

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

CONTINUED

for the year ended 31 May 2026

7 TAXATION CONTINUED

7.2 DEFERRED TAXATION

Deferred taxation is provided using the liability method for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes.

However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by year-end and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

	Capital allowan- ces R'000	PPAs and fair value gains* R'000	Provi- sions R'000	Tax losses R'000	Prepay- ments R'000	Unrealised foreign exchange differences R'000	Share Scheme R'000	Other** R'000	Total R'000
AT 31 MAY 2024	280 151	49 678	(33 995)	(102 834)	5 066	8 466	(3 590)	9 825	212 767
Charged/ (credited) to the income statement	(37 953)	(8 406)	(33 681)	3 236	683	(3 365)	(25 673)	(88 812)	(193 971)
AT 31 MAY 2025	242 198	41 272	(67 676)	(99 598)	5 749	5 101	(29 263)	(78 987)	18 796
Charged/ (credited) to the income statement	(45 657)	9 949	(59 296)	(61 095)	(2 431)	(8 098)	(9 993)	52 418	(124 203)
Charged to equity compensation benefit reserve	-	-	-	-	-	-	(7 310)	-	(7 310)
Acquisition of subsidiary	-	2 771 820	(537 084)	(2 024 752)	-	-	-	-	209 984
Disposal of subsidiary	(219 409)	(2 822 596)	588 993	2 096 754	165	-	2 166	16 150	(337 777)
AT 31 MAY 2026	(22 868)	445	(75 063)	(88 691)	3 483	(2 997)	(44 400)	(10 419)	(240 510)

* These relate to intangible assets included in note 4.2.

** Other deferred tax included the following:

- R21.2 million (2025: R28.6 million) deferred taxation liability in respect of contract revenue recognised in advance; and
- R29.3 million (2025: R20.6 million) deferred taxation asset in respect of income received in advance.

	2026 R'000	2025 R'000
DEFERRED TAX ASSET COMPRISES:		
Capital allowances	(40 481)	(292)
Purchase price allocations and fair value gains	–	(302)
Provisions	(77 813)	(109 414)
Tax losses	(88 691)	(99 598)
Prepayments	–	(214)
Unrealised foreign exchange differences	(2 997)	(1 883)
Share scheme	(44 400)	(29 263)
Other	(33 585)	(107 599)
Total deferred tax asset	(287 967)	(348 565)
DEFERRED TAX LIABILITY COMPRISES:		
Capital allowances	17 613	242 490
Purchase price allocations and fair value gains	445	41 574
Provisions	2 750	41 738
Prepayments	3 483	5 963
Unrealised foreign exchange differences	–	6 984
Other	23 166	28 612
Total deferred tax liability	47 457	367 361
The analysis of deferred tax assets and deferred tax liabilities is as follows:		
Deferred tax assets		
Deferred tax assets to be recovered after more than 12 months	(97 549)	(58 681)
Deferred tax assets to be recovered within 12 months	(161 907)	(145 871)
Net deferred tax asset	(259 456)	(204 552)
Deferred tax liabilities		
Deferred tax liabilities to be recovered after more than 12 months	18 654	39 861
Deferred tax liabilities to be recovered within 12 months	292	183 487
Net deferred tax liability	18 946	223 348

Where deferred tax assets have been recognised in respect of entities which have incurred losses in the current or prior years, a formal process of assessment of the future profitability of the entity has been performed based on detailed budgets and cash flow forecasts. As a result, management believes that the current tax losses will be utilised within one to five years.

Deferred tax assets are recognised for tax losses carried forward to the extent that the realisation of the related tax benefit through future taxable profits is probable. The Group did not recognise deferred income tax assets of R734.6 million (2025: R59.6 million) in respect of losses amounting to R2.7 billion (2025: R224.1 million) that can be carried forward against future taxable income.

There is no withholding tax that would be payable on any dividends received from the Group's equity-accounted associates and joint ventures and therefore no deferred tax has been raised in this regard.