

3.6 LEASES

The Group leases various offices and warehouses. Rental contracts are typically concluded for fixed periods of one to five years but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. 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.

Lease liabilities are initially measured at the present value of the lease payments discounted using the interest rate implicit in the lease. Lease payments include fixed payments and variable lease payments that depend on an index or rate.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions. To determine this rate, the Group, where possible, uses recent third-party financing received, adjusted to reflect changes in circumstances and financing conditions since financing was obtained.

Payments associated with short-term leases (12 months or less) and leases of low-value assets (less than R50 000) are recognised on a straight-line basis as an expense in profit or loss.

The fair value of the lease liabilities approximates their carrying amounts as they are calculated using market-related inputs

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

CONTINUED

for the year ended 31 May 2026

3 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT CONTINUED

3.6 LEASES CONTINUED

CRITICAL ACCOUNTING JUDGEMENTS AND ASSUMPTIONS

The term of a lease includes periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option. The Group did not take into account renewals in the majority of leases as there is material uncertainty as to whether the option to renew will be exercised. Material uncertainty arises in cases where BLU is not locked into renewals, alternative leasing arrangements are available and there is no firm commitment or formal decision to renew.

	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 LIABILITIES						
YEAR ENDED 31 MAY 2026						
Opening balance	–	43 973	2 971	–	–	46 944
Increase in liabilities	8 937	6 363	–	2 039	64 295	81 634
Acquisition of subsidiary	61 263	357 748	–	3 070	1 693 108	2 115 189
Interest expense	3 613	26 065	263	239	66 639	96 819
Repayments	(11 197)	(44 657)	(2 134)	(652)	(803 455)	(862 095)
Disposal of subsidiary	(60 552)	(358 144)	–	(4 696)	(693 168)	(1 116 560)
Lease modifications	–	–	–	–	(326 303)	(326 303)
Termination of leases	(2 064)	–	(1 100)	–	(1 116)	(4 280)
Closing balance	–	31 348	–	–	–	31 348
Included in non-current liabilities	–	19 527	–	–	–	19 527
Included in current liabilities	–	11 821	–	–	–	11 821
YEAR ENDED 31 MAY 2025						
Opening balance	–	46 570	4 325	–	–	50 895
Increase in liabilities	–	23 986	–	–	–	23 986
Interest expense	–	5 524	439	–	–	5 963
Repayments	–	(28 567)	(1 793)	–	–	(30 360)
Termination of leases	–	(3 540)	–	–	–	(3 540)
Closing balance	–	43 973	2 971	–	–	46 944
Included in non-current liabilities	–	35 253	1 298	–	–	36 551
Included in current liabilities	–	8 720	1 673	–	–	10 393