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.

	2025 R'000	2024 R'000
Finished goods		
Prepaid airtime	**4 285 569**	4 003 623
Handsets	**305 513**	262 883
Other*	**74 138**	142 505
	4 665 220	4 409 011

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

Inventories with a cost of R10.4 billion (2024: R11.0 billion) were sold during the year and have been charged to the income statement.

Included in the above balances are provisions for obsolete, unusable and unsalable inventory and for latent damage to the value of Rnil (2024: Rnil).

Restricted inventory

As at year-end, TPC has repurchased all of the restricted inventory.

Of the 2024 carrying value of inventory, R523 million was restricted as it was held by the funders under the airtime sale and repurchase agreements which form part of TPC's borrowings in connection with the Cell C recapitalisation as discussed in note 2. As a result of TPC's repurchase obligation, the airtime inventory that was sold to the funders was recognised as TPC's inventory, and the repurchase obligation was recognised as borrowings. As airtime inventory is repurchased it becomes unrestricted and is available to be sold.