Notes to the financial statements continued

for the year ended 31 March 2024

6. Financing structure and commitments continued

6.4 Interest-bearing debt continued

	Group		Company	
	31 March 2024 Rm	Restated[1] 31 March 2023 Rm	31 March 2024 Rm	Restated[1] 31 March 2023 Rm
Total interest-bearing debt is made up as follows:	**14 217**	14 356	**14 217**	14 356
(a) Local debt	**14 217**	14 256	**14 217**	14 256
Telkom debt instruments	**14 217**	14 256	**14 217**	14 256
Name, maturity, rate p.a., nominal value				
TL25, 2024, 9.57% (fixed)	**835**	835	**835**	835
TL26, 2024, 10.367%	**400**	400	**400**	400
TL27, 2023, 8.908%	**–**	500	**–**	500
TL28, 2025, 9.28% (fixed)	**1 000**	1 000	**1 000**	1 000
TL29, 2025, 10.24%	**500**	500	**500**	500
TL30, 2024, 9.810%	**877**	877	**877**	877
TL31, 2026, 10.020%	**623**	623	**623**	623
TL32, 2027, 10.017%	**1 000**	1 000	**1 000**	1 000
TL33, 2033, 10.4%	**700**	700	**700**	700
Export Credit Agency (ECA) loan, 2029 - 2033, 10.00% - 10.22%	**3 667**	1 586	**3 667**	1 586
Export Credit Risk Agreement – insurance premium (unamortised cost)	**(167)**	(72)	**(167)**	(72)
Other loans, 2025 - 2030, 8.65% - 9.45%	**4 613**	6 129	**4 613**	6 129
Accrued interest	**169**	178	**169**	178
Total interest-bearing debt is made up of R14 217 million debt at amortised cost (31 March 2023: R14 356 million) for the Group and for the Company. Finance costs accrued on debt are included in interest-bearing debt. Other loans have maturities ranging from 2025 to 2030. The ECA loan is repayable quarterly and has maturities ranging from 2029 to 2033. The floating debts are priced based on the three-month JIBAR plus a margin.				
(b) Foreign debt	**–**	100	**–**	100
Telkom				
Maturity, rate p.a., nominal value				
Euro, 2023 - 2025, 0.14% (Euro 5.1 million)	**–**	100	**–**	100
Included in non-current and current debt is:				
Debt guaranteed by the South African Government	**–**	100	**–**	100

[1] *R680 million of the non-current portion and R113 million of the current portion of interest-bearing debt was incorrectly classified as foreign debt as at 31 March 2023. The loan is granted and repaid in South African rand and therefore has been restated accordingly as local debt. This has no impact on the statement of financial position and only impacts the disclosure within the notes.*

During the year, R9 363 million (31 March 2023: R25 970 million) debt was raised for the Group and the Company. R9 513 million (31 March 2023: R23 650 million) debt was repaid for the Group and for the Company.

The Company may issue or reissue locally registered debt instruments in terms of the Post Office Amendment Act, 85 of 1991. The borrowing powers of the Company are set out as per note 4.4.

Interest-bearing debt

Interest-bearing debt is at amortised cost, and finance costs accrued on debt are included in interest-bearing debt. The debt is unsecured but limits the Group's ability to create encumbrances on revenue or assets and secure any indebtedness without securing the outstanding debts equally and rateably with such indebtedness.

Notes to the financial statements continued

for the year ended 31 March 2024

6. Financing structure and commitments continued

6.4 Interest-bearing debt continued

Debt covenants applicable to Telkom loans require the following for the Group:

- Net debt to EBITDA of 3:1
- EBITDA to finance charges of at least 3.5:1

As at 31 March 2024, Telkom's net debt to EBITDA ratio was 1.7x (31 March 2023: 1.8x) and finance charges cover 5.2x (31 March 2023: 10.3x). As at 31 March 2024, Telkom's net debt to EBITDA ratio, excluding lease liabilities, was 1.0x.

Telkom has complied with the financial covenants of its borrowing facilities during the 2024 reporting period.

Repayments/refinancing of the current portion of interest-bearing debt
The repayment of the current portion of interest-bearing debt of R2 682 million (31 March 2023: R2 357 million) for the Company and for the Group as at 31 March 2024 is expected to be repaid from available cash, operational cash flow or the issue of new debt instruments. Management believes that sufficient funding facilities will be available at the date of repayment.

6.5 Provisions

Significant accounting judgements, estimates and assumptions
Estimates are made of legal or constructive obligations resulting in the raising of provisions, and the expected date of probable outflow of economic benefits to assess whether the provision should be discounted. Liabilities provided for legal matters require judgements regarding projected outcomes and ranges of losses based on historical experience and recommendations of legal counsel. Litigation is however unpredictable and actual costs incurred could differ materially from those estimated at the reporting date.

	Group		Company	
	31 March 2024 Rm	31 March 2023 Rm	**31 March 2024 Rm**	31 March 2023 Rm
Non-current provisions	**336**	368	**294**	332
Non-current employee-related provisions	**280**	321	**273**	313
Subsidiary defined benefit plans (refer to note 10.4 for reconciliation of the opening balance to closing balance)	**7**	8	**–**	–
Telephone rebates (refer to note 10.5 for the reconciliation of the opening to closing balance)	**273**	313	**273**	313
Non-current non-employee-related provisions				
Other	**56**	47	**21**	19
Current provisions	**1 093**	1 893	**214**	559
Current portion of employee-related provisions	**795**	1 544	**183**	536
Annual leave	**423**	499	**62**	82
Balance at the beginning of the year	**499**	454	**82**	276
Charged to employee expenses	**(62)**	74	**(20)**	3
Leave provision moved to Openserve (Pty) Ltd	**–**	–	**–**	(199)
Trudon leave take-on balance	**–**	–	**–**	2
Leave paid/utilised	**(14)**	(29)	**–**	–
Telephone rebates (refer to note 10.5 for the reconciliation of the opening to closing balance)	**43**	43	**43**	43
Bonus, termination packages and other benefits	**329**	1 002	**78**	411
Balance at the beginning of the year	**1 002**	633	**411**	456
Charged to employee expenses	**373**	1 060	**130**	506
Bonus provision moved to Openserve (Pty) Ltd	**–**	–	**–**	(123)
Payments made	**(1 046)**	(691)	**(463)**	(428)
Current portion of non-employee-related provisions				
Other	**298**	349	**31**	23

Annual leave
In terms of the Group's policy, employees are entitled to accumulate vested leave benefits not taken within a leave cycle to a cap of 22 - 30 days (31 March 2023: 10 - 30 days), which must be taken within a 12 - 18 months (31 March 2023: 6 - 19 months) leave cycle. The leave cycle is reviewed annually and is in accordance with legislation.