

Notes to the annual financial statements continued

for the year ended 31 March 2026

2.3 Significant accounting judgements, estimates and assumptions

The preparation of annual financial statements requires the use of judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the annual financial statements, and the reported amounts of revenue and expenses during the reporting periods. Although these estimates and assumptions are based on management's best knowledge of current events and actions that the Group may undertake in the future, actual results may ultimately differ from those judgements, estimates and assumptions.

The presentation of the results of operations, financial position and cash flows in the annual financial statements of the Group is dependent upon, and sensitive to, the accounting policies, assumptions and estimates that are used as a basis for the preparation of these annual financial statements. Management has made certain judgements in the process of applying the Group's accounting policies. These, together with the key judgements, estimates and assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date are as follows:

Significant accounting judgements, estimates and assumptions	Note reference
Significant accounting judgement in the settlement of the Telkom Retirement Fund (TRF)	Note 10.3
Significant judgement in measuring the significant financing component in the Google Equiano transaction	Note 3.2
Recognition and measurement of revenue	Note 3.2
Taxation	Note 8.1
Estimation of useful lives and residual values for property, plant and equipment	Note 5.1
Impairments of property, plant and equipment	Note 5.1
IFRS 16 (Leases)	Note 6.3
Estimation of useful lives and residual values for intangible assets	Note 5.2
Impairments of intangible assets	Note 5.2
CGU and goodwill impairment assessment	Note 5.3
Investment property	Note 5.4
Impairment of financial assets (expected credit losses)	Note 7.1.4
Cash flow treatment of asset finance transactions	Note 7.3
Deferred taxation asset	Note 8.2
Inventories	Note 4.2
Provisions	Note 6.5
Employee benefits	Note 10.1
Supplier finance arrangements	Note 4.5
Contingent liabilities	Note 6.8

The assessment of the global energy shock due to geopolitical conflict as part of accounting judgements and sources of estimation uncertainty

The global energy shock due to geopolitical conflict has increased macro-economic volatility, particularly through higher oil prices, currency fluctuations and inflationary pressures.

The Group remains in a strong liquidity position as at 31 March 2026, with diversified funding sources, available facilities and no adverse impact on debt, thus the conflict is not expected to impact liquidity. Foreign exchange, market and credit risks have increased due to heightened volatility and the potential for sustained higher interest rates.

The discount rates utilised for the CGU impairment assessment and employee benefit valuations performed at 31 March 2026 incorporated the impact of the conflict. However, this increase was offset by decreases that occurred throughout the financial year in response to inflation recovery, resulting in an overall decrease in the discount rate used in the CGU impairment assessment and employee benefit valuations. Indirect inflationary effects will continue to be assessed given the dynamic nature of the situation.

Operationally, FY2026 was largely unaffected in areas such as inventory costs and cost of goods sold. Post year-end, the Group expects upward pressure on inventory prices, logistics and other operating costs driven by fuel, shipping, currency volatility and supplier pricing. Mitigation actions include supplier diversification, securing local alternatives, pre-ordering critical spares, building buffer stock, where appropriate, and tighter cost control.

Area	Summary of assessment	Potential impact
Revenue	The conflict is expected to weigh on both consumer and enterprise affordability due to higher inflation, fuel and input costs, leading to slower new sales, pressure on the average revenue per user (ARPU) and lengthened enterprise deal cycles. Demand is expected to soften rather than collapse, with the primary risk relating to timing, margin pressure and delayed project execution rather than permanent revenue loss.	Medium
Diesel costs	The Group uses diesel in its data centres and fleet. Diesel price increases took effect from April 2026 and therefore did not materially impact FY2026. Sustained higher fuel prices are expected to impact the margins in FY2027. In addition to the higher fuel price risk, there is also a risk around shortage in the event that South Africa runs out of diesel. The Group is implementing mitigation measures, including supplier renegotiations, spend controls, outsourcing courier services, consolidating travel, purchasing bulk diesel in advance and improving fuel usage efficiency.	Medium
Impairment of financial assets	Higher fuel prices and inflation are increasing customer financial strain and credit risk. At 31 March 2026, management incorporated a forward-looking top-up to expected credit losses on trade receivables and contract assets. Ongoing monitoring will determine whether further adjustments are required based on actual performance and emerging information.	Medium

Overall, while the conflict introduces heightened uncertainty and medium-term margin pressure, it does not pose an immediate threat to the Group's financial sustainability. Management continues to proactively monitor developments and adjust strategies to maintain resilience.