Notes to the annual financial statements continued

for the year ended 31 March 2026

4. Working capital continued

4.2 Inventories

Significant accounting judgements, estimates and assumptions

Management estimates the net realisable values of inventories, taking into account the most reliable evidence available at each reporting date. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

Judgement is involved in determining whether inventories need to be written off to net realisable value. Factors considered include the age of the stock, inventory turnover, exchange rates, new device models released and the ability to bundle devices with other value-added services, such as voice, data and SMSes.

Inventory write-downs related to slow-moving stock are determined by considering the following:

- For network build stock, management runs quarterly reports to identify obsolete and excess warehouse stock. The definitions are as follows:
  - Obsolete stock: All material items per material group that have had no movement for the past 12 months.
  - Excess stock: All material items per material group that have more than 12 months' stock on hand, with five years' stock cover consideration.

New items not yet used and items planned for projects are excluded. The balance is then taken through the write-off process.

- For maintenance spares, management also runs quarterly reports to identify obsolete and excess stock. The definitions are as follows:
  - Obsolete stock: All material items per material group that have had no movement for the past 24 months.
  - Excess stock: All material items per material group that have more than 24 months' stock on hand.

New items not yet used and items planned for projects are excluded. The balance is then taken through the write-off process.

Summary of material accounting policies

Stock valuation and work-in-progress
Inventory is measured at the lower of cost and net realisable value.

The purchase cost of inventories comprises the purchase price, import duties and other taxes (excluding those that can be subsequently recovered by the entity from the taxing authorities), transport, handling, and other costs directly attributable to the acquisition of the finished goods, materials and services. Trade discounts, rebates and other similar items are deducted when determining the costs of inventory.

Where relevant, the initial cost of inventories includes the transfer of gains and losses on qualifying fair value hedges that are recognised as firm commitments in respect of purchases made in foreign currencies.

Merchandise, installation material, maintenance material and network equipment inventories are stated at the lower of cost, determined on a weighted average basis and estimated net realisable value. Inventory is assessed for write-down to the net realisable value at each reporting date. The reversal of any write-downs is also considered where increases in the net realisable value have been identified.

	Group		Company	
	31 March 2026 Rm	31 March 2025 Rm	**31 March 2026 Rm**	31 March 2025 Rm
Inventories	**544**	747	**178**	237
Gross inventories	**666**	966	**221**	335
Write-down of inventories to net realisable value	**(122)**	(219)	**(43)**	(98)
Inventories consist of the following categories:	**666**	966	**221**	334
Installation material, maintenance material and network equipment	**270**	295	**—**	1
Merchandise	**396**	671	**221**	333
Write-down of inventories to net realisable value	**122**	219	**43**	98
Opening balance	**219**	240	**98**	38
Statement of profit or loss and other comprehensive income movement	**(14)**	124	**(31)**	118
Inventories written off	**(83)**	(145)	**(24)**	(58)

During the current financial year, R16 million (31 March 2025: R30 million) for Group and Company were transferred from inventories to property, plant and equipment. The transfers only take place from capital work-in-progress (CWIP).

The decrease in inventory for Group and Company is mainly due to the continued release of work-in-progress and improved management of stock levels.