

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

CONTINUED

for the year ended 31 May 2026

4 NON-FINANCIAL INSTRUMENTS CONTINUED

4.4 RIGHT-OF-USE ASSETS

Right-of-use assets are stated at cost less accumulated depreciation. Right-of-use assets are recognised at the date at which the leased asset is available for use by the Group. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Right-of-use assets are measured at cost, which includes the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, and an estimate of restoration costs, less any lease incentives received.

	Retail space R'000	Office space R'000	Warehouse space R'000	Motor vehicles R'000	Cell C network assets R'000	Total R'000
LEASE ASSETS						
YEAR ENDED 31 MAY 2026						
Opening balance	–	36 530	2 389	–	–	38 919
Additions	9 687	6 991	–	2 306	73 050	92 034
Acquisition of subsidiary	55 559	319 457	–	2 814	158 964	536 794
Depreciation	(8 714)	(29 222)	(1 434)	(712)	(15 957)	(56 039)
Disposal of subsidiary	(54 468)	(309 542)	–	(4 408)	(214 941)	(583 359)
Termination of leases	(2 064)	–	(955)	–	(1 116)	(4 135)
Closing balance	–	24 214	–	–	–	24 214
YEAR ENDED 31 MAY 2025						
Opening balance	–	38 669	3 823	–	–	42 492
Additions	–	23 986	–	–	–	23 986
Depreciation	–	(22 869)	(1 434)	–	–	(24 303)
Termination of leases	–	(3 256)	–	–	–	(3 256)
Closing balance	–	36 530	2 389	–	–	38 919

4.5 INVENTORIES

Inventories comprise prepaid airtime, handsets and other related products.

Inventories are stated at the lower of cost (net of rebates and discounts) or net realisable value. The cost of inventory is based on the weighted average cost basis. Net realisable value is the estimate of the selling price in the ordinary course of business, less selling expenses. Provisions are made for obsolete, unusable and unsaleable inventory and for latent damage first revealed when inventory items are taken into use or offered for sale. Where unused PINs have been recycled and included in inventory for resale, the Group recognises the inventory at no value.

	2026 R'000	2025 R'000
FINISHED GOODS		
Prepaid airtime	1 085 445	4 285 569
Handsets	178 897	305 513
Other*	41 445	74 138
	1 305 787	4 665 220

* Other inventory mainly consists of accessories, starter packs, consumables and gym equipment.

Inventories with a cost of R9.5 billion (2025: R10.4 billion) were sold during the year and have been charged to the income statement.

A general notarial bond is held by the Group's bankers over airtime up to R1.2 billion (2025: R3.6 billion) as security for facilities utilised.