# Notes to the financial statements continued

for the year ended 31 March 2024

## 6. Financing structure and commitments continued

### 6.8 Contingencies

**Significant accounting judgements, estimates and assumptions**
On an ongoing basis, the Group is party to various legal disputes, the outcomes of which cannot be assessed with a high degree of certainty. A liability is recognised where, based on the Group's legal views, advice and application of professional judgement, it is considered probable that an outflow of resources will be required to settle a present obligation that can be measured reliably. The disclosure of other contingent liabilities is made unless the possibility of a loss arising is considered remote.

**Contingent liabilities**
Other than the disclosures below, no significant movement or new matters have been noted on the contingent positions as reported in the 31 March 2024 financial statements.

**High court**

***Radio Surveillance Security Services (RSSS)***
On 27 August 2020, RSSS served a new summons on Telkom based largely on the same events which gave rise to its previous unsuccessful action. RSSS is claiming the return of 444 disputed alarm systems, alternatively payment of R210 million and a payment of R319 million for alleged outstanding rentals for the disputed alarm monitoring systems. Pleadings have closed in the matter. Telkom is continuing with an application for security for costs against RSSS. RSSS has been placed into provisional liquidation by Telkom, and Telkom is proceeding with steps to place RSSS into final liquidation.

***Class action against Telkom and Mutual and Federal Risk Financing Ltd***
During June 2021, Telkom received a High Court application to certify a class action against it. The application arises from minor billing discrepancies relating to VAT on device insurance premiums. Mutual and Federal Risk Financing Ltd acts as underwriter for the device insurance and has also been cited in the court proceedings. Telkom filed its answering affidavit in the application during July 2023. The applicants have taken no further steps to advance the matter since receiving Telkom's answering affidavit.

***Phutuma Networks (Pty) Ltd (Phutuma)***
In August 2009, Phutuma served a summons on Telkom claiming damages in the amount of R5.5 billion, arising from a tender published by Telkom in November 2007. The High Court granted absolution from the instance in Telkom's favour. The Supreme Court of Appeal (SCA) had initially dismissed Phutuma's application for leave to appeal in October 2014. On 4 November 2014, the SCA rescinded its order granted in October 2014. In early 2015, the SCA referred the application for leave to appeal back to the full bench of the North Gauteng High Court. The leave to appeal was heard in September 2016 and was upheld. The matter now needs to be re-enrolled for trial. To date, Phutuma has failed to set down the matter for hearing before the same judge who granted absolution. Telkom has proposed that the matter begins anew before another judge. Telkom has not heard from Phutuma and it has taken no further steps to advance the litigation since 2016.

***Masstores (Pty) Ltd (Masstores)***
During November 2021, Masstores launched arbitration proceedings against BCX. The claim is for an amount of approximately R166 million for alleged breach of contract. Pleadings have closed and the matter is currently proceeding, with steps being taken to prepare for a hearing.

***Government Gazette announcement on Telkom***
On 19 July 2023, the Pretoria High Court handed down judgment setting aside Presidential Proclamation 49 of 2022 (the "Proclamation"). The Proclamation gave the SIU authority to investigate various matters including the contracting for network and advisory services, and the disposal of former Telkom subsidiaries. The Pretoria High Court declared both the Proclamation and the SIU investigation into Telkom as unconstitutional, invalid and of no force or effect. The President of the Republic of South Africa and the SIU were granted leave to appeal the judgment on 11 December 2023, and the appeal is currently pending before the Supreme Court of Appeal.

Telkom follows robust corporate governance principles and has done so in executing the Telkom strategy to consolidate its operations in South Africa. The aforementioned matters date back as far as 2006 and most of them have been repeatedly reported on in respective Telkom reports.

Therefore, at this point, Telkom expects no material impact on its financial statements resulting from the outcomes of the SIU investigation.