Notes to the annual financial statements continued

for the year ended 31 March 2026

5. Long-term assets continued

5.1 Property, plant and equipment continued

Property, plant and equipment consists mainly of network equipment. The network equipment within the Company does not generate cash inflows that are largely independent of those from other assets or groups of assets. Property, plant and equipment is included in the impairment testing for the Telkom CGU (refer to note 5.3). The recoverability of property, plant and equipment is largely dependent on macro-economic factors, which include cash flows to be generated through the network assets, as well as internal assumptions and estimates related to realisation levels and operating costs. The impairment test included assessing the recoverable amount of property, plant and equipment, with reference to all cash flows (including the fair value contributory asset income), and comparing this to the carrying amount of the property, plant and equipment (refer to note 5.3).

Included in the carrying amount of property, plant and equipment above are furniture and office equipment subject to operating leases:

Group	Furniture and office equipment Rm
Carrying amount - 31 March 2024	25
Cost	116
Accumulated depreciation, impairment and write-offs	(91)
Depreciation	(40)
Transfers	167
Disposals	(1)
Carrying amount - 31 March 2025	**151**
Cost	**267**
Accumulated depreciation, impairment and write-offs	**(116)**
Depreciation	**(42)**
Transfers	**14**
Carrying amount - 31 March 2026	**123**
Cost	**254**
Accumulated depreciation, impairment and write-offs	**(131)**

In the prior year, the Group disclosed freehold land and buildings with a carrying amount of R832 million as property, plant and equipment subject to operating leases to fulfil the disclosure requirement of IFRS 16 paragraph 95. These freehold land and buildings are leased to Openserve and disclosed as investment property for the Company and property, plant and equipment for the Group. Therefore, since these freehold land and buildings are leased to Openserve, the Group considers them as held for its own use. There is no disclosure required for the Company in this regard since IFRS 16 only refers to property, plant and equipment, subject to operating leases and not investment properties. The disclosure has therefore been removed.

5.2 Intangible assets

Significant accounting judgements, estimates and assumptions

Estimation of useful lives and residual values for intangible assets

The useful lives of assets are based on management's estimation. Management considers the impact of changes in technology, customer service requirements and availability of capital funding to determine the optimum useful life expectation for each of the individual categories of intangible assets. Due to the rapid technological advancement in the telecommunications industry, the estimation of useful lives could differ significantly on an annual basis due to unexpected changes in the rollout strategy. The measurement of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their economic lives and the estimation of what their condition will be like at that time. Changes in the useful lives and/or residual values are accounted for as a change in accounting estimate.

Notes to the annual financial statements continued

for the year ended 31 March 2026

5. Long-term assets continued

5.2 Intangible assets continued

Significant accounting judgements, estimates and assumptions continued

Impairments of intangible assets

Management is required to make judgements concerning the cause as well as the amount of impairment. In the identification of impairment indicators, management considers the impact of changes in current competitive conditions, cost of capital, availability of funding, technological obsolescence, discontinuance of services, market changes, legal changes, operating environments and other circumstances that could indicate that an impairment exists. The Group applies the impairment assessment to its CGUs. This requires management to make significant judgements concerning the existence of impairment indicators, identifying CGUs, and estimating the remaining useful lives of assets as well as projected cash flows to determine fair value less costs of disposal or value in use. Management's analysis of CGUs involves an assessment of the ability of a group of assets to independently generate cash inflows, and involves analysing the extent to which different products make use of the same assets. Management's judgement is also required when assessing whether there are indicators that a previously recognised impairment loss should be reversed.

Where impairment indicators exist, determining the recoverable amount of a CGU requires management to make assumptions to determine the value in use. The value in use is calculated using the discounted cash flow valuation method. The determination of value in use is based on a number of factors that include the discount rate, revenue growth, terminal growth rates, EBITDA margins and capital expenditure. The judgements, assumptions and methodologies used can have a material impact on the recoverable amount and ultimately the amount of impairment loss recognised.

In calculating value in use, consideration is also given to the completion of a network that is partially completed at the date the impairment test is performed. Significant judgement is applied in determining if network expansion should be treated as the completion of a partially completed asset or the enhancement of an asset (for which cash flows are not allowed to be considered in the calculation of value in use).

Summary of material accounting policies

Initial recognition and measurement
At initial recognition, acquired intangible assets are recognised at their purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates. The recognised cost includes any directly attributable costs for preparing the asset for its intended use. Internally generated intangible assets are recognised at cost comprising all directly attributable costs necessary to create and prepare the asset to be capable of operating in the manner intended by management.

Intangible assets under construction represent application and other non-integral software and include all direct expenditure as well as related borrowing costs capitalised, but exclude the costs of abnormal amounts of waste material, labour or other resources incurred in the production of self-constructed assets.

Subsequent measurement
After initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Repairs and maintenance expenses are charged to profit or loss during the reporting period in which they are incurred.

Subsequent costs in respect of intangible assets already functioning as intended by management are capitalised, provided that they meet the definition of an asset (e.g. relate to additional features and enhancements that result in additional future economic benefits).

Amortisation, residual values and useful lives
The residual value of intangible assets is the estimated amount that the Group would currently obtain from the disposal of the asset, after deducting the estimated cost of disposal, if the asset were already at the age and in the condition expected at the end of its useful life. Due to the nature of the asset, the residual value is assumed to be zero unless there is a commitment by a third party to purchase the asset at the end of its useful life or if an active market is likely to exist at the end of the asset's useful life, which can be used to estimate the residual values. The residual values of intangible assets, the amortisation methods used, and their useful lives are reviewed annually at the reporting date and adjusted prospectively as required.

Amortisation commences when the intangible assets are available for their intended use and is recognised on a straight-line basis over the expected useful lives of the assets. Amortisation ceases at the earlier of the date that the asset is classified as held for sale or the date that the asset is derecognised.

The expected useful lives applied are provided in note 3.4.8.

Impairment of intangible assets (including goodwill)
The Group regularly reviews its non-financial assets and CGUs for any indication of impairment. An impairment test is performed when indicators, including changes in technology, market, economic, legal and operating environments, availability of funding or the discontinuation of services, exist and could result in changes to an asset's or CGU's estimated recoverable amount. Goodwill, intangible assets with indefinite useful lives and intangible assets under construction are tested for impairment annually regardless of whether an indicator of impairment has been identified.

An impairment loss is recognised in profit or loss if the carrying amount of an asset or a CGU exceeds its estimated recoverable amount. Previously recognised impairment losses, other than goodwill, are reviewed annually for any indication that they may no longer exist or may have decreased. If any such indication exists, the recoverable amount of the asset is estimated. Such impairment losses are reversed in profit or loss if the recoverable amount has increased as a result of a change in the estimates used to determine the recoverable amount, but not to an amount higher than the carrying amount that would have been determined (net of amortisation) had no impairment loss been recognised in prior years.

Notes to the annual financial statements continued

for the year ended 31 March 2026

5. Long-term assets continued

5.2 Intangible assets continued

The carrying amounts of intangible assets can be reconciled as follows:

Group	Goodwill Rm	Trademarks, copyrights and other Rm	Software Rm	Under construction Rm	Total Rm
Carrying amount - 31 March 2024	1 295	2 016	1 762	254	5 327
Cost	1 367	2 551	13 133	262	17 313
Accumulated amortisation, impairment and write-offs	(72)	(535)	(11 371)	(8)	(11 986)
Additions	—	—	479	237	716
Transfers	—	—	57	(20)	37
Disposal of subsidiary	—	—	(11)	(1)	(12)
Amortisation	—	(150)	(439)	—	(589)
Write-offs and impairment	—	—	(40)	(30)	(70)
Reclassified to held for sale reversal[1]	—	—	11	1	12
Carrying amount - 31 March 2025	**1 295**	**1 866**	**1 819**	**441**	**5 421**
Cost	**1 367**	**2 551**	**13 363**	**480**	**17 761**
Accumulated amortisation, impairment and write-offs	**(72)**	**(685)**	**(11 544)**	**(39)**	**(12 340)**
Additions	**—**	**—**	**603**	**205**	**808**
Transfers	**—**	**9**	**384**	**(346)**	**47**
Foreign currency translation	**—**	**—**	**1**	**—**	**1**
Disposals	**—**	**—**	**(33)**	**—**	**(33)**
Amortisation	**—**	**(135)**	**(434)**	**—**	**(569)**
(Write-offs and impairment)/impairment reversal	**—**	**—**	**(88)**	**40**	**(48)**
Carrying amount - 31 March 2026	**1 295**	**1 740**	**2 252**	**340**	**5 627**
Cost	**1 367**	**2 148**	**12 126**	**340**	**15 981**
Accumulated amortisation, impairment and write-offs	**(72)**	**(408)**	**(9 874)**	**—**	**(10 354)**

1. *Swiftnet was classified as held for sale and remained so until its disposal in the prior year. The related balances are included in the intangible assets reconciliation note to align the reconciliation with the disclosure notes. These balances relate to assets held for sale as at 31 March 2024 and reflect the subsequent disposal, as disclosed in notes 12.2 and 12.3.*

The carrying amounts of intangible assets can be reconciled as follows:

Company	Trademarks, copyrights and other Rm	Software Rm	Under construction Rm	Total Rm
Carrying amount - 31 March 2024	1 963	1 103	75	3 141
Cost	2 118	9 519	75	11 712
Accumulated amortisation, impairment and write-offs	(155)	(8 416)	—	(8 571)
Additions	—	397	149	546
Transfers	1	1	24	26
Amortisation	(108)	(280)	—	(388)
Write-offs	—	(10)	—	(10)
Carrying amount - 31 March 2025	**1 856**	**1 211**	**248**	**3 315**
Cost	**2 118**	**9 666**	**248**	**12 032**
Accumulated amortisation, impairment and write-offs	**(262)**	**(8 455)**	**—**	**(8 717)**
Additions	**—**	**496**	**126**	**622**
Transfers	**—**	**228**	**(200)**	**28**
Amortisation	**(108)**	**(287)**	**—**	**(395)**
Write-offs	**—**	**(40)**	**—**	**(40)**
Carrying amount - 31 March 2026	**1 748**	**1 608**	**174**	**3 530**
Cost	**2 118**	**8 221**	**174**	**10 513**
Accumulated amortisation, impairment and write-offs	**(370)**	**(6 613)**	**—**	**(6 983)**

Notes to the annual financial statements continued

for the year ended 31 March 2026

5. Long-term assets continued

5.2 Intangible assets continued

The goodwill in the Group is attributable to the goodwill that arose on acquisition of BCX in August 2015, and subsequent acquisitions made by BCX, including its acquisition of Dotcom Software Solutions (Pty) Ltd in December 2022.

Intangible assets that are material to the Group consist of software, trademarks and other, with an average remaining amortisation period is three years (31 March 2025: three years).

No other intangible asset apart from goodwill has been assessed as having an indefinite useful life.

Intangible assets under construction are included in the impairment testing for the Telkom, BCX and Openserve CGUs.

Finance charges of R57 million (31 March 2025: R48 million) for Group and R37 million (31 March 2025: R32 million) for Company were capitalised to property, plant and equipment and intangible assets in the current financial year.

Approximately R172 million (31 March 2025: R83 million) and R95 million (31 March 2025: R81 million) of additions relate to externally acquired intangible assets for the Group and the Company, respectively, while R637 million (31 March 2025: R632 million) relates to internal developments for the Group and R527 million (31 March 2025: R466 million) relates to internal developments for the Company.

Changes to the estimated useful lives of intangible assets resulted in a decrease in amortisation to the value of R10 million (31 March 2025: R19 million) for the Company and R21 million (31 March 2025: R25 million) for the Group. Refer to note 3.4.8 for details on the useful lives.

Where assets have become technologically obsolete or can no longer contribute towards the Group and Company's revenue-generating capacity, the assets are written off. The total write-off balance is not considered significant to the annual financial statements in the current or prior financial years.