business targets.

01 INCREASED THREAT OF CYBERCRIME

Description

Since the majority of the Group's inventory is of a virtual nature, defence against cybercrime will remain a top priority.

The Group is dependent on the systems and platforms that enable its products and services on which it manages its merchant base. Blue Label's technology spend has increased in recent years in support of its importance to both organic and inorganic growth, as well as simultaneously to improve system availability and resilience as the volumes of both the number and types of transactions increase.

Mitigating measures

- Blue Label places significant focus on the security of all systems, both production and enterprise, in order to pre-emptively detect, prevent and manage security threats and, in the event of a cybersecurity breach, recover expediently.
- Independent third parties continually conduct vulnerability scans and penetration tests to ensure that Blue Label's systems are as secure as possible and that new threats are appropriately addressed.
- A Security Operations Centre (SOC) is currently being rolled out to assist in countering cybercrime risks. The SOC will be fully operational during FY2023.
- CrowdStrike, an advanced cloud-native platform, has been implemented to counter malware threats.
- All Blue Label staff members are mandated to participate in an ongoing cybersecurity awareness training programme, which was enhanced in light of most of them working remotely.
- Cyber insurance cover is in place to protect the Group in the event of a breach.

MATERIAL RISKS CONTINUED

02 UNSUCCESSFUL EXECUTION OF THE CELL C STRATEGY AND BUSINESS PLAN

Description

The failure of Cell C's strategy and execution of its business plan would not only negatively impact the investment therein, but would also have a compounded effect on the Blue Label Group, in that a significant portion of its profitability stems from its trading relationship with Cell C.

Mitigating measures

- The Cell C recapitalisation transaction has achieved the deleveraging of its balance sheet, providing it with liquidity with which to operate and enhance its businesses and to position itself to achieve long-term success for the benefit of its customers, employees, creditors, shareholders and other stakeholders.
- Cell C has implemented a turnaround strategy, focusing on operational efficiencies, reducing operational expenditure and optimising traffic. This includes a significant reduction in capital expenditure and a conversion of a fixed-cost infrastructure-based network to a variable operational expenditure model. This, together with the recapitalisation of the current debt structure, will result in a significant improvement of its liquidity and enable long-term sustainability of Cell C.
- Cell C embarked on a strategy to reconsider its current service offering, whereby Cell C identified the need to either wind down or restructure the service offering being provided to its postpaid mobile telecommunication business (the base). During the 2021 financial year, the Group, through its subsidiary Comm Equipment Company (CEC), entered into an arrangement with Cell C to facilitate Cell C's operation of the base. The aim of the reorganisation would be for the base to remain intact and grow in the future, and for Cell C to have limited downside risk on the base.
- The implementation of the extended roaming agreement with MTN commenced on 1 May 2020. This enables network innovation, promotes efficient network infrastructure utilisation and sustainable investment in network infrastructure. The transition to the new business model commenced on 1 January 2021.
- During the reporting period, Cell C participated in the ICASA ITA auction in respect of the licensing process of high-demand spectrum and was awarded 10MHz in the 3 500MHz band.
- To contribute to the success of Cell C, Blue Label has representation on the board of directors, which will afford it complete oversight of the performance of the company and the ability to ensure that the agreed strategy is implemented at Cell C. The above contributions, combined with the major reduction in interest-bearing debt and the elimination of foreign exchange exposure thereto, are all positive indicators for sustainable success and longevity.

03 UNETHICAL BEHAVIOUR AND FRAUD

Description

Due to the nature of our digital inventory, the Group is vulnerable to fraudulent activities.

Blue Label maintains zero tolerance for fraud and irregularities. All incidents are investigated, irrespective of the size or value.

The ongoing roll-out of new products/solutions increases the exposure to potential fraud-related activities.

Mitigating measures

- We continue to refine operational controls, security, and our infrastructure to mitigate the risk of fraud.
- Fraud and ethics are discussed at Board level by both the Social, Ethics and Transformation Committee (SETC) and the Audit, Risk and Compliance Committee (ARCC.)
- The ethics hotline, hosted by Deloitte, remains available for anonymous reporting of any instances or suspicions of fraud.
- Staff are mandated to participate in digital programmes that enhance awareness relating to fraud and ethics. A code of conduct, disciplinary policy and fraud policy are in place.
- We have developed a Fraud Management Framework that addresses the risk of fraud within the Group.

04 PROLONGED BUSINESS MODEL TRANSFORMATION IMPACTING MARKET RELEVANCE

Description

Historically, the Group specialised in the distribution of products. Going forward, Blue Label needs to evolve so that technology drives product development, or it risks losing market opportunities to more digitalised or agile competitors.

Mitigating measures

- Management has embraced the change in mindset, spurred on by the necessity to implement digitalisation in the face of lockdown in prior years. Various technology-driven initiatives were developed and brought to market during that time and will continue to be brought to market.
- The Group’s commercial offerings are being transformed through automation, consumer reach, consumer-centric design, enhanced software build and release mechanisms, simplified integrations and platform flexibility and scalability.

MATERIAL RISKS CONTINUED

05 MATURITY OF BUSINESS CONTINUITY MANAGEMENT

Description

Business Continuity Plans (BCPs) and Disaster Recovery Plans (DRP) ensure that the business is prepared for severe interruptions and that business processes continue with minimum downtime during cases of emergency or disaster.

If the BCPs are misinterpreted or not properly in place, the potential breakdown of critical business processes could harm the Group's profitability and reputation.

Mitigating measures

- Blue Label's BCM steering committee meets bi-annually to ensure that the Group is prepared to counter any risk.
- Active-active failover architecture is implemented throughout the Group.
- BCP consultants have reviewed Blue Label's BCPs and the Group has implemented their recommendations.
- COVID-19 offered a unique opportunity to test our DRP, which proved to be resilient. Employees could operate remotely with minimal disruption to operations.
- We reaffirm that we will conduct simulation exercises to validate BCPs in place including our DRP in FY2023 to ensure that all applicable staff, in the event of disruption, are aware of their roles and responsibilities.

06 CUSTOMER AND REVENUE CONCENTRATION RISK

Description

Certain prominent financial institutions and retailers rely on Blue Label to process their substantial transaction volumes. A lapse in the Group's service delivery to these stakeholders could result in a major negative impact on its profitability and/or reputation.

Mitigating measures

- Blue Label maintains long-standing relationships with these parties and has an impressive track record of service delivery.
- Mature failover and business continuity mechanisms provide a high degree of certainty that we maintain uptime beyond 99%, even as transaction volumes continue to grow.
- Software release methodology and application-level failover reduces the need for system downtime during system release and maintenance windows

07 POTENTIAL THEFT OF E-TOKENS OF VALUE

Description

E-tokens are a form of electronic cash utilised for secure transactions. The Group relies on the high-volume, low-margin distribution and sale of e-tokens of value. Blue Label, therefore, needs to protect its virtual stock from theft, the corruption of voucher pins and cybercrime.

Mitigating measures

- The confidentiality, integrity and availability of virtual stock is managed through role-based access control, secure transfer of supplier/customer files and encryption with hardware security modules.
- A robust set of automated internal controls assists in timeous detection and prevents the theft or corruption of voucher pins and related digital products.
- Sufficient insurance cover is in place.

08 GROUP-WIDE RECONCILIATION AND SETTLEMENT PROCESS

Description

As Blue Label processes large transaction volumes to multiple vendors and across various systems, our reconciliation and settlement process must operate efficiently to prevent loss of revenue and enhance customer satisfaction.

Mitigating measures

- The Group is currently working on automating all main reconciliations during FY2023. Currently, the various finance departments resolve any partially matched or unmatched files daily and an escalation process is in place.
- We aim to also strengthen our segregation of duties function within this process.

MATERIAL RISKS CONTINUED

09 BUSINESS-RELATED FRAUD

Description

Business-related fraud is consistently a risk. The Group needs to be diligent at all times to mitigate the possibility of fraud when launching new products.

Mitigating measures

- Several key appointments serve to protect the Group from fraud, while employee accountability and responsibility campaigns ensure that every staff member is aware of their role and duty to prevent fraud.
- BLT's Technology division assists with, prioritises and supports efforts to address internal control gaps. Our new formal "Protect our Business" initiative was finalised during FY2021 and places a strong focus on identifying control gaps in systems and processes. The Head of Fraud and the business improvement team continuously work to close such gaps and to improve thereon. This reduces the Company's overall risk exposure and associated losses. BLT appointed an external service provider to map the as-is processes in high-risk areas.
- Furthermore, there is a strong focus from a fraud, risk and compliance perspective to mitigate any risks from the early stages of any new product initiatives before the product is made available to the market. A formal sign-off process has been implemented throughout the Group.

10 SUPPLIER RELATIONSHIPS (NETWORK OPERATORS AND UTILITIES)

Description

Each subsidiary is highly dependent on its respective suppliers to achieve its business objectives.

Should our customers (or aggregators) with a significant market footprint deal directly with the utilities, they effectively become competitors to the detriment of Blue Label.

In addition, there is potential for network operators to launch applications whereby consumers are granted direct access to airtime purchases from them.

Mitigating measures

- Blue Label's management nurtures relationships with existing suppliers and has a strong track record with them. Long-term contracts with suppliers ensure sustainable business relationships.
- Margin management, the breadth of Group product suites, and efficient technological integration into customer back-end systems reduces the risk of disintermediation.

STAKEHOLDER RELATIONS

As a business embedded in emerging markets and embracing a growing ecosystem, the impact of our operations extends beyond our commercial partners, customers, and employees. Providers of capital, communities, the media, government, and non-governmental organisations may each have differing viewpoints and expectations of our business. We recognise that we depend on robust relationships with all our stakeholders to grow our business and provide value to individuals, families, businesses, and society.

Principles that underpin our stakeholder relations

- Collaboration and regular interaction with all key stakeholder groups are essential to the Group's long-term resilience.
- Successful stakeholder engagement requires far more than merely communicating 'to' various stakeholder groups. Two-way dialogue is imperative, especially since Blue Label considers its various stakeholders as key partners in its endeavours.
- Our processes are designed to be both proactive in terms of engagement and responsive to any attempt by stakeholders to engage with us.
- As the Group expands, stakeholder identification and prioritisation are an ongoing process.

Our stakeholder engagement process

Blue Label's stakeholder engagement policy, a requirement of King IV, outlines our approach to communicating and working with our stakeholders. Engagement is an integral part of developing an understanding of our stakeholders' needs, interests and expectations and assists Blue Label with strategic, sustainable decision-making.

While the Blue Label Board is ultimately responsible for stakeholder engagement, the process of engaging with stakeholders is decentralised.

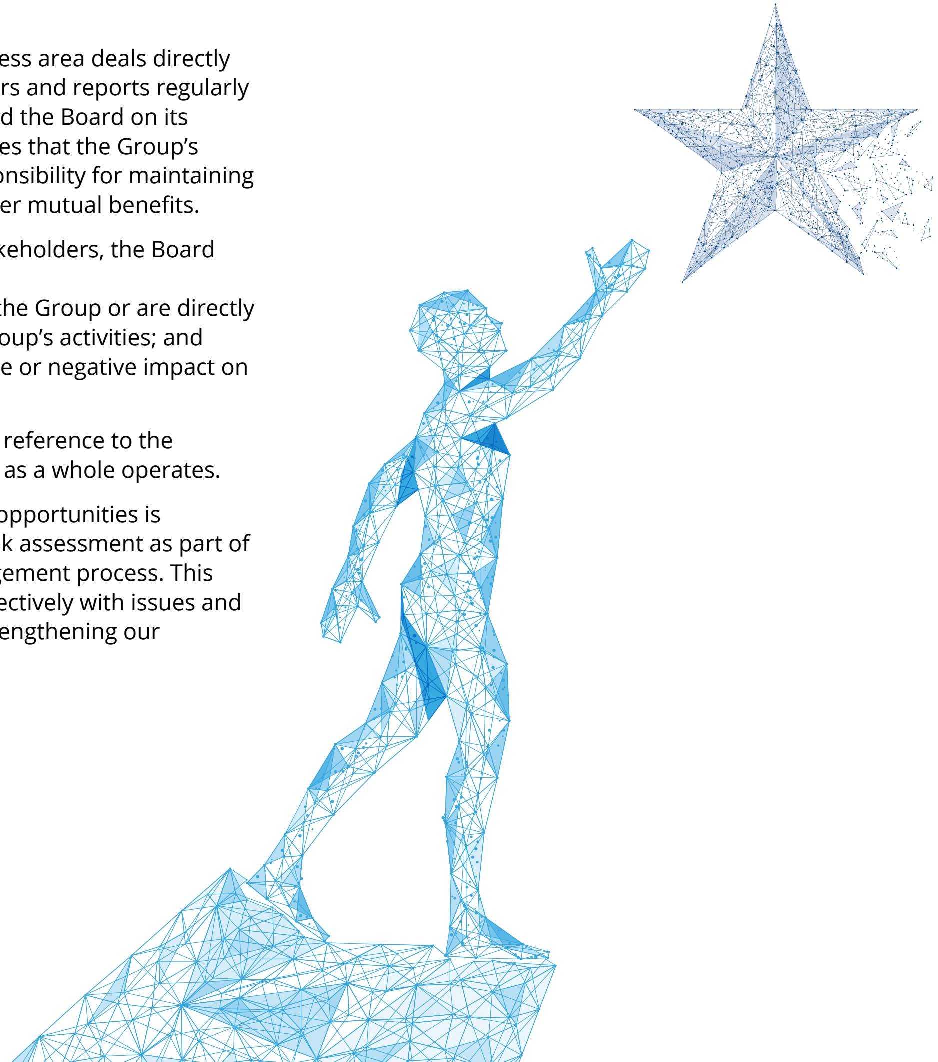
Every Group company and business area deals directly with complaints from stakeholders and reports regularly to the Executive Management and the Board on its stakeholder relations. This ensures that the Group's various business units take responsibility for maintaining impactful relationships that deliver mutual benefits.

In identifying and prioritising stakeholders, the Board considers the following criteria:

- groupings which interact with the Group or are directly or indirectly affected by the Group's activities; and
- groupings which have a positive or negative impact on our ability to operate.

Exco assesses the outcome, with reference to the ecosystem in which the business as a whole operates.

Managing stakeholder risks and opportunities is performed by completion of a risk assessment as part of the overall enterprise risk management process. This enables management to deal effectively with issues and opportunities that arise while strengthening our stakeholder engagement.



STAKEHOLDER RELATIONS CONTINUED

Stakeholder engagement matrix

Employees

Our greatest competitive advantage and key drivers of our strategy through their collective skills, experiences and ideas, ensuring that our objectives are reached

WHY WE ENGAGE	NEEDS AND EXPECTATIONS	METHODS OF ENGAGEMENT	STRATEGIC OUTCOMES AND RESPONSES
• Providing strategic direction • Informing about Group's activities • Remaining an employer of choice that provides a safe, positive and inspiring working environment • Understanding and responding to the needs and concerns of our employees	• A pleasant, safe and productive working environment supported by flexible work practices • Updates on the performance of the business • Career development and advancement opportunities • Frequent information, direction and encouragement around the remote work environment	• A robust combination of face-to face, written, digital and broadcast communications • Ongoing and daily engagement at all levels as required by employees, supported by a Group employee and engagement plan • Regular, direct communication between managers, teams and individuals • E-mails and intranet communications • Employee functions	**We engaged our staff on the riots and floods in KwaZulu-Natal and they responded through donations to families in need.** **An employee engagement survey found that our employees were largely happy in the workplace.** **Investment in staff development and training.** *For more information about our human capital, visit page 66.*

Customers

They buy our products, procure our services and in doing so, provide the primary source of our revenue, give us a reason to exist

WHY WE ENGAGE	NEEDS AND EXPECTATIONS	METHODS OF ENGAGEMENT	STRATEGIC OUTCOMES AND RESPONSES
• Improved understanding of them, their aspirations, businesses and communication needs • Providing appropriate products and value-adding services • Ensuring that we maintain the high-service levels they expect and deserve • Informing product development and prioritisation • Developing products that service our customers' evolving technology needs	• Access to world-class innovative and flexible solutions and services • Access to mobile transactional services that are secure, simple, convenient and efficient • Information about changes in operational procedure brought about by the COVID-19 lockdown and the floods and riots in KwaZulu-Natal	• A fully functioning remote Customer Interaction Centre to deal with any and all problems faced by customers • Face-to-face formal and online meetings • Customer satisfaction surveys • Social media interaction • The Group has a customer relationship management (CRM) system, self-help facilities, and dedicated sales and technical consultants to enhance its customer engagement service	Blue Label has managed to increase gross revenue and gross profit. We maintained open lines of communication to address any concerns related to changes in operational procedure brought about by the COVID-19 lockdown and other disruptions. Strong growth in products launched.

STAKEHOLDER RELATIONS CONTINUED

WHY WE ENGAGE	NEEDS AND EXPECTATIONS	METHODS OF ENGAGEMENT	STRATEGIC OUTCOMES AND RESPONSES

Shareholders

Providers of capital needed for long-term growth, expecting returns based on sustainable and sound business practices while allowing us to contribute positively to our customers and the communities in which we operate

WHY WE ENGAGE	NEEDS AND EXPECTATIONS	METHODS OF ENGAGEMENT	STRATEGIC OUTCOMES AND RESPONSES
• Providing current and future shareholders with relevant and timeous information, ensuring Blue Label shares are appropriately valued • Managing shareholder expectations and reputational risk • Maintaining strong relationships, keeping abreast of market developments and informing our shareholder targeting strategy • Ensuring good governance to deepen the trust placed in us and our brand • Getting feedback that informs our strategy, business operations and how we govern our business	• To receive relevant and timeous information on our prospects and financial and non-financial performance so that shareholders can value and assign appropriate ratings • To understand our financial performance • To gain insight into our strategy, operations and management • Updates on the progress and completion of the Cell C recapitalisation transaction • Transparent reporting and disclosures	• Various broker-hosted investor events • Conference calls • Roadshows and investor days • Annual and interim results announcements and roadshows • Annual General Meeting • Daily e-mails • Integrated annual reports • Meetings with Executive and Senior Management • SENS announcements	Shareholders have been encouraged by the success of our back-to-basics strategy. The market has been regularly informed about development with regard to the Cell C recapitalisation transaction. Investor interaction has increased thanks to virtual meetings.

WHY WE ENGAGE	NEEDS AND EXPECTATIONS	METHODS OF ENGAGEMENT	STRATEGIC OUTCOMES AND RESPONSES

Regulators

Meeting all statutory, legal and regulatory obligations to ensure continued operations and improve social acceptance of our products and services in a way that builds trust with our customers and suppliers

WHY WE ENGAGE	NEEDS AND EXPECTATIONS	METHODS OF ENGAGEMENT	STRATEGIC OUTCOMES AND RESPONSES
• Maintaining open, honest and transparent relationships and ensuring compliance with all legal and regulatory requirements • Retaining our various operating licences and minimising our operational risk	• The Group's regulatory compliance • Information about the soundness and stability of Blue Label	• Various industry and regulatory forums • Meetings between regulators and our Board and management • One-on-one discussions with various executive officials	Compliance with all statutory and regulatory requirements. Good relationships with all relevant regulators.

STAKEHOLDER RELATIONS CONTINUED

Government

Policy, regulation, decisions and expectations that impact directly on our business activities, products and strategy and we constantly explore opportunities to partner in order to influence and make a positive contribution in line with government's goals

WHY WE ENGAGE	NEEDS AND EXPECTATIONS	METHODS OF ENGAGEMENT	STRATEGIC OUTCOMES AND RESPONSES
• Cementing our social licence to operate • Building and strengthening relationships with government, both as a partner in the development of the country and as a customer • Providing input into legislative development processes that will affect the economy, our activities and operations • Reaffirming our commitment to public sector business development • Participating visibly in, and being a partner to, the transformation of South Africa and the communications sector • Partnering in increasing economic growth and the reduction of inequality and unemployment	• Information about Blue Label as a business and ways in which we can be of assistance to individuals and the economy of South Africa • The tracing and recovery of lost or stolen electricity revenue	• Participation on various platforms with government • Ad hoc engagements with national and provincial departments	Working with authorities to explore ways to trace and recover lost or stolen electricity revenue. Partnering with government on projects to alleviate youth unemployment and increase skills development and training.

Media

Managing our brand and reputation through regular engagement and increasing awareness around our products and services

WHY WE ENGAGE	NEEDS AND EXPECTATIONS	METHODS OF ENGAGEMENT	STRATEGIC OUTCOMES AND RESPONSES
• Leveraging the reach and influence of media channels • Sharing our business and investment story with stakeholders • Communicating with relevant stakeholders and the broader public with a view to having a positive influence on behaviour that will lead to desired business results • Protecting and managing our reputation	• Information about developments in the communications sector, and Blue Label specifically • Information about Blue Label's contribution to the South African economy and our products and services • Information that empowers their audiences to make informed financial decisions	• Proactive, scheduled engagements • Ad hoc meetings with Executive and Senior Management • Launches of Blue Label products and services • Interviews with key business media on relevant financial reporting dates • Daily telephone and e-mail responses to media enquiries	Proactive engagement on the recapitalisation of Cell C, financial performance, and new innovation in the Group. Regular engagement with editors of agencies that cover our operations and activities. Increased understanding among journalists and editors about what we do and who we are.

STAKEHOLDER RELATIONS CONTINUED

Business partners and suppliers

Custodians of our reputation and a critical link between our customers and us, playing a vital role in attracting new business and in retaining existing customers

WHY WE ENGAGE	NEEDS AND EXPECTATIONS	METHODS OF ENGAGEMENT	STRATEGIC OUTCOMES AND RESPONSES
• Obtaining products or services required for conducting our business • Maintaining an ideal and timeous supply of goods and services for our operations • Encouraging responsible practices across our supply chain, including B-BBEE, local procurement, supplier conduct, and environmental considerations • Including critical suppliers in cross-functional teams to contribute expertise and advice before specifications are developed for products or services	• Guidance and methodology for continuing business during the COVID-19 lockdown and the riots and floods in KwaZulu-Natal • Information about changes to the B-BBEE Codes of Good Practice, and to trading arrangements in terms of our procurement systems and enterprise resource planning (ERP) • To be associated with a brand that delivers on its promise	• Supplier education workshops, indabas, and fairs • One-on-one negotiations and meetings	**The provision of our core products of airtime, data, electricity, and financial services has remained uninterrupted during the COVID-19 lockdown and during the KwaZulu-Natal riots and floods.** **Win-win strategic partnerships with those who enable us to deliver our products and broaden our reach.**

THE RITE STRATEGY

Blue Label's strategy to create and preserve value for all its stakeholders is based on four equally important pillars (Reach, Innovation, Trust and Efficiency), all of which are deeply embedded in our operations and corporate culture.

RITE

REACH

Expand our distribution channels in banking, retail, independent and informal markets, while investigating new, primarily digital channels.

Add innovative products and services to our portfolio.

We are a magnet for foot traffic to our customers' retail and digital environments.

INNOVATION

Deliver world-class customer-centric solutions across our businesses through platform renewal, improvement, innovation and transformation.

Agile systems support our entrepreneurial culture and add flexibility that increases our speed to market.

TRUST

Maintain a customer-centric approach.

Provide exceptional service that is intelligently tailored to the needs of and builds trust with merchants, suppliers and customers.

EFFICIENCY

Continuously improve the efficiency of business processes and capital allocation.

THE RITE STRATEGY CONTINUED

Developed in 2018, this strategy proved to be resilient through COVID-19 and because of this durability, we remain confident that it will also sustain our operations as we recover from the aftermath.

Expanding our reach, promoting innovation, building trust and efficient business processes are not only noble ideals, but also the foundation on which our growth and success are built.

REACH

The Group continues to live up to its purpose of enabling the fulfilment and upliftment of people in South Africa by providing them with a wide range of diverse, value-adding products, services and solutions.

Our continued investment in technology, carrier grade platforms and scalable operating structures assist the Group in expanding our reach, improving service delivery and speed to market. We accelerate innovation, go-to-market strategies and digital enablement.

Our relationships are vital. We develop deep and mutually beneficial long-term partnerships with the mobile network operators (MNOs), retailers, banks, and independent outlets.

We also continue to expand our digital solution footprint with active points of presence (POPs) in the main market, retail and petroleum channels, and our ability to extend the reach of electricity sales and revenue assurance for municipalities further entrenches our relationships and provides exclusivity for other Group products and services.

Our ultimate goal is to drive the financial inclusion of previously underserved markets. We grow our 'hub and spoke' model into informal markets in South Africa, where our service is differentiated by extensive engagement and training combined with the provision of marketing material that enhances our customers' businesses.

Key achievements and highlights:

- Ringas, our proprietary airtime and data agnostic network top-up voucher, was launched in September 2020 and now has 32 million unique customers.
- BluAdvance, the latest application that will provide high-frequency, low-value advances to approved customers has scored 25 million customers to date, with over seven million being eligible for advances. It is expected that this number will grow as the algorithms adapt.
- Transaction Junction, a major supplier of payment services, processes more than two billion transactions per year and continues to grow its footprint across Africa, where it is currently operating in six Southern African countries.
- We continue to grow our retail and wholesale channels through new customer acquisitions.

INNOVATION

In a challenging economic and competitive environment, innovation sustains our growth.

Our deep understanding of customer needs and wants informs both our platform functionality and our product and service offerings. We seek out strategic joint ventures or acquisitions for new product or platform capability and invest in technology that enables us to be ahead of the game.

We are constantly exploring new ways to improve and learn, and we enhance our proprietary platforms by continually refining our processes, software and hardware, while at the same time investing in the required skills and expertise. Targeted analytical processes, machine learning and artificial intelligence can assist the Group to use the data we receive to design better products and services and enable us to know our customers and their diverse needs better. This allows us to craft the best product or solution for a particular customer, based on refined algorithms.

As a result, Blue Label can now also white label its core technology offerings and deploy consumer applications to specific communities with content and bespoke service requirements.

Key achievements and highlights:

- BluNova developed the scoring algorithms for the deployment of the bureau batch-vetting service to pre-score Cell C's postpaid base of customers, and for our NanoAdvance proof of concept. This has been deployed into production with an electricity advance on USSD with a clawback mechanism in place.
- Blue Label Data Solutions has a 21-million strong opt-in database that is POPIA compliant and the use of machine learning and artificial intelligence improves campaign performance.

- Unipay is driving meaningful growth in the digital bill payment environment and offers large and small power users the ability to settle their bills, and any of the postpaid bills, conveniently and securely online.
- The ability to harness technology via the cloud confirms the Transaction Junction platform's ability to accept and deliver transactions from anywhere to any destination via any channel. Transaction Junction has established new deployments in Namibia and Zambia and these deployments are made easier by its AWS deployments.

TRUST

The Blue Label ecosystem relies on suppliers, technology, devices, merchants and customers working together for mutual benefit. The Blu Approved brand embodies trust and reliability. We deliver enormous volumes of mission critical transactions to massive audiences and customer bases on a real-time basis.

We invest in significant additional measures to avoid redundancy for improved stability and business continuity. We have virtually no downtime, and our platform, systems and devices work efficiently.

Across all our stakeholder groups, we have vigilant and accessible processes in place to engage and service all interest groups and customers. The quality of our technology, in conjunction with ongoing innovation, allows our entire ecosystem to evolve alongside us.

Key achievements and highlights:

- We have grown our trader base across the Group and this is increasing as we improve the reliability of our products and secure access to them.
- Through Cigicell's revenue assurance, collection and protection services, we partner with local municipalities to assist financially distressed municipalities across South Africa via a revenue assurance ecosystem, which encompasses a variety of solutions.
- Combined uptime of 99.6% across all transactional platforms.

EFFICIENCY

We strive to maximise all of our assets to become the lowest-cost producer or distributor of transactions, messages and digital products, especially through scalability and platform refactoring. Our investment in infrastructure and software improves stability and ensures future capacity.

An efficient treasury function is essential to the success and profitability of our business. Primarily within The Prepaid Company, Comm Equipment Company and Cigicell, this function enables the acquisition and wholesaling of all products. It also supports Blue Label's funding of electricity projects and increases the funding of third-party hardware sales.

With great care for our environment and the society within which we operate, we understand the importance of sustainability and the importance of operational efficiency therein.

Key achievements and highlights:

- BluNova continues to assist the entire Group in automating key processes, and by digitising and building automated transactional businesses.
- Ticketpro designed a state-of-the-art NFC tap-and-go solution which will replace the old paper ticket. This platform allows us to sell tickets online and in South Africa's largest distribution network. The hardware is built locally, giving us the ability to scale while maintaining a low-cost base. It also acts as a fleet management tool that allows carriers to monitor their buses and drivers in real time. Significant attention was given to ensure that this solution is built on the highest security gateways, which will also ensure zero-revenue leaks.
- Our Ringas ubiquitous airtime product, launched by TPC, has become a key differentiator for the transformation of the bulk print industry through new software that was developed internally.
- With the introduction of Blu Voucher, Ringas and UniPIN have also seen more consumers moving away from physical vouchers and PINless products, resulting in a decline in paper consumption.

PREPAID PRODUCTS

TICKETING

BANKING

HANDSET REPAIR

STRATEGY AND PERFORMANCE

JOINT CHIEF EXECUTIVE OFFICERS' REPORT

Another impressive set of financial results, supported by the successful delivery of our strategy against measurable targets and, a renewed focus on customer-centricity that is driven by **innovation** and **digitisation** are some of the key highlights of what was a remarkable year.

Left: **MARK LEVY**
Joint CEO

Right: **BRETT LEVY**
Joint CEO

As this report would reflect through our powerful brands and footprint, our diverse and enhanced product offering, and our improved liquidity position and healthy balance sheet, the Group has effectively positioned itself as future-ready, while our back-to-basics strategy and robust operating model serve as proof of our resilience and adaptability, as we continue to create sustainable value for our stakeholders.

We are however acutely aware of the difficult macroeconomic conditions within which we operate, and there is no denying that the South African economy is under severe strain and that many consumers are struggling due to the increased cost of living.

The petrol price is at its highest levels ever; the annual inflation rate of 7.8% in July 2022 was the highest reading since May 1998; South Africa has experienced more days of loadshedding this year than any other year; and our unemployment rate is growing at a worrying pace.

JOINT CHIEF EXECUTIVE OFFICERS' REPORT CONTINUED

Resilient performance and sustained progress

Despite these challenging times, the Group's gross revenue continued to grow by 10%, from R66.0 billion to R72.3 billion.

With back-to-basics solidified as central to our strategic approach, our core businesses have delivered sterling results.

That is why the consistent implementation of our strategy, as well as the centrality of our customers and their experience, building and agile, resilient and future-ready organisation and preserving and creating best value for all stakeholders are the basis for our strategic successes.

Cell C continued to manage expenditure while maintaining its prudent approach to liquidity management with a clear focus on stringent cash management, supported by a careful and agile funding strategy for the business. With substantial milestones reached on the recapitalisation process during the reporting period, post the conclusion of this process, a stronger balance sheet will further enhance performance capacity and growth.

Good progress was made with its differentiated network strategy, achieving a 50% network migration to end May 2022. This is a critical enabler to the transition to a digital lifestyle company and is in line with shifts in the global telecoms industry to make more efficient use of existing network infrastructure.

As an aggregator of wholesale capacity and building scale and buying power, the business has moved away from a capex-intensive model, to utilisation of a virtual radio access network on a partner infrastructure provider.

Cell C still retains its identity as a mobile network operator, maintaining control of its spectrum, subscribers, billing system, core and transmission. This strategy allows Cell C to focus on investing in innovative products and services that meet the needs of current and future customers.

While we remain inspired by our results and the resilient performance, the difficult economic times provided us with an opportunity to reassess the kind of value we create for all those who depend on our existence, but more importantly, we also took some time to re-examine the ways in which we create and preserve value.

Through this re-evaluation, we developed five value drivers: customer centricity, optimisation of data and digital innovation, building capacity for a future-ready organisation, continued investment in IT infrastructure and being a partner in youth development.

Value driver 1: Customer centricity

As the COVID-19 pandemic intensified, customers' digital habits altered their preferences; it also proved that those companies that easily adapt to the changing needs of their diverse customers are most likely to recover from its impacts.

The introduction of our ubiquitous Blu Voucher and Ringas voucher during this period was therefore not only proof that we could introduce the right kind of product at the right time, but also added to our growth as we constantly look for the products society needs and how we can make our offerings better and more accessible.

In terms of Blu Voucher, we continue to onboard redemption partners while simultaneously driving enablement at key national retailers and chains and enabling the wholesale of Blu Voucher through other channels, extending a strong month-on-month growth trend in sales. A campaign was also launched to drive increased sales through incentivisation of consumers, merchants and staff. A significant increase in Ringas' sales resulted from the addition of data to the Ringas offering.

In gaming, we continue to perform well ahead of expectations as it has become a mainstream in the South African market. Growth has emanated from the robust and consistent expansion of the top gaming partners as well as the addition of new gaming partners.

Our money transfer and remittances product enable consumers to send airtime to 160+ countries around the world directly from our Blu Approved merchants, and we have seen healthy growth as a result of ongoing focus on the category. As a result of this growth, we are currently exploring new international transfer corridors.

During the next financial year, we will drive value in this segment by focusing on our most valuable resource, our merchant network.

Value driver 2: Optimisation of Data and Digital Innovation

Over the last financial year, the Group has embraced cloud-based technologies enabling the build of a centralised Group Living Data Ecosystem consisting of the CRM database (BluCORE) as well as a transactional database (BluFusion). This has resulted in improved performance, cost reduction and data democratisation to all Group subsidiaries. Aggregated Group data was used to develop the alternative scorecard, resulting in an increase in acquisitions of new to credit clients from the cash economy, as well as providing and increase campaign approval rates to reduce vetting costs.

Using advanced analytics, we have developed a range of live BI dashboards, which have enabled senior managers to make positive changes to commercial agreements, commissions structures and business processes, most notably seen in the stabilisation of the declining Cell C postpaid base. Similarly, the prepaid market share report was developed for Cell C, giving a window into market share movements.

A successful POC was executed using first-party data in digital marketing with all performance benchmarks exceeded, and a minimum viable product (MVP) has been deployed for the POPIA portal, the first of its kind in South Africa, which allows data subjects to access and maintain their personal information independently. Internal development of models off the back of this central data asset has enabled us to bring these services in-house, resulting in improved campaign performance and significant cost reduction.

Looking ahead, we aim to further leverage our alternate data to create new opportunities to deploy new products beyond telco credit vetting such as nano advances and Buy Now Pay Later (BNPL) services. Technical teams will be focusing on ingesting additional data from sources across the Group to grow our centralised data warehouse, enabling new data monetisation use cases and driving improved model performance.

From a campaigning and distribution perspective, we intend to focus heavily on developing digital channels to support our current distribution footprint, using our suite of data models as an accelerator. We will be looking to shift our business intelligence capabilities from pure descriptive (historical) reporting to predictive and prescriptive reporting (forecasting). The intention is to begin building on strategic relationships with external partners, such as the large banks to secure long-term growth for the Group with data and analytics as the linchpin.

Value driver 3: Building Capability and Capacity

We would never be able to achieve what we have if it was not for the amazingly talented, innovative, disciplined and capable team we have built and refined over the years.

As we strive to attract only the best skills in the industry, we understand the difficulty we experience and, building on our winning recipe to succeed, we have looked at the organisation and ensured that our structure is one that is scalable and follows strategy, based on clear choices and priorities to create long-term shareholder value.

From being reactive to being proactive through ensuring that we collectively focus on Brilliant Basics, differentiating the business from our competitors, building an aligned organisation based on trust, alignment and the best interests of BLT as a Group, and defining required capabilities and the right operating model.

It is our way of doing things, a mindset that cultivates and builds a values-based, “all-in” culture that supports the execution of our strategy.

Our success depends on our talent sustainability and therefore the framework available to all managers with the success management tools are in place to help build talent in the right occupational levels and continue building a ready-for-future organisation.

Our organisation is expanding, and the demand of new skills for a ready-for-future organisation continues to grow. Working together with all subsidiaries to understand their critical roles and the critical skills required to stay relevant is high on our agenda.

More than 36% of all terminations in 2022 were due to a desire for a more flexible work-life balance, which was considerably higher than those recorded prior to COVID. More and more professionals are in search of a healthier company culture and better work-life balance as opposed to just wanting a higher salary. The traditional workplace has undergone extreme changes and we are indeed at the forefront of not only becoming the most attractive alternative for the best qualified and experienced professionals, but also striving to create the ideal working conditions, and inculcating the right culture in order to improve our value proposition.

In Blue Label we know that our culture has been built over many years and it has differentiated us and kept us going and growing, and for this reason we continue to build on our values in order to maintain and create a sense of purpose and belonging. *WeLead* was initiated to create a growth mindset that allows our subsidiary leaders and employees #teamblu to focus on growing the business while growing themselves and their careers. Our focus is to include everyone to be part of our dream by continuously growing our business and ourselves. We are mindful of the necessity to create an inclusive business with and for the community we serve while driving collaboration with all of Blue Label’s subsidiaries.

An inclusive leadership culture shifts the impact on the employer-employee relationship. We believe the right culture is a huge factor in driving long-term employee engagement and needs to be solved through experimenting, as we contemplate future models of working. Our already strong culture helps drive organisational performance and customer satisfaction, while ensuring we are able to secure the talent, relationships and resources we need to remain relevant and competitive.

JOINT CHIEF EXECUTIVE OFFICERS' REPORT CONTINUED

The talent pool that wants to work for organisations with robust environmental and social commitments will only continue to grow. This is not just an add on for us, caring for a better future is our code. We have worked on a range of initiatives and introduce a shared approach on our social responsibility with our employees, positioning us as an employer of choice.

Value driver 4: Continued Investment in IT infrastructure

Our technology business generates enormous value for Blue Label by implementing incremental innovation that allows the Group to be relevant, improve the customer experience and support revenue growth.

In the past year, we prioritised investing in the stabilisation of our core systems and started preparing for the modernisation of our current infrastructure to become cloud ready. Last year, we enabled our API-centric approach and, as a result, deployed our API gateway where we can curate and host our customers. Furthermore, cybersecurity threats remain a critical ongoing risk and form a significant part of our technology investments. Stringent standards for information and infrastructure security controls have been reviewed and reinforced over the last year. We proactively assess our vulnerabilities and risk of exposure on an ongoing basis while driving cyber risk prevention, assessment and education programmes to maintain vigilance. We are embedding security as a core component within platform delivery via governed development mechanisms and implemented detection capabilities and response processes in our environment.

Over the past 12 months, we designed and approved our IT governance framework based on COBIT (Control Objectives for Information Technologies). We renewed our governance framework to ensure that we can maintain the maximum level of maturity to drive control delivery through project portfolio and systems change management, which now ensures alignment of technology investments with governance controls. We are currently in the implementation phase of our approved IT Governance Framework and aim to complete it within FY23.

Our new low-code delivery, management tools and methodologies enable agile software development and release. As a result, our business can launch MVPs to the market faster and compete aggressively through the investment in various platform-innovation initiatives across the Group. For example, the NFC bus platform for Putco has been successfully implemented in Ticketpro, and the BLD voucher product range was expanded with the addition of Global Airtime vouchers.

These strategic elements are underpinned by our constant drive towards customer-centric design and user experience, which stands central to our world-class business solutions across our national and international businesses.

As we look ahead, we will continue to modernise our core systems by investing in our voucher management, fintech and billing platforms that enable us to go to market faster while simultaneously enabling simplicity, scalability, and ease of use for our merchants and customers. Our nano advances project is progressing well and will be deployed in the market in FY23. At the same time, we will automate our manual processes through the deployment of our Robotic Process Automation (RPA) tools. Our new financial ERP solution selection and implementation is progressing well.

To enable certain of these platforms, we continue to drive the implementation of cloud technologies and infrastructure. Our voucher management and fintech platforms will be cloud native (AWS and Azure), transforming the Group into a cloud-hosted business. This financial year we will deploy our external marketplace to explore and integrate our services, thereby enabling our customers, suppliers, and partners to build our offering into their solutions while continuing to grow and invest in our staff training programmes to be future-ready.

Value driver 5: Partner in Youth Development

We started this organisation with little skills and experience, but a passion to make a positive contribution to our country and our economy. We dreamt big but started small and we have seen the same drive and commitment in the youth of our country when we interact with them. With youth unemployment at the most concerning levels, we have made a significant investment in the development of young people and through these efforts, provide them with meaningful employment or income-generation opportunities.

Throughout the Group, Blue Train has provided learning and employment opportunities to 3 600 young people to date, and we will expand this to 8 000 in the next three years.

These young people are deployed across the Group and learn valuable, much-needed relevant skills that they can, once done with their learnership programmes, continue to apply within the Group and in other areas outside the Group.

We are also changing our vendor profile and focusing more on younger people, and through a number of targeted interventions, we hope to ensure a growing number of young people benefit from our existence and the services and products we have to offer.

And while we are proud of the relationships established with many young development organisations and other community partners, we will strengthen these partnerships in future because we remain committed to the development of young people, and also because we have a responsibility towards future generations.

Blue Label is an entrepreneurial story, and as we have found, entrepreneurship can play a meaningful role in the development of our economy by alleviating poverty and addressing other social ills. We know this well and that is why we remain committed to this country and hope to continue making a meaningful investment in the youth and promoting entrepreneurship as a catalyst for socio-economic change.

Outlook

Building on the progress and achievements of the last few months and seeing the positive changes in our economy despite persistent pressure on consumer spend, we will continue to place greater emphasis on the changing needs of our customers, and we will continue to look for opportunities that would ensure that we offer them the best possible solutions.

We will continue to enhance our service offering and make sure that we remain ahead of the game by focusing on our value drivers and the refinement of our strategy to ensure sustained growth.

Strengthening our relations with those who are directly impacted by our business and those who impact our business and products, would also be a key priority as threats and challenges in the fintech and telecommunications space need to be identified early and addressed collaboratively.

With the pandemic behind us and the protracted war in Ukraine, the world is readjusting to a new normal and we, as an organisation and a corporate citizen, have made the required changes internally and approaches externally to ensure that we remain resilient.

Appreciation

As we readjust to the new normal, noting the sacrifices made by our valued employees, we wish to thank everyone who consistently offer their skills and expertise to ensure that we remain ahead of the game, that we deliver on our promise of driving financial inclusion for the mass market, and deliver the best value for our stakeholders.

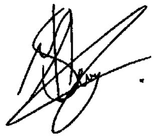
In these uncertain times, our long-term strategy as well as our back-to-basics, customer-centric approach are crucial in ensuring our long-term sustainability and to do this, we would always rely on our committed employees.

We also wish to express our sincerest gratitude to our Board for the trust they continue to show in our leadership as well as for the vigorous oversight that they exercise in meeting their fiduciary duties. Their guidance, advice and support has been immeasurable, and we know that we can count on them as we grow.

We are proud of what we could achieve with them and through them and would always be indebted to them.

Our business partners and vendors who assist us in maintaining our leadership position and expanding our footprint also deserve our appreciation.

Brett Levy
Joint Chief Executive Officer



Mark Levy
Joint Chief Executive Officer

30 September 2022

FINANCIAL DIRECTOR'S REPORT

DEAN SUNTUP
Financial Director

The Group continues to increase market share and bolster its product and services mix to **defend** and **grow** its positions in the market.

Revenue of **R17.8 billion***

Headline earnings of **117.34 cents** per share (2021: 86.16 cents per share)

Increase in gross profit margin from **12.66% to 16.46%**

Increase in gross profit of 23% to **R2.93 billion** (2021: R2.38 billion)

Core headline earnings of **121.01 cents** per share** (2021: 89.65 cents per share)

* On inclusion of the gross amount generated on "PINless top-ups", prepaid electricity, ticketing and gaming, the effective increase in revenue equated to 10% from R66.0 billion to R72.3 billion.

** On exclusion of non-recurring income of R214 million in the current year and R47 million in the prior year, core headline earnings per share from continuing operations increased by 18% to 96.56 cents per share compared to 81.50 cents per share in the prior year.

Group results

Core headline earnings for the year ended 31 May 2022 amounted to R1.06 billion, equating to core headline earnings of 121.01 cents per share.

In the comparative year, core headline earnings amounted to R788 million, of which R763 million related to continuing operations and R25 million to discontinued operations. Core headline earnings amounted to 89.65 cents per share.

On exclusion of the non-recurring income of R214 million in the current year and R47 million in the prior year, as illustrated in the underlying tables, core headline earnings from continuing operations increased by R131 million from R716 million to R847 million (18%) and core headline earnings from continuing operations increased by 18% from 81.50 cents per share in the prior year to 96.56 cents per share. This growth was indicative of a robust trading performance by the Group during the year.

The non-recurring income of R214 million emanated from:

- A net once-off recoupment of R123 million as a result of the previously reported fraudulent scheme. This recoupment income of R315 million comprised the aggregate value of assets either realised by or signed over to the Group. This amount was partially offset by professional fees and other costs incurred, taxation and the minority share thereon, totalling R192 million.
- The accounting effects of the settlement of the contingent consideration relating to the disposal of the VAS operations to DNI 4PL Contracts Proprietary Limited (DNI) in April 2020. Of the sale proceeds of R450 million, R100 million was contingent upon Cell C passing the solvency and liquidity test. Given the prior uncertainty relating to the solvency and liquidity of Cell C, the fair value of the contingent consideration was determined to be R72 million. During May 2022, DNI waived the condition precedent relating to solvency and liquidity and accordingly settled the contingent consideration owing, inclusive of interest, totalling R118 million. This resulted in a gain of R46 million accounted for in other income.
- The accounting implications of the put option obligation for the acquisition of up to 40% of the shares in Airvantage. Congruent with the favourable progress made regarding Cell C's recapitalisation and the impact on its going concern assumption as well as the unlikely event of the Airvantage put option being exercised against Blue Label, management has revised the estimate of the potential exposure from R68 million to R22 million, resulting in a fair value gain of R46 million.

On exclusion of the non-recurring income in the current and prior years, earnings per share and headline earnings per share from continuing operations increased by 20% to 92.68 cents per share and by 19% to 92.89 cents per share, respectively.

The financial results of WiConnect in the prior year of R25 million are disclosed in core headline earnings from discontinued operations, and is not included in the continuing operations' revenue, gross profit, earnings before interest, taxation, depreciation and amortisation (EBITDA), and net profit after taxation.

Revenue generated by the continuing operations within the Group declined by 5% to R17.8 billion. As only the gross profit earned on PINless top-ups, prepaid electricity, ticketing and gaming are recognised as revenue, on imputing the gross revenue generated thereon, the effective growth in revenue equated to 10% from R66.0 billion to R72.3 billion.

Gross profit increased by R548 million (23%) to R2.93 billion, congruent with an increase in margins from 12.66% to 16.46%.

FINANCIAL DIRECTOR'S REPORT CONTINUED

Group income statement

	Group May 2022 R'000	Extraneous income* May 2022 R'000	Remaining May 2022 R'000	Group May 2021 R'000	Extraneous costs** May 2021 R'000	Remaining May 2021 R'000	Growth remaining R'000	Growth remaining %
Revenue	**17 806 262**	—	17 806 262	18 821 290	—	18 821 290	(1 015 028)	(5)
Gross profit	**2 930 974**	—	2 930 974	2 383 254	—	2 383 254	547 719	23
Other income	**390 851**	360 955	29 896	103 684	88 093	15 591	14 305	92
EBITDA	**1 698 494**	326 301	1 372 193	1 360 273	131 777	1 228 496	143 697	12
Non-controlling interest	**(64 918)**	(43 203)	(21 715)	(47 409)	—	(47 409)	25 694	54
Net profit from continuing operations	**1 027 079**	214 410	812 669	805 286	126 175	679 111	133 558	20
Core headline earnings	**1 061 080**	214 410	846 670	787 580	71 663	715 917	130 753	18
– From continuing operations	**1 061 080**	214 410	846 670	762 599	46 682	715 917	130 753	18
– From discontinued operations	**—**	—	—	24 981	24 981	—	—	
Gross profit margin (%)	**16.46**		16.46	12.66		12.66		
EBITDA margin (%)	**9.54**		7.71	7.23		6.23		
Weighted average shares ('000)	**876 857**		876 857	878 463		878 463		
Share performance from continuing operations								
EPS (cents)	**117.13**		92.68	91.67		77.31	15.37	20
HEPS (cents)	**117.34**		92.89	83.32		78.01	14.88	19
Core HEPS (cents)	**121.01**		96.56	86.81		81.50	15.06	18

* The extraneous contributions to Group earnings in the current year were attributable to once-off income(1), including:
- once-off recoupment income, comprising the aggregate value of assets either realised by or signed over to the Group relating to the previously reported fraudulent scheme. This income was partially offset by professional fees and other costs incurred, taxation and the minority share thereon;
- the accounting effects of the settlement of the contingent consideration relating to the disposal of the VAS operations in April 2020; and
- the accounting implications of the put option obligation for the acquisition of up to 40% of the shares in Airvantage.

	Extraneous income* May 2022 R'000	Once-offs[1] May 2022 R'000
Other income	**360 955**	360 955
EBITDA	**326 301**	326 301
Non-controlling interest	**(43 203)**	(43 203)
Net profit from continuing operations	**214 410**	214 410
Core headline earnings from continuing operations	**214 410**	214 410

** The extraneous contributions to Group earnings in the prior year were attributable to:

- realised foreign exchange gains on the USD20 million liquidity support provided to SPV2[2];
- once-off income, including the disposal of the Group's interest in Blue Label Mexico[3]; and
- partial recoupment of losses by the Retail division as a result of the closure of the WiConnect stores[4].

	Extraneous income** May 2021 R'000	Fair value movements[2] May 2021 R'000	Once-offs[3] May 2021 R'000	WiConnect[4] May 2021 R'000
Other income	88 093	—	88 093	—
EBITDA	131 777	16 009	115 768	—
Net profit from continuing operations	126 175	16 961	109 214	—
Core headline earnings	71 663	16 961	29 721	24 981
– From continuing operations	46 382	16 961	29 721	—
– From discontinued operations	24 981	—	—	24 981

On exclusion of the R326 million relating to the non-recurring income in the current year and R132 million in the prior year, EBITDA increased by R144 million (12%) from R1.23 billion to R1.37 billion.

The anticipated increase in overheads included costs of R65 million attributable to new learnership initiatives in the current year and R10 million in the prior year. The benefit thereof is realised by way of income tax savings as a result of the section 12H allowances being claimed for such learnerships. On exclusion thereof in both the current and prior years, EBITDA increased by R199 million (16%).

FINANCIAL DIRECTOR'S REPORT CONTINUED

Segmental report
Africa distribution

	May 2022 R'000	Extraneous income[1] May 2022 R'000	Remaining May 2022 R'000	May 2021 R'000	Extraneous costs[2, 4] May 2021 R'000	Remaining May 2021 R'000	Growth remaining R'000	Growth remaining %
Revenue	**17 552 603**	—	17 552 603	18 641 531	—	18 641 531	(1 088 928)	(6)
Gross profit	**2 866 324**	—	2 866 324	2 333 768	—	2 333 768	532 556	23
Other income	**337 153**	315 132	22 021	10 708	—	10 708	11 313	106
EBITDA	**1 700 844**	234 852	1 465 992	1 374 735	16 009	1 358 726	107 266	8
Non-controlling interest	**(59 001)**	(43 203)	(15 798)	(42 006)	—	(42 006)	26 205	62
Net profit from continuing operations	**1 058 951**	122 961	935 990	820 819	16 961	803 858	132 132	16
Core headline earnings	**1 092 828**	122 961	969 867	880 662	41 942	838 720	131 147	16
– From continuing operations	**1 092 828**	122 961	969 867	855 681	16 961	838 720	131 147	16
– From discontinued operations	**—**	—	—	24 981	24 981	—	—	
Gross profit margin (%)	**16.33**		16.33	12.52		12.52		
EBITDA margin (%)	**9.69**		8.35	7.37		7.29		

Refer to page 50 for footnote[1] and page 51 for footnotes[2] and [4].

Revenue generated by the continuing operations within this segment declined by 6% from R18.6 billion to R17.6 billion. As only the gross profit earned on "PINless top-ups", prepaid electricity, ticketing and gaming are recognised as revenue, on imputing the gross revenue generated thereon, the effective growth in revenue equated to 9% from R65.8 billion to R72.1 billion.

The Group continues to increase market share and bolster its product and services mix to defend and grow its positions in the market. Gross revenue generated on "PINless top-ups" increased by R1.7 billion (9%) from R19.3 billion to R21.0 billion.

Net commissions earned on the distribution of prepaid electricity increased by R18 million (7%) to R298 million. Revenue generated on behalf of the utilities increased by 18% from R26.7 billion to R31.5 billion.

Gross profit increased by R533 million (23%) to R2.87 billion, congruent with an increase in margins from 12.52% to 16.33%.

EBITDA in the current year included the non-recurring recoupment income, net of professional fees and other costs incurred, of R235 million attributable to the fraudulent scheme. Non-recurring income in the prior year of R16 million pertained to foreign exchange gains on the USD20 million liquidity support provided to SPV2.

On exclusion of the non-recurring income in both the current and prior years, and despite an anticipated increase in overheads, EBITDA increased by R107 million (8%) from R1.36 billion to R1.47 billion.

The anticipated increase in overheads included costs of R53 million attributable to new learnership initiatives in the current year, whereby the benefit thereof is realised by way of income tax savings as a result of the section 12H allowances being claimed for such learnerships. On exclusion thereof, EBITDA increased by R160 million (12%).

Core headline earnings from continuing operations reflected non-recurring income of R123 million in the current year relating to the net recoupment as a result of the fraudulent scheme and R16 million in the prior year pertaining to the foreign exchange gains on the USD20 million SPV2 liquidity support.

On exclusion of the above non-recurring income in the current and prior years, core headline earnings from continuing operations increased by R131 million (16%) from R839 million to R970 million.

Solutions

This segment comprises Datacel, Blue Label Data Solutions (BLDS), the data aggregation and lead generation entity in which the Group owns 81%, and a 50% joint venture shareholding owned by BLDS in iTalk Holdings and an effective 37.5% in iTalk Financial Services (joint venture), both of which are outbound call centre operations.

As at 1 June 2021, the Group incorporated the following additional companies, namely Blue Train, Blue Label Communications, One World Telecoms and iTalk2U.

	May 2022 R'000	May 2021 R'000	Growth remaining R'000	Growth remaining %
Revenue	**253 659**	179 759	73 900	41
Gross profit	**64 649**	49 486	15 163	31
EBITDA	**27 503**	16 746	10 757	64
Share of profits from associates and joint ventures	**6 364**	5 722	642	11
Core headline earnings	**29 487**	21.411	8 076	38
Gross profit margin (%)	**25.49**	27.53		
EBITDA margin (%)	**10.84**	9.32		

Escalating demand for aggregated data and lead generations resulted in an increase in revenue of 41% from R180 million to R254 million.

Gross profit increased by R15 million (31%) from R49 million to R65 million, congruent with the increase in revenue albeit at lower margins from 27.53% to 25.49%.

EBITDA increased by R11 million (64%) from R17 million to R28 million, of which BLDS contributed R26 million, and the call centre operations R2 million. BLDS contributed R16 million, and the call centre operations R1 million in the prior year.

Contribution to Group core headline earnings increased by R8 million (38%) from R21 million to R29 million. Of the latter amount, BLDS accounted for R23 million. iTalk Holdings and iTalk Financial Services generated earnings of R12.1 million, of which the Group's share thereof amounted to R5.1 million. Of the core headline earnings of R21 million in the prior year, BLDS accounted for R16 million. iTalk Holdings and iTalk Financial Services generated earnings of R11.5 million, of which the Group's share thereof amounted to R4.6 million.

FINANCIAL DIRECTOR'S REPORT CONTINUED

Corporate

	May 2022 R'000	Extraneous income May 2022 R'000	Remaining May 2022 R'000	May 2021 R'000	Extraneous costs May 2021 R'000	Remaining May 2021 R'000	Growth remaining R'000	Growth remaining %
Other income	**51 565**	45 823	5 742	11 436	8 600	2 836	(2 906)	102
EBITDA	**(41 621)**	92 002	(133 626)	(82 033)	43 151	(125 184)	(8 439)	(7)
Net loss from continuing operations	**(70 580)**	92 002	(162 582)	(104 965)	43 151	(148 116)	(14 466)	(10)
Core headline earnings	**(70 884)**	92 002	(162 886)	(103 021)	43 151	(146 172)	(16 714)	(11)

On exclusion of the extraneous income in the current and prior years, the negative contribution to Group core headline earnings increased by R17 million (11%) to R163 million.

The extraneous income of R92 million in the current year related to the accounting effects of the settlement of the contingent consideration relating to the disposal of the VAS operations in April 2020 and the accounting implications of the put option obligation for the acquisition of up to 40% of the shares in Airvantage.

Depreciation and amortisation

Depreciation, amortisation and impairment charges decreased by R15 million to R174 million. Of the latter amount, R65 million (2021: R65 million) pertained to depreciation on capital expenditure; R29 million (2021: R29 million) to depreciation raised in terms of IFRS 16 – *Leases*; R4 million (2021: R6 million) to impairments; and R76 million (2021: R88 million) to the amortisation of intangible assets, of which R43 million (2021: R43 million) emanated from purchase price allocations on historical acquisitions.

Net finance costs

Finance costs totalled R201 million, of which interest paid on borrowed funds amounted to R187 million and R6 million to the unwinding on the lease liability in terms of IFRS 16. On a comparative basis, finance costs amounted to R132 million, comprising interest paid on borrowed funds of R117 million and R9 million on the unwinding on the lease liability.

Comm Equipment Company Proprietary Limited concluded a working capital financing facility with African Bank of R1.9 billion during the current financial year, of which R1.6 billion was utilised at year-end. This resulted in an increase in finance costs of R80 million, offset by a reduction in finance costs attributable to a decline in the Investec Bank facility.

Finance income totalled R81 million, of which R70 million was for interest received on cash resources and R6 million on loans granted. In the prior year, interest received on cash resources amounted to R51 million and interest on loans granted amounted to R4 million.

Statement of financial position

Total assets increased by R1.9 billion to R13.3 billion, of which non-current assets accounted for R0.7 billion and current assets for R1.2 billion.

Non-current assets included increases in intangible assets and goodwill of R614 million; investments in and loans to associates and joint ventures of R36 million; financial assets at fair value through profit or loss of R58 million; deferred tax assets of R8 million; loans receivable of R5 million; capital expenditure net of depreciation of R1 million; and financial assets at fair value through other comprehensive income of R2 million. These increases were offset by decreases in advances to customers of R23 million and right-of-use assets of R22 million.

Of the net increase in intangible assets and goodwill of R614 million, additions to intangible assets amounted to R952 million offset by amortisation of R338 million. Of the total additions to intangible assets, R693 million relates to costs borne by the Group in terms of a subscription income-sharing arrangement and R212 million to subscriber acquisition costs.

The net increase of R46.4 million in investments and loans to associates and joint ventures comprised the Group's net share of profits totalling R8 million, acquisition of further shares in an associate of R17.7 million, net loan increases of R25.8 million and its share of the movements in the foreign currency translation reserve amounting to R1.3 million, offset by a dilution of its holding in a joint venture of R0.5 million and dividends received of R5.8 million.

The material net increase in current assets included increases in trade and other receivables of R991 million, cash and cash equivalents of R306 million and inventory of R177 million, offset by decreases in advances to customers of R122 million and financial assets at fair value through profit and loss of R130 million.

The stock turn equated to 28 days compared to 22 days for the financial year ended 31 May 2021.

The debtor's collection period increased to 79 days compared to 59 days for the financial year ended 31 May 2021. On exclusion of the trade debtors relating to CEC, the debtor's collection period remained unchanged at 28 days. CEC's trade debtors predominantly related to amounts due from Cell C, which will be settled down to an amount of R1.1 billion on the recapitalisation of Cell C.

Net profit attributable to equity holders amounted to R1.03 billion, contributing to accumulated capital and reserves of R4.2 billion.

Non-current liabilities increased by R546 million, comprising an increase in borrowings of R472 million and deferred taxation liabilities of R105 million, offset by a decrease in lease liabilities of R31 million.

Current liabilities increased by R378 million, including increases in trade and other payables of R94 million, deferred revenue of R36 million, and borrowings of R390 million. This increase was offset by a decrease in financial guarantee contracts of R106 million and financial liabilities at fair value through profit and loss of R47 million. Average credit terms from continuing operations equating to 124 days (2021: 116 days).

The decrease in financial guarantee contracts of R106 million was due to the settlement of an amount owing by Glocell Proprietary Limited to Investec Bank Limited that was guaranteed by Glocell Distribution Proprietary Limited, congruent with the buyout of the latter's non-controlling interest in the current year.

Statement of cash flows

Cash generated from trading operations totalled R935 million. Working capital movements comprised an increase in trade payables of R45 million and a decrease in advances to customers of R145 million, offset by an increase in trade receivables of R847 million and an increase in inventory of R181 million. After incurring net finance costs and taxation, net cash generated from operating activities amounted to R649 million.

Net cash flows utilised in investing activities amounted to R1.0 billion, primarily attributable to the purchase of intangible assets of R1.0 billion, capital expenditure of R78 million, the acquisition of further shares in an associate of R15 million and net loans granted of R38 million, offset by the receipt of R117 million contingent consideration relating to the disposal of the VAS operations in April 2020. Of the R1.0 billion invested in intangible assets, R928 million related to costs borne by the Group in terms of the subscription income-sharing arrangement.

Cash flows generated from financing activities amounted to R668 million, of which R756 million related to the net increase in borrowings, offset by R38 million to lease payments, R30 million to dividend payments to non-controlling interests, R11 million to the acquisition of non-controlling interest and R9 million to the purchase of treasury shares.

Cash and cash equivalents accumulated to R2.7 billion at 31 May 2022.

Dividend

The Board of Directors has elected not to declare a dividend.

Directors interest

There were no changes to the number of shares held directly or indirectly by the Directors between the end of the financial period and the date of approval of the annual financial statements.

Appreciation

We wish to express our appreciation to our staff, suppliers, customers and business partners for their continued support and commitment to the Group.

DA Suntup CA(SA)
Financial Director

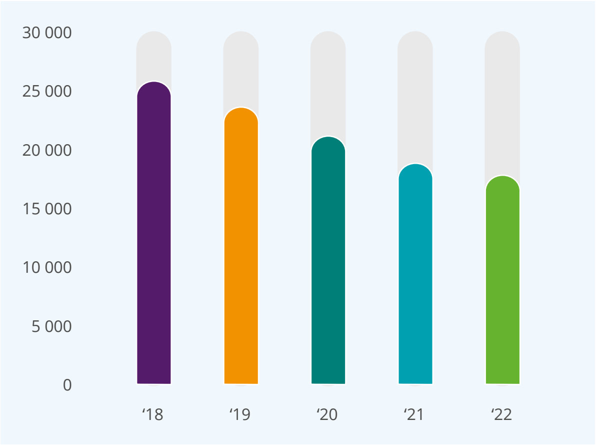
30 September 2022

TEN-YEAR REVIEW

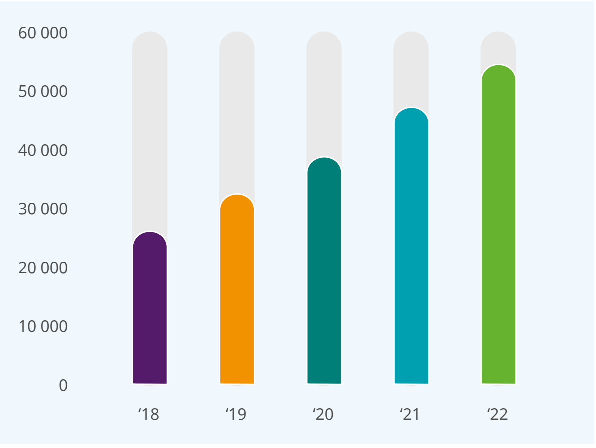
	2022 R'000	2021 R'000	2020 R'000	2019 R'000	2018 R'000	2017 R'000	2016 R'000	2015 R'000	2014 R'000	2013 R'000
Revenue	**17 806 262**	18 821 290	21 135 326	23 602 264	26 734 249	26 469 581	26 204 722	22 044 222	19 401 666	18 984 210
Gross profit	**2 930 974**	2 383 254	2 124 611	2 173 686	2 282 092	2 129 000	1 829 694	1 644 340	1 349 534	1 271 245
GP (%)	**16.46**	12.66	10.05	9.21	8.54	8.04	6.98	7.46	6.96	6.70
EBIT	**1 524 449**[1]	1 171 390	636 050	86 845	1 097 549	1 174 890	1 142 376	986 146	722 856	645 671
EBITDA	**1 698 494**[1]	1 360 273	825 364	257 300	1 340 153	1 287 741	1 240 559	1 080 165	787 993	713 622
Net profit from continuing operations attributable to the parent	**1 027 079**[1]	805 286	226 786	(6 672 923)	1 122 085	781 254	691 590	577 617	450 230	424 841
Cash generated from/(utilised in) operating activities	**648 769**	1 468 042	1 256 825	(80 514)	3 188 144	1 361 959	432 942	132 495	907 332	(439 794)
Cash and cash equivalents	**2 723 528**	2 417 207	2 014 725	1 377 753	947 888	1 350 666	589 027	788 411	1 184 131	941 282
Capital expenditure paid during the financial year	**1 091 147**	107 918	170 523	209 959	102 823	113 280	127 131	178 684	149 089	291 605
Ratios										
EPS (cents)	**117.13**	94.55	13.89	(727.81)	131.13	114.13	103.85	86.86	67.88	64.22
HEPS (cents)	**117.34**	86.16	58.16	(312.49)	130.44	114.19	100.35	82.26	67.98	64.17
Core HEPS (cents)	**121.01**	89.65	62.71	(304.77)	135.62	116.24	102.85	85.11	69.54	66.08
NAV per share (cents)	**447.41**	350.05	267.13	259.31	988.70	730.63	662.32	578.87	524.40	480.77
Dividends declared per share (cents)	**—**	—	—	—	—	40*	36*	31*	27*	25*
Dividend cover on headline earnings (cents)	**—**	—	—	—	—	2.23*	2.75*	2.62*	2.48*	2.52*
Weighted average number of shares ('000)	**876 857**	878 463	896 409	913 208	855 687	684 508	665 950	665 030	663 298	661 578
Number of employees at year-end – subsidiaries	**1 566**	2 505	922	1 111	874	796	776	1 305	1 176	1 112

* Gross ordinary dividend.
[1] Refer to Financial Director's report for non-recurring income in FY2022 included in EBITDA, EBIT and net profit attributable to the parent.

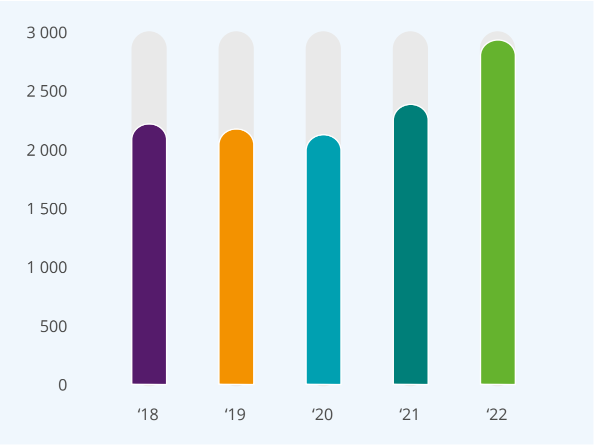
Revenue (R'000)



Gross transactional values (R'000)



Gross profit (R'000)

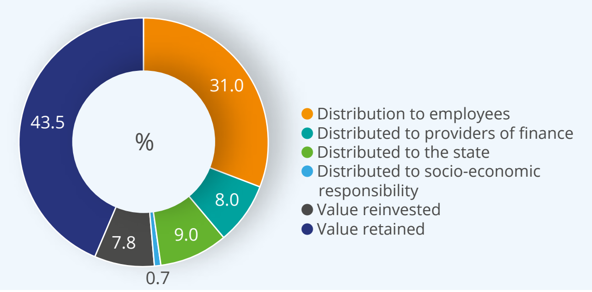


VALUE ADDED STATEMENT

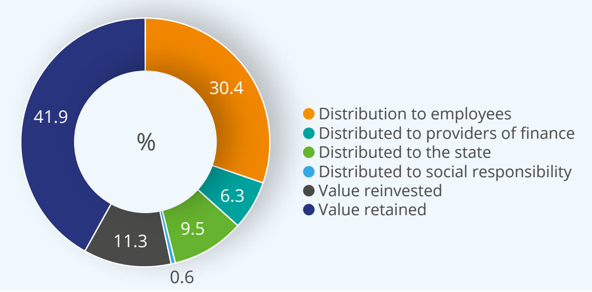
	2022 R'000	2022 %	2021* R'000	2021* %	2020* R'000	2020* %	2019* R'000	2019* %
VALUE ADDED								
Value added by operating activities	**2 433 050**	**96.8**	2 036 799	97.2	2 029 637	95.5	2 284 291	95.9
Revenue	**17 806 262**		18 864 344		23 312 162		25 869 433	
Net operating expenses	**(15 373 212)**		(16 827 545)		(21 282 525)		(23 585 142)	
Value added by investing activities	**80 993**	**3.2**	59 719	2.8	95 761	4.5	96 809	4.1
Interest income	**80 993**		59 719		95 761		96 809	
	2 514 043	**100**	2 096 518	100	2 125 398	100	2 381 100	100
VALUE DISTRIBUTED								
Distributed to employees	**780 255**	**31.0**	637 387	30.4	619 167	29.1	594 183	25.0
Salaries, wages, medical and other benefits	**780 255**		637 387		619 167		594 183	
Distributed to providers of finance	**201 225**	**8.0**	131 949	6.3	236 186	11.1	231 132	9.7
Finance costs	**201 225**		131 949		236 186		231 132	
Distributed to the state	**226 591**	**9.0**	200 013	9.5	307 388	14.5	339 670	14.3
Income tax	**226 591**		200 013		307 388		339 670	
Distributed to socio-economic responsibility	**17 548**	**0.7**	12 052	0.6	14 584	0.7	15 339	0.6
Socio-economic development	**17 548**		12 052		14 584		15 339	
Value reinvested	**196 427**	**7.8**	237 101	11.3	728 968	34.3	7 822 972	328.5
Depreciation, amortisation and impairment	**110 798**		181 113		750 754		4 134 181	
Net discounting finance cost	**—**		—		—		11 929	
Share of (profits)/losses of associates and joint ventures	**(8 042)**		(2 951)		(13 640)		3 701 410	
Deferred taxation	**93 671**		58 939		(8 146)		(24 548)	
Value retained	**1 091 997**	**43.5**	878 016	41.9	219 105	10.3	(6 622 196)	(278.1)
Retained profit	**1 027 079**		830 607		124 481		(6 646 383)	
Minority shareholders' interest	**64 918**		47 409		94 624		24 187	
	2 514 043	**100**	2 096 518	100	2 125 398	100	2 381 100	100

* The value added statement has been prepared based on the results of both the continuing and discontinued operations of the Group. Refer to note 11 of the Group annual financial statements for details of discontinued operations.

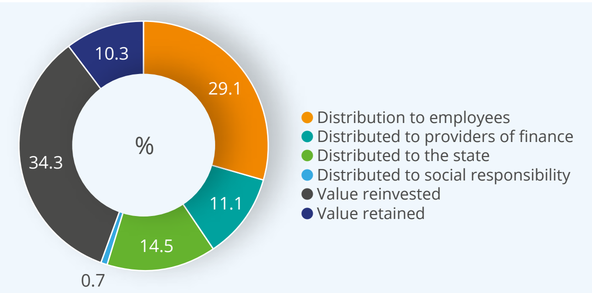
Value distribution 2022



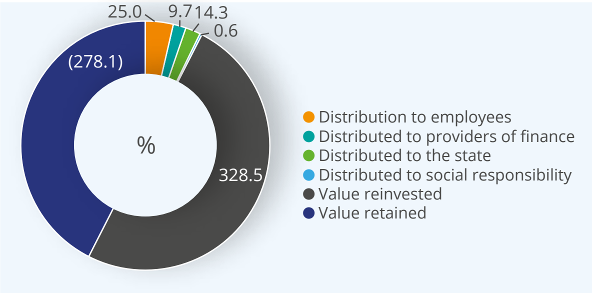
Value distribution 2021



Value distribution 2020



Value distribution 2019



OPERATIONAL REVIEWS

Blue Label Telecom's stated 'back-to-basics' strategy has been implemented. This has yielded not only improved efficiencies, but has also allowed us a renewed focus on our core services which in turn deliver enhanced returns to shareholders. The Group is in a strong financial position and showing excellent growth.

With technology, digitalisation, innovation, automation, artificial intelligence and big data playing bigger roles in what we do, we will continue to expand our digital ecosystem which will enable us to improve our market share in fintech and solidify our role as a market leader therein.

Core headline earnings for the year ended 31 May 2022 amounted to R1.06 billion, equating to core headline earnings of 121.01 cents per share.

In the comparative year, core headline earnings amounted to R788 million, of which R763 million related to continuing operations and R25 million to discontinued operations. Core headline earnings amounted to 89.65 cents per share.

On exclusion of the non-recurring income of R214 million in the current year and R47 million in the prior year, core headline earnings from continuing operations increased by R131 million from R716 million to R847 million (18%) and core headline earnings from continuing operations increased by 18% from 81.50 cents per share in the prior year to 96.56 cents per share. This growth was indicative of a robust trading performance by the Group during the year.

The review that follows provides more detail on the operating performance of the core businesses in the Group.

THE PREPAID COMPANY

TPC is the leading distributor of prepaid airtime and SIM cards and our long-standing relationships with the MNOs are one of our key pillars of strength, hence it is important for TPC to nurture these valuable relationships.

The wholesale of prepaid airtime and SIM cards are the key core contributors towards TPC's revenue. From a recharge perspective, a decline in the traditional wholesale airtime has been recorded as consumers now have more choice as to where they can purchase their recharge vouchers from. PINless top-ups continuously drive the convenience factor as well as the availability of more touch points for consumers to purchase their products.

TPC continues to pursue a complete digital transformation of its wholesale model, with emphasis on a PINless offering, driven by significant growth in Ringas.

The prepaid SIM market is a saturated landscape, but still presents multiple opportunities for growth from an acquisition and retention perspective.

BLUE LABEL DISTRIBUTION

BLD is a leading distributor of prepaid airtime, data, electricity, and virtual products in South Africa. We continue to grow our distribution network, which spans across leading banks and financial institutions, formal retailers, petroleum forecourts, independent retailers as well as informal traders and spaza shops. We pride ourselves on our customer service and have invested significantly in our technology platforms to ensure maximum uptime and the availability of the widest array of products and services.

While we continue to focus on solidifying our distribution network and product and service penetration across formal channels, driving additional growth in the informal channel remains an area of concentration.

We rolled out a new operating model in the informal channel during the financial year and this is yielding positive results so far. We are enabling informal traders and their customers to transact on an equal footing, providing virtual prepaid products and services within arm's reach of every South African. A key strategic focus is to drive financial inclusion across these traders, giving them access to credit and insurance offerings that they typically would not have access to. We are uniquely placed to do this by leveraging the distinct data assets we generate across these traders.

Over the past year, we have continued to drive significant growth across our gaming, money transfers and transportation product categories, as well as achieving good growth from products that we have developed and launched in-house as part of our diversification strategy, against the backdrop of the socio-economic challenges our merchants and their consumers face. We applaud the resilience shown by our merchants across all the distribution channels, as we see a strong recovery despite these challenges.

Looking forward to the fiscal ahead, the key strategic focus remains on further partnering with our merchant network, driving product and service penetration across the distribution network, continuing to diversify the portfolio of offerings through new products that will be launched, most notably in the financial services category and building on the strong growth achieved in FY22.

CEC COMM EQUIPMENT COMPANY

Post the implementation of Project Boston, CEC's operations have continued to evolve, with responsibilities that range across the Cell C post-paid offering.

CEC continues to perform several post-paid back-office functions with a combination of in-house and outsourced services, in return for a share of the post-paid revenue. The initial focus was on stabilising operational issues resulting from the Boston transition and maintaining results on key metrics. CEC has now entered the next phase where the focus is on growing and improving performance. To help achieve this, we have been driving various initiatives aimed at improving service delivery and customer satisfaction. We have leveraged our direct relationships with all major original equipment manufacturers as well as with warehousing and logistics partners to better manage our stock. We are now also assisting with the management of our outbound call-centre sales partners and continue to subcontract several services to a subsidiary of Vodacom, while working closely with BluNova credit specialists in managing our credit risk better.

To support our commitment to drive sales in the Cell C post-paid business, we have recently launched a campaign aimed at awareness and acquisitions – "Win Big With Cell C". This is a four-month campaign consisting of radio takeovers, outside broadcasts, promotions and deals, which has shown positive results to date. Monthly subscriber acquisitions have grown by an average of 23% since the launch of the campaign.

CEC continues to track our key drivers, acquisition, retention and churn, while closely monitoring bad debt. We are employing various mechanisms to achieve our targets in these areas, including a differentiated and data-led product strategy, distinct post-paid marketing initiatives, as well as direct sales channels for post-paid contracts. Customer experience will also be a focus area in the coming year.

In partnership with BluNova, CEC is the driver of credit products within the broader BLT Group. This will launch with the Nano Advances project in BluAdvance, whereby we will provide advances on electricity vouchers to consumers and recover the advance from the recipient's next purchase together with a small convenience fee. Electricity is the first product that will be made available through this platform, with an expansion to other Blue Label Group products as we exit Beta phase and open to the entire eligible population in the coming months.

Cell C CONNECT YOUR WAY

Cell C's four-pillar turnaround strategy implemented in March 2019 continued to have a positive impact on stabilising the business. The management team's focus has remained on creating the foundation for a sustainable business and implementing a new capex-light operating model.

The network migration to partner infrastructure, which began at the end of 2020, in line with its network strategy, will enable Cell C to substitute capex for opex, and deliver quality network experience to its customers. Good progress has been made with 100% migration in six provinces (Limpopo, Mpumalanga, North West, Northern Cape, Eastern Cape and Free State) as at May 2022. Further progress is to be made with KwaZulu-Natal, Western Cape and Gauteng over the coming months to 2023. On completion of the network migration, Cell C will have closed the network deficit.

Cell C's spectrum is one of the key assets that underpins its business. During the reporting period the company participated in the last ICASA ITA auction in respect of the licensing process of high-demand spectrum, and was awarded 10MHz in the 3 500MHz band.

With restructuring the balance sheet and improving overall liquidity, significant progress was made during this period with the conclusion of the recapitalisation transaction.

OPERATIONAL REVIEWS CONTINUED

Cigicell is a leading distributor of prepaid electricity and water tokens in South Africa, with its subsidiaries and joint ventures providing revenue assurance for municipalities, which is done through innovative revenue collection, assurance and protection solutions. This includes assistance to financially distressed municipalities across South Africa via a revenue assurance ecosystem, which encompasses a variety of solutions. In an attempt to make payment of municipal rates and taxes convenient, safe and reliable, Cigicell offers its own online payment platform, Unipay.

Unipay will soon become a driver towards meaningful growth in the digital bill payment environment.

Our customer base can confidently depend on the expert and professional advice that Cigicell provides, and trust bestowed on the company to collect, protect and enhance its revenue. We impact communities in various ways through the employment of local skilled and semi-skilled labour in the municipality areas in which we operate, which positively impacts local economies. Cigicell is gradually deploying workflow business processes, eliminating human intervention, all while advancing the focus on efficiency, sustainability, and scalability.

Visual Revenue Management (VRM) oversees the strategic planning, implementation and evaluation of municipal services, including data integrity, verifications, credit control, stock collections, indigent registrations and the monitoring of electricity infrastructures. This will assist them in improving their electricity network stability and revenue enhancement.

VRM also provides the service for TID rollovers that municipalities need to achieve, with the national completion date being end of 2024.

Our private metering business, Reware, is also growing. Private metering installations have more than doubled in the last year, and more and more Large Power users are beginning to have their meters read remotely, thereby ensuring that correct billing files are sent to customers and that they are billing their large power customers correctly.

Ticketpro offers unique and specialised services in the eventing, sport and transport sectors in South Africa. This enhances Blue Label's revenue through the ability to secure distribution contracts, by offering customers access to exclusive transport services, sporting events and entertainment, as a way of boosting foot traffic to Blu Approved merchants.

Despite the extreme negative effect on the events industry in South Africa due to the COVID-19 pandemic, Ticketpro launched several new products to enhance the customer experience on their platform, thereby delivering on its quest for creating an exciting world of experience and convenience. They also diversified their product range by launching several new prepaid products such as airtime and data, betting vouchers and an exciting new ticketing category, which offers flights, car rentals, accommodation and travel packages.

During the last two years, Ticketpro spent considerable time rebuilding and developing new and improved systems and infrastructure, including a state-of-the-art event ticketing platform. Ticketpro's NFC transport division, Smart Tap, has made successful inroads into the public transport sector and is well positioned for 2023.

GloCell Distribution is a non-exclusive SIM card distribution business that predominately focuses its distribution on the informal market of South Africa. For FY22, distribution was focused on wholesalers and spaza shops, which resulted in a 40% increase in distribution.

BluNova has become a leading practitioner of data and decision science in South Africa. Its state-of-the-art data algorithms and decision engine enable intelligent outcomes and have assisted in securing additional business for the Group, utilising market and behavioural data generated internally by Blue Label.

BluNova is advancing the development of capabilities in credit scoring, customer value management campaigning, lead generation and digital marketing.

Transaction Junction (TJ) is a major supplier of payment services in sub-Saharan Africa and continues to grow its footprint, seeing targeted sales growth across all retail tiers. While the effects of the KwaZulu-Natal riots in July 2021 and the progressive uptick in targeted inflation had a noticeable impact on consumer volume, growth in e-commerce and new digital channels increased by 150% year-on-year. A pleasing aspect of this growth is the net acquisition of new customers and mechanisms to improve the meantime to onboard new customers, while continuing to drive down the time to recognise revenue for large-scale deployments.

Securing several new strategic contracts means that TJ is well positioned to recognise sustained long-term growth from new customer contracts in the next 12 to 36 months. The 2021/22 trading period also saw TJ establishing new deployments in Namibia and Zambia, being streamlined by their AWS deployments. The ability to harness technology via the cloud confirms Transaction Junction platform's ability to accept and deliver transactions from anywhere to any destination via any channel.

Solutions

Blue Label Data Solutions (BLDS), iTalk Holdings, iTalk Financial Services, Blue Label Communications and Blue Train.

BLDS is a premier provider of data, lead generation supply and management services in South Africa. BLDS offers a range of innovative products and services designed to support marketing efforts and streamline business processes. It is accredited by the Direct Marketing Association of South Africa.

We currently supply 24 different call centres, with 150 000 qualified hot leads on average per month, across multiple products and clients.

iTalk Holdings operates a call centre operation. It has successfully integrated the learners under learnership programmes into call centre operations. This allowed the company to employ a number of previously unemployed individuals, who received training coupled with a monthly stipend and commissions based on performance.

Blue Label Communications is a telecommunication solution provider and offers three business verticals:

1. Reverse Data Billing (#zerodata) – An aggregated solution for our client's websites, apps or dedicated IP addresses to ensure their customer or end-user incurs no mobile data costs.
2. SMS – SMS solutions at a competitive rate
3. Voice – We have a range of voice solutions designed for any business. Fixed-line voice and VOIP, Mobile PBX and Cloud PBX.

Blue Train manages BLT's learners on various learnership programmes and has trained and placed over 3 600 learners across BLT companies over the past year.

CAPITAL ALLOCATION FRAMEWORK

The Blue Label management team views capital allocation as one of its most fundamental responsibilities. We recently appointed professional advisers to assist us in developing a thorough Capital Allocation Framework to guide future capital allocation decisions. Given its importance to the Group, our Capital Allocation Framework is CEO-sponsored, and all our capital allocation initiatives are CEO-led.

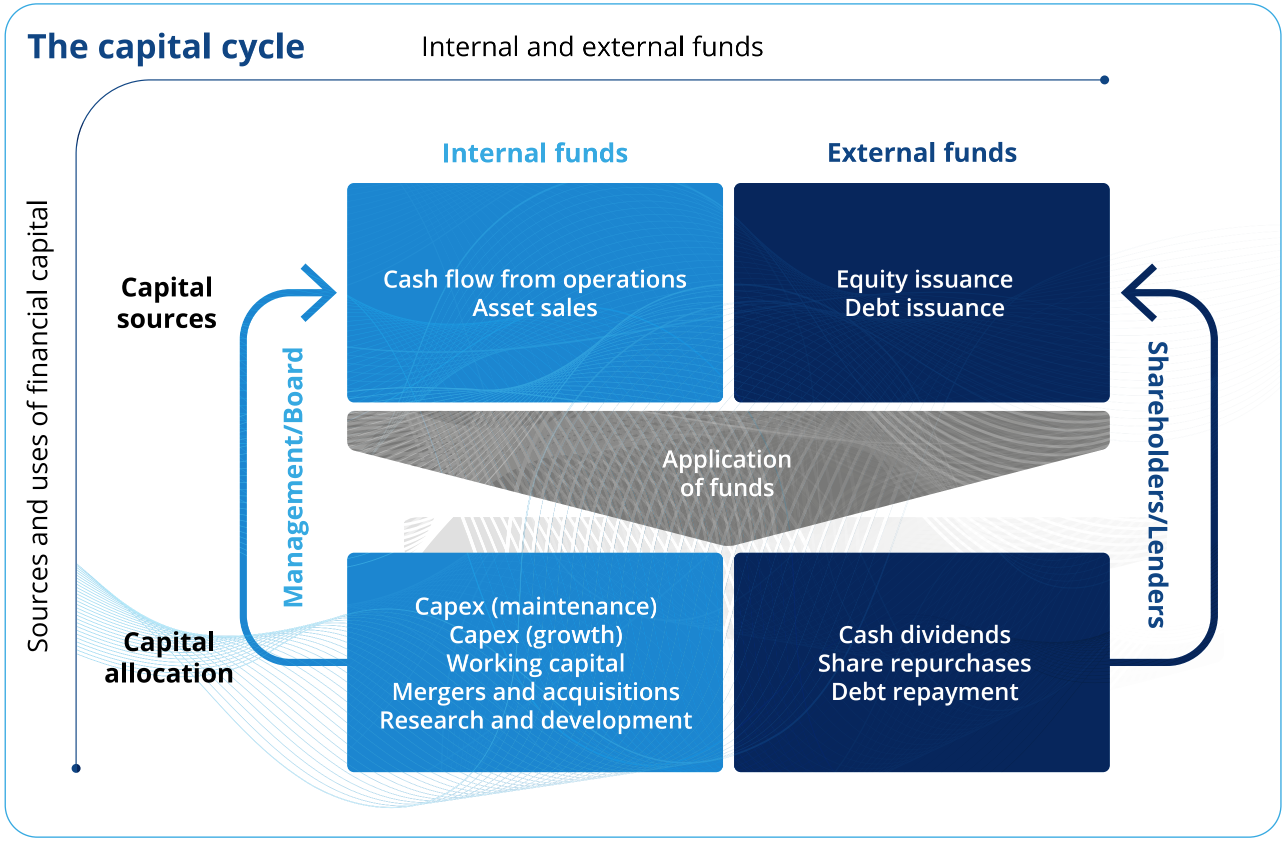
The overarching objective of our capital allocation framework is to build long-term benefit through our operations and financial structure, with the objective of enhancing shareholder value over time. We aim to base our capital allocation decisions on well-formulated, best-practice principles appropriate to our business, rather than a set of prescriptive rules, which may act to limit decisions in certain circumstances. Some key principles in our value-based Capital Allocation Framework are:

- zero-based resource allocation;
- funding strategies, not projects;
- no capital rationing;
- zero tolerance for bad growth; and
- knowing the value of assets and being ready to take action to create value.

Our Capital Allocation Framework is intended to reflect global best practice, while also being customised to meet our specific needs.

Furthermore, in line with current integrated thinking, our definition of "capital" extends beyond financial capital, to include other important resources such as our ideas, people, systems, and processes. We will strive to ensure that the net present value of every R1 allocated to each initiative in the future will be worth more than R1 in the market.

The alongside provides an indication of how we view the capital cycle within the Group.



The previous figure shows that the management toolkit for deploying capital comprises five internal alternatives – maintenance capex, growth capex, working capital, mergers and acquisitions, and research and development. It also includes three external alternatives – dividend distributions, share repurchases, and debt repayment.

Our sources of capital comprise two internal alternatives – operational cash flow and asset sales, and two external alternatives – equity and debt issuance.

The risk-adjusted payoff from each capital allocation alternative is likely to differ and continue changing over time throughout the macro, business, and capital cycles. Management is tasked with fully assessing the 'investment' characteristics of each of these levers in terms of risk and return, for the purpose of ranking each in order of priority for allocation decisions.

For each potential alternative allocation of capital, we intend considering at least four key aspects:

- Historical trends in spending for the business and its peers
- How to think about each alternative from an economic standpoint (i.e. the basis for ranking and prioritising feasible choices for alternatives)
- The relevant empirical research pertaining to each specific choice
- The outlook for future spending

We believe that implementing a Group-wide, disciplined and CEO-driven capital allocation process, incorporating necessary performance feedback to make appropriate adjustments over time, will significantly enhance long-term shareholder value. This circular process is depicted below:

Operationalising the Capital Allocation Framework

>> The implementation of the preferred alternatives should be executed on the agreed basis, and the performance of each capital allocation choice should be continuously monitored to facilitate any necessary adjustments to the capital allocation strategy that may be required due to changes in the business strategy, industry conditions, and the macro economy.

>> Within the context of the competitive strategy, management regularly seeks to identify and formulate meaningful capital allocation alternatives for further evaluation, taking historical performance into account. During this process it is important to consider each of the levers in the capital allocation toolkit to ensure that a complete investment opportunity set is considered.

>> Each feasible capital allocation alternative should then be thoroughly evaluated by management using the specific decision-making methodologies devised. The outcome should be an ordered set quantitatively ranked in terms of risk-return priorities.

The available capital allocation alternatives in the near term will be somewhat constrained due to the restrictions imposed by the relevant financial institutions on the Group by the Cell C recapitalisation transaction.

In the interim, we will focus our attention on optimising operational cash flows to repay the outstanding debt arising from this recapitalisation. During this time we also intend to complete the development and implementation of the comprehensive Capital Allocation Framework, so that we are ready to resume unrestricted capital allocation activities after the outstanding debt has been repaid.

HUMAN CAPITAL

Our people are important to us, and we carefully consider what drives engagement as an engaged workforce is imperative to any organisation's success. We are committed to building a healthy organisation with a mindset of leading oneself and owning one's growth and career as an individual. We strive to create an environment that brings out the best in our people to passionately serve our customers, deliver operational excellence, and contribute to sustainable growth.

In FY21, we commenced our journey to partner with all subsidiary leaders to build a healthy organisation focused on growth. In FY22, we built on this and aimed to create a growth mindset through our *WeLead* initiative that allows our subsidiaries and employees to be part of our dream to continuously pave the way to create an inclusive, growing business while ensuring that we also focus on our ESG initiatives. Our people-first approach, combined with our all-in-culture, led us to meet our objectives.

Over the past two years, we have observed roles, organisations, and our business environment change at an unprecedented rate and magnitude. Remote and hybrid work transformed from an occasional perk to a permanent and baseline expectation for employees in various roles. The drive toward a more accommodating employer-employee relationship is changing the role of managers and the way HR leaders think about employee wellbeing. At the same time, technology has become a much larger component of the employee experience in this digital work environment. New technologies have positively (or negatively) impacted how fair, stressful, or fulfilling the workplace is depending on how they are used. The need to focus on the future has never been so urgent. It has become critical to delivering our objectives for the year to retain talent and ensure our employees feel safe, empowered to overcome their vulnerabilities, and confident to engage with our customers and us as the employer.

Employee engagement

Performing while transforming brings unique opportunities and challenges. We understand that success lies in navigating and taking our people along on the change journey while continuing to support their wellbeing. We are proud of the remarkable resilience of our team in these unpredictable times.

Research around engagement and meaningful jobs shows us the importance of creating an environment of inclusion and employee-centricity.

We have increased our focus on employee wellbeing. Our communication and wellness plan provided employees with access to information and opportunities to share their coping strategies, education on healthier choices and support in making the right decisions. We focused on the elements which achieved lower scores in our engagement survey and our repeat engagement survey confirms that this focus has resulted in an increase of 2% in employee satisfaction and their role being considered meaningful. In addition, we achieved an above-average score on the "overall engagement" and "happy at work" metrics.

Accordingly, we will in the next year, continue to focus on:

- Job satisfaction
- Significant work
- Meaningful jobs
- Feeling valued and safe

How we performed

Employee retention

Measures the percentage of employees who left our employ during the year.

Turnover
20.08%
(2021: 27.03%)

Voluntary turnover (resignations)
13.19%
(2021: 22.48%)

Involuntary turnover (dismissal and end of contracts)
6.89%
(2021: 4.55%)

Executive turnover
3.4%
(2021: 0.8%)

We have seen a decrease in headcount, of which the biggest shift was as a result of the call centre operations due to abscensions. A conscious decision was made to replace absconded employees leaving the organisation with learners under the Group learnership programme that are not considered to be permanent employees.

Diversity and inclusion

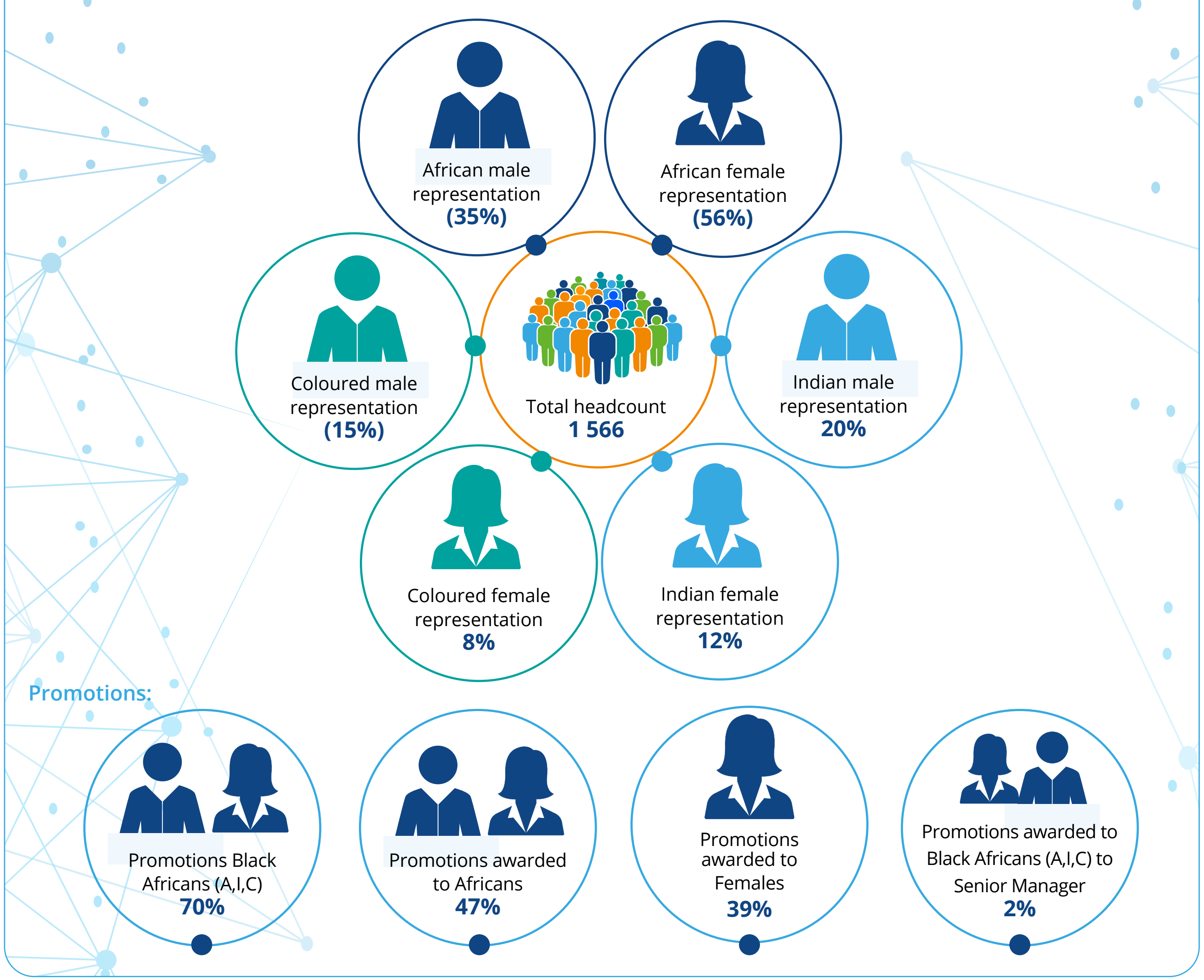
Measures the proportion of employees from under-represented groups

BLT is mindful of the unemployment levels in South Africa and is committed to addressing this through job creation. We have set up a learnership programme, which is managed by Blue Train, a Blue Label Telecoms associate, to enable training and employment of unskilled youth.

Under this programme, staff are employed by Group companies and paid a monthly stipend. They are given formal training in their area of work following which on-the job-training and experience is facilitated through working within the Group entity and gaining further skills and experience. This enables them to grow and create a career path for themselves within the Group. The learnership programme allows previously unemployed youth to be employed and be educated in their field of work. Previously, the Group would not be able to hire these learners as they would not be suitable candidates to be employed by the company as they lacked the necessary skills and qualifications required to enter the Blue Label workforce.

We had 3 600 learners in FY22, and should they wish to remain with the Group, they are able to be absorbed into roles for which they have gained competencies, or join the country's general workforce after having attained a skill set.

Total movement in headcount as a percentage increase/(decrease) year on year:



HUMAN CAPITAL CONTINUED

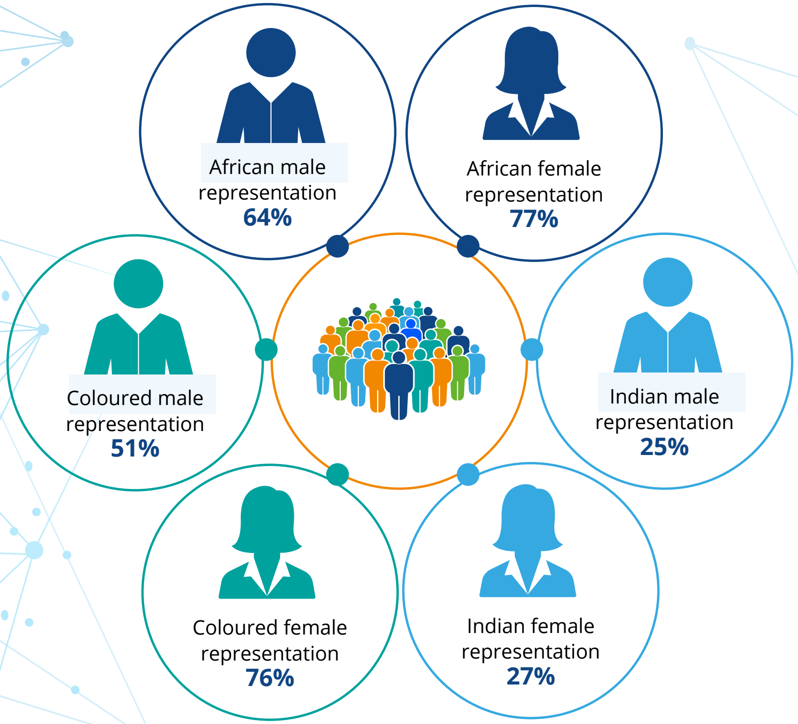
Recruitment

Our organisation continues to evolve rapidly and the demand for new skills and capabilities continues to grow. Our ability to meet the demand is critical to stay relevant and build a high-performance workforce.

Our new strategy incorporates innovative talent acquisition practices and the development of our employees for promotional opportunities, ensuring we focus on the following:

- **Recruiting for the future** – repositioning talent mobility as an opportunity to recruit new talent better suited for the future
- **Reliance on referrals** – a great source of future talent has come from both our current talent and through leveraging off networks across industries
- **Anchoring our Success Management Model** – fostering a learning culture to allow continuous development and growth opportunities as new skills are identified

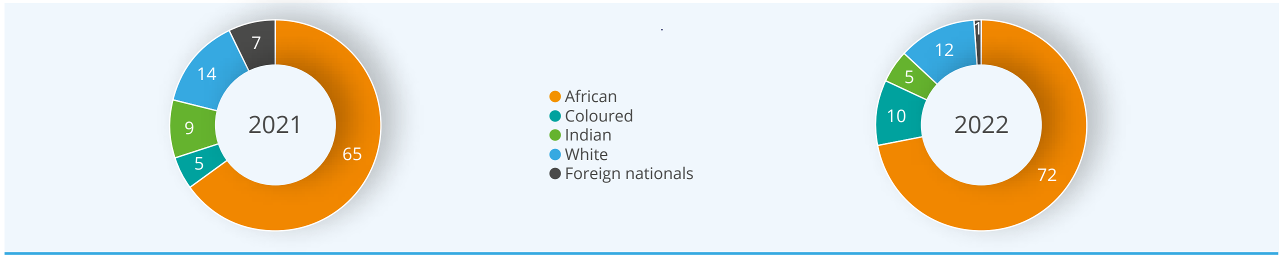
The below excludes learners under the Group learnership programme:



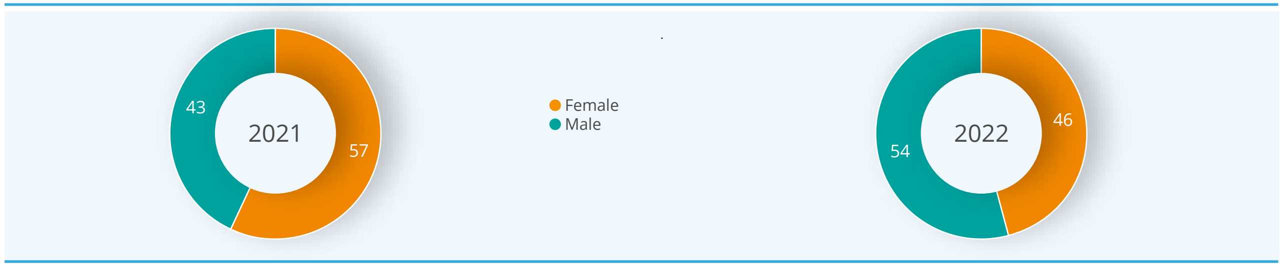
With our focus on equity we see an improvement of all new appointments, with 77% of all new male appointments and 82% of all female appointments being African.

Our focus for 2023 will be on gender equality.

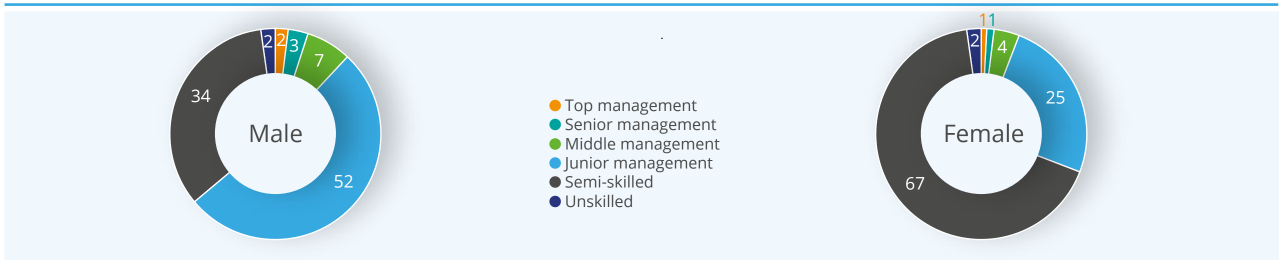
Appointments by race (%)



Appointment split by gender (%)



Appointments by occupational level and gender (%)



Our equity representation success depends on our talent sustainability and the framework available to all managers with the success management tools that assist in building talent in the relevant occupations.

Board subcommittees, including the Group Social, Ethics and Transformation Committee and the Remuneration and Nomination Committee, contribute to creating and preserving value for our stakeholders while providing mandated oversight governing our employee engagement value driver.

Building a business for the future

There is no doubt that the pressure experienced over the last couple of years, namely global emergencies including the COVID-19 pandemic and the Russian invasion of Ukraine, have had a transformative impact on the employer-employee relationship making it harder to separate employees' work lives from their personal, family, and community lives. Feedback from our staff has shown that pure remote work is not the novelty it used to be.

As human resource (HR) roles evolve, we know we need to have a new perspective and require different capabilities to transition to a work culture beyond the pandemic. We structure the function on a partnership model with a strong Group support structure in the areas of governance, control and learning and development. Through this and the shift in how we operate post-COVID, we learned that the organisation and HR required new capabilities. The culture of the organisation to attract and retain staff has become increasingly important. We understand that we would need to build on an existing strong culture to ensure it remains a key competitive advantage that keeps us growing. We have shifted our

HUMAN CAPITAL CONTINUED

thinking and spend time on building capabilities needed to cope with the new ways of working. More than 36% of all terminations in 2022 were due to a desire for a more flexible work-life balance. This is considerably higher than the year before. There is an increased demand by prospective employees for a healthier company culture and better work-life balance over compensation packages. We believe that a culture of trust is part of a new employee's value proposition and the value of workplace-related support considering the traumatic events brought about by the pandemic must not be discounted.

We understand that any significant change requires clear communication and change support. As such, emphasis was placed on garnering excitement and energy for the journey. We continued with our existing communication strategy from our leaders, supported by our learning platform, to ensure our leaders have the confidence and competencies to provide appropriate and relevant support. Our managers are passionate about fostering leadership as well as the right work environment. We understand the importance of managers upskilling their teams, giving them greater autonomy over their work, and taking further steps to empower them.

At Blue Label our culture has been built over many years and we have learned that fostering the right culture is a vital factor in driving long-term employee engagement and identifying needs to be solved through experimentation as we contemplate future models of working. It became clear that some activities were best done face-to-face and in collaboration, as one of our values, is at the core of our business. We designed multiple models and decided to experiment with a hybrid working model to determine if employees should work at the company premises on a full-time basis or have a balance of time in the office and time at home. These new work models and the human employment concept will strengthen our value as an employer, satisfying, employees' desire to work for organisations that reflect their own values and to do meaningful work with a positive impact on the world around them.

Research guides our thinking and employees feel their work is more meaningful when organisations show that they are:

- environmentally conscious – 25% of employees feel their role is more meaningful;
- socially responsible – 59% of employees feel their role is more meaningful; and
- displaying inclusive leadership – 70% of employees feel their role is more meaningful.

Shared purpose is challenging to achieve and prospective employees who want to work for organisations with robust environmental and social commitments will continue to grow. It is not a "tick-box" for us, caring for a better future is central to our code. We have worked on a range of initiatives and introduced a shared approach to our social responsibilities with our employees, positioning us as an employer of choice.

Future focus areas will be driving employee engagement in a volatile world by actively investing in:

- building on an inclusive leadership culture;
- flexible retention or talent management strategies; and
- employee wellness.

Now we imagine a world where we deliver through people by creating a mindset of growth that allows ***#teamblu*** *to be part of our dream to continuously pave the way to create an inclusive business with and for the base of the pyramid communities.*

Accelerating our employees' ability to grow and adapt

We want to attract, develop, retain, and award people who are innovative, resilient, and drive high performance. Our people strategy includes building a growth mindset and a learning culture, being deliberate about our talent acquisition and retention efforts, and ensuring a highly engaged and committed workforce. Our leaders are passionate about empowering our people to have long and meaningful careers with us.

Driving a growth mindset

- Creating frameworks where each employee can own and accelerate learning and development;
- Leadership development programmes that are aligned to core capabilities needed;
- Career conversation and individual development plans;
- Coaching and mentoring for identified high-potential talent; and
- Bite-sized learning initiatives.

The key focus for FY2022 was the development of competency-based learning, ensuring alignment between learning opportunities available at work, the role that the employee is currently in, and preparation for future roles.

We continue to invest in leadership development programmes through Duke CE to build strategic capability in our leaders across the business, which include training on the competencies below:

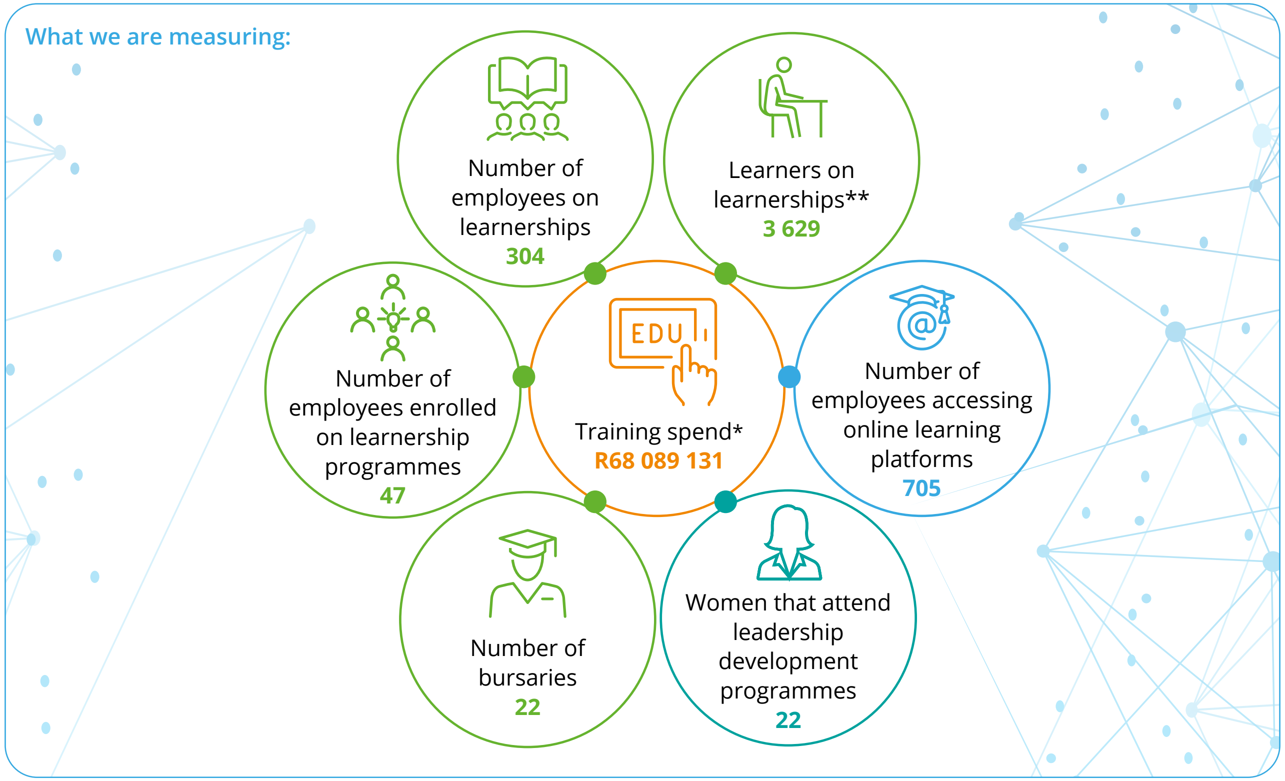
- New sources of competitive advantage;
- Customer-centric innovation;
- Digital transformation;
- The agile dashboard;
- Harnessing data science for business impact;
- Faster, smarter decisions;
- Power of purpose;
- Levers for culture change; and
- Agile teams.

We have seen an uptake of learning this year as people are excited to make a difference:

- Eight senior managers on advanced business management programmes
- 11 junior managers on general management programmes
- 23 middle managers on Business Strategic Agility programmes
- 539 employees on personal development programmes

We will continue to source and develop content to maintain this trajectory.

Focusing on building skills



* Training spend includes stipends for learners, training spend on learnership programmes, and all other training courses.
** Learners on learnership: These are BluTrain unemployed learnerships.

HUMAN CAPITAL CONTINUED

In our quest to continue to drive and build a future skills pipeline, we have focused on young talent development initiatives and unemployed learnerships:

- All unemployed learners are youth learners
- 167 YES youth learners hosted within the Group
- Six internships offered
- More than 3 000 new jobs were created

Focus on retaining and attracting critical skills:

- Deliberate focus on succession planning, talent development and meaningful employee engagement
- Talent acquisition strategies and understanding of scarce critical skills and new capabilities

Caring for a better future!

During the past two years Blue Label has launched and embedded our *WeLead* programme, with the aim to create awareness on the importance of everyone displaying leadership behaviours across the business and understanding the values we stand for. Our BLT culture requires us, as employees, to be resilient, agile, entrepreneurial, innovative, achievement-driven, and to have a winning mindset.

Along the *WeLead* journey – still maintaining focus on our value and leadership behaviours – we launched *WeLead* with Purpose.

This addition focused on our social responsibility. *WeLead* with Purpose linked our licence to operate (our business mission) and our responsibility to build sustainability through our people, our community, our customer, and ultimately our environment. We fully understand that we are responsive to the needs of the community around us, while remaining a profitable business. "Profit with Purpose."

In recent years, in the implementation of initiatives to establish an intimate list of flagship beneficiaries that fit our purpose, we have registered the Trust Blu Foundation and established relationships that enable individuals to assume permanent roles and we continue to upskill them to become the pipeline for future leaders.

Our commitment to sustainable economic development is REAL; it is not just an add-on, it is our code, part of our DNA! We want to assist in establishing a society where our legacy will continue far beyond the end of doing business, and this is why we are moving into Caring for A Better Future!

LEVERAGING TECHNOLOGY

Accelerating our digital transformation, embracing our hybrid cloud environment, innovation, faster go-to-market and a zero-trust approach on cybersecurity were the main focus over the past year. At the same time, we prioritised investing in the stabilisation of our core systems and started preparing for the modernisation of our current infrastructure to become cloud ready. We achieved 99.3% uptime for market-facing proprietary systems and 99.5% for business-facing systems and shared infrastructure.

FY2022 highlights

Market-facing platform changes
1 089
(FY2021: 1 037)

Stability of core production platforms
99.60%
(FY2021: 99.52%)

IT General Controls Audit
95%
(FY2021: 95%)

Over the past year we enabled our API-centric approach and, as a result, deployed our API gateway where we can curate and host our customers. Furthermore, cybersecurity threats remain a critical ongoing risk and form a significant part of our technology investments. Stringent standards for information and infrastructure security controls have been reviewed and reinforced over the last year. We proactively assess our vulnerabilities and risk of exposure on an ongoing basis while driving cyber risk prevention, assessment and education programmes to maintain vigilance. We are embedding security as a core component within platform delivery via governed development mechanisms and implementing detection capabilities and response processes in our environment.

Other highlights over the year included:
- **Infrastructure transformation:** We are supporting digital business models by building a hybrid-cloud infrastructure, shifting our datacentre to the cloud over three years, and we have completed our high availability deployment;
- **Core platforms transformation:** We continually advance our platforms for increased stability, revenue generation and core business transformation. Our initiatives on this front included building out our gateway capabilities, simplifying the IT cost model and launching additional digital distribution channels; and
- **Digital business transformation:** We implemented cloud computing and collaboration technologies while digitising many of our processes through Robotic Process Automation (RPA) tools.

We expanded consumer convenience with universal bus flows and new carriers for long-haul bus transport. In addition, we deployed hyper-automation and RPA technologies to enhance the merchant and consumer experience. The software development stack has been expanded with low-code, no-code application development functions to fast-track our go-to-market strategies.

Organisationally, technology remained steadfast in managing risks, operations, and stability. It:
- acts as an adviser to the business;
- aligns skills and talent with changing business needs related to digital enablement; and
- has been accelerating internal IT transformation as much as business digital transformation.

Outlook

Our strategic focus is on innovation, faster go-to-market and re-platforming to cloud solutions. This is all backed by increased digital transformation and the transition towards a customer-centric business structure and operating model.

Our objectives for FY2023 include:
- improving the time to delivery;
- embracing the hybrid-cloud environment, while reducing supplier costs;
- ensuring stability and uptime;
- driving the digital transformation by enabling digital business models; and
- developing our staff while simultaneously ensuring equity compliance.

CORPORATE SOCIAL RESPONSIBILITY AND COMMUNITY DEVELOPMENT

BLT's commitment to sustainable economic development is real and not just an add-on, it is our code. By maintaining high ethical standards and a strong brand, we live our social responsibility to generate value for all our stakeholders while helping build a healthier society. Our purpose is to focus on youth, socio-economic, and enterprise development. From inception, we wanted to make a difference in people's lives. And by doing what we do, we have changed many lives by providing the tools to earn a living, which in the early days was unimaginable. We have changed the distribution landscape and are a main proponent for the resurgence of the informal economy. We have empowered informal vendors, allowing them to compete successfully with the formal retail and banking segments through a simplistic way of transacting in the digital world. They are now successfully doing business and competing with the same products and services that were previously unavailable in these markets, in the same way transactions are done in the formal market.

Our organisation is responsive to the needs of the community around us:

"Purpose-driven organisations" has become a buzz phrase.

In our case, we are truly purpose driven and recognise that delivering value ultimately depends on continuously paving the way to create an inclusive business with, and for, the base of the pyramid of communities. We have an extensive track record of fostering economic and social development in South Africa.

As one of the leaders in our field, we believe that accelerated transformation and greater economic inclusion are essential to strengthening the South African economy and accelerating growth over the long term.

We are proud that in this light we were nominated and were a finalist in the Standard Bank Top Empowerment awards this year.

Our focus is on building sustainable practices to enhance and cultivate our Social and Economic Development Framework by building our portfolio and growing a profitable business with skilled individuals that continuously respond to the needs of the environment within which they operate, as well as building trust in communities.

We are ambitious, but careful to ensure that our economic and social role is shaped by our Social, Ethics, and Transformation Committee. It is vital that we do not impose our own ambition and disrupt economies and societies.

Our licence to operate is underpinned by leadership encouraging a "growth mindset". This allows our employees to be part of our journey as we create a shared value mindset in our transformation as well as business objectives. We operationalise these commitments through measurement of the following:

- We have a comprehensive code of conduct that every employee must commit to on an annual basis.
- Annual executive performance is measured against their contribution to helping the Group generate growth and support for ESG objectives.
- Our employees have the opportunity to get involved in our social responsibility programmes, to name a few:
  - Our employees donated and distributed 2 tonnes of clothes and bedding to KwaZulu-Natal during the floods to assist our colleagues and their communities in a very difficult time.

  - Our employees and business units have contributed to putting together "Hug in a Box" for one of our beneficiaries whose main purpose is to care for abused individuals and children.
  - Our employees donated books to a library of one our beneficiaries that operates in the community and provides afterschool programmes.

We are a major player in the bottom-of-the-pyramid market. Contributing meaningfully to equal opportunities and financial inclusion will remain an ongoing focus for the Group through these four areas:

PEOPLE

- Youth development by providing learnerships to advance individuals into permanent roles.
- Employee development by constantly upskilling our employees through flagship training programmes to include them as part of our pipeline of future leaders.
- Building the right conditions of employment and succession planning.

• **Employment opportunities and engagement** by allowing employees to join the social responsibility journey (research by Gartner research in 2021 indicated that 59% of employees feel more engaged if they believe the organisation is environmentally conscious and cares about the community). Community and youth empowerment by providing education programmes and partnering with selected organisations to build opportunities to develop entrepreneurs and SMMEs within communities, while ensuring sustainability remains affordable.

ENVIRONMENT

- Partner with other organisations to help build a sustainable environment.
- Community upliftment and projects that help build sustainable solutions for the future.

CUSTOMER

- Economic inclusion and continuous development while creating opportunities for our customers to grow their businesses.

This year we have partnered with subject matter experts to perform a gap analysis on our ESG-related disclosures and will compile a three-year plan with measurable actions. We remain committed to engaging with and learning from all our stakeholders. As always, we continue to emphasise the transition to transparent and agile ESG reporting.

Our commitment to sustainability

We have invested in a hydroponic vegetable garden for the benefit of our employees in Sandton, and in the interest of promoting health and wellness within the company. Our employees can take fresh vegetables and herbs for home consumption.

We have supported an education initiative through a school in Masibambane, Orange Farm to support their vision of creating a science, technology, engineering and mathematics (STEM) school by providing them with solar power. We have also facilitated online training throughout the country.

CORPORATE SOCIAL RESPONSIBILITY AND COMMUNITY DEVELOPMENT
CONTINUED

Our commitment to sustainable living has led us to support Afrivista in their attempt to supply clean water to communities where this has previously not been possible.

Over the last couple of years, we have selected and built relationships with a number of flagship beneficiaries that align to our purpose. We aim to create an ecosystem where we can do more together rather than changing lives by ourselves. See our **Trust Blu Report** at **https://www.bluelabeltelecoms.co.za/tbf-trust-blu-foundation.php** for further detail.

We are responsive to the community we serve. Our largest contribution to society is in the ordinary course of our business. This year we have increased the number of merchants selling our virtual products in the community from 12 000 to 17 000. We aim to support them by rolling out a solar solution programme to allow them to keep operating during power outages. We will continue to invest in and create sustainable programmes in education to provide employment and entrepreneurship for a better future.

Focus areas for FY2023

- Continue to drive an internal mindset of performance with purpose through the Blue Label business by:
  - focusing on the chosen project in Orange Farm as our primary target community for driving sustainability through allowing the community to be able to connect, giving them the opportunity to seek better opportunities and employment;
  - focusing on critical skills needed and building a capability map that will enable us to leverage these new skills in the business and achieve our skills spend points; and
  - driving impactful objective setting processes to enable the promotion of decent work and economic growth.
- Continue driving a growth mindset culture within the business.
- Create opportunities for self-development to build careers as a retention strategy:
  - Drive long-term employee development for succession planning and meeting the skills needs of the business;
  - Monitor and measure the success and impact of Ubelong and Wozza social economic development projects;
  - Design and implement a parity plan for all subsidiaries to start the process to eliminate all forms of inequality; and
  - Continue supporting our flagship initiatives to assist in reducing poverty in the communities we serve.
- Identify a new economic development project that will improve the lives in a beneficiary community.
- Continue to focus on improving the environmental, health and safety performance of the Group.
- Support and monitor the success of the solar project initiative as part of our overall initiative in Orange Farm aimed at creating awareness of renewable energy and reduction of dependency on fossil fuel energy at community level in line with the Group's ESG ambitions.
- Focus on monitoring the use of electricity and water across the business.
- Focus on improving the Group's B-BBEE scorecard.

We are pleased to echo the Chair of the Social, Ethics and Transformation Committee's view of Blue Label Telecoms and their partners: "We have made excellent progress in using our imagination to shape how we grow our business to serve our customers and communities with excellence, and to remain profitable and sustainable in the years to come".

PREPAID PRODUCTS

TICKETING

BANKING

HANDSET REPAIR

CORPORATE GOVERNANCE

GOVERNANCE PHILOSOPHY AND APPROACH

Entrepreneurship and innovation underpinned by good governance

The philosophy of the Group is that good corporate governance provides an essential platform upon which to achieve its strategic objectives through the pursuit of the entrepreneurial and innovative ethos of the Group. The Board recognises that good corporate governance is essentially about effective and responsible leadership that rests on a foundation of ethical values.

King IV and Blue Label Telecoms

The Group favours the outcomes-based approach of King IV that focuses on the quality of governance outcomes and not simply a structural and compliance approach. The Board has used the King IV principles to continuously review, revitalise and streamline its governance structures and practices to the requirements of the expanding Group. The most appropriate recommended practices and adaptations have been applied in achieving the outcomes-based principles of King IV.

The Board Charter and subcommittee terms of reference and work plans have been substantially aligned with King IV practices and policies; practices and processes are continuously reviewed and enhanced as to appropriateness and robustness, as outlined in this report on an ongoing basis.

The disclosure requirements of King IV have been provided throughout this report and explain the Group's governance philosophies, structures, practices and outcomes in adopting and embracing the principles of King IV.

Current year Board focus and future focus

The focus of the Board in the current year remains the restructuring of the business to focus on core operations, to reduce debt, improve cash generation and ready the Group for implementing programmes that return value to shareholders through dividend and share buy-back programmes. The Board and its committees have put significant effort into improving the effectiveness of governance, risk management, the control environment, liquidity and cost management at Cell C. The Board has also spent significant time on improving governance, regulatory, compliance and security protocols within the Blue Label Group.

We have partnered with subject matter experts to do a gap analysis on our ESG and will compile a three-year plan with measurable actions. We remain committed to engaging with, and learning from, all our stakeholders. But, as always, we continue to emphasise the transition to a healthy ESG standard.

EFFECTIVE AND ETHICAL LEADERSHIP

At Blue Label we believe that effective and ethical leadership is centred around integrity. It is about doing the right thing – being accountable, responsible, fair and transparent.

We recognise that ethical leadership within Blue Label improves public trust, enhances risk, compliance and ethics management, and strengthens stakeholder relations. This is achieved through:

- our key values:
  - customer service orientation;
  - achievement and drive to succeed;
  - honesty and integrity;
  - enjoyment; and
  - collaboration;
- leadership's commitment to upholding our key values; and
- the provision of mechanisms to report and manage unethical behaviour.

WeLead

As an organisation, we are proud of our corporate culture and believe that everyone in **#teamblu** has a responsibility to shape the right culture by living the BLT values in everything that they do. We encourage a growth mindset that allows individuals to improve themselves and their skill while contributing to the success of the team and the Group at large.

WeLead is an internal awareness programme that empowers every employee to bring leadership skills and behaviours to work regardless of where they are in the Group, which helps drive the right behaviour.

Through *WeLead* we aim to create awareness of the importance of everyone demonstrating our leadership qualities, which is part of our DNA, to drive the behaviour expected of them:

- We strive for customer centricity
- We build relationships and trust across the business and with our customers, consumers, and communities
- We create an environment where people have fun and find purpose
- We advance our people for long-term success
- We behave honestly and with integrity
- We innovate boldly
- We strive to be both agile and entrepreneurial

In FY2021 we conducted a benchmark study where each employee was requested to rate their manager according to the *WeLead* behaviours. We were pleased that we achieved a 2.55/3 score, which indicates that managers across the Group display these behaviours frequently. We will continue to enhance internal communication relating to healthy leadership behaviours across the Group.

Maintaining high ethical standards

Blue Label's Social, Ethics and Transformation Committee is established in compliance with the Companies Act, No 71 of 2008. It in turn elevates social and ethics matters to Board level. This ensures that ethics are treated as a matter of strategic importance.

The Social, Ethics and Transformation Committee maintains oversight of the ethics policies and applications within the Group and the Chairman of the Board sets the ethical tone for the Board as a whole. The primary ethics-related items that are monitored and reported on at the Social, Ethics and Transformation Committee level include:

- the 10 United Nations Global compact principles that influence our alignment;
- anti-fraud and corruption policies and procedures;
- consumer relations and compliance with consumer protection laws; and
- environmental, health, and public safety.

No Blue Label operations have been subject to human rights reviews during FY2022.

No human rights grievances have been reported in FY2022.

Employees are expected to demonstrate ethical business practices at all times. All new staff members undergo an induction programme that includes training on the code of business conduct and the function of the ethics hotline, with emphasis on what should be reported and how to report unethical behaviour via this channel.

The ethics hotline is outsourced to *Tip-offs Anonymous*, a division of Deloitte, and can be accessed by calling 0800 555 221. The ethics hotline is available to all stakeholders. Six minor incidents, of which four were human capital related, were reported during the year ended 31 May 2022, which were investigated by management.

In FY2022 a key focus area has been the revision and continued alignment of our policies, supported by the re-education of our employees.

The following policies have been reviewed, amended where necessary, implemented, and relevant training applied in FY2022:

- Code of Conduct
- Ethics Policy
- Substance Abuse Policy
- Information Security Policy
- Business Continuity Policy
- Whistleblower Policy
- Data Breach and Response Policy
- Leave Policy
- Gifts Policy

Key provisions of our policies include the following:

- Each employee of Blue Label Telecoms has an obligation to act in the best interests of the Company and must not let outside activities or outside financial interests interfere with those obligations.
- Employees must be open and transparent about all gifts and hospitality given or received and are required to disclose these. When a gift is considered lavish or extravagant, it could be construed as gratification which immediately places the Company and those individuals concerned at risk of being prosecuted for acts of corruption.
- Fraudulent, corrupt or illegal practices will not be tolerated. Bribes or any other illicit payments will neither be paid nor accepted. A zero-tolerance policy has been adopted regarding such improper payments.
- The Group does not participate in any illegal anti-competitive activity. Employees should not authorise nor participate in any illegal conduct or action (such as price manipulation or tender fixing) that restricts competition.
- The Group is non-political. It does not make contributions to political parties or allow its assets and services to be used in any way which favours any particular political grouping, other than in the provision of its normal products and services, under its standard terms and conditions and at arm's length prices.
- The Company facilities, equipment and personnel should only be used for the business's activities and purposes, except when other uses are specifically authorised by Blue Label Telecoms.
- Employees are required to always be mindful of what a payment is for and whether the amount requested is proportionate to the goods or services provided. Any suspicions, concerns, or queries regarding a payment should be clarified.
- Employees must avoid any activity that might lead to, or suggest, that a facilitation payment or kickback will be made or accepted by us.
- The Group does not place any limitations on an employee's right to freedom of association, specifically the right to collective bargaining.
- The Group is against child labour and forced/compulsory labour.
- The Ethics Officer takes responsibility for managing the organisation's ethics programme. The Ethics Officer reports to the Ethics Committee on progress with the ethics management plan, and the state of ethics within the organisation.

Ethical breaches

No material ethical or corruption-related breaches require reporting in FY2022.

All ethical matters that come to the attention of management are addressed in an appropriate manner.

Blue Label is satisfied that its corporate governance framework (including compliance and risk) is at a minimum in keeping with best industry practice and industry norms. Blue Label continues to maintain a zero-tolerance policy regarding any lapses in good governance.

There has been no significant environmental, social and governance related incidents of legal non-compliance and directives, compliance notices, warnings or investigations and any public controversies during FY2022.

Similarly, there have been no fines, settlements or penalties paid in relation to ESG incidents/breaches during FY2022.

BOARD COMPOSITION, STRUCTURE AND REPORT BACK

Board of Directors

The Board directs the Group towards and facilitates the achievement of the Group's strategy and operational objectives. It is accountable for the development and execution of the Group's strategy, operating performance and financial results. Its primary responsibilities include determining the Group's purpose and values; providing strategic direction to the Group; appointing the joint Chief Executive Officers; identifying key risk areas and key performance indicators of the Group's businesses; monitoring the performance of the Group against agreed objectives; deciding on significant financial matters; approving policies; and reviewing the performance of the Executive Directors against defined objectives. A range of non-financial information is also provided to the Board to enable it to consider qualitative performance factors that involve broader stakeholder interests.

The Board, which meets at least quarterly, retains full and effective control over all the operations.

Additional ad hoc Board meetings are convened as circumstances require.

Board Charter

Our Board Charter assists our Board in conducting its business according to legislative requirements and the principles of good corporate governance.

It ensures that each Director is aware of his or her powers, duties and responsibilities when acting on behalf of the Blue Label Telecoms Group. The Board Charter is subject to the provisions of the Companies Act, JSE Listings Requirements, our Memorandum of Incorporation (MOI) and all other applicable legislation. The Board Charter covers the role and function of the Board; its detailed responsibilities; how it discharges its duties; the Board composition; and the establishment of Board Committees.

The Board Charter as well as the terms of reference and work plans of the Board subcommittees are aligned with the requirements of King IV.

The Board has concluded that it has collectively satisfied and fulfilled its responsibilities in accordance with the charter.

Governance framework

The Board regards governance as a fundamental essential for the success of the Group's business.

It is committed to applying the principles of good governance in directing and managing the Group in order to achieve its strategic objectives. The Board is the focal point for and custodian of the Group's governance framework and is supported by its Committee structures, management, shareholders and other stakeholders of the Company. The Board is ultimately accountable for the performance and affairs of the Company.

The governance framework facilitates a balance between the Board's role of providing direction and oversight with accountability to support acceptable risk parameters and consistent compliance with regulations, standards and codes relevant to the Group. At the same time, the Board encourages entrepreneurship and innovation, which are recognised as key drivers of Group performance.

At the operations, governance processes are aligned with the governance framework established by the Board. Each subsidiary company has its own board of directors and its strategy, business plan and performance criteria are clearly defined. Subsidiary boards comprise Executive and Non-executive Directors, some of whom are Executive and Non-executive Directors of Blue Label.

A Delegation of Authority Framework has been developed and implemented across all Group companies. The Board is satisfied that the Delegation of Authority Framework contributes to role clarity and the effective exercise of authority and responsibilities.

Following the acquisition of Cell C, the Blue Label Board has been actively monitoring and advising on the alignment of governance structures and processes at Cell C with those of the Company.

Board composition

Blue Label has a unitary Board structure comprising 10 Directors; six are Independent Non-executive Directors, while one is a Non-executive Director; and three are Executive Directors. A biography of each Director appears on pages 16 to 18.

The Board has a majority of Non-executive Directors. This is incorporated into our Board Charter, which promotes power and authority at Board of Director level, to ensure that no one Director has unfettered powers of decision-making. In line with King IV, the roles of the Chairman and the joint CEOs are separate. The Board is led by Larry Nestadt, an Independent Non-executive Chairman. The joint CEOs are Brett Levy and Mark Levy.

The Chairman's role includes setting the ethical tone for the Board and ensuring that the Board remains efficient, focused and operates as a unit. The Chairman provides overall leadership to the Board, without limiting the principle of collective responsibility for Board decisions. He also facilitates appropriate communication with shareholders and enables constructive relations between the Executive and Non-executive Directors.

The joint CEOs' principal roles are to provide leadership to the executive team in running the Group's businesses. The Board defines the Group's levels of authority, reserving specific powers for the Board, while delegating others to Senior Management. The collective responsibility of management vests with the joint CEOs who regularly report to the Board on the Group's progress in delivering its objectives and strategy.

The Group's Financial Director is Dean Suntup. The Audit, Risk and Compliance Committee is satisfied that he has the appropriate expertise and experience for this position.

The Group has implemented a holistic succession planning process at Board, top level management and subsidiary management levels. The succession plans are reviewed and approved by the appropriate bodies annually and documented accordingly.

Furthermore, the business continuity plan for the Group has been drafted such that it incorporates the subsidiary succession plans. The Group has influential joint CEOs who co-founded the business, both of whom have a vested interest in the long-term future of the Group. However, in unforeseen circumstances, the Group has robust succession planning in place for both CEOs.

Blue Label Group recognises the value of diversity and is committed to promoting gender and race equality in the Group. Our Board continues to uphold its policy on the Promotion of Gender and Race Equality in the Blue Label Telecoms Group. This policy is available online at **www.bluelabeltelecoms.co.za**. Our talent management processes, together with our policy, will enable us to improve diversity within the Group.

On an ongoing basis, the Board considers its structure, its gender, race and size composition, as well as the relationship between Executive and Non-executive Directors. It is committed to making sustainable progress towards ensuring that the Board has the necessary depth having regard to the strategic direction of the Group. The Board has a policy focusing on the promotion of broader diversity at Board level, specifically addressing the promotion of the diversity attributes of gender, race, culture, age, field of knowledge, skills and experience. No specific targets have been set in relation to the Board diversity policy, however, we have partnered with subject matter experts to do a gap analysis on our ESG compliance, including diversity, and will compile a three-year plan with measurable action points.

The Board is actively pursuing the appointment of additional Independent Non-executive Directors to further enhance independence and diversity of skills, race and gender at Board level. The Remuneration and Nomination Committee (RNC) annually debates the independence of its Independent Non-executive Directors who have served on the Board for a period of nine years or more. Laurence Nestadt, Gary Harlow, Joe Mthimunye, Kevin Ellerine and Jerry Vilakazi have been assessed in this regard. The Committee has found them suitably independent, with continuing strong contributions, considering their experience within the Group and sector, and they are considered to continue operating independently and objectively and have no conflicts of interest.

Mr Jerry Vilakazi was due to rotate off the Audit, Risk and Compliance Committee in 2022, however, the Board took the decision that he should continue in his role on the Committee until the completion of the Cell C recapitalisation process in order to provide appropriate continuity and oversight over this important process.

The Board wishes to assure all stakeholders that the tenure and independence of Non-executive Directors is vigorously debated and tested and that all Board meetings are robust in terms of their deliberation.

Given the complexity of the industry within which Blue Label operates and the complexity of Blue Label itself, the Board believes that long-term knowledge and understanding of the issues surrounding the business are invaluable. The RNC is managing the succession plan at Board level to ensure that a pipeline of new Independent Non-executive Directors is established and that the succession plan will be seamless and maintain a mixture of new appointees with experienced Directors.

Board appointments

One-third of the Directors retire by rotation every three years in terms of the MOI. If eligible, available and recommended for re-election by the RNC, their names are submitted for re-election at the AGM. In this regard, KM Ellerine, LM Nestadt and MS Levy will be retiring at the forthcoming AGM and, being eligible, have made themselves available for re-election. A brief biography of each Director appears on pages 16 to 18.

The RNC assists the Board with the assessment, recruitment and nomination of new Directors, subject to the whole Board approving these appointments.

Board members are also invited to interview potential appointees.

A formal and transparent procedure applies to all new Board appointments, which are subject to approval by shareholders at the first AGM following that Director's appointment. Prior to appointment, candidates are required to complete a fit and proper test, as per the JSE Listings Requirements.

BOARD COMPOSITION, STRUCTURE AND REPORT BACK CONTINUED

A policy requiring Directors to observe a "cooling-off" period before accepting appointments to other Boards, which may present a conflict of interest, has been included in the Board Charter.

Board effectiveness

The Board Charter provides for assessment of the Board and its committees every other year. During the prior year an internal self-assessment of the composition and effectiveness of the Board, its subcommittees and individual Directors was performed. The overall results reflected that the Board, its subcommittees and individual Directors were performing effectively and above satisfactorily in the categories surveyed. The improved diversity of the Board and progress on succession planning of Non-executive Directors was acknowledged and a number of continuous improvement areas were noted including continued scrutiny and objective oversight of conflict-of-interest positions, that can arise in related party transactions. The Board has carefully considered the outcomes of the self-assessment and agreed on actions that will be tracked to implementation. The Board is satisfied that the evaluation process improves performance and effectiveness of the Board as a whole.

Evaluations of individual Executive Director's performance take place annually, once during remuneration increase and performance bonus award periods and, as applicable, prior to the AGM regarding the re-election of Directors. Refer to the remuneration section (page 101) for the performance evaluation of the CEOs and the CFO against agreed-upon performance measures and targets.

Induction of a new Director is tailored according to the knowledge and experience of the Director in a listed company environment. Focus is placed on providing information on the Board structure, business operations and Group strategy. Ongoing training and development of Directors involve ad hoc presentations to the Board by professional advisers and Senior Management to ensure the Board is kept abreast of governance, regulatory, financial and operational developments.

Company Secretary

Our Board remains satisfied with the competency and experience of our Group Company Secretary, Janine van Eden (BProc, LLB, Conveyancing). The performance appraisal of the Company Secretary for the year under review took into account the quality of support received and guidance provided to the Board. She maintains an arm's length relationship with the Board, providing guidance to Board members on execution of their duties and keeps up to date on the latest developments in corporate governance and regulation. All Directors have full access to the services and advice of the Group Company Secretary in all aspects of the Board's mandate and operations of the Group; the Board is satisfied that these arrangements are effective.

Board Committees

The Board has delegated certain functions to well-structured committees, without abdicating its own responsibilities and accountability. Board Committees operate under written terms of reference approved by the Board.

Board Committees are free to take independent professional advice as and when deemed necessary, for which a formal policy is in place. The Group Company Secretary provides secretarial services for the Committees.

There is transparency and full disclosure from Board Committees to the Board. The minutes of Committees are submitted to the Board for noting and discussion. In addition, Directors have full access to all Board Committee documentation and Committee Chairpersons provide the Board with verbal reports on recent meetings.

The Board is of the opinion that all Board Committees have effectively discharged their responsibilities, as contained in their respective terms of reference.

ESG and sustainability oversight and reporting

Blue Label Group is in the process of developing an ESG and sustainability reporting and oversight framework that will assist the Board in exercising oversight of sustainability-related impacts, risks and opportunities as well as the process for integrating sustainability issues into the strategy development and overall governance processes of the Group. This will include designating the Board Committees responsible for oversight, the skills and competencies required, the processes and structures required as well as reporting and disclosure practices needed to effectively manage the sustainability-related issues of the Group on an ongoing basis.

We remain committed to engaging with, and learning from, all our stakeholders. But, as always, we continue to emphasise the transitioning to a healthy ESG standard.

Our Board subcommittees are structured and attendance at meetings during FY2022 is presented as follows:

Attendance at meetings

	Board	Special Board	Audit, Risk and Compliance	Special Audit, Risk and Compliance	Remuneration and Nomination	Social, Ethics and Transformation	Investment
Total number of meetings held during the year	4	12	4	1	3	3	2
Actual attendance/possible maximum attendance of meetings							
LM Nestadt	4/4	12/12	—	—	3/3	—	—
KM Ellerine	4/4	12/12	—	—	—	3/3	2/2
GD Harlow	4/4	12/12	4/4	1/1	3/3	3/3	2/2
BM Levy	4/4	12/12	4/4*	0/1*	3/3*	3/3	2/2
MS Levy	4/4	12/12	3/4*	0/1*	2/3*	—	2/2
N Mnxasana	4/4	9/12	4/4	1/1	—	—	—
JS Mthimunye	4/4	11/12	4/4	1/1	3/3	—	2/2
SJ Vilakazi	4/4	10/12	4/4	1/1	2/2**	3/3	—
DA Suntup	4/4	12/12	4/4*	1/1*	3/3*	—^	2/2
DR Hilewitz	—	—	—	—	—	—	2/2
PL Zim	4/4	8/12	—	—	2/2**	—	—

* Attendee by invitation.
** Appointed 11 June 2021.
^ Alternate to BM Levy.

BOARD COMPOSITION, STRUCTURE AND REPORT BACK CONTINUED

Subcommittee structure and report back

The Board remains accountable for all matters where it has delegated responsibility to its subcommittees. The committees, their members and principal functions and focus areas are set out below:

Executive Committee

Members

MS Levy (Chair)
G Levin
BM Levy
J Newman
M Nyawane
D Rama
S Ramdhani
A Roberts
M Shaik
D Simba
DA Suntup

The Executive Committee was reconstituted in the current year.

Key objective and terms of reference

The Group Executive Committee is augmented beyond the Executive Directors, by the inclusion of operational and functional management to provide a forum for the dissemination of strategies and policies to operating subsidiary levels and to provide oversight and feedback from operations on strategic matters in a combined forum. Group-wide strategic and policy decisions are typically formulated by the Executive Directors and approved by the Board. The Committee will move from a monthly to a quarterly meeting format, in line with its primary function of acting as an oversight forum and reporting structure between the Board, Executive Directors and subsidiary management.

Certain Group Executive Committee members are represented on boards of operating subsidiaries and act as liaisons with operating subsidiary CEOs and/or management.

The Executive Committee has concluded that it has fulfilled its responsibilities in accordance with its terms of reference.

2023 focus areas

Key focus areas of the Executive Committee during FY2023 shall include:

- strategic deployment of cash;
- inculcating the outcomes-based family values of the Blue Label culture;
- combating margin compression;
- strict management of costs;
- continued concentration on compliance and controls;
- growth of the core South African distribution business; and
- stabilising Cell C.

Audit, Risk and Compliance Committee

Members and attendees	Number of meetings	Meeting attendance (%)
JS Mthimunye (Chair)	4/4	100
GD Harlow	4/4	100
N Mnxasana	4/4	100
SJ Vilakazi	4/4	100
BM Levy*	4/4	100
MS Levy*	3/4	75
DA Suntup*	4/4	100

* Attendee by invitation.

Key objective and terms of reference

Provides governance over internal controls, compliance, performance of internal and external audit, appropriateness of accounting and adequacy of external reporting.

The Audit, Risk and Compliance Committee concluded that it has fulfilled its responsibilities in accordance with its terms of reference.

Refer to governance of risk, technology and information governance, combined assurance and to the Audit, Risk and Compliance Committee report for further details.

2023 focus areas

Key focus areas of the Audit Risk and Compliance Committee during FY2023 shall include:

- complete the Cell C recapitalisation and assess its impact on the Blue Label Group;
- implement Mandatory Audit Firm rotation;
- continue to improve governance and compliance processes at Cell C through its nominees;
- appoint new members to ARCC and plan for Chairmanship rotation;
- review fraud mitigation strategies and internal controls in the Group; and
- adopting an ESG Oversight and Responsibility Framework.

Remuneration and Nomination Committee

Members and attendees	Number of meetings	Meeting attendance (%)
GD Harlow (Chair of Remuneration Committee)	3/3	100
LM Nestadt (Chair of Nomination Committee)	3/3	100
JS Mthimunye	3/3	100
SJ Vilakazi**	2/2	100
L Zim**	2/2	100
BM Levy*	3/3	100
MS Levy*	2/3	67
DA Suntup*	3/3	100

* Attendee by invitation.
** Appointed 11 June 2021.

Key objective and terms of reference

Ensure competitive remuneration and incentive policies aligned with strategy to drive performance and value creation that attract and retain the right talent. Review design and targets of incentive schemes and remuneration packages; Executive and Non-executive Director appointments and succession planning; annual evaluation of independence of Non-executive Directors and composition of the Board and its Committees.

The RNC concluded that it has fulfilled its responsibilities in accordance with its terms of reference.

The RNC continues to ensure that total rewards are set at levels that are competitive and drive performance in the short and long term, ensuring alignment with shareholder interests and at the same time promoting an ethical culture and responsible corporate citizenship.

2023 focus areas

Key focus areas of the Remuneration and Nomination Committee during FY2023 shall include:

- Our policy is sacrosanct and as a result we are attracting and retaining key talent to deliver our strategic goals and shareholder returns:
  - continual benchmark against best practice and if best practice suggests refinement, we will refine (e.g. is our targets growth percentage versus present economic conditions realistic);
  - work on success planning to the Board that will be transformation driven;
  - continuous best practice review on ESG goals to align with best practice to ensure they are measurable and verifiable;
  - benchmark NED fees and review accordingly;
  - continue annual engagement with our institutional shareholders for their input and advise;
  - review our retention strategy to attract and retain best skills needed in technology in the increasingly mobility environment;
  - continue our policy of pay parity and implement a new drive to achieve our targets in the next two years; and
  - continue to identify and develop future leaders through the leadership development programme and implement succession for all levels of management.
- Adopting an ESG oversight and responsibility framework

Social, Ethics and Transformation Committee

Members and attendees	Number of meetings	Meeting attendance (%)
SJ Vilakazi (Chair)	3/3	100
KM Ellerine	3/3	100
GD Harlow	3/3	100
BM Levy (DA Suntup alternate to BM Levy)	3/3	100

Key objective and terms of reference

Monitor the Group's activities and compliance with legislation relating to equality, black economic empowerment, good corporate citizenship, the environment, health, public safety, and consumer and labour relations, as well as advise the Board where necessary and appropriate. Review ethical business conduct, including any activity on the ethics hotline.

The Social, Ethics and Transformation Committee concluded that it has fulfilled its responsibilities in accordance with its terms of reference.

Refer to the human capital report on page 66, the Social, Ethics and Transformation Committee report on page 99, the effective and ethical leadership report on page 80 and stakeholder relations sections on page 31 for further details.

BOARD COMPOSITION, STRUCTURE AND REPORT BACK CONTINUED

2023 focus areas

Key focus areas of the Social, Ethics and Transformation Committee during FY2023 shall include:

- Continue to drive an internal mindset of performance with purpose through the Blue Label Business by:
  - focusing on the chosen project in Orange Farm as our primary target community for driving sustainability through the creation of new jobs and growing at least six new SMMEs;
  - focusing on critical skills need and building a capability map that will enable us to leverage the new skill in the business and achieve our skills spend points; and
  - driving impactful objective setting processes to enable the promotion of decent work and economic growth.
- Continuing to drive a growth mindset culture within the business;
- Creating opportunities for self-development to build careers as a retention strategy;
- Driving long-term employee development for succession planning and meeting the skills needs of the business;
- Monitor and measure the success and impact of Ubelong and Wozza social economic projects;
- Design and implement a parity plan for all subsidiaries to eliminate all forms of inequality;
- Continue supporting our flagship initiatives to reduce poverty in the communities we serve;
- Identifying a new economic development project that will improve the lives in a beneficiary community;
- Continuing to focus on improving the environmental, health and safety performance of the Group;
- Support and monitor the success of the solar project initiative as part of our overall initiative in Orange Farm aimed at creating awareness of renewable energy and reduce dependency on fossil energy at community level, in line with the Group's ESG ambitions;
- Focus on monitoring the use of electricity and water across the business;
- Focus on improving the Group's B-BBEE scorecard; and
- Adopting an ESG oversight and responsibility framework.

Investment Committee

Members and attendees	Number of meetings	Meeting attendance (%)
GD Harlow (Chair)	2/2	100
KM Ellerine	2/2	100
DR Hilewitz	2/2	100
BM Levy	2/2	100
MS Levy	2/2	100
JS Mthimunye	2/2	100
DA Suntup	2/2	100

Key objectives and terms of reference

- Review for approval the proposed acquisitions, investments and disposals of the Group recommended by the Executive Committee.
- Review, consider and recommend acquisitions and investments of the Group to the Board.
- Annually review the performance of each investment and acquisition made over the past five years.
- Review and update the Capital Allocation Policy of the Group.

The Investment Committee concluded that it has fulfilled its responsibilities in accordance with its terms of reference.

2023 focus areas

In the 2022 financial year the Investment Committee focused on:

- developed the Capital Allocation Framework. The overarching objective of our capital allocation framework is to build long-term benefit, through our operations and financial structure, with the objective of enhancing shareholder value over time;
- following the Cell C recapitalisation transaction; the focus will be on supporting Cell C to achieve its turnaround goals and enabling Blue Label to clawback on its investment that was impaired in 2019;
- management of Group debt levels within risk parameters and through core cash-generating activities as well as optimising costs through hedging where appropriate; and
- review the performance of past acquisitions in line with the approval metric.

KING IV FUNCTIONAL AREAS

King IV's philosophy of integrated thinking and governance promotes the integration of governance functional area and reports back into the rest of the integrated reporting elements. Oversight of these functional areas is maintained by the Board and its subcommittees as follows:

King IV functional area	Committee oversight	Report back
Risk	Audit, Risk and Compliance	Governance of risk (page 90) Material risks (page 25)
Technology and information	Audit, Risk and Compliance	Leveraging technology (page 73) Our products, services and solutions (page 19) Material risks (page 25)
Regulatory compliance	Audit, Risk and Compliance Social, Ethics and Transformation	Compliance report (page 93) Social, Ethics and Transformation Committee's report (page 99) Corporate social responsibility and community development (page 74) Human capital (page 66)
Assurance	Audit, Risk and Compliance	Approach and reporting frameworks (page 1) Combined assurance (page 94) Governance of risk (page 90) Audit, Risk and Compliance Committee's report (page 95)
Stakeholder relationships	Social, Ethics and Transformation	Stakeholder relations (page 31) Effective and ethical leadership (page 80) Social, Ethics and Transformation Committee's report (page 99) Corporate social responsibility and community development (page 74)
Remuneration	Remuneration and Nomination	Remuneration report (page 101)

GOVERNANCE OF RISK

Structure

The Board accepts its responsibility for the governance of risk, which includes the total process of risk management and the formation of its opinion on the effectiveness of the risk management process. The Board forms its opinion on the process of risk management based on the recommendations of the Audit, Risk and Compliance Committee (ARCC) and is satisfied with the effectiveness of the risk management process. The ARCC is responsible for ensuring that the Group has implemented an effective policy and plan for risk management and that the risk disclosures are comprehensive, timely, and relevant. The Board and Committees' responsibilities are documented in the Blue Label Integrated Risk Assurance Policy and Framework which is reviewed annually by the ARCC.

Management is accountable to the Board for designing, implementing, and monitoring the process of risk management. The Internal Risk and Compliance Committee (IRCC), established by management, supports the enterprise-wide risk approach by identifying, evaluating, and measuring Group-wide risks and compliance in all functional areas of the Group, as well as maintaining adequate internal controls. The IRCC reports to the ARCC bi-annually in this regard, which oversees the effectiveness of risk management arrangements.

Process

Group-wide strategic risk assessments are conducted bi-annually. These assessments are facilitated by the compliance officer, in a "second line of defence" role, who plays an important part in evaluating the risk management process and guiding management to continuous improvement.

To encapsulate our focus on the capitals and the triple context in which we operate, the risk process incorporates value drivers that broadly reflect the expectations of our stakeholders and against which risks are identified. The risk assessments conducted involve risk identification and prioritisation both at subsidiary, associate and holding company level through interviews with Senior Management and key members of Executive Management to confirm risks, their descriptions and prioritisation. Each risk is evaluated in terms of its potential impact, the likelihood of occurrence and the perceived effectiveness of controls in place to manage the risks according to set criteria.

The Group has identified its strategic risks and acknowledges that its appetite to accept risk varies across those identified. The assessment process includes the setting of risk appetite and tolerance levels on a qualitative basis. Risk appetite and tolerance levels are reviewed annually at the ARCC and ratified at Board level.

The outcome of the risk assessments is integral in refining our strategic response and in developing a risk-based plan for internal audit engagements for the forthcoming year. Action plans are documented in response to risk appetite and tolerance thresholds that are breached. The Group's material risks are listed on pages 25 to 30.

INFORMATION AND TECHNOLOGY GOVERNANCE

The Board mandated the Group's technology and information governance responsibility to the Executive Committee. The Executive Committee oversaw the implementation and adoption of the IT governance mandates, policies, frameworks and processes.

The Blue label IT Governance Framework was informed by some best-practice reference frameworks, including King IV, ISO/IEC 38500:2015, COBIT and the IT Infrastructure Library (ITIL), including National Institute of Standards and Technology (NIST) and ISO 27001 for cybersecurity. These frameworks ensure the IT strategy supports the business goals and objectives for growth and digital innovation.

Technology as a strategic transformation driver

Back-office transformation investments at Blue Label

Recovering from the COVID-19 pandemic, the technology teams quickly fast-tracked some critical projects to realign with business requirements. Significant investment and focus have gone into:

- improved and zero-trust cybersecurity that kept our core infrastructure and services functioning with 100% uptime and zero cyber breaches;
- a new human capital platform that automates the recruitment process; and
- the roll-out of the digital signature, online conferencing, and workplace tools.

Transformation of market-facing platforms

Our platforms will leverage our new hybrid cloud backbone and centralised Application Programming Interface (API) gateway architecture. This enables the Blue Label Group to accelerate its business model transformation and go to market faster with integrations of the best available technologies. For example, we have successfully deployed all the product (vouchers, airtime, electricity, long-haul bus, gaming vouchers including Lotto, event tickets and bill payments) APIs onto the API gateway.

Our new low-code delivery, management tools and methodologies enable agile software development and release. As a result, our business can launch MVP to the market faster and compete aggressively through the investment in various platform innovation initiatives across the Group:

- The NFC bus platform for Putco has been successfully implemented in Ticketpro. Customers can now commute on Putco buses with the convenience of an electronic top-up card that includes fraud prevention functionality.
- Our Ringas ubiquitous airtime product, which TPC initially launched, now consists of an extended product range.
- Coca-Cola has awarded us the supplier payments tender for SA Distribution as a result of the deployment of our no-code platform.
- CEC is progressing well on our loans offering, which will be launched in the market in FY23.
- We remain steadfast in our Robotics Process Automation (RPA) initiatives, empowering our workforce to do more with their time while leveraging the power of technology to automate the manual repeatable tasks.
- The BLD voucher product range was expanded with the addition of Global Airtime vouchers and a suite of lifestyle vouchers, including brands like Netflix and Uber.

These strategic elements are underpinned by our constant drive towards customer-centric design and user experience, which stands central to our world-class business solutions across our businesses.

Scalability and performance

Ongoing additional investments into our technology platforms, computing edge and hybrid cloud strategy have ensured continuous stability while catering for significant growth in annual transactional volume throughput. We achieved 99.6% uptime for market-facing proprietary systems and 99.5% for business-facing systems and shared infrastructure.

We remained vigilant on our strategic information technology mandates of continuous service improvement, governance, operational enhancement, platform scalability and infrastructure enhancement.

Risk and compliance

Digitisation of governance risk management

Over the past year, Blue Label embarked on improving the maturity of our risk management capability throughout the Group. In conjunction with the Group risk and compliance function, BLT Technology sourced an automated and integrated solution (The Ready Platform). The platform will allow for the following automated capabilities to be introduced in the Group:

- **Independence:** Record and manage potential conflicts of interest by enabling staff to record a wide range of personal interests.
- **Query management:** Assist staff with risk-related queries submitted to the risk management function.
- **Risk management:** Identify, manage and collaborate on risks across the organisation.

INFORMATION AND TECHNOLOGY GOVERNANCE CONTINUED

Risk and compliance continued

Digitisation of Governance Risk management continued

- **Audit and review:** Record, manage and collaborate on findings arising out of audits and reviews across the organisation.
- **Governance:** Distribute policies and track employee acknowledgement to enable more effective compliance and enforcement.

The implementation of the platform is now complete and will be fully operational in the new financial year.

Cybersecurity and compliance

Cybersecurity threats remain a critical ongoing risk and form a significant part of our technology investments. Stringent standards for information and infrastructure security controls have been reviewed and reinforced over the past year. We proactively assess our vulnerabilities and risk of exposure on an ongoing basis while driving cyber risk prevention, assessment and education programmes to maintain vigilance. We are embedding security as a core component within platform delivery via governed development mechanisms and implemented detection capabilities and response processes in our environment.

While BLT has implemented the NIST Cybersecurity Framework over the past 12 months, we have started the process to become ISO 27001:2013 certified and aim to complete this by 2023. The ISO certification will provide further commercialisation benefits while improving the security maturity levels within the Group, and provide enhanced assurance to our customers, business partners and third parties that we engage with.

IT Governance Framework

Our IT governance implementation journey started 18 months ago and is ongoing. Over the past 12 months, we designed and approved a governance framework based on the COBIT framework. We renewed our governance framework to ensure that we can maintain the maximum level of maturity to drive control delivery through project portfolio and systems change management, which now ensures alignment of technology investments with governance controls. We are currently in the implementation phase and are aiming to complete this within this financial year.

Internal audit partner

Deloitte has replaced KPMG as our new internal audit partner from 1 March 2022.

Several IT reviews were performed over the last year:

- **Master data management (MDM) maturity assessment:** This assessment aims to evaluate the adequacy and completeness of the MDM solution and landscape within Blue Label Distribution against good practices. Management will continue to implement key components of the MDM solution to improve the maturity level.
- **Business continuity review:** The objective of the evaluation was to determine the design adequacy of the in-scope business continuity artefacts, which, if implemented and operating effectively, would enhance the Group's ability to recover its business operations within the agreed time objectives. Overall, the BLT adoption of business continuity is following good practice standards such as ISO 22301 and the GPG 2018, with minimal improvement required from a design adequacy perspective.
- **Agile Practices Review:** The objective of this review was to assess the project management level of maturity and practices and to suggest improvements to the framework. BLT is in the early stages of its agile framework methodology and will incorporate the recommendations from the internal audit in the design and implementation of its agile framework.
- **NIST Cybersecurity Framework Maturity Review:** Ongoing assessment of the NIST framework and improving the level of maturity model will continue in the new financial year.

The above outcomes demonstrate our commitment to enhance our governance processes, controls and systems through independent and objective assurance of the adequacy and effectiveness of our IT controls. We continue to monitor the implementation of the recommendations of our assurance partner to ensure that our control environment matures and proves the importance of adequate and effective controls in providing support to the business.

We revitalised our approach to attracting, developing and retaining top skills and talent. This resulted in sourcing and retaining talent with skills targeted at delivering and managing modern digital software technologies. It remains vital in our quest to maintain and support legacy environments while continuously adapting and supporting newer technologies with the best-in-class technology staff. Balancing the technological rate of change through a capable technology workforce through constant resource balancing remains a crucial basis for predictable service delivery and business growth and transformation objectives.

COMPLIANCE REPORT

Regulatory compliance report

The IRCC oversees the discharge of regulatory compliance responsibilities. The Committee monitors, assesses, researches and reports on the regulatory environment in which the Group operates. The IRCC reports to the Audit, Risk, and Compliance Committee (ARCC).

The process of compliance management encompasses:
- identifying and prioritising all Acts and regulations at a national level applicable to Blue Label;
- incorporating regulatory requirements into control measures such as standard operating procedures, processes, manuals, and policies;
- recommending corrective measures or steps to ensure compliance; and
- monitoring compliance through the adequacy and effectiveness of control measures.

The risk of non-compliance is being managed through:
- the annual review and update of the Group regulatory universe;
- the compilation of compliance risk management plans for high-risk legislation utilising external service providers; and
- the continuous monitoring of the regulatory environment.

The regulatory environment changes constantly. We proactively contribute to and manage our regulatory environment by taking care of the interests of all our stakeholders and clients.

The Board is satisfied that the Company has complied with all relevant provisions of the Companies Act of South Africa and the JSE Listings Requirements and has operated in conformity with the Company's MOI during the year.

The information alongside summarises the status of the top two pieces of legislation within the Group:

Protection of Personal Information Act, 2013 (POPIA)

POPIA gives effect to section 14 of the Constitution, which provides that everyone has the right to privacy. The Act promotes the protection of personal information processed by public and private bodies and seeks to balance the right to privacy against other rights such as access to information.

The following POPIA initiatives have been implemented to ensure compliance at 31 May 2022:
- Group Compliance Framework has been developed;
- POPIA information sessions have been presented to the various subsidiaries, associates and stakeholders;
- POPIA questionnaires have been completed;
- POPIA-related policy documents have been prepared/updated;
- POPIA Committee established to meet bi-annually;
- POPIA Control Risk Management Plan has been completed to assist risk management;
- Promotion of Access to Information Act, No. 2 of 2000 (PAIA) manuals are being developed/updated; and
- POPIA impact assessments have been prepared to perform gap analyses. These impact assessments are ongoing based on new products/initiatives being introduced throughout the Group.

Two information requests were received from the Information Regulator during the first three months of the financial year. The information was duly supplied to the Regulator and no further correspondence was received thereon.

Cybersecurity and Cybercrime Bill, 2021

BLT operations rely heavily on technology platforms to facilitate service delivery, which increases the risk of cybercrime. It is therefore of critical importance to maintain the integrity and stability of key IT systems to protect stakeholder interests against increasingly sophisticated targeted attempts at digitally assisted fraud, which is one of the main objectives of the Cybersecurity and Cybercrimes Bill, 2021.

Examples of data messages deemed harmful by the new law include those which incite violence or damage to property; threaten persons with violence or damage to property, and those which contain an intimate image. Other offences include cyber fraud, forgery, extortion and theft of incorporeal property.

The unlawful and intentional access of a computer system or computer data storage medium is also considered an offence, along with the unlawful interception of, or interference with data.

Cybersecurity threats remain a critical ongoing risk and form a significant part of our technology investments. Stringent standards for information and infrastructure security controls have been reviewed and reinforced over the year. We proactively assess our vulnerabilities and risk of exposure on an ongoing basis while driving cyber risk prevention, assessment, and education programmes to maintain vigilance. We are embedding security as a core component within platform delivery via governed development mechanisms and implemented detection capabilities and response processes in our environment.

The focus was on the suite of the NIST Cybersecurity Framework controls in line with our approved strategy. The following have been accomplished along the NIST suite of controls:
- implementation of Security Operations Centre services;
- security awareness training campaigns through the KnowBe4 platform;
- designed and implemented cybercrimes and incident management processes; and
- developed incident response and incident response testing as well as scenario planning.

COMBINED ASSURANCE

The Board, supported by the Audit Committee, is ultimately responsible for Blue Label's system of internal controls, which has been designed to evaluate, manage, and provide reasonable assurance against material misstatement and loss. The Audit, Risk, and Compliance Committee (ARCC) of Blue Label is specifically responsible for overseeing the effectiveness of combined assurance arrangements within the organisation, which is documented within the Blue Label Integrated Risk Assurance Policy and Framework. The IRCC is responsible for directing and assisting in the co-ordination of the combined assurance arrangements within Blue Label as well as to ensure that a robust integrated risk assurance plan is compiled and executed by the various assurance providers on an annual basis.

Blue Label has adopted a combined assurance model, in line with corporate governance objectives, to optimise assurance obtained from management, corporate functions, and internal and external assurance providers on the risks affecting the business. The combined assurance model is integrated within the risk management process, including reporting to and oversight from the IRCC and ARCC, from which the annual integrated assurance plan is developed in respect of the priority risks for the Group across the four lines of defence (Management, Corporate Functions, Independent Assurance, and Oversight Committees) through defined assurance activities. The assurance plan is a key tool to support the ARCC and the Board in making its endorsement on the effectiveness of internal controls in the integrated report and to support the integrity of information that underpins internal decision-making within Blue Label and reporting to its stakeholders.

Effort surrounding the first and second line of defence included automating the settlement and reconciliation processes within the applicable subsidiaries, and robust subsidiary and Group-level finance reviews on a monthly basis which formed part of oversight and strengthening of the overall combined assurance function.

In conclusion, risk audits are assigned to appropriate assurance providers, who monitor the effectiveness of the action plans and processes developed and implemented by management to mitigate the risks. This model gives the Board the assurance, through the ARCC, that all significant risks and associated opportunities are adequately managed.

AUDIT, RISK AND COMPLIANCE COMMITTEE'S REPORT

The Audit, Risk, and Compliance Committee (ARCC) is pleased to present its report for the financial year ended 31 May 2022.

The ARCC is an independent statutory committee appointed by the shareholders of the Company. In addition to its statutory duties, the Board has delegated further duties to the Committee. This report covers both these sets of duties and responsibilities.

Mandate and terms of reference

The Committee has adopted comprehensive and formal terms of reference which have been approved by the Board and which are reviewed on an annual basis. The responsibilities of the ARCC include:

- examining and reviewing the Group's financial statements and reporting of interim and final results;
- reviewing and considering, for recommendation to the Board, the consolidated budget for the ensuing financial year;
- overseeing integrated reporting;
- overseeing the Internal Risk and Compliance Committee function;
- overseeing the function of the Group Compliance Officer;
- ensuring that Blue Label implements an effective policy and plan for risk management that has been disseminated throughout the organisation and integrated within day-to-day activities in order to enhance the Company's ability to achieve its strategic objectives;
- ensuring that the disclosure regarding risk is comprehensive, timely and relevant;
- ensuring that a combined/integrated assurance model is applied to provide a co-ordinated approach to all assurance activities and appropriately address all the significant risks facing Blue Label;
- reviewing and satisfying itself of the expertise, resources, and experience of the Blue Label finance function;
- overseeing the Group internal audit function;
- establishing, implementing, and maintaining a compliance function with adequate policies and procedures to ensure compliance with rules, regulations, statutes and procedures applicable to Blue Label;
- reporting annually to the Board and shareholders describing the Committee's composition, responsibilities, and how they were discharged, as well as any other information required by rule, including the approval of non-audit services;
- resolving any disagreements between management and the auditor regarding financial reporting;
- retaining independent counsel, accountants, or others to advise the Committee or assist in the conduct of an investigation;
- seeking any information it requires from employees – all of whom are directed to co-operate with the Committee's requests – or external parties; and
- meeting with the organisation's officers, external auditors, internal auditors, or outside counsel as necessary.

Membership and meetings held

In accordance with the requirements of the Companies Act, No 71 of 2008 (the Companies Act), Mr JS Mthimunye, Mr GD Harlow, Ms NP Mnxasana and Mr SJ Vilakazi were appointed to the Committee by shareholders at the AGM held on 25 November 2021 in the following positions:

- JS Mthimunye (Independent Non-executive Chairman);
- GD Harlow (Independent Non-executive Director);
- NP Mnxasana (Independent Non-executive Director); and
- SJ Vilakazi (Independent Non-executive Director).

The members of the Committee collectively have experience in audit, accounting, commerce, economics, law, corporate governance and general industry. All the members of the ARCC are Independent Non-executive Directors.

The Committee meets quarterly and the quorum for each meeting is three members present throughout the meeting. Mandatory attendees at the meetings are the Joint Chief Executive Officers and the Financial Director of Blue Label. The external audit partner from PwC and a director from Deloitte, to whom Blue Label outsources its internal audit function, are also attendees. Both internal and external auditors are afforded the opportunity to address the meeting and have unlimited access to the Committee. During the year, the Committee met with the external and internal auditors respectively without the presence of management. The internal audit function reports directly to the ARCC and is also responsible to the Financial Director on day-to-day administrative matters.

Statutory duties discharged

In execution of its statutory duties during the year under review, the Committee:

- nominated and recommended to shareholders the reappointment of PwC as independent external auditors, with Pietro Calicchio, the audit partner, as the registered independent auditor;
- approved the fees to be paid to PwC and other external auditors, where applicable, and approved the terms of engagement;
- maintained a non-audit services policy which determines the nature and extent of any non-audit services that PwC may provide to the Group;
- discharged those statutory duties as prescribed by section 94 of the Companies Act, acting in its capacity as the appointed Audit Committee of the subsidiary companies of Blue Label;

AUDIT, RISK AND COMPLIANCE COMMITTEE'S REPORT CONTINUED

- considered the Committee's report describing how duties have been discharged; and
- submitted matters to the Board concerning the Company's accounting policies, financial controls, records and reporting, and key risks identified in the enterprise-wide risk management (ERM) process, as appropriate.

Other duties to discharge

Financial statements and reporting

The Committee:

- monitored compliance with accounting standards and legal requirements and ensured that all regulatory compliance matters had been considered in the preparation of the financial statements;
- reviewed the external auditor's report to the Committee and management's responses thereto and made appropriate recommendations to the Board of Directors regarding actions to be taken;
- reviewed and commented on the annual financial statements, interim reports, paid advertisements, announcements and the accounting policies and recommended these to the Board for approval;
- reviewed and recommended to the Board for adoption the consolidated budget for the ensuing financial year; and
- considered the going concern status of the Company and Group on the basis of review of the annual financial statements and the information available to the Committee and recommended such going concern status for adoption by the Board. The Board statement on the going concern status of the Group and Company is contained in the Directors' report.

External audit and non-audit services

The ARCC has satisfied itself as to the independence of the external auditor, PwC, as set out in section 94(7) of the Companies Act, which includes consideration of compliance with criteria relating to independence or conflicts of interest as prescribed by the Independent Regulatory Board for Auditors, including tenure of the audit firm and rotation of the designated individual partner. Requisite assurance was sought from and provided by PwC that internal governance processes within the firm support and demonstrate its claim to independence. PwC has been the auditor of the Company for 18 years.

To assess the effectiveness of the external auditors, the Committee considered the quality, delivery and execution of the agreed audit plan and variations from the plan, as well as the robustness and perceptiveness of PwC in its handling of key accounting treatments and disclosures. The ARCC has been informed of the most recent results of PwC's regulatory and firm inspection results and is satisfied with the results thereof.

The Committee, in consultation with Executive Management, agreed to the engagement letter, terms, audit plan and budgeted audit fees for the 2022 financial year.

Any non-audit services to be provided by the external auditors are governed by a formal written policy which incorporates a monetary delegation of authority in terms of non-audit services to be provided. The non-audit services rendered by the external auditors during the year ended 31 May 2022 comprised tax advisory services, tax compliance services and general advisory services.

The fees applicable to the services totalled R3.1 million (2021: R2.4 million).

The ARCC has nominated, for approval at the AGM, the reappointment of PwC as registered auditors for the 2023 financial year. The Committee also satisfied itself in terms of paragraph 3.84(g)(iii) of the JSE Listings Requirements that PwC and the designated individual partner are suitable for appointment having requested and considered the information detailed in paragraph 22.15(h) of the JSE Listings Requirements.

Internal audit and internal controls

Blue Label's internal audit was outsourced to KPMG for part of the year, and to Deloitte for the remainder of the year and going forward and the role of the Chief Audit Executive is fulfilled by the Engagement Director. The ARCC concludes that the Chief Audit Executive and internal audit arrangements are effective and independent.

The Committee:

- reviewed the co-operation and co-ordination between the internal and external audit functions in order to avoid duplication of work and to work towards an effective and efficient combined/ integrated assurance approach;
- examined and reviewed the progress made by internal audit against the approved 2021/22 audit plan;
- considered the combined/integrated assurance arrangements for the 2021/22 financial year;
- approved the risk-based internal audit plan for the 2021/22 financial year;
- considered the effectiveness of internal audit;
- considered internal audit findings and corrective actions taken in response to such findings; and

- reviewed the annual statement from internal audit on the effectiveness of the organisation's governance, risk management and internal control processes.

The ARCC concluded that appropriate financial reporting procedures have been established and were operating, as contemplated in paragraph 3.84(g)(ii) of the JSE Listings Requirements, which includes consideration of all the entities in the consolidated annual financial statements.

In carrying out its responsibility of ensuring appropriate financial reporting procedures are in place, the ARCC has had oversight of the procedures performed by management to ensure that internal financial controls are adequate in design and operating effectiveness, and has considered all deficiencies reported by management to the ARCC and external auditors together with steps taken to remedy such deficiencies.

The ARCC concludes that the combined assurance arrangement is effective and will continue to evolve as the Group grows.

Risk management and compliance

In relation to the governance of risk, the Committee:

- reviewed the integrity of the risk control systems and ensured that the risk policies and strategies of the Company are effectively managed;
- made recommendations to the Board concerning the levels of risk tolerance and appetite, and monitored the management of risk exposures against these levels;
- reviewed and recommended to the Board the approval of the Integrated Risk Assurance Policy and Framework;
- monitored bi-annual risk assessments and reviewed the consolidated strategic risk profile to evaluate and ensure all material risks had been identified as they pertain to the triple context of Blue Label, and are being managed appropriately;
- provided feedback to the Board on significant risks, including emerging risks, and significant changes to the Company's risk profile;
- ensured that management considered and implemented appropriate risk responses to significant risks;
- considered the relevance and effectiveness of information and technology governance systems, processes and mechanisms to manage technology-related risks;
- reviewed and recommended to the Board risk information for disclosure, in accordance with King IV principles;
- reviewed legal matters that could have a material impact on the Group in conjunction with Blue Label's legal adviser; and
- reviewed developments in corporate governance and best practice and considered their impact and implications across the Group with particular reference to the principles of King IV.

The ARCC is satisfied that it has dedicated sufficient time to its responsibility towards the governance of risk.

The Committee is satisfied that it has exercised sufficient, ongoing oversight of compliance through:

- the continued appointment of a dedicated Compliance Officer for the Group;
- the approval of the compliance strategy;
- the approval of the regulatory compliance policy and the compliance process;
- annual review of the Company's regulatory universe in order to prioritise regulatory compliance efforts;
- ongoing development and review of compliance risk management plans;
- continuous monitoring of the regulatory environment to ensure that the Group keeps abreast of matters affecting its regulatory environment;
- identification and monitoring of key compliance risks across the Group; and
- making use of a compliance maturity model to assess progress in the management of compliance.

Expertise and experience of the Financial Director and finance function

The Committee considered the appropriateness of the expertise and experience of the Financial Director and finance function in accordance with the JSE Listings Requirements and governance best practice and has satisfied itself in terms of JSE Listings Requirement 3.84(g)(i) that the Group Financial Director has appropriate expertise and experience.

The ARCC concluded that the finance function is adequately resourced with technically competent individuals and is effective. The Committee confirms that it is satisfied that Mr Dean Suntup possesses the appropriate expertise and experience to discharge his responsibilities as Financial Director. The Committee is also satisfied that appropriate financial reporting procedures have been established and that those procedures are operating effectively.

Annual financial statements

The Committee has reviewed the accounting policies and financial statements of the Company and the Group and is satisfied that they are appropriate and comply with International Financial Reporting Standards, the JSE Listings Requirements, and the requirements of the Companies Act of South Africa.

The Committee has evaluated the Group annual financial statements of Blue Label Telecoms Limited for the year ended 31 May 2022 and based on the information provided to the Committee, the Committee recommends the adoption of the annual financial statements by the Board.

AUDIT, RISK AND COMPLIANCE COMMITTEE'S REPORT CONTINUED

The significant audit matters considered by the Committee were the impairment assessment of goodwill arising from business combinations and the intangible assets and subscription revenue sharing arrangement with Cell C. These matters was addressed as follows:

The impairment assessment of goodwill arising from business combinations

For the year ended 31 May 2022, management performed an impairment assessment over the goodwill balance as follows:

- assessing the recoverable amount as being value-in-use, as entities are held-for-trading and not for sale;
- calculating the value-in-use for each cash-generating unit (CGU) using a discounted cash flow model; and
- performing a sensitivity analysis over the value-in-use calculations, by varying the assumptions used (growth rates, terminal growth rate and WACC, i.e. discount rate) to assess the impact on the valuations.

Based on the work performed, management concluded there was no need for any further impairment.

Recognition of the intangible asset related to the Cell C subscription income-sharing arrangement

For the year ended 31 May 2022, management performed the following assessment over the recognition of the intangible asset:

- considered its rights and obligations under the agreement and applied significant judgement in determining that the Group's right to future cash flows from the arrangement should be recognised as an intangible asset rather than a financial asset; and
- identified the qualifying costs which meet the recognition criteria to be capitalised as an intangible asset.

Based on the work performed, management concluded these cash flows should be recognised as an intangible asset.

Integrated annual report

The Committee considered the integrated annual report, incorporating the annual financial statements for the year ended 31 May 2022. The Committee considered the sustainability information as disclosed in the integrated annual report and assessed its consistency with operational and other information known to its members. The Committee recommended the approval of the integrated annual report to the Board.

The ARCC is satisfied that it has complied with its legal, regulatory, and other responsibilities as per its terms of reference and that it has executed its responsibilities in terms of paragraph 3.84(g)(iii) of the JSE Listings Requirements in its assessment of the suitability of the auditor. The contents of the ARCC report were discussed at the Committee meeting and were approved by the Committee members on 30 September 2022.

On behalf of the Audit, Risk and Compliance Committee

JS Mthimunye
Chairman

30 September 2022

SOCIAL, ETHICS AND TRANSFORMATION COMMITTEE'S REPORT

I am pleased to present this report to all stakeholders which gives comprehensive details on our socio-economic development initiatives. This Committee was formed in line with section 72(4) of the Companies Act and operates under Board-approved terms of reference, which include holding at least three meetings per financial year. The Committee performed its oversight functions without any hindrance and can report on its activities for the financial year ended 31 May 2022.

As prescribed by the Act, the role of the Committee is to monitor and support the Group's initiatives and programmes regarding:

- social and economic development, including the Group's compliance with the Broad-Based Black Economic Empowerment Act and the Employment Equity Act;
- consumer relations and the Group's compliance with consumer protection laws;
- the Group's standing in terms of the ILO protocol on decent work and working conditions, the Group's employment relationships and its contribution to the educational development of its employees;
- good corporate citizenship, including the Group's promotion of equality, prevention of unfair discrimination and reduction of corruption, contribution to development of the communities in which the Group operates, and its record of sponsorships, donations and charitable giving;
- the environment, health and public safety and the impact thereon of the Group's activities; and
- the 10 principles of the United Nations Global Compact (UNGC).

The Committee continued to engage with management on transformation across the Group focusing on continuous improvement in meeting the Group's transformation objectives and regulatory compliance both at Group and subsidiary levels.

The past year saw progress being made with the Trust Blu Foundation appointing a Managing Director and implementing institutional policies and controls for the distribution of funds and support to our CSI beneficiaries. To improve the impact of its initiatives on communities, the Group has in the past year partnered with other organisations and industry players with shared socio-economic values to pull together resources for high impact.

Our programmes continued to impact community and youth development through initiatives aimed at developing entrepreneurs and SMMEs within communities in line with our focus areas announced in the 2021 integrated annual report. In order to ensure long-term sustainability of beneficiary organisations and communities, the Group has formed long-term partnerships with selected organisations with proven track records working with grassroot communities on the ground.

Coming out of the difficult period of COVID-19, the Group has continued to support and implement initiatives to enhance the quality of health for employees and their families.

A comprehensive review of the Group's ESG philosophy and policy has resulted in the formulation of critical indicators and measures that are being implemented by the Remco in the scorecards of the executive. Noting the challenges of climate change, the Group has partnered with players in the renewable energy space to create awareness in very poor communities and implement renewable energy sources such as in one of our prime CSI projects in Orange Farm in Gauteng.

Key focus areas for 2023

- Continue to drive an internal mindset of performance with purpose through the Blue Label business by:
  - focusing on the chosen project in Orange Farm as our primary target community for driving sustainability through the creation of new jobs and growing at least six new SMMEs;
  - focusing on critical skills needed and building a capability map that will enable us to leverage these new skills in the business and achieve our skills spend points; and
  - driving impactful objective-setting processes to enable the promotion of fair labour practices, decent work and economic growth.
- Continue driving a growth mindset culture within the business.

SOCIAL, ETHICS AND TRANSFORMATION COMMITTEE'S REPORT CONTINUED

- Drive long-term employee development for succession planning and meeting the skills needs of the business.
- Monitor and measure the success and impact of our socio-economic projects through the Ubelong and Wozza channels.
- Design and implement a parity plan for all subsidiaries to start processes to eliminate all forms of inequality.
- Continue supporting the Group's flagship initiatives to help reduce poverty in the communities we serve.
- Identify a new economic development project that will improve the lives of targeted beneficiaries in the community where we operate.
- Continue to focus on improving the environmental and health and safety performance of the Group.
- Support and monitor the success of the solar project initiative as part of our overall initiative in Orange Farm aimed at creating awareness of renewable energy and reduction of dependency on fossil fuel energy at community level in line with the Group's ESG ambitions in support of the country's commitment and response to climate change.
- Focus on monitoring the use of electricity and water across the business.
- Focus on improving the Group's B-BBEE scorecard as a means of achieving our socio-economic transformation objectives.
- Conduct a detailed analysis on our ESG objectives and put in place a three-year measurable plan.

The Committee is pleased to report to all stakeholders of the Group that it has fulfilled its mandate as prescribed in its terms of reference and applicable legislation, in particular, the Companies Act and that the Company has no instances of material non-compliance to disclose, other than the fraud case which was disclosed to all stakeholders.

The Group has continued to uphold its ethical code and conduct its business in line with acceptable standards of ethical behaviour. Management has continued to address and prioritise the Group's B-BBEE objectives notwithstanding the challenges of certain aspects of procurement as the Group purchases mainly from the networks and power utilities.

The Committee looks forward to reporting on our critical milestones next year.

SJ Vilakazi
Chairman

30 September 2022

REMUNERATION REPORT

Dear shareholders

I am pleased to report that the Human Capital team at Blue Label and Blue Label Remuneration Committee continued to prioritise staff welfare as we navigated another year of COVID-related challenges.

Our Remuneration Policy, amended significantly in 2020 to align with best practice, together with the Implementation Report and Non-executive Directors fees, were put to a shareholder vote at the previous AGM on 25 November 2021 and were endorsed with a majority vote of 98.8% and 81.2% respectively. Each year we engage with our shareholders to ensure alignment of our policy and their goals.

It is also vital that our Remuneration Policy aligns with best practice and achieves our goals of attracting and retaining top talent. During the reporting period, PwC was engaged to review our overall remuneration policy and the underlying variable remuneration structures to assess their alignment with leading market practice and good corporate governance principles. The updates to our remuneration practices to align with market/best practice continue as at the time of this publication, to be reported on fully, as necessary, in our 2023 report.

As in the previous year, and in line with best practice, no metrics or targets, have been or will be retrospectively adjusted but the policy ensures that the Remuneration Committee has the flexibility in setting appropriate metrics and targets on an annual basis. For the reporting year, the Committee has however evaluated the impact on EBITDA as a consequence of the Group initiating a learnership programme which negatively impacts EBITDA but which after deducting the S12H allowance in terms of the Income Tax Act, should leave our bottom line NPAT unchanged. Consequently, the Committee agreed that it would be appropriate to evaluate EBITDA on a normalised basis adjusting only for the extra spend on the learnership programme.

Section 1 provides an overview of how the Remuneration Committee has championed our alignment to King IV's Code on Corporate Governance, our areas of focus in achievement of our policy objectives, our efforts to build a culture through values and our purpose and alignment with performance and rewards. We also address diversity and inclusion, gender and race remuneration parity and setting new ESG goals.

Section 2 summarises our forward-looking remuneration philosophy and policy, together with an overview of our total rewards strategy. The most significant change for the year ahead relates to our long-term incentive plan, and updates which have been made to its administration, as discussed in detail below. Given PwC's ongoing review and the updates required as a result thereof, we anticipate that next year's report will disclose these changes in detail. Minor changes were made to move threshold to 80% of target and stretch to 125% of target for financial measures in both the short-term incentive plan (STIP) and long-term incentive plan (LTIP). We removed the stretch component of the individual key performance indicator (KPI) targets in the STI and the ESG measures in the LTIP, as these measures are assessed on a binary basis and only provide for the achievement of target performance, with threshold performance being assessed on a pro-rata basis relative to target. Financial metrics were slightly amended to match realistic and benchmarked targets noting prevailing economic conditions in the country. The full policy can be accessed here **https://www.bluelabeltelecoms.co.za/sus-governance-framework.php**. We also highlight our continued focus areas for FY2023.

Finally, section 3, the Remuneration Implementation Report, provides an overview of FY2022 performance and discloses performance against targets and resulting awards to Executive Directors, Prescribed Officers as well as the fees paid to Non-executive Directors.

Looking forward to FY2023, we will continue to review the success of our Remuneration Policy in terms of both our and stakeholders' goals. We have to be mindful of the challenges facing our country and what role we need to play in addressing these. Together with ESG, these will be our prioritised goals for the forthcoming year.

We invite engagement with our shareholders as part of our efforts to continuously review and improve.

GD Harlow
Chairman

30 September 2022

REMUNERATION REPORT CONTINUED

SECTION 1

Background statement regarding committee considerations and decisions

It remains the responsibility of the Remuneration Committee Chairman to give feedback to the Board after every Remuneration Committee meeting of any key decisions and relevant discussions. The Remuneration Committee is committed to applying the King IV principles regarding responsible and transparent remuneration practices, assisted by regular benchmarking exercises. As noted hereinabove, during the reporting period, PwC was engaged to review the Company's remuneration policy and practices, specifically its variable remuneration structures against leading market practice and corporate governance as well as the Company ongoing business strategy. The Remuneration Committee confirmed their independence in this mandate as well as their objectivity.

This is discussed in more detail below.

The management team's focus in the past year was a "back to basics" plan. We believe the short and long-term incentive components of our remuneration policy, strongly assisted in the achievement of our goals. Rewards were well earned after an exceptional operational performance.

The Remuneration Committee was not required to consider any request to deviate from policy other than a "normalisation" of actual EBITDA, taking into account the additional expenses incurred on the new learnership programme which we implemented. In this regard, the adjustment required to normalise EBITDA in the current and prior year amounted to R65 million and R10 million respectively.

Achievement of policy objectives

The Remuneration Committee believes that the Blue Label remuneration philosophy and policy remain fit for purpose and achieves the high-level objectives of attraction, retention, and performance motivation of our employees. We took the same approach as last year by taking into consideration the challenges in the country and allowing the Remuneration Committee to have flexibility in the determination of performance metrics and other elements that would typically be addressed yearly, rather than codified into a policy without change.

This has the added benefit of ensuring that metrics and targets associated with remuneration remain relevant through changing business environments.

The Remuneration Committee prioritised and achieved the following objectives during the FY2022 year:

- Monitored the success of the Remuneration Policy in attracting and retaining critical skills and talent.
- Supported the transformation agenda and eliminated any unfair bias or practices.
- Ensured alignment of metrics to value-creating behaviour that enhances shareholder returns and rewards performance accordingly.
- Reviewed and approved Executive Director and Senior Management succession plans.
- Reviewed the ESG scorecard for "fit-for-purpose".
- Identified the applicable prescribed officers as an outcome of the new organisational redesign.
- Continued reviewing potential talent with new skills and capabilities that will complement our non-executive Board, with a focus on succession for Non-executive Directors who have served on the Board for more than nine years and specifically attracting black female talent onto our Board of Directors.
- Continued efforts to improve the environment, health and safety for all employees.
- Driving a mindset of "performance with purpose" which includes being responsive to the needs of the communities we serve.
- Provided quality education, decent work and growth and development opportunities, creating sustainable communities with socio-economic plans that reduce inequalities and poverty.

Culture, reward, and performance

An inclusive leadership culture shifts the impact on the employer-employee relationship. We believe the right culture is a huge factor in driving long-term employee engagement, organisational performance, brand loyalty and customer satisfaction. The talent pool we are targeting are attracted to organisations with robust environmental and social commitments. We have worked on a range of initiatives in our social responsibility projects together with our employees.

We have successfully completed career discussions and people planning, with succession plans in place for all management. Research has shown that employees feel their work is more meaningful when organisations show that they are:

- **Environmentally conscious** – 25% of employees feel their role is more meaningful
- **Socially responsible** – 59% of employees feel their role is more meaningful
- **Display inclusive leadership** – 70% of employees feel their role is more meaningful.

Employees desire to work for organisations that reflect their values and have a positive impact on the world around them.

Additional considerations made in FY2022 to be implemented in the future

BluTrain, a subsidiary in the group, has been appointed to support and encourage a culture of learning within the organisation. The programme accommodates approximately 3 600 unemployed learners and 539 employed learners across the Blue Label Group. This is consistent with the Group's goals to focus on Skills Development and Enterprise Development. Although the new learnership initiatives impacts negatively on EBITDA, the benefit thereof is realised by way of income tax savings as a result of the section 12H allowances being claimed for such learnerships.

2023 pay review

Paying for performance remained at the core of the Group's and the Remuneration Committees' philosophy.

For employees, management and executives, an increase in fixed pay of up to 6% was approved, based on an individual performance rating. These decisions were aligned to the reported inflation rate.

Changes to remuneration policy for 2023

Key recommendations were to table a revised Share Incentive Scheme for shareholder approval. The primary motivation was driven by the limits imposed on the old scheme which was based on significantly lower shares in issue. The second motivation was to convert the scheme from a Forfeitable Share Award to a Conditional Share Award to allow the Company to better plan the purchase of shares to be awarded, optimising flexibility and the cost thereof.

The benchmarking exercise by PwC led to recommendations of some policy changes or small amendments for the forthcoming year, to align to best prevailing practice. These were linked to the changes for the targets for the financial metrics in both the STI and LTIP plans, threshold and stretch target percentages and removing stretch performance level for individual KPI and ESG targets, as these targets are binary. After extensive deliberation and taking into consideration leading local and global market practices as well as Blue Label's strategic objectives, the Committee will table a number of the proposed changes for shareholder approval.

The Committee considered amendments to the current performance metrics for the forthcoming year and after recommendations from PwC and considering market benchmarks, made the following adjustments for the forthcoming year in line with economic conditions and best practice:

- For the STIP, the on-target growth for EBITDA and Core HEPS will be CPI plus 10%, and remains unchanged from the prior year (threshold at 80% of on-target, and stretch at 125% of on-target).
- For the LTIP, a cumulative on target growth for Core HEPS will be CPI plus 7.5%; and for TSR, performance will be assessed against a 3-5 year long bond rate plus 7.5% (threshold at 80% of on-target and stretch at 125% of on-target).

We also tabled these to some of our larger shareholders, for feedback and comment prior to convening the AGM voting resolutions.

Long-term incentive policy updates

During PwC's review of our remuneration structures, the RemCo decided that in line with evolving market practice and shareholder alignment, the long-term incentive plan should be updated to operate as a Conditional Share Plan. Accordingly, the Forfeitable Share Plan rules approved in 2008 by shareholders have been updated to cater for the following:

- Awards of conditional shares are made to participants, rather than awards of forfeitable shares;
- As conditional shares comprise conditional rights to shares, participants receive neither shareholders rights nor dividends/dividend equivalents until vesting (principle aligned with previous LTIP);
- Conditional shares are only settled to participants to the extent that the applicable performance conditions are achieved during the performance period (principle aligned with previous LTIP);
- Provisions are added to provide for malus and clawback mechanisms, in line with the Company's remuneration policy;
- The provisions relating to the treatment of awards upon a change of control of the company are updated for alignment with best practice; and
- Finally, although the rules comply with the JSE Listings Requirements, given that the JSE Listings Requirements have been amended since the approval of the 2008 rules, the current rules have been updated to account and reflect for the additional Schedule 14 requirements, to ensure continued and full compliance therewith.

One of the other main changes relates to the applicable share schemes limits. The 2008 set of rules were approved with an overall limit of 10% of the total issued shares of the Company as at 2008, equating to c.76.64 million shares. As it is the Company's intention to continue using the plan albeit as an amended conditional share plan, as per the 2022 Notice of AGM, shareholders are requested to approve an adjustment of the overall plan limit to c.91.37 million shares, which would retain a limit of 10% of the total issued shares of the Company as at the date of AGM, but provide c.14.73 million further

REMUNERATION REPORT CONTINUED

shares for settlement of awards, thereby prolonging the life of the structure for an additional period. The updating of this limit maintains the principle of utilising 10% of the issued share capital and shareholders are no further diluted by the updated limit, than they were as at the original approval of the structure. In addition, measurement of the depletion of the limit will be based on shares vested and settled to participants and not shares allocated to participants as was the case historically.

Confirmation is furthermore provided that once the share scheme limit above has been fully depleted through the use of a treasury function which hedges Blue Label's exposure to share price fluctuations, Blue Label will thereafter settle all subsequent awards solely through the use of a market purchase of shares, which is non-dilutive to shareholders.

Similarly, shareholders are asked to approve an adjustment of the conditional share plan's (previously forfeitable share plan's) individual limit from c.7.66 million shares to c.9.13 million shares, which, while updating the number of shares available for individual participants, would retain the limit of 1% of total issued shares, as approved by shareholders as at adoption of the structure. As noted above regarding the adjustment of the overall limit, this adjustment would not lead to further shareholder dilution.

Given that the bulk of amendments are made to simplify the administration of the structure and to bring its provisions in line with best practice in corporate governance, we anticipate and trust that shareholders would support them.

General remuneration policy updates anticipated

As noted hereinabove, as at the time of this publication, the Company continues to engage PwC in the review of its remuneration policy and overall variable remuneration practices.

As part of this process and given that the Group has made a number of acquisitions within the last decade, a review shall be undertaken during FY23, in addition to the changes proposed to the long-term incentive policy outlined above. This review will look at the underlying rules and the Company's pay bands; whether these are sufficiently stratified and whether the participating employees within the bands are receiving a market-related mix of fixed and variable remuneration.

To the extent that it is determined that this is not the case, the Committee will review and adjust the bands and variable remuneration allocation methodologies and quanta, as may be required for market-alignment. Additionally, a formal analysis of the participants of the long-term incentive plan will be conducted, determining which participants should remain on an equity-settled long-term incentive plan and which should be placed on a similar cash-settled structure. Of course, and aligned to King IV, this would exclude executive directors and prescribed officers, who would remain on an equity-settled long-term incentive plan to ensure overall alignment with shareholders.

Further, to the extent that the Remuneration Committee becomes aware that there is significant misalignment between current pay band grading and the total reward review outcomes, discretion will be applied in how the remuneration policy is applied during FY23.

Such discretion is intended primarily for levels below executive director and prescribed officers and shall be applied with caution and after careful consideration to executive directors and prescribed officers. Aligned with our policy in circumstances where discretion is applied, such discretion will be applied reasonably within the ambit of the principle of pay for performance and taking into account Blue Label's commitment to fair and responsible remuneration. Where any additional remuneration structures are introduced, these will be self-funding and be evaluated against the appropriateness of total remuneration relative to market.

ESG, shared value and our purpose

Our rewards policy, value proposition, culture and ESG objectives must align with our purpose. Through good ethics and good commercials, it is our social responsibility to generate value for all. In this way we will:

- Attract and retain key capabilities
- Reward employees for living our values and displaying our leadership behaviours.
- Motivate our people to innovate and bring new ideas to achieve our goals and purpose.

We have partnered with Deloitte to perform a gap analysis of our ESG goals and metrics and will compile a three-year plan with new measurable objectives.

Voting at the 2022 annual general meeting

In line with the JSE Listings Requirements and King IV, we will table the following resolutions for shareholders voting at the AGM:

- Advisory vote for the approval of the remuneration policy.
- Advisory vote for FY2022 implementation report.
- A binding vote on Non-executive Directors' fees.

Shareholders are invited to engage on our remuneration policy and this remuneration report by sending a request for engagement to the Chairman of the Remuneration Committee at investors@blts.co.za.

Remuneration Committee focus areas for FY2023

The Committee is mandated by the Board to continually assess the executive remuneration market and governance framework.

The Committee will consider current market conditions, Blue Label's strategy and operational performance. We anticipate focusing on the following in FY2023:

- Attracting and retaining key talent to deliver our strategic goals and shareholder returns.
- Continued benchmarking against best practice, refining where appropriate (for example, ensuring our growth targets are realistic given current economic conditions in the country).
- Succession planning across all levels in the group, with a focus on transformation.
- Best practice reviews on ESG goals, to ensure it is measurable and verifiable.
- Benchmarking Non-executive Director fees and reviewing accordingly.
- Continued annual engagement with our institutional shareholders for their input and advice.
- Reviewing our strategy to attract and retain the best skills needed in technology.
- Continuing our policy of gender and equity pay parity and the need to drive to achieve our targets in the next two years.
- Continuing to identify and develop future leaders through the leadership development programme.
- Stratification of employee-wide pay bands and reviewing our allocation methodology under our variable remuneration structures.

SECTION 2

Our remuneration philosophy, policy, and framework

Blue Label recognises that our people are one of our biggest assets and believes that it is important to allow each individual to thrive as an individual and grow their career, while excelling and succeeding together as an organisation. Our remuneration policy and practices, together with our *WeLead* programme, aims to create awareness of how important it is to be resilient, be achievement-driven and have a winning mindset.

We aim with our Employment Value Proposition (EVP) of #HappinessisBlu and employee engagement #teamblu programmes, to differentiate ourselves from our peers. Our all-in culture creates a safe environment that leads to increased productivity and innovation.

This together with our remuneration policy, enables us to:

- deliver shareholder value by aligning our remuneration practices to our strategic goals;
- achieve our employment equity aspirations;
- align our employees' performance with shareholder interests;
- support our talent strategy by enabling Blue Label to attract, motivate and retain the very best calibre of Directors and employees who have top tier industry ability and expertise;
- create an entrepreneurial, competitive, innovative, and high-performance Company through rewarding achievement of demanding performance goals that are consistent with our strategy and shareholder growth expectations;
- reinforce our desired culture through encouraging and rewarding ethical behaviour that is consistent with our values and leadership behaviours, thereby stimulating employee engagement and corporate citizenship simultaneously; and
- drive our *WeLead* initiative that cultivates a growth mindset and innovative spirit that will dare to win.

This applies to all subsidiaries, associates and joint venture companies in which the Group holds a shareholding in excess of 40%, excluding Cell C who have their own remuneration policy and committee. The Remuneration Committee may approve by exception for the policy to apply to seconded Blue Label employees.

Employer of choice

Our objective is to be an employer of choice and our employee brand and reward programme should be designed to help us achieve this.

Competitive pay levels

Our localised benchmark on guaranteed pay practices helps us to stay committed to remuneration packages that are competitive and relevant for the role and experience.

Pay for performance

We strive to pay for performance and therefore structure remuneration around this. This allows us to reward strong individual performance as well as strong organisational performance. We apply malus and clawback provisions to vested and unvested LTIP awards for management.

Fair and responsible remuneration

As far as possible, remuneration differentiation between employees is based on fair and objective criteria. The Committee has a policy in place which is aimed at monitoring and continuously addressing any fair pay related matters. We have completed a pay equity analysis this past year as part of our commitment to diversity, equity, and inclusion. It helps us stay competitive as an

REMUNERATION REPORT CONTINUED

employer, meet shareholder expectations, and ensure legal compliance. Our process included gathered data to analyse internal job grading in relation to remuneration and benchmarks (salary information, position information, tenure, and seniority). The analysis helps us identify pay differences within the company. Further research was conducted to interpret and understand what causes the difference in pay. The final step is to take the results from the analysis report and communicate with each subsidiary leadership team to derive an implementation plan on how to close the gaps in the next two years to correct discrepancies.

During the reporting year, the representation of women and African employees in leadership was a key focus of the Committee and the Board. In this regard, the following is noted:

- We continue to see a positive trajectory in Top Management across most equity demographics.
- The key focus in Senior Management, must be to appoint African females and males.
- There is a positive movement in Middle Management for Coloured and Indian males.

70% of all promotions were awarded to equity candidates, 39% to women and 47% to African. Of all new appointments, 46% were women and 54% men. We will continue to focus on recruiting and promoting the right talent and driving our equity plan.

Our approach

At Blue Label, we adopt a holistic approach to rewards, which includes guaranteed pay, variable pay, recognition and employee development and benefits.

We understand that the philosophy and each component of the policy are dynamic and should be reviewed from time to time to ensure we keep abreast of our objectives and market trends. We ensure that our practices comply with legislative and regulatory requirements.

We provide transparent and understandable information about our reward programme, policy and processes, to all employees to ensure that employees understand what they receive, why and when they receive it.

Our reward framework

Blue Label's reward framework comprises financial and non-financial components and applies to all employees. The framework is set out below:

- fixed annual remuneration (FAR);
- short-term incentive plan (STIP);
- long-term incentive plan (LTIP);
- commissions for sales staff;
- ad hoc rewards for performance and behaviours linked to our values, leadership programs and competitions; and
- non-financial benefits aligned to our EVP #HappinessisBlu.

At Blue Label the pay mix differs when specific business circumstances require it, including costs and allowances related to relocation and international assignments. We reimburse all necessary and reasonable business expenses.

Blue Label remuneration and talent retention strategy

	Guaranteed	Variable				Non-financial
	Fixed annual remuneration	Sales commissions	Short-term incentive plan	Short-term variable remuneration	Long-term incentive plan	#HappinessisBlu
Objectives	Enables us to attract and retain talent, taking into consideration skills, experience, high potential and value contribution.	Aligned to drive continuous improvement, improved customer service and increased revenue in sales and operations.	Reward the achievement of challenging strategic, financial and operational objectives, aligning individuals to divisional and Group performance and the interests of our shareholders. The scheme is structured to reward collaborative work across the Group to ensure we leverage our capabilities, increase innovation, improve customer and consumer service, reduce inefficiencies and increase revenue and profits.	Special-purpose variable remuneration arrangements to help attract and retain high potential talent who are the holders of scarce skills. Arrangements are subject to individual performance and time-based conditions to ensure an appropriate return on the remuneration investment.	Aligning employees to shareholder interests through incentivising performance in line with strategic goals and long-term shareholder value.	Create a differentiated EVP and work experience to increase the engagement and retention of existing employees and position Blue Label as an employer of choice within an increasingly competitive landscape.
Eligibility	All.	Specific roles within sales and operations.	All.	• Critical and scarce skills. • High-performing employees with high potential and critical skills.	Executives and management.	All.
FY2023 approach	As in FY22, the Remuneration Committee recommended up to 6% increases for FY2023. Increases awarded on exception to retain critical skills and high performing talent.	As defined by the operational plan and budget.	Schemes with varying components linked to: • individual performance; • divisional performance (where applicable); and • Group performance. Gatekeeper conditions are in place. Individual metrics are limited to five KPIs and must be verifiable and challenging. The following financial measures will be applied in determining the STIP for Group head office and Executive Directors: • normalised EBITDA; and • core HEPS. The following financial measure will be applied in determining the STIP at divisional levels: • Divisional NPAT; and • Group normalised EBITDA and core HEPS. Further details on targets can be found in the remuneration policy.	Cash-based sign-on awards and retention bonuses are assessed on a case-by-case instance in line with policy.	Conditional shares are offered (instead of forfeitable shares as has been done historically). The following metrics apply: • core HEPS compounded; cumulatively over three years; • total shareholder return against a 3-5 year long bond rate plus a spread; • return on capital employed; and • ESG performance scorecard.	Individualised employee engagement, development and growth.

REMUNERATION REPORT CONTINUED

Fixed annual remuneration

FAR is a critical enabler in the attraction and retention of human capital, taking into regard skills, experience, high potential and value contribution. The components of guaranteed fixed remuneration are:

- cash salary;
- medical aid benefits;
- allowances; and
- disability and death benefits.

To ensure we apply the right competitive remuneration, we collected industry and country-relevant benchmarks from Deloitte and KornFerry. Fair and competitive compensation is critical to being an employer of choice.

Annual salary review process

Blue Label's annual salary review process provides an opportunity for management to reward for performance and adjust salaries in line with market increases and organisational affordability. Blue Label's annual performance-based increases are effected in June each year. We aim to differentiate between non-performance, average performance and exceptional performance. The Committee mandated up to 6% increases for FY2023. The Remuneration Committee further mandated that where appropriate, by exception, higher increases may be awarded to retain critical skills and high- performing talent, or where there were enhanced responsibilities.

Short-term incentive plan

Our STIP reward the achievement of critical short-term metrics comprising both financial and non-financial measures. Our STIP also reward self-development and focus on developing others and the economic development of the communities we serve. In line with our entrepreneurial spirit, targets and metrics are challenging and align individuals KPIs to divisional and Group performance and the interests of our shareholders.

We have introduced further incentives for managers to use within exceptional instances. The special-purpose short-term variable remuneration arrangements have been designed to help attract and retain high potential human capital who are the holders of scarce skills.

The emphasis remains on performance beyond target for Executive Directors for FY2023:

- Individual goals will account for 20% of the STI. In FY2023, for Executive Directors, these will be:
  - the turnaround strategy and performance of Cell C;
  - the Group's overall performance;
  - facility targets with the banks;
  - debt equity ratios;
  - succession planning and
  - BEE targets;
- Group performance will account for 80% of the STIP.

The Executive Directors thresholds and stretches are currently calculated as follows:

- CEOs thresholds are calculated at 80% of FAR, target at 100% of FAR and a maximum payout at 150% of FAR.
- FD threshold is calculated at 50% of FAR, target at 70% of FAR and a maximum payout at 100% of FAR.

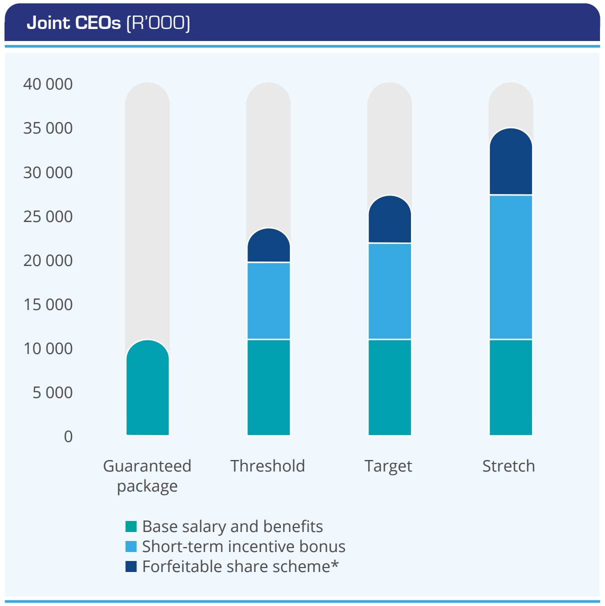
Executive Directors STIP metrics[#]

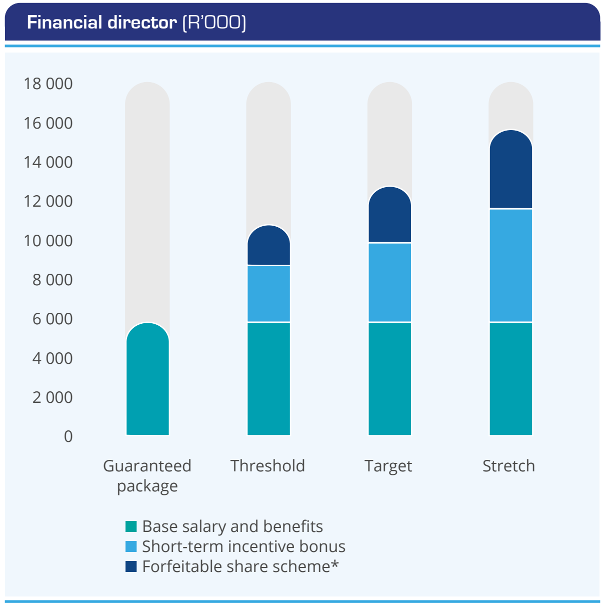
Metrics		Threshold	Target	Stretch*
KPIs (20%)	Individual** Payout % of FAR	Pro-rata of target 16% – CEOs 10% – FD	Specific 20% – CEOs 14% – FD	No stretch 20% – CEOs 14% – FD
Normalised EBITDA (40%) (adjusting for the additional expenses linked to the learnership programme)	Group Payout % of FAR	80% of target 32% – CEOs 20% – FD	CPI + 10% 40% – CEOs 28% – FD	125% of target 65% – CEOs 43% – FD
Core HEPS (40%)	Group Payout % of FAR	80% of target 32% – CEOs 20% – FD	CPI + 10% 40% – CEOs 28% – FD	125% of target 65% – CEOs 43% – FD

The bonus is calculated per metric. Values awarded will be a weighted average of scores attained versus target and pro-rated applying linear interpolation.
* Remco discretion to be applied for performance above target.
** RemCo removed the stretch component of the individual KPI targets in the STIP as these measures are assessed on a binary basis and only provide for the achievement of target performance, with threshold performance being assessed on a pro-rata basis relative to target.

Remco will be guided by economic conditions and an annual review of the performance target percentage above CPI, with the most relevant metrics selected each year.

Executive Directors' composition of FY2023 total remuneration





* Forfeitable share scheme vesting in August 2025.

Long-term incentive plan

Blue Label's LTIP aligns employees to shareholder interests through incentivising performance in line with strategic goals and long-term shareholder value creation. In addition, it aims to retain human capital with scarce or critical skills. The Remco, through engagement with shareholders, and guided by consultants through market benchmark reviews, has determined applicable criteria for the LTIP, ensuring that the interests of all stakeholders are appropriately considered.

These may be reviewed and adjusted in future, upon further engagement with shareholders. Awards are made once a year post our annual performance and pay reviews. All awards are subject to the necessary governance and approval processes. Awards are subject to vesting over a period of three years from the date of the grant.

Minimum levels of financial performance must be achieved. Employees who do not meet minimum performance requirements or are on a performance improvement plan, are not eligible. To the extent ordinary resolution 9 is approved, the following LTIP will be operated.

REMUNERATION REPORT CONTINUED

Aspect	Description
Nature	Blue Label's long-term incentive plan is operated as a conditional share plan.
Eligibility	Eligibility based on: • senior leadership; • talent key to driving business strategy; • retention of talent with high potential and/or critical skills; and • transformation objective.
Allocation methodology	Allocation awards for Executive Directors are currently as follows: • 50% of FAR for the CEOs achieving target, with a threshold of 36% of FAR and a maximum of 70% of FAR; and • 50% of FAR for the FD achieving target, with a threshold of 36% of FAR and a maximum of 70% of FAR.
Performance conditions	Refer to the table below for FY23 performance metrics, weightings and associated targets.
Performance period	Three years
Vesting period and profile	Three years, from the date of the award. Cliff vesting applies.
Plan limits	Overall plan limit: 10% of issued shares (c.91.37 million shares) Individual participant limit: 1% of issued shares (c.9.14 million shares)
Termination of employment	**Bad leavers:** In cases of resignation or dismissal prior to vesting, all unvested awards are forfeited. **Good leavers:** In cases of retrenchment, death, ill health, disability of any other reason, a portion of unvested awards, or such greater portion as the Board may determine in its absolute discretion, shall vest and be settled upon the date of termination of employment, pro-rated for time served between the award date and the date of termination, as well as for the extent to which performance has been achieved over the relevant period. **Retirement:** Participants shall be entitled to the same rights and be subject to the same conditions as if they had continued to be an employee, unless the Board/Remuneration Committee decides otherwise.

The following metrics apply for each award:

Group LTIP metrics*

Metrics		Threshold	Target	Stretch
Core HEPS (30%) (compounded cumulatively over three years)	Group	80% of target	CPI + 7.5%**	125% of target
	Vesting %	21.6%	30%	45%
TSR (30%) (performance against long bond compounded over three years plus spread)	Group	80% of target	Performance equal to three to five year SARB nominal long bond rate +7.5%***	125% of target
	Vesting %	21.6%	30%	45%
ROCE**** (20%) (compared to WACC over the three-year period not compounded)	Group	ROCE greater than or equal to WACC over three years	ROCE greater than or equal to WACC +2.5% over three years	ROCE greater than or equal to WACC +5% over three years
	Vesting %	14.4%	20%	30%
ESG (20%) (specific ESG metrics*****)	Group	Pro-rata of target	Specific	No stretch
	Vesting %	14.4%	20%	20%

* Remco may review metrics and targets post-FY2023 for new awards to ensure that they are relevant. The LTIP is calculated per metric. Values awarded will be a weighted average of scores attained versus target. All metrics will be assessed and vest on a pro-rata basis applying linear interpolation basis, save for the ESG metric which will be assessed on a binary basis.

** The rationale for using a spread above CPI of 7.5%, which is lower than the spread being applied for the STIP, is that the LTIP is assessed on a forward-looking three-year basis while the STIP only looks to performance in the next 12 months.

*** In setting the TSR target, consideration was given to utilise a risk-free rate that is aligned with a typical vesting and performance period of the award, consequently a 3-5 SARB nominal long bond rate was applied as the anchor in setting TSR targets, with an appropriate spread applied to this anchor in order to set realistic but stretching targets. In addition, TSR will be assessed based on growth in market cap as well as dividends distributed to shareholders over the performance period.

**** ROCE is calculated using the following formula:
ROCE = Net operating profit (EBIT)/Capital employed. Capital employed = total assets – current liabilities (excluding interest-bearing borrowings). The Remuneration Committee will review any prior year impairments to assess if adverse outcomes have occurred, and if so, make the necessary adjustments to the capital employed number such that the average performance is a more accurate indication to shareholders over the measurement period.

***** RemCo removed the stretch component of the ESG KPIs in the LTIP as these measures are assessed on a binary basis and only provide for the achievement of target performance, with threshold performance being assessed on a pro-rata basis relative to target.

As noted in Part 1, as at the time of this publication, the Company continues to engage PwC in the review of its remuneration policy and overall variable remuneration practices. During the upcoming year in addition to the employee wide pay band stratification process, a formal analysis of the participants of the long-term incentive plan will be conducted, determining which participants should remain on the equity-settled long-term incentive plan (Conditional Share Plan) and which should be placed on a similar cash-settled structure. Further information regarding this process shall be detailed in next year's remuneration report.

Malus and clawback provision

This ensures that excessive risk-taking is not rewarded. This malus and clawback clause applies to both vested and unvested 'at risk' remuneration. It is designed to be preventative rather than a purely remedial or punitive measure as it removes the incentive for executives to consider deliberately misstating company earnings to inflate variable pay. The clause applies to both the STIP and LTIP from June 2019 and September 2019 respectively. The provision may be implemented up to 10 years after a trigger event and is applicable to financial year ended 31 May 2020 and each financial year-end thereafter.

The Board may act on the recommendation of the Remuneration Committee to adjust (malus) or recover (clawback) unvested and vested 'at risk' remuneration where there is reasonable evidence that a Blue Label employee has materially contributed to, or been materially responsible for, the need for the restatement of financial results.

The malus and clawback clause does not apply in the case of a restatement of financial results caused by a change in applicable accounting standards or interpretations thereof, provided originally approved by the Company's auditor.

The CEOs or Company Secretary are required to notify the Chairman of the Remco and the Chairman of the Board respectively, of any circumstances that could constitute a 'trigger' under this policy as soon as practical. If either the CEOs or Company Secretary is involved in the trigger event, the Head of Group Risk and Compliance is required to notify the Chairman of the Remco and the Chairman of the Board respectively.

Before the Remco makes a recommendation to the Board to implement malus or clawback provisions under the policy, they shall:

- review the situation to understand the impact of the misstatement;
- assess the involvement of the employee and their level of responsibility regarding the trigger; and
- provide the relevant employee with written notice of the intended actions and the right to respond in writing within 15 working days to raise salient matters.

Having completed an investigation and following due process, the Board, on advice from the Remco, may decide to clawback, cancel or adjust any vested or unvested STIP or LTIP awards, where they are not satisfied that an award is appropriate or warranted due to exceptional circumstances.

Minimum shareholding requirements for Executive Directors

To further align the Executive Directors' interests directly with those of shareholders and to encourage long-term commitment to the organisation, Executive Directors will be required to accumulate a prescribed minimum holding of share allocations within five years from September 2019. Joint CEOs will be required to accumulate two times their Fixed Annual Remuneration over a period of five years.

Our joint CEOs own a significant shareholding in Blue Label, and we will continue to review this.

The FD will be required to accumulate one times his fixed annual remuneration over a period of five years.

Executive Directors' service contracts

The service contracts of the following Executive Directors will expire on 4 November 2023 and are subject to renegotiation. No further restraint of trade payments will apply to BM Levy and MS Levy. Should the Joint CEO's employment be terminated for whatever reason, a restraint clause will apply. There are no contractual termination benefits, including restraint of trade payments, in place for the Executive Directors:

- BM Levy
- MS Levy
- DA Suntup

Termination arrangements

Conditions of employment are comparable to those companies in our sector. In ordinary practice, no special or extraordinary conditions are applicable to senior executives. Exceptions may exist because of acquisitions and these must be reviewed and signed off by the Board and Remco.

In the event that services are terminated due to a no-fault basis, Executive Directors, prescribed officers and senior managers are entitled to severance pay equal to one weeks' FAR per completed year of service. Contractual notice and accrued leave will also be paid out in the normal course. Treatment of any unpaid bonus or unvested LTIP awards, will be dealt with in accordance with this policy and will in all instances be subject to Group Remco and Board oversight and approval.

In line with King IV, Blue Label has not concluded any termination agreements with its Executive Directors, a new agreement without a restraint of trade agreement, was concluded in November 2021 for the joint CEOs for 24 months. No fixed sums of money or "balloon payments" in recognition of service to the Company,

REMUNERATION REPORT CONTINUED

without any performance conditions attached, will be paid on termination of employment.

Non-executive Director remuneration

The fees of the Group Chairman and the Non-executive Directors reflect their specific responsibilities relating to their membership of the Board and, where applicable, Board committees. Blue Label's Non-executive Directors do not receive any performance-related remuneration or any employee benefits. For FY2022, together with Executive Directors and Senior Management, an increase of 6% for NED fees was approved. For FY2023, Non-executive Director fee increases have been proposed at 6% to be approved by shareholders at the November AGM.

SECTION 3
Implementation report

Short-term incentive bonus

Executive Directors

The performance metrics for Executive Directors, relating to the STIP for the year ended 31 May 2022, were 20% for Individual goals and 80% for financial achievement, of which 40% related to growth in EBITDA and 40% to growth in Core HEPS.

For the joint CEO's, achievement of threshold is calculated at 80% of FAR, target at 100% of FAR and a maximum payout at 150% of FAR. For the FD, achievement of threshold is calculated at 50% of FAR, target at 70% of FAR and a maximum payout at 100% of FAR.

The individual goals set for the executive directors related to the performance of Cell C, the Group's overall performance, the facility targets with the banks and succession planning.

The finalisation of the recapitalisation of Cell C has resulted in it being restructured and refinanced. This has resulted in the deleveraging of its balance sheet, providing it with liquidity with which to operate and grow its businesses and to position itself to achieve long-term success for the benefit of its customers, employees, creditors, shareholders and its other stakeholders.

The BLT turnaround strategy has been implemented, simplifying our portfolio, and reverting to "back to basics" within our core businesses as well as the successful ongoing implementation of Project Boston between Cell C and CEC.

The Prepaid Company renegotiated, prior to the Cell C recapitalisation, a further extension of its Investec facility and reduced its interest-bearing debt from R1.3 billion to R942 million, for the financial year ended 31 May 2022. In addition, CEC settled R411 million of its debt funding with Investec Bank and concluded a working capital financing facility with African Bank of R1.9 billion.

A succession planning strategy was implemented whereby critical positions within the organisation was identified and action plans were developed.

The financial metrics for the financial year ended 31 May 2022 were normalised EBITDA and core headline earnings per share for group financial targets and NPAT for divisional financial targets.

On exclusion of R326 million relating to non-recurring income in the current year and R132 million in the prior year, EBITDA increased by R144 million (12%) from R1.228 billion to R1.372 billion. The anticipated increase in overheads, included costs of R65 million attributable to new learnership initiatives in the current year and R10 million in the prior year, whereby the benefit thereof is realised by way of income tax savings as a result of the section 12H allowances being claimed for such learnerships. On exclusion thereof, in both the current and prior year, EBITDA increased by R199 million (16.03%).

Core headline earnings for the year ended 31 May 2022 amounted to R1.06 billion, equating to Core headline earnings per share of 121.01 cents. In the comparative year, core headline earnings amounted to R788 million, of which R763 million related to continuing operations and R25 million to discontinued operations. Core headline earnings per share amounted to 89.65 cents.

On exclusion of the non-recurring income of R214 million in the current year and R47 million in the prior year, core headline earnings from continued operations increased by R131 million from R716 million to R847 million and core headline earnings per share from continuing operations increased by 18.48% from 81.50 cents in the prior year to 96.56 cents.

From a group financial target perspective, the financial metrics of both normalised EBITDA and NPAT exceeded prior year by 16.03% and 18.48% respectively, thus exceeding target. A 12-month CPI rolling average equating to 5.46%, for the period 1 June 2021 to 31 May 2022, was applied.

Strong growth in EBITDA and core headline earnings per share, excluding non-recurring income in the current year and prior year, resulted in the Group exceeding the target set for the executive directors for the year ended 31 May 2022, as illustrated in the table on next page:

Executive Directors STIP metrics#

Metrics		Threshold	Target	Stretch*	Performance and payout % of FAR
KPIs (20%)	Individual performance	Specific	Specific	Specific	√
		16% – CEOs	20% – CEOs	30% – CEOs	30% – CEOs
	Payout % of FAR	10% – FD	14% – FD	20% – FD	20% – FD
Normalised EBITDA (40%)	Group performance	CPI + 5% = 10.46%	CPI + 10% = 15.46%	CPI + 15% = 20.46%	16.03%
		32% – CEOs	40% – CEOs	60% – CEOs	42% – CEOs
	Payout % of FAR	20% – FD	28% – FD	40% – FD	30% – FD
Core HEPS (40%)	Group performance	CPI + 5% = 10.46%	CPI + 10% = 15.46%	CPI + 15% = 20.46%	18.48%
		32% – CEOs	40% – CEOs	60% – CEOs	52% – CEOs
	Payout % of FAR	20% – FD	28% – FD	40% – FD	35% – FD
		80% – CEOs	**100% – CEOs**	**150% – CEOs**	**124% – CEOs**
Total payout % of FAR		**50% – FD**	**70% – FD**	**100% – FD**	**85% – FD**

The bonus is calculated per metric. Values awarded will be a weighted average of scores attained versus target and pro-rated applying linear interpolation.
* Remco discretion to be applied for performance above target.

With reference to the above, the total payout percentage of FAR equated to 124% for the Joint CEOs and 85% for the Financial Director, in line with the stretch target, pro-rated, applying linear interpolation.

The bonuses awarded to the three executive directors, amounted to R30.231 million, of which R12.793 million was payable to each joint CEO and R4.645 million to the Financial Director.

Prescribed Officers

For prescribed officers, achievement of threshold is calculated at 25% of FAR, target at 50% of FAR and a maximum payout at 75% of FAR.

The performance metrics for JS Newman, relating to the STIP for the year ended 31 May 2022, was 40% for Individual goals and 60% for financial achievement, of which 30% related to growth in EBITDA and 30% to growth in Core HEPS. This is illustrated in the table on next page:

REMUNERATION REPORT CONTINUED

Group Prescribed Officer STIP metrics#

Metrics		Threshold	Target	Stretch*	Performance and payout % of FAR
KPIs (40%)	Individual performance Payout % of FAR	Specific 10%	Specific 20%	Specific 30%	√ 20%
Normalised EBITDA (30%)	Group performance Payout % of FAR	CPI + 5% = 10.46% 7.5%	CPI + 10% = 15.46% 15%	CPI + 15% = 20.46% 22.5%	16.03% 15%
Core HEPS (30%)	Group performance Payout % of FAR	CPI + 5% = 10.46% 7.5%	CPI + 10% = 15.46% 15%	CPI + 15% = 20.46% 22.5%	18.48% 15%
Total payout % of FAR		**25%**	**50%**	**75%**	**50%**

The bonus is calculated per metric. Values awarded will be a weighted average of scores attained versus target and pro-rated applying linear interpolation.
* Remco discretion to be applied for performance above target.

With reference to the above, the total payout percentage of FAR equated to 50% for JS Newman, in line with target. The bonus awarded, amounted to R2.280 million.

The performance metrics for GB Levin, relating to the STIP for the year ended 31 May 2022, were 20% for Individual goals and 80% for financial achievement, of which 60% was linked to divisional financial targets and 20% to group financial targets. Of the 20% group financial targets, 10% related to growth in EBITDA and 10% to growth in Core HEPS. This is illustrated in the table below:

Divisional Prescribed Officer STIP metrics#

Metrics		Threshold	Target	Stretch*	Performance and payout % of FAR
KPIs (20%)	Individual performance Payout % of FAR	Specific 5%	Specific 10%	Specific 15%	√ 15%
NPAT (60%)	Divisional performance Payout % of FAR	CPI + 5% = 10.46% 15%	CPI + 10% = 15.46% 30%	CPI + 15% = 20.46% 45%	>20.46% 45%
Normalised EBITDA (10%)	Group performance Payout % of FAR	CPI + 5% = 10.46% 2.5%	CPI + 10% = 15.46% 5%	CPI + 15% = 20.46% 7.5%	16.03% 5%
Core HEPS (10%)	Group performance Payout % of FAR	CPI + 5% = 10.46% 2.5%	CPI + 10% = 15.46% 5%	CPI + 15% = 20.46% 7.5%	18.48% 5%
Total payout % of FAR		**25%**	**50%**	**75%**	**70%**

The bonus is calculated per metric. Values awarded will be a weighted average of scores attained versus target and pro-rated applying linear interpolation.
* Remco discretion to be applied for performance above target.

With reference to the above, the total payout percentage of FAR equated to 70% for GB Levin, in line with both stretch and target. The bonus awarded, amounted to R3.282 million.

Long-term incentive plan

The long-term incentive plan related to the allocation of shares in 2018, which vested on 16 March 2022. Under normal circumstances, vesting would have occurred on 31 August 2021. However, since the Group was in a closed period, vesting was deferred to 16 March 2022. The financial measurement was for the period 1 June 2018 to 31 May 2021.

Executive Directors

Performance metric – Executive Directors	Target	Actual performance	Executive Directors weighting	Amount paid to Executive Directors R'000
Long-term incentive plan (2018 forfeitable share scheme vested 16 March 2022)				
Retention	Three years	√	**33.33%**	**2 138**
Growth in core HEPS	25% + (cumulative CPI over three years) = 37%	Not achieved	**33.34%**	**—**
Shareholder returns	R9.53 market price per share	R5.88 market price per share	**33.33%**	**—**
Total vesting related to performance conditions (excluding retention portion) included in 2022 total single figure of remuneration				**—**

The retention criteria of 33.33% was achieved.

Growth in CPI over the three-year period accumulated to 12%, which after inclusion of the maximum growth target of 25%, equated to 37%. As the actual growth fell short of target, the resultant allocation of 33.34% was not achieved.

In respect of growth in shareholder returns, the weighted average price per share at commencement of the allocation on 31 August 2018 was R7.16. The required compounded growth of 10% per annum over the vesting period as at 31 August 2021 equated to a targeted share price of R9.53. The opening market price at 31 August 2021 was R5.88, therefore the minimum target requirement was not achieved. Accordingly, the 33.33% allocation relating to growth in shareholder returns was not achieved.

REMUNERATION REPORT CONTINUED

Prescribed Officer

Performance metric – Divisional prescribed officer*	Target	Actual performance	Prescribed officer weighting	Amount paid to prescribed officer R'000
Long-term incentive plan (2018 forfeitable share scheme vested 16 March 2022)				
Retention	Three years	√	**40%**	**128**
Net profit after tax at subsidiary level	25% + (cumulative CPI over three years) = 37%	Achieved	**30%**	**170**
Shareholder returns	R9.53 market price per share	R5.88 market price per share	**30%**	**—**
Total vesting related to performance conditions (excluding retention portion) included in 2022 total single figure of remuneration				**170**

* Relates only to GB Levin, as JS Newman was employed in the current year.

The retention criteria of 40% was achieved.

As GB Levin is the CEO of CEC, a major subsidiary of the Group, his financial performance criteria are measured at subsidiary level based on growth in net profit after taxation. Growth in CPI over the three-year period accumulated to 12%, which after inclusion of the maximum growth target of 25%, equated to 37%. As the actual growth of CEC exceeded the target, the resultant allocation of 30% was achieved.

In respect of growth in shareholder returns, the weighted average price per share at commencement of the allocation on 31 August 2018 was R7.16. The required compounded growth of 10% per annum over the vesting period as at 31 August 2021 equated to a targeted share price of R9.53. The opening market price at 31 August 2021 was R5.88, therefore the minimum target requirement was not achieved. Accordingly, the 30% allocation relating to growth in shareholder returns was not achieved.

Tables of single total figure of remuneration for FY2022

The single total figure of remuneration disclosure is based on the IoDSA and SARA application guidance issued in November 2017 on remuneration disclosure in accordance with King IV and presents the remuneration for the Executive Directors and Prescribed Officers of Blue Label Telecoms. The comparative information has been presented in a manner consistent with the current year presentation.

Executive Directors and prescribed officers remuneration for the year ended 31 May 2022	Explanatory notes	BM Levy R'000	MS Levy R'000	DA Suntup R'000	GB Levin* R'000	JS Newman* R'000	Total R'000
Fixed remuneration (including salary, allowances and retirement benefits)		10 317	10 317	5 464	4 689	3 262	34 049
Other benefits		36	36	—	192	—	264
Short-term incentive bonus	1	12 793	12 793	4 645	3 282	2 280	35 793
2018 forfeitable share scheme – growth performance component on vesting date (16 March 2022) at fair value	2	—	—	—	170	—	170
Single total figure of remuneration		23 146	23 146	10 109	8 333	5 542	70 276
2018 forfeitable share scheme – vesting of retention component in the current year at fair value	3	845	845	448	128	—	2 266
Dividends on vested shares	4	—	—	—	—	—	—
Short-term incentive bonus to be settled post year end	1	(10 793)	(10 793)	(4 645)	(3 282)	(2 280)	(31 793)
Short-term incentive bonus of prior year paid in August 2021		9 733	9 733	3 608	3 150	—	26 224
Restraint of trade award paid in five equal monthly instalments	5	1 391	1 391	—	—	—	2 782
Total cash equivalent value remuneration received for the year ended 31 May 2022	6	24 322	24 322	9 520	8 329	3 262	69 755
Reconciliation to note 5.3 of the Group annual financial statements							
Remuneration as disclosed in terms of IFRS		24 537	24 537	10 109	8 163	5 542	72 888
Total cash equivalent value remuneration received for the year ended 31 May 2022		24 322	24 322	9 520	8 329	3 262	69 755
Difference to remuneration as disclosed in note 5.3 of the Group annual financial statements		(215)	(215)	(589)	166	(2 280)	(3 133)
Reconciling items:							
Remaining short-term incentive bonus accrued in May 2022, to be settled post-year end	1	(10 793)	(10 793)	(4 645)	(3 282)	(2 280)	(31 793)
Short-term incentive bonus accrued in May 2021, paid in September 2021		9 733	9 733	3 608	3 150	—	26 224
2018 forfeitable share scheme that vested in the current year at fair value		845	845	448	298	—	2 436
2018 forfeitable share scheme – growth performance component on vesting date (16 March 2022) at fair value		—	—	—	170	—	170
2018 forfeitable share scheme – vesting of retention component in the current year at fair value		845	845	448	128	—	2 266
		(215)	(215)	(589)	166	(2 280)	(3 133)

[1] R2 million of the total STIP for the year ended 31 May 2022 was paid each to Brett Levy and Mark Levy prior to year-end. The balance to executive directors and prescribed officers was paid post-year end.
[2] Under normal circumstances, vesting of the 2018 forfeitable share scheme would have occurred on 31 August 2021. However, since the Group was in a closed period, vesting was deferred to 16 March 2022. The 33.33% LTIP growth in market price per share of was not achieved. The 33.34% LTIP growth in core HEPS was not achieved on a Group level but was achieved in the case of a subsidiary pertinent to GB Levin.
[3] The 33.33% LTIP retention portion of the 2018 forfeitable share scheme is added to "the total cash equivalent value remuneration received", as vesting took place on 16 March 2022. In the case of GB Levin, 40% LTIP retention applied.
[4] No dividends were applicable to the 2018 forfeitable share scheme.
[5] These amounts represent the five monthly instalments received during the year relating to the restraint of trade payments payable in 12 equal instalments which commenced on 1 November 2020 and ended on 31 October 2021.
[6] Cash equivalent value remuneration represents the total proceeds paid to the executive directors and prescribed officers for the period 1 June 2021 to 31 May 2022, inclusive of the cash element of basic remuneration, STIP and LTIP.
* GB Levin and JS Newman were identified as prescribed officers in the current financial year. As such there is no comparative information.

REMUNERATION REPORT CONTINUED

Executive Directors' remuneration for the year ended 31 May 2021	Explanatory notes	BM Levy R000	MS Levy R000	DA Suntup R000	Total R000
Fixed remuneration (including salary, allowances and retirement benefits)		9 509	9 526	4 931	23 966
Other benefits		224	207	224	655
Short-term incentive bonus	1	9 733	9 733	3 608	23 074
2017 forfeitable share scheme – growth performance component on vesting date (31 August 2020) at fair value	2	—	—	—	—
One-year restraint of trade award settled in equal monthly instalments over 12 months with effect from 1 November 2020	3	3 338	3 338	—	6 676
Single total figure of remuneration		22 804	22 804	8 763	54 371
2017 forfeitable share scheme – vesting of retention component in the current year at fair value	4	175	175	93	443
Dividends on vested shares	5	17	17	9	43
Short-term incentive bonus to be settled post-year end	1	(9 733)	(9 733)	(3 608)	(23 074)
Restraint of trade award paid in five equal monthly instalments	6	1 390	1 390	—	2 780
Restraint of trade award still to be settled in five equal monthly instalments	7	(1 390)	(1 390)	—	(2 780)
Total cash equivalent value remuneration received for the year ended 31 May 2021	8	13 263	13 263	5 257	31 783
Reconciliation to note 5.3 of the Group annual financial statements					
Remuneration as disclosed in terms of IFRS		22 804	22 804	8 763	54 371
Total cash equivalent value remuneration received for the year ended 31 May 2021		13 263	13 263	5 257	31 783
Difference to remuneration as disclosed in note 5.3 of the Group annual financial statements		(9 541)	(9 541)	(3 506)	(22 588)
Reconciling items:					
Short-term incentive bonus accrued in May 2021, to be settled in September 2021	1	(9 733)	(9 733)	(3 608)	(23 074)
Dividends on shares vested in the current year		17	17	9	43
2017 forfeitable share scheme that vested in the current year at fair value		175	175	93	443
2017 forfeitable share scheme – growth performance component on vesting date (31 August 2020) at fair value		—	—	—	—
2017 forfeitable share scheme – vesting of retention component in the current year at fair value		175	175	93	443
		(9 541)	(9 541)	(3 506)	(22 588)

1 STIP for the year ended 31 May 2021 will be paid in September 2021.
2 The 33.34% LTIP growth in core HEPS of the 2017 forfeitable share scheme that vested 31 August 2020 was not achieved.
3 The restraint of trade payments of the joint CEOs, although payable in 12 equal instalments, have been included in total in "the single total figure of remuneration" in that there are no conditions pertaining thereto other than retention of employment. This took effect from the 1 November 2020.
4 The 33.33% LTIP retention portion of the 2017 forfeitable share scheme is added to "the total cash equivalent value remuneration received", as vesting took place on 31 August 2020.
5 Dividends are the total of cash receipts during the financial year applicable to the 2017 forfeitable share scheme, as vesting took place on 31 August 2020.
6 These amounts represent the five monthly instalments received during the year relating to the restraint of trade payments payable in 36 equal instalments which commenced on 1 November 2017.
7 These amounts represent five equal monthly instalments, being the balance payable post 31 May 2021, on the restraint of trade agreements which commenced on 1 November 2020.
8 Cash equivalent value remuneration represents the total proceeds paid to the Executive Directors for the period 1 June 2020 to the 31 May 2021, inclusive of the cash element of basic remuneration, STIP, LTIP and dividends.

Compliance with policy

The Remuneration and Nomination Committee is satisfied that the remuneration and reward policy has been complied with for the year under review in so far as Executive Management is concerned.

Termination of office

No payments were made on termination of employment or office of any members of executive management.

Forfeitable share scheme – granted and unvested instruments

	Issue date	Issue price R	Vesting date	Awards outstanding as at the beginning of the year	Number of shares awarded	Awards forfeited during the year	Awards vested during the year	Balance as at the end of the year*	Fair value at grant date R'000	Fair value at 31 May 2022* R'000
Forfeitable share scheme										
For the year ended 31 May 2022										
Executive Directors										
BM Levy	1 September 2018	7.16	16 March 2022	448 843	—	(299 244)	(149 599)	—		
BM Levy	18 November 2019	2.55	31 August 2022	1 908 425	—	—	—	1 908 425	4 866	10 744
BM Levy	1 September 2020	3.20	31 August 2023	1 520 776	—	—	—	1 520 776	4 866	8 562
BM Levy	6 April 2022	6.42	31 August 2024	—	803 501	—	—	803 501	5 158	4 524
				3 878 044	803 501	(299 244)	(149 599)	4 232 702	14 891	23 830
MS Levy	1 September 2018	7.16	16 March 2022	448 843	—	(299 244)	(149 599)	—		
MS Levy	18 November 2019	2.55	31 August 2022	1 908 425	—	—	—	1 908 425	4 866	10 744
MS Levy	1 September 2020	3.20	31 August 2023	1 520 776	—	—	—	1 520 776	4 866	8 562
MS Levy	6 April 2022	6.42	31 August 2024	—	803 501	—	—	803 501	5 158	4 524
				3 878 044	803 501	(299 244)	(149 599)	4 232 702	14 891	23 830
DA Suntup	1 September 2018	7.16	16 March 2022	237 725	—	(158 491)	(79 234)	—		
DA Suntup	18 November 2019	2.55	31 August 2022	1 010 776	—	—	—	1 010 776	2 577	5 691
DA Suntup	1 September 2020	3.20	31 August 2023	805 462	—	—	—	805 462	2 577	4 535
DA Suntup	6 April 2022	6.42	31 August 2024	—	425 565	—	—	425 565	2 732	2 396
				2 053 963	425 565	(158 491)	(79 234)	2 241 803	7 887	12 621

* The fair value at 31 May 2022 is based on the closing price of R5.63.

REMUNERATION REPORT CONTINUED

	Issue date	Issue price R	Vesting date	Awards outstanding as at the beginning of the year	Number of shares awarded	Awards forfeited during the year	Awards vested during the year	Balance as at the end of the year*	Fair value at grant date R'000	Fair value at 31 May 2022* R'000
Prescribed Officers										
GB Levin	1 September 2018	7.16	16 March 2022	75 419	—	(22 626)	(52 793)	—		
GB Levin	18 November 2019	2.55	31 August 2022	318 400	—	—	—	318 400	812	1 793
GB Levin	1 September 2020	3.20	31 August 2023	328 125	—	—	—	328 125	1 050	1 847
GB Levin	6 April 2022	6.42	31 August 2024	—	615 300	—	—	615 300	3 950	3 464
				721 944	615 300	(22 626)	(52 793)	1 261 825	5 812	7 104
JS Newman	6 April 2022	6.42	31 August 2024	—	177 570	—	—	177 570	1 140	1 000
				—	177 570	—	—	177 570	1 140	1 000

* The fair value at 31 May 2022 is based on the closing price of R5.63.

Non-executive remuneration

	2022 R'000	2021 R'000
Non-executive Directors		
LM Nestadt	2 191	2 067
KM Ellerine	929	890
GD Harlow	2 010	1 890
NP Mnxasana	947	462*
JS Mthimunye	1 447	1 379
SJ Vilakazi	1 229	1 042
PL Zim	857	256**
	9 609	7 986

* Appointed on 18 September 2020.
** Appointed on 23 October 2020.

The proposed fees payable to Non-executive Directors are set out below:

	Current fee 2022 R	Proposed fee 2023 R
Services as Directors		
– Chairman of the Board (per annum)	**2 024 727**	2 146 211
– Board members (per annum)	**446 631**	473 429
Audit, Risk and Compliance Committee		
– Chairman (per annum)	**404 945**	429 242
– Member (per annum)	**250 113**	265 120
Remuneration and Nomination Committee		
– Chairman Remuneration (per annum)	**238 203**	252 495
– Chairman Nomination (per annum)	**166 742**	176 747
– Member (per annum)	**142 922**	151 497
Investment Committee		
– Chairman (per annum)	**238 203**	252 495
– Member (per annum)	**142 922**	151 497
Transformation, Social and Ethics Committee		
– Chairman (per annum)	**142 922**	151 497
– Member (per annum)	**89 326**	94 686
Ad hoc Committee		
– Chairman (per meeting)	**53 596**	56 812
– Member (per meeting)	**32 157**	34 086

GD Harlow
Chairman

30 September 2022

PREPAID PRODUCTS

TICKETING

BANKING

HANDSET REPAIR

SHAREHOLDERS' INFORMATION AND ADMINISTRATION

NOTICE OF VIRTUAL ANNUAL GENERAL MEETING

Notice is hereby given to Blue Label shareholders recorded in the Company's securities register on Friday, 23 September 2022, that the fifteenth Annual General Meeting (AGM) of shareholders of Blue Label Telecoms Limited will be held entirely by electronic communication as permitted by the Companies Act, No 71 of 2008, as amended (the Companies Act) and by the Company's Memorandum of Incorporation (MOI), on Thursday, 24 November 2022 at 10:00 (South African time), to conduct such business as may lawfully be dealt with at the AGM and to consider and, if deemed fit, pass, with or without modification, the ordinary and special resolutions set out hereunder in the manner required by the Companies Act, No 71 of 2008 (Act or Companies Act), as read with the Listings Requirements.

In terms of section 63(1) of the Act, meeting participants (including proxies) will be required to provide reasonably satisfactory identification before being entitled to participate in or vote at the AGM. Acceptable forms of identification include original and valid identity documents, driving licences and passports.

Record dates, proxies and voting

In terms of sections 59(1)(a) and (b) of the Act, the Board of the Company has set the record date for the purpose of determining which shareholders are entitled to:

- receive notice of the virtual AGM (being the date on which a shareholder must be registered in the Company's shareholders' register in order to receive notice of the virtual AGM) as Friday, 23 September 2022;
- participate in and vote at the virtual AGM (being the date on which a shareholder must be registered in the Company's shareholders' register in order to participate in and vote at the virtual AGM) as Friday, 18 November 2022; and
- the last date to trade to participate in and vote at the virtual AGM is Tuesday, 15 November 2022.

Certificated shareholders or own-name dematerialised shareholders may attend and vote at the virtual AGM, or alternatively appoint a proxy to attend, speak and, in respect of the applicable resolution(s), vote in their stead by completing the attached form of proxy and returning it to the Transfer Secretaries at the address given in the form of proxy by no later than 10:00 on Tuesday, 22 November 2022.

Shareholders who have dematerialised their shares, other than those shareholders who have dematerialised their shares with own-name registration, should contact their central securities depository participant (CSDP) or broker in the manner and within the time stipulated in the agreement entered into between them and their CSDP or broker: to furnish their voting instructions; or in the event that they wish to attend the virtual AGM, to obtain the necessary letter of representation to do so.

On a show of hands, every shareholder present in person or represented by proxy and entitled to vote shall have only one vote irrespective of the number of shares such shareholder holds. On a poll, every shareholder, present in person or represented by proxy and entitled to vote, shall be entitled to that proportion of the total votes in the Company which the aggregate amount of the nominal value of the shares held by such shareholder bears to the aggregate amount of the nominal value of all shares issued by the Company.

Certificated shareholders or own-name dematerialised shareholders who are entitled to attend and vote at the virtual AGM are entitled to appoint a proxy to attend, participate in and vote at the virtual AGM in their stead. A proxy need not also be a shareholder of the Company. The completion of a form of proxy will not preclude a shareholder from attending the virtual AGM.

NOTICE OF VIRTUAL ANNUAL GENERAL MEETING CONTINUED

Electronic participation

Shareholders or their duly appointed proxy(ies) who wish to participate in the virtual AGM via electronic communication (Participant(s)) must either 1. register online using the online registration portal at www.meetnow.global/za; or 2. apply to Computershare, by sending an e-mail to proxy@computershare.co.za so as to be received by Computershare by no later than 10:00 on Tuesday, 22 November 2022. Computershare will first validate such requests and confirm the identity of the shareholder in terms of section 63(1) of the Companies Act, and, if the request is validated, further details on using the electronic communication facility will be provided. The Company will inform Participants who notified Computershare of their intended participation by no later than 17:00 on Wednesday, 23 November 2022 by e-mail of the relevant details through which Participants can participate electronically.

Presentation of annual financial statements and reports

The audited Group annual financial statements, including the external auditor, Audit, Risk and Compliance Committee and Directors' reports for the year ended 31 May 2022, have been distributed as required and will be presented to shareholders at the virtual AGM.

The Audit, Risk and Compliance Committee's report is set out on pages 95 to 98.

Ordinary resolutions

In terms of sections 62(3)(c) and 65(7) of the Act, unless otherwise specified, in order for each of the following ordinary resolutions to be passed, each resolution must be supported by more than 50% of the voting rights exercised.

1. **Ordinary resolution number 1**: Re-election of Mr KM Ellerine as a Director of the Company

   Resolved that Mr KM Ellerine, who was first appointed to the Board on 8 December 2009 and who retires in terms of the MOI, and who is eligible and available for re-election, is re-elected as a Director of the Company with immediate effect.

   A brief biography of Mr KM Ellerine is on page 17.

2. **Ordinary resolution number 2:** Re-election of Mr MS Levy as a Director of the Company

   Resolved that Mr MS Levy, who was first appointed to the Board on 1 February 2007 and who retires in terms of the MOI, and who is eligible and available for re-election, is re-elected as a Director of the Company with immediate effect.

   A brief biography of Mr MS Levy is on page 16.

3. **Ordinary resolution number 3:** Re-election of Mr LM Nestadt as a Director of the Company

   Resolved that Mr LM Nestadt , who was first appointed to the Board on 5 October 2007 and who retires in terms of the MOI, and who is eligible and available for re-election, is re-elected as a Director and Chairman of the Company with immediate effect.

   A brief biography of Mr LM Nestadt is on page 16.

4. **Ordinary resolution number 4:** Reappointment of external auditor

   Resolved that on the recommendation of the current Audit, Risk and Compliance Committee of the Company, PricewaterhouseCoopers Incorporated, is reappointed as independent registered auditor of the Company for the ensuing year until the conclusion of the next AGM of the Company.

5. **Ordinary resolution number 5:** Election of Ms NP Mnxasana as a member of the Audit, Risk and Compliance Committee for the year ending 31 May 2023

   Resolved that, in terms of section 94(2) of the Act, an Independent Non-executive Director of the Company is elected as a member of the Audit, Risk and Compliance Committee.

   A brief biography of Ms NP Mnxasana is on page 17.

6. **Ordinary resolution number 6:** Election of Mr JS Mthimunye as a member and Chair of the Audit, Risk and Compliance Committee for the year ending 31 May 2023

   Resolved that, in terms of section 94(2) of the Act, Mr JS Mthimunye, an Independent Non-executive Director of the Company, is elected as a member and Chair of the Audit, Risk and Compliance Committee.

   A brief biography of Mr JS Mthimunye is on page 18.

7. **Ordinary resolution number 7:** Election of Mr GD Harlow as a member of the Audit, Risk and Compliance Committee for the year ending 31 May 2023

   Resolved that, in terms of section 94(2) of the Act, an Independent Non-executive Director of the Company is elected as a member of the Audit, Risk and Compliance Committee.

   A brief biography of Mr GD Harlow is on page 17.

8. **Ordinary resolution number 8:** Election of Mr SJ Vilakazi as a member of the Audit, Risk and Compliance Committee for the year ending 31 May 2023

   Resolved that, in terms of section 94(2) of the Act, Mr SJ Vilakazi, an Independent Non-executive Director of the Company, is elected as a member of the Audit, Risk and Compliance Committee.

   A brief biography of Mr SJ Vilakazi is on page 18.

9. **Ordinary resolution number 9:** Approval of amendments to the rules of the Blue Label Telecoms Forfeitable Share Plan and the share scheme envisaged by such rules.

   Resolved that amendments to the rules of the Blue Label Telecoms Forfeitable Share Plan, and the share scheme envisaged by such rules, are approved in the form of the amended rules, as are made available for inspection, with effect from date of this resolution.

   The Remuneration Committee of the Board proposed certain amendments to the scheme and its rules, the principal terms of which are summarised as follows:

   (a) name and overall functioning of the scheme from a forfeitable share plan to a conditional share plan:
   to update the name and overall functioning of the scheme to operate as a conditional share plan, where awards made in terms of the scheme are settled to participants after a performance period and only to the extent that performance is achieved, rather than on the award date;

   (b) overall scheme limit:
   to update the maximum aggregate number of ordinary shares in the capital of the Company (shares) which may at any time be used to settle vested awards through the delivery of treasury shares, alternatively the issuance of shares, if required, to participants to reflect the current number of shares in issue, namely from 76 636 085 shares to 91 365 587 shares, thereby retaining an overall limit of 10% (ten percent) of the total issued ordinary shares of the company;

   (c) individual limit:
   to update the maximum aggregate number of ordinary shares in the capital of the Company (shares) which may at any time be used to settle vested awards to any one participant to reflect the current number of shares in issue, namely from 7 663 608 shares to 9 136 558 shares, thereby retaining an individual limit of 1% (one percent) of the total issued ordinary shares of the Company;

   (d) malus and clawback:
   to expressly provide that all awards granted to any person in terms of the scheme may be subject to malus and/or clawback provisions as may be provided for in terms of the rules, the Company's remuneration policy or any additional policies adopted by the Company from time to time;

   (e) change of control:
   to amend the scheme's change of control provisions to, at the discretion of the Remuneration Committee, provide for pro-rated vesting and settlement of unvested awards as at any future date of change of control, in line with best practice in corporate governance; and

   (f) compliance with Listings Requirements:
   to amend the scheme's rules generally to provide for full compliance with Schedule 14 of the Listings Requirements, as the Listings Requirements have developed and been amended since the scheme was first approved by shareholders.

The amended Conditional Share Plan (Forfeitable Share Plan) rules will be made available on the Company's website on 4 November 2022 for a period not less than 14 days prior to the AGM.

This ordinary resolution number 9 will only be effective if passed by a 75% vote by all shareholders present or represented by proxy, excluding any votes exercised in respect of any treasury shares held by the Group and any shares acquired through share schemes of the Group.

10. **Ordinary resolution number 10:** Non-binding advisory endorsement of the remuneration and reward policy

    Resolved, by way of a non-binding advisory vote, that the Blue Label Telecoms Limited Group remuneration and reward policy (excluding the remuneration of Non-executive Directors and the members of the statutory and Board committees for their services as Directors and members of committees) as set out in the remuneration report in the integrated annual report 2022 is endorsed.

NOTICE OF VIRTUAL ANNUAL GENERAL MEETING CONTINUED

11. **Ordinary resolution number 11:** Non-binding advisory endorsement of the Blue Label Telecoms Limited Group's remuneration implementation report.

    Resolved, by way of a non-binding advisory vote, that the Blue Label Telecoms Limited Group's remuneration implementation report set out in the remuneration report in the integrated annual report 2022 is endorsed.

12. **Ordinary resolution number 12:** Directors' authority to implement ordinary and special resolutions.

    Resolved that each and every Director of the Company is authorised to do all such things and sign all such documents as may be necessary for or incidental to the implementation of the ordinary and special resolutions passed at the AGM.

Special resolutions

In terms of sections 62(3)(c) and 65(9) of the Act, the minimum percentage of voting rights required for each of the following special resolutions to be passed is 75% (seventy-five percent) of the voting rights exercised.

1. **Special resolution number 1:** Non-executive Directors' remuneration

   Resolved that in terms of section 66(9) of the Act, the following remuneration shall be payable to the Non-executive Directors for their services as Directors for the period 1 June 2022 to 31 May 2023.

The proposed fees payable to Non-executive Directors are set out below:

	Current fee 2022 R	Proposed fee 2023 R
Services as Directors		
– Chair of the Board (per annum)	**2 024 727**	2 146 211
– Board members (per annum)	**446 631**	473 429
Audit, Risk and Compliance Committee		
– Chair (per annum)	**404 945**	429 242
– Member (per annum)	**250 113**	265 120
Remuneration and Nomination Committee		
– Chair Remuneration (per annum)	**238 203**	252 495
– Chair Nomination (per annum)	**166 742**	176 747
– Member (per annum)	**142 922**	151 497
Investment Committee		
– Chair (per annum)	**238 203**	252 495
– Member (per annum)	**142 922**	151 497
Transformation, Social and Ethics Committee		
– Chair (per annum)	**142 922**	151 497
– Member (per annum)	**89 326**	94 686
Ad hoc Committee		
– Chair (per meeting)	**53 596**	56 812
– Member (per meeting)	**32 157**	34 086

2. **Special resolution number 2:** General authority to repurchase shares

Resolved that, pursuant to the MOI, the Company or any of its subsidiaries are hereby authorised by way of a general approval, from time to time, to acquire ordinary shares in the share capital of the Company in accordance with the Act and the Listings Requirements, provided that:

(a) the number of its own ordinary shares acquired by the Company in any one financial year shall not exceed 20% (twenty percent) of the ordinary shares in issue at the date on which this resolution is passed;

(b) this authority shall lapse on the earlier of the date of the next AGM of the Company or the date 15 (fifteen) months after the date on which this resolution is passed;

(c) the Board has resolved to authorise the acquisition and that the Group will satisfy the solvency and liquidity test immediately after the acquisition and that since the test there have been no material changes to the financial position of the Group;

(d) the acquisition must 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;

(e) the Company only appoints one agent to effect any acquisition(s) on its behalf;

(f) the price paid per ordinary share may not be greater than 10% above the weighted average of the market value of the ordinary shares for the five (5) business days immediately preceding the date on which an acquisition is made;

(g) the number of shares acquired by subsidiaries of the Company shall not exceed 10% (ten percent) in the aggregate of the number of issued shares in the Company at the relevant times;

(h) the acquisition of shares by the Company or its subsidiaries may not be effected during a prohibited period, as defined in the Listings Requirements;

(i) an announcement containing full details of such acquisitions of shares will be published as soon as the Company and/or its subsidiaries have acquired shares constituting, on a cumulative basis, 3% (three percent) of the number of shares in issue at the date of the meeting at which this special resolution is considered and if approved, passed, and for each 3% (three percent) in aggregate of the initial number (the number of that class of shares in issue at the time that the general authority from shareholders is granted) acquired thereafter; and

(j) an issuer or its subsidiary company may repurchase securities during a prohibited period as defined in paragraph 3.67 if 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. The issuer must instruct an independent third party, which makes its investment decisions in relation to the issuer's, prior to the commencement of the prohibited period to execute the repurchase programme submitted to the JSE.

NOTICE OF VIRTUAL ANNUAL GENERAL MEETING CONTINUED

3. **Special resolution number 3:** Approval to grant financial assistance in terms of sections 44 and 45 of the Act

   Resolved that the Board may, subject to the Act and the MOI, authorise the Company to provide direct or indirect financial assistance:
   - by way of a loan, guarantee, the provision of security or otherwise to any person for the purpose of, or in connection with, the subscription of any option, or any securities, issued or to be issued by the Company or a related or inter-related company, or for the purchase of any securities of the Company or a related or inter-related company, as contemplated in section 44 of the Act, at any time during a period commencing on the date of passing of this special resolution and ending at the expiry of two years from the date of the adoption of this special resolution number 3; and/or to a Director of the Company or of a related or inter-related company, or to a related or inter-related company or corporation, or to a member of a related or inter-related corporation, or to a person related to any such company, corporation, director, prescribed officer or member, as contemplated in section 45 of the Act, at any time during a period commencing on the date of passing of this special resolution and ending at the expiry of two years from the date of the adoption of this special resolution number 3.

The Listings Requirements require, in terms of paragraph 11.26, the following disclosures, which appear in the integrated annual report:
- major shareholders – refer to page 114 of the Group annual financial statements;
- material change – there were no material changes;
- share capital of the Company – refer to page 100 of the Group annual financial statements; and
- responsibility statement – refer to page 1 of the Group annual financial statements.

By order of the Board

J van Eden
Group Company Secretary

Sandton

30 September 2022

Explanatory notes

Presentation of the annual financial statements

In terms of section 61(8)(a) of the Act, the Directors' report, audited Group annual financial statements for the immediately preceding financial year and the Audit, Risk and Compliance Committee report are to be presented to shareholders at the virtual AGM.

Ordinary resolution numbers 1 to 3 (inclusive): Re-election of Directors

In accordance with the MOI, one-third of the Directors are required to retire at each AGM and may offer themselves for re-election. Messrs KM Ellerine, MS Levy and LM Nestadt retire by rotation at the AGM in accordance with article 25.17 of the MOI, and have offered themselves for re-election.

Brief biographies of the Directors are on pages 16 and 17.

The Board is satisfied with the performance of each of the Directors standing for re-election and that they will continue to make an effective and valuable contribution to the Company and to the Board.

The Board recommends to shareholders that they should vote in favour of the re-election of each of the Directors referred to in ordinary resolution numbers 1 to 3 (inclusive).

Ordinary resolution number 4: Reappointment of external auditor

In terms of section 90(1) of the Act, each year at its AGM, the Company must appoint an auditor meeting the requirements of section 90(2) of the Act.

PwC expressed its willingness to continue in office and this resolution proposes the reappointment of PwC as the Company's auditor until the next AGM. In addition, Mr Pietro Calicchio is appointed as the individual registered auditor for the ensuing year as contemplated in section 90(3) of the Act.

The Audit, Risk and Compliance Committee has satisfied itself that the proposed auditor, PwC and Mr Pietro Calicchio, are independent of the Company in accordance with sections 90 and 94 of the Act and the applicable rules of the International Federation of Accountants.

The Audit, Risk and Compliance Committee has recommended the reappointment of PwC as independent registered auditor of Blue Label for the 2023 financial year.

Ordinary resolution numbers 5 to 8 (inclusive): Election of Audit, Risk and Compliance Committee members

In terms of section 94(2) of the Act, each Audit Committee member must be elected by shareholders at its AGM. King IV likewise requires shareholders of a public company to elect each member of an audit committee at an AGM.

In terms of Regulation 42 of the Companies Regulations 2011, relating to the Act, at least one-third of the members of the Company's Audit, Risk and Compliance Committee at any particular time must have academic qualifications, or experience in economics, law, corporate governance, finance, accounting, commerce, industry, public affairs or human resource management. Each of the proposed members is duly qualified, as is evident from the biographies of each member, as contained on pages 17 and 18.

Ordinary resolution number 9: Approval of amendments to the rules of the Blue Label Telecoms Forfeitable Share Plan and the share scheme envisaged by such rules.

Schedule 14 of the Listings Requirements (Schedule 14) governs share option schemes and share incentive schemes involving the issue of equity securities by issues to, or for the benefit of, employees and other persons involved in the business of the issuer group and which result in a dilution of the shareholder of equity securities holders in the issue. This includes the issue of equity securities from the issuer's authorised, but unissued, share capital, as well as the use of equity securities held as treasury shares. Schedule 14 is applicable to the scheme and the scheme and its rules were originally approved in terms of Schedule 14. In terms of Schedule 14, certain provisions of the Forfeitable Share Plan approved in 2008, cannot be altered without the prior approval of shareholders and it is on this basis, that we seek approval for the following amendments:

Name and overall functioning of the scheme from a forfeitable share plan to a conditional share plan

In line with market trends, the rules have been updated to provide for the awarding of conditional shares and operation of a Conditional Share Plan which will furthermore simplify the administration of the long-term incentive plan. Accordingly, a resolution is sought, in line with the requirements of Schedule 14, to amend the Forfeitable Share Plan rules and name, to operate as a Conditional Share Plan from date of approval of the resolution onward.

NOTICE OF VIRTUAL ANNUAL GENERAL MEETING CONTINUED

Overall scheme limit

Prior to amendment, the aggregate maximum number of shares which may be used to settle Forfeitable Share Plan awards over the life of the scheme was limited to 76 636 085 ordinary shares, representing 10% (ten percent) of the total issued shares of the Company. A resolution is sought to update the aggregate number of shares from 76 636 085 to 91 365 587, which would retain an overall limit of 10% (ten percent) of the total issued shares of the Company as at the date of AGM and account for shares which have been issued since the original approval of the scheme.

After approval of this amendment, and as at the AGM, 43 055 736 shares (equating to 4.71% of the issued shares of the Company) will have been used in settlement of Forfeitable Share Plan awards since it has been in operation since 2008. 48 309 851 shares (equating to 5.29% of the issued shares of the Company) will remain available for settlement of current unvested awards. It is the Company's intention to put a new scheme in place prior to the making of the next awards in 2023. Neither the update to the overall limit, nor the introduction of such new scheme will result in any shareholder dilution. Therefore, the purpose of the adjustment to the limit is merely to honour existing obligations under the scheme.

Individual limit

Prior to the amendment, the aggregate maximum number of shares which may be used to settle Forfeitable Share Plan awards to any participant was 7 663 608 shares, representing 1% (one percent) of the total issued shares of the Company. A resolution is sought to adjust the aggregate number of shares from 7 663 608 to 9 136 558, which would retain an individual limit of 1% (one percent) of the total issued shares of the Company as at the date of AGM and account for the revised issued capital of Blue Label since the original approval of the scheme in 2008.

Malus and clawback

The Company has, from 2019, included malus and clawback provisions in its remuneration policy for application upon variable remuneration (short and long-term incentive awards). Accordingly, the Company has amended the Conditional Share Plan (previously Forfeitable Share Plan) rules to include the necessary provisions relating to malus and clawback, as presented herewith. The amendments to the Conditional Share Plan (previously Forfeitable Share Plan) to include malus and clawback provisions are aligned to current developments in respect of executive remuneration practices and corporate governance within South Africa. The aim of the amendments is to allow the Company the ability to reduce (for unvested awards) and/or recoup (for vested awards) the value of awards/grants in terms of the scheme in the event that a trigger event is discovered before or for a specified period after the vesting date.

As noted in the proposed amended Conditional Share Plan rules, clawback, while defined therein, will continue to be regulated in terms of the Company's remuneration policy (the full details are disclosed in the integrated report).

Change of control

To align to evolving market practice, the rules have been updated to cater for a treatment of unvested LTI awards which is greater aligned to best practice in corporate governance, namely that upon a change of control, at the discretion of the Remuneration Committee, any unvested awards under the scheme will have pro-rata vesting and settlement.

JSE Listings Requirements

Since the approval of the rules in 2008, Schedule 14 of the JSE Listings Requirements has been amended and updated to provide for leading business and regulatory practices. Although the scheme remains aligned with the JSE Listings Requirements, the rules have been amended to provide for full compliance with Schedule 14 of the Listings Requirements.

Ordinary resolution number 10: Non-binding advisory vote: Endorsement of the remuneration and reward policy

King IV requires a company to table its remuneration and reward policy for a non-binding advisory vote by shareholders at its AGM. This vote enables shareholders to endorse the remuneration policy adopted for Executive Directors. The Blue Label remuneration policy is contained on pages 105 to 112.

The advisory vote is of a non-binding nature only and therefore failure to pass this resolution will not have any legal consequences relating to existing arrangements. However, the Board will take cognisance of the outcome of the vote when considering the Company's remuneration and reward policy and the remuneration of Executive Directors. In the event that this non-binding advisory endorsement approving the Company's remuneration and reward policy is voted against by shareholders exercising 25% (twenty-five percent) or more of the voting rights exercised, the Company undertakes to engage with its shareholders in order to ascertain the reasons for objection, and to address appropriately legitimate and reasonable objections and concerns.

Ordinary resolution number 11: Non-binding advisory vote: Endorsement of the remuneration implementation report

King IV requires a company to table its remuneration implementation report for a non-binding advisory vote by shareholders at its AGM. This vote enables shareholders to endorse the remuneration implementation report for Executive Directors. The Blue Label remuneration implementation report is contained on pages 112 to 121.

The advisory vote is of a non-binding nature only and therefore failure to pass this resolution will not have any legal consequences relating to existing arrangements. However, the Board will take cognisance of the outcome of the vote when considering the Company's remuneration and reward policy and the remuneration of Executive Directors. In the event that this non-binding advisory endorsement approving the Company's remuneration implementation report is voted against by shareholders exercising 25% (twenty-five percent) or more of the voting rights exercised, the Company undertakes to engage with its shareholders in order to ascertain the reasons for objection, and to address appropriately legitimate and reasonable objections and concerns.

Ordinary resolution number 12: Directors' authority to implement ordinary and special resolutions

The reason for ordinary resolution number 12 is to authorise any Director of the Company to do all things necessary to implement the ordinary and special resolutions passed at the AGM and to sign all such documentation required to give effect and to record the ordinary and special resolutions.

Special resolution number 1: Non-executive Directors' remuneration

Special resolution number 1 is proposed to enable the Company to comply with the provisions of sections 65(11)(h), 66(8) and 66(9) of the Act, which stipulate that remuneration to Non-executive Directors for their services as Directors may be paid only in accordance with a special resolution approved by shareholders.

Special resolution number 2: General authority to repurchase shares

Special resolution number 2 seeks to allow the Group, by way of a general authority, to acquire its own issued shares (reducing the total number of ordinary shares of the Company in issue in the case of an acquisition by the Company of its own shares). This resolution is required in order to allow the Company to take advantage of any opportunity that presents itself to enhance shareholder value by repurchasing shares where the Company's share price is at a level which results in a share repurchase being to the benefit of shareholders. Any decision by the Directors to use the general authority to acquire shares of the Company will be taken with regard to the prevailing market conditions, share price, cash needs of the Group, together with various other factors, and in compliance with the Act, Listings Requirements and the MOI.

Special resolution number 3: Approval to grant financial assistance in terms of sections 44 and 45 of the Act

The existing authority granted by shareholders at the AGM held on 26 November 2020 was valid for a two-year period and will expire at the virtual AGM unless renewed.

In the ordinary course of the Company business, it needs to provide financial assistance to certain of its Group companies in accordance with section 45 of the Act, and furthermore it may be necessary for the Company to provide financial assistance in the circumstances contemplated in section 44 of the Act.

- Notwithstanding the title of section 45 of the Act, being "Loans or other financial assistance to Directors", on a proper interpretation thereof, the body of the section also applies to financial assistance provided by a company to any related or inter-related company or corporation, a member of a related or inter-related corporation, and to a person related to any such company, corporation or member.
- Furthermore, section 44 of the Act may also apply to the financial assistance so provided by a company to any related or inter-related company or corporation, a member of a related or inter-related corporation, or a person related to any such company, corporation or member, in the event that the financial assistance is provided for the purpose of, or in connection with, the subscription of any option, or any securities, issued or to be issued by the Company or a related or inter-related company, or for the purchase of any securities of the Company or a related or inter-related company.
- Both sections 44 and 45 of the Act provide, inter alia, that the particular financial assistance may only be provided:
  - pursuant to a special resolution of shareholders, adopted within the previous 2 (two) years, which approved such assistance either for the specific recipient, or generally for a category of potential recipients, and the specific recipient falls within that category;

NOTICE OF VIRTUAL ANNUAL GENERAL MEETING CONTINUED

- the Board is satisfied that immediately after providing the financial assistance, the Company would satisfy the solvency and liquidity test (as contemplated in the Act); and
- the terms under which the financial assistance is proposed to be given are fair and reasonable to the Company.

Electronic participation at the virtual AGM

(a) Shareholders wishing to participate electronically in the virtual AGM are required to:

(i) 1. register online using the online registration portal at www.meetnow.global/za; or 2. apply to Computershare, by sending an e-mail to proxy@computershare.co.za so as to be received by Computershare by no later than 10:00 on Tuesday, 22 November 2022.

(b) In order for the electronic notice to be valid it must contain:

(i) where the Blue Label shareholder is an individual, a certified copy of his/her identity document and/or driver's licence and/or passport;

(ii) where the Blue Label shareholder is not an individual, a certified copy of a resolution or letter of representation by the relevant entity and a certified copy of the identity documents and/or passports of the persons who passed the relevant resolution or signed the relevant letter of representation. The letter of representation or resolution must set out from whom the relevant entity is authorised to represent the entity at the virtual AGM via electronic communication;

(iii) a valid e-mail address and/or facsimile number (contact address/number); and

(iv) by no later than 24 (twenty-four) hours before the virtual AGM the Company shall use its reasonable endeavours to notify a shareholder at its contact address/number of the relevant details through which the shareholder can participate via electronic communication.

(c) The costs borne by the shareholder or his/her/its proxy(ies) in relation to the dial-in facility will be for his/her/its own account.

FORM OF PROXY

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

For use by certificated shareholders or own-name dematerialised shareholders at the Annual General Meeting of the Company to be held entirely by electronic communication as permitted by the Companies Act, No 71 of 2008, as amended and by the Company's Memorandum of Incorporation at 10:00 on Thursday, 24 November 2022.

If dematerialised shareholders, other than own-name dematerialised shareholders, have not been contacted by their CSDP or broker with regard to how they wish to cast their vote, they should contact their CSDP or broker and instruct their CSDP or broker as to how they wish to cast their vote at the virtual AGM in order for their CSDP or broker to vote in accordance with such instructions. If dematerialised shareholders, other than own-name dematerialised shareholders, have not been contacted by their CSDP or broker it would be advisable for them to contact their CSDP or broker, as the case may be, and furnish them with their instructions. Dematerialised shareholders who are not own-name dematerialised shareholders and who wish to attend the virtual AGM must obtain the necessary letter of representation from their CSDP or broker, as the case may be. This must be done in terms of the agreement entered into between the dematerialised shareholder and their CSDP or broker. If the CSDP or broker, as the case may be, does not obtain instructions from such dematerialised shareholders, it will be obliged to act in terms of the mandate furnished to it, or if the mandate is silent in this regard, to abstain from voting. Such dematerialised shareholders, other than own-name dematerialised shareholders, must not complete this form of proxy and should read note 10 overleaf.

Full name: I/We

of (address)

(BLOCK LETTERS)

Telephone: (Work) (area code)

Telephone: (Home) (area code)

Fax: (area code) Cell number:

being the holder(s) of ______ Blue Label shares hereby appoint:

1. or failing him/her,

2. or failing him/her,

3. the Chairman of the AGM, as my/our proxy to vote for me/us on my/our behalf at the AGM of Blue Label shareholders to be held at 10:00 on Thursday, 24 November 2022 or any adjournment thereof as follows:

Resolution	For	Against	Abstain
Ordinary resolution number 1: Re-election of Mr KM Ellerine as a Director of the Company			
Ordinary resolution number 2: Re-election of Mr MS Levy as a Director of the Company			
Ordinary resolution number 3: Re-election of Mr LM Nestadt as a Director and Chairman of the Company			
Ordinary resolution number 4: Reappointment of external auditor			
Ordinary resolution number 5: Election of Ms NP Mnxasana as a member of the Audit, Risk and Compliance Committee			
Ordinary resolution number 6: Election of Mr JS Mthimunye as a member and Chair of the Audit, Risk and Compliance Committee			
Ordinary resolution number 7: Election of Mr GD Harlow as a member of the Audit, Risk and Compliance Committee			
Ordinary resolution number 8: Election of Mr SJ Vilakazi as a member of the Audit, Risk and Compliance Committee			
Ordinary resolution number 9: Approval of amendments to the rules of the Blue Label Telecoms Forfeitable Share Plan and the share scheme envisaged by such rules			
Ordinary resolution number 10: Non-binding advisory endorsement of the remuneration and reward policy			
Ordinary resolution number 11: Non-binding advisory endorsement of the remuneration implementation report			
Ordinary resolution number 12: Directors' authority to implement ordinary and special resolutions			
Special resolution number 1: Non-executive Directors' remuneration			
Special resolution number 2: General authority to repurchase shares			
Special resolution number 3: Approval to grant financial assistance in terms of sections 44 and 45 of the Act			

Signed at on day of 2022

Signature

Assisted by (if applicable)

Please read the notes on the reverse side hereof.

NOTES TO THE FORM OF PROXY

A shareholder entitled to attend and vote at the virtual AGM may appoint one or more persons as his/her/its proxy to attend, speak or vote in his/her/its stead at the virtual AGM. A proxy need not be a shareholder of the Company.

On a show of hands, every shareholder shall have one vote (irrespective of the number of shares held). On a poll, every shareholder shall have, for each share held by him/her/it that proportion of the total votes in the Company which the aggregate amount of the nominal value of that share held by him/her/it bears to the aggregate amount of the nominal value of all the shares issued by the Company.

1. A shareholder may insert the name of a proxy or the names of two alternative proxies of his/her/its choice in the spaces provided with or without deleting "the Chairman of the AGM", but any such deletion must be initialled by the Blue Label shareholder. The person whose name appears first on the form of proxy and who is present at the virtual AGM will be entitled to act as proxy to the exclusion of those whose names follow.
2. Please insert with an "X" or insert the number of shares in the relevant spaces according to how you wish your votes to be cast. If you wish to cast your votes in respect of a lesser number of Blue Label shares exercisable by you, insert the number of Blue Label shares held in respect of which you wish to vote. Failure to comply with the above will be deemed to authorise and compel the Chairman, if the Chairman is an authorised proxy, to vote in favour of the resolutions, or to authorise any other proxy to vote for or against the resolutions or abstain from voting as he/she/it deems fit, in respect of all the shareholders' votes exercisable thereat. A shareholder or his/her/its proxy is not obliged to use all the votes exercisable by the shareholder or his/her/its proxy, but the total of the votes cast and in respect whereof abstention is recorded may not exceed the total of the votes exercisable by the shareholder or his/her/its proxy.
3. For administrative purposes, forms of proxy must be lodged with the Transfer Secretaries at Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196. (Private Bag X9000, Saxonwold, 2132). Faxed to: +27 11 688 5238 or e-mailed to: proxy@computershare.co.za, to be received by no later than 10:00 on Tuesday, 22 November 2022. Should the form of proxy not be delivered to the Transfer Secretaries by this time, you will be required to furnish a copy of such form of proxy to the Chairman of the meeting before the appointed proxy exercises any of their rights at the meeting.
4. Any alteration or correction made to this form of proxy must be initialled by the signatory(ies).
5. 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 Transfer Secretaries or waived by the Chairman of the AGM.
6. The completion and lodging of this form of proxy will not preclude the relevant shareholder from attending the virtual AGM and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such shareholder wish to do so.
7. The Chairman of the AGM may accept or reject any form of proxy which is completed and/or received other than in accordance with these notes and instructions, provided that the Chairman is satisfied as to the manner in which the shareholder wishes to vote.
8. Where there are joint holders of shares:
   - 8.1 any such persons may vote at the virtual AGM in respect of such joint shares as if he/she/it were solely entitled thereto;
   - 8.2 any one holder may sign this form of proxy; and
   - 8.3 if more than one such joint holders are present or represented at the virtual AGM, the vote(s) of the senior shareholder (for that purpose seniority will be determined by the order in which the names of shareholders appear in the register) who tenders a vote (whether in person or by proxy) will be accepted to the exclusion of the vote(s) of the other joint shareholder(s).
9. Own-name dematerialised shareholders will be entitled to attend the virtual AGM in person or, if they are unable to attend and wish to be represented thereat, must complete and return the attached form of proxy to the Transfer Secretaries in accordance with the time specified on the form of proxy.
10. Shareholders who hold shares through a nominee should advise their nominee or, if applicable, their CSDP or broker timeously of their intention to attend and vote at the virtual AGM or to be represented by proxy thereat in order for their nominee or, if applicable, their CSDP or broker to provide them with the necessary letter of representation to do so or should provide their nominee or, if applicable, their CSDP or broker timeously with their voting instruction should they not wish to attend the virtual AGM in person, in order for their nominee to vote in accordance with their instruction at the virtual AGM.
11. A vote given in terms of an instrument of proxy shall be valid in relation to the virtual AGM notwithstanding the death of the person granting it, the transfer of the shares in respect of which the vote is given, unless an intimation in writing of such death or transfer is received by the Transfer Secretaries, before the commencement of the virtual AGM.
12. Where this form of proxy is signed under power of attorney, such power of attorney must accompany this form of proxy, unless previously recorded by the Transfer Secretaries or unless this requirement is waived by the Chairman of the AGM.
13. A minor or any other person under legal incapacity must be assisted by his/her parent or guardian, as applicable, unless the relevant documents establishing his/her capacity are produced or have been registered by Blue Label or the Transfer Secretaries.
14. Unless revoked, an appointment of a proxy pursuant to this form of proxy remains valid only until the end of the virtual AGM or any postponement or adjournment of the virtual AGM. This form of proxy shall be valid at any resumption of a postponed or adjourned meeting to which it relates although this form of proxy shall not be used at the resumption of the postponed or adjourned virtual AGM if it could not be used at the virtual AGM for any reason other than it was not lodged timeously for the virtual AGM. This form of proxy shall, in addition to the authority conferred by the Act, except insofar as it provides otherwise, be deemed to confer the power generally to act at the meeting in question, subject to any specific direction contained in this form of proxy as to the manner of voting.

GLOSSARY

Word	Definition
Active-active	A failover architecture where mirrored infrastructure, application, service and data replication processing achieve the highest level of resiliency for mission-critical environments that require the lowest Recovery Time Objectives (RTOs). This delivers a high degree of certainty that, through failover and load distribution across all mirrored technology layers, core applications will continue to be accessible when parts of the networks or servers fail unexpectedly
Act/the Act/ Companies Act	Companies Act, No 71 of 2008, as amended from time to time
AEON	Blue Label's proprietary switch through which all transactional capability is accessed. Banking grade transactions are switched through the Postilion platform
AEON EVD	The AEON Electronic Voucher Distribution platform is a central repository in which electronic (or virtual) stock is housed. It is referenced by other internal platforms like EVMS, AMS and AEON
AGM	Annual General Meeting
Airvantage	Airvantage, a private company whose Prepaid Airtime Advance System (PAS) offers Mobile Network Operators airtime, data and mobile money services: the ability to advance airtime, data or mobile money to subscribers
AMS	Airtime management system
API	Application Programming Interface
ARCC	Audit, Risk and Compliance Committee
AWS	Amazon Web Services
B-BBEE	Broad-based black economic empowerment
BCM	Business continuity management

Word	Definition
BI	Business intelligence
Black	South African nationals that are Indian, Coloured, African and Chinese
BLD	Blue Label Distribution Proprietary Limited
BLDS	Blue Label Data Solutions Proprietary Limited
BLT	Blue Label Telecoms Limited
Blue Label/Blue Label Telecoms	Blue Label Telecoms Limited
BNPL	Buy now pay later
Cell C	Cell C Proprietary Limited, launched operations in 2001, seven years after the launch of the two incumbents, Vodacom and MTN (launched in 1994)
CEO	Chief Executive Officer
CIO	Chief Information Officer
CIPC	Companies and Intellectual Property Commission
COBIT	Control Objectives for Information Technologies
Company	Blue Label Telecoms Limited
CRM	Customer relationship management
CSDP	Central Securities Depository Participant
CSI	Corporate social investment
Deloitte	Deloitte South Africa
distribution channels	For Blue Label, our distribution channels include retail and wholesale outlets, petroleum forecourts, informal retail outlets, individual merchants/entrepreneurs, corporates and independents (Mom and Pop stores)

GLOSSARY CONTINUED

Word	Definition
EBITDA	Earnings before interest, taxes, depreciation and amortisation
EPS	Earnings per share
ERP	Enterprise resource planning
ESG	Environmental, social and governance
e-tokens	Electronic tokens – a form of electronic cash used for secure transactions
Exco	Executive Committee
FAR	Fixed annual remuneration
fintech	Technology businesses that compete against, enable and/or collaborate with financial institutions
GDPR	General Data Protection
GP	Gross profit
GRI	Global Reporting Initiative. Established in 1997, with the mission of designing globally applicable guidelines for the preparation of enterprise-level, sustainable development reports
Group	Blue Label Telecoms Limited and its subsidiaries, associates and joint ventures
HEPS	Headline earnings per share
IC	Investment Committee
ICASA	Independent Communications Authority of South Africa
IoDSA	Institute of Directors in Southern Africa
IRCC	Internal Risk and Compliance Committee
IT	Information technology

Word	Definition
JSE	Johannesburg Stock Exchange Limited
King IV	King IV Report on Corporate Governance for South Africa
KPMG	KPMG Services Proprietary Limited
LTI	Long-term incentives
LTIP	Long-term incentive plan
LTO	Labour turnover
M-commerce	Mobile commerce
Main market	The informal, mostly rural, market in South Africa, from which the Group derives the bulk of its revenues
MICTSETA	The Media, Information and Communication Technologies Sector Education and Training Authority
MNO	Mobile network operator, such as Vodacom, MTN, Telkom and Cell C in South Africa
MOI	Memorandum of Incorporation
MVNO	Mobile Virtual Network Operator
MVP	Minimum viable product
NAV	Net asset value
NC	Nomination Committee, part of the Remuneration and Nomination Committee
NED	Non-executive Director
NFC	Near Field Communication
NIST	National Institute of Standards and Technology
physical prepaid airtime	Prepaid vouchers that are available as physical items

Word	Definition
PINless top-up	E-token recharge directly to mobile phone via a POS device
POC	Proof of concept
POP	Points of presence
POPIA	Protection of Personal Information Act
POS	Point of sale, usually a place or a device
PowerPin voucher	Offline prepaid electricity top-up, consolidates the purchase of prepaid electricity across national municipalities
PwC	PricewaterhouseCoopers Inc.
RC/Remco	Remuneration Committee, part of the Remuneration and Nomination Committee
ROCE	Return on capital employed
RNC	Remuneration and Nomination Committee
RPA	Robotic Process Automation
SARA	South African Reward Association
SIM card	Subscriber identification module card
SMS	Short message service
spaza shop	An informal convenience outlet
SPV	Special Purpose Vehicle
SSETA	Services Sector Education and Training Authority
STEM	Science, technology, engineering, and maths
STI	Short-term incentives
STIP	Short-term incentive plan
TCFD	Taskforce on Climate-related Financial Disclosures

Word	Definition
TJ	Transaction Junction Proprietary Limited
touch points	Devices through which consumers are able to purchase Blue Label products and services
TPC	The Prepaid Company Proprietary Limited
transactional services	Includes money transfers, payments of bills and the like
unbanked	People without bank accounts
underbanked/badly banked	People with poor access to mainstream financial services, such as banks and therefore rely on alternative financial services or alternatively people with bank accounts who do not make effective use of the broader services offered by the bank – they merely deposit and withdraw cash from their accounts
UniPIN	Universal PIN for prepaid electricity
USD	US dollar
USSD	Unstructured supplementary service data
value added	Measure of wealth the Group has created in its operation by "adding value" to the cost of products and services
VAS	Value-added services
virtual distributor	Distribution of e-tokens of value in electronic format
WACC	Weighted Average Cost of Capital

ADMINISTRATION

Directors
LM Nestadt (Chairman)*, BM Levy, MS Levy, KM Ellerine**, GD Harlow*, NP Mnxasana*, JS Mthimunye*, DA Suntup, SJ Vilakazi*, PL Zim*

(* Independent Non-executive) (** Non-executive)

Company Secretary
J van Eden

Sponsor
Investec Bank Limited

Auditors
PricewaterhouseCoopers Inc.

Blue Label Telecoms Limited
(Incorporated in the Republic of South Africa)
(Registration number 2006/022679/06)

Registered address:	75 Grayston Drive, corner Benmore Road, Morningside Ext 5, Sandton, 2196
Postal address:	PO Box 652261, Benmore, 2010
Contacts:	+27 11 523 3000
E-mail:	info@blts.co.za
Website:	www.bluelabeltelecoms.co.za
LinkedIn:	https://www.linkedin.com/company/blue-label-telecoms
Facebook:	www.facebook.com/BlueLabelTelecoms
Twitter:	@BlueLabelTeleco
Instagram:	bluelabeltelecoms
YouTube:	Blue Label Telecoms
JSE share code:	BLU
ISIN:	ZAE000109088

(“Blue Label” or “BLT” or “the Company” or “the Group”)

Bastion

BLUE LABEL
TELECOMS

75 Grayston Drive
(Corner of Grayston Drive & Benmore Drive)
Morningside Extension 05, Sandton,
Johannesburg, South Africa

www.bluelabeltelecoms.co.za