Notes to the annual financial statements continued

for the year ended 31 March 2026

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 2026, Telkom's net debt to EBITDA ratio was 0.5:1 (31 March 2025: 0.7:1) and EBITDA to finance charges was 12.8:1 (31 March 2025: 6.6:1). As at 31 March 2026, Telkom's net debt to EBITDA ratio, excluding lease liabilities, was -0.1:1.

Telkom has complied with the financial covenants of its borrowing facilities during the 2026 reporting period.

Repayments/refinancing of the current portion of interest-bearing debt
The repayment of the current portion of interest-bearing debt of R2 069 million (31 March 2025: R2 249 million) for the Company and for the Group as at 31 March 2026 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 of 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 from legal counsel.

	Group		Company	
	31 March 2026 Rm	31 March 2025 Rm	**31 March 2026 Rm**	31 March 2025 Rm
Non-current provisions	**366**	381	**332**	337
Non-current employee-related provisions	**322**	334	**316**	327
Subsidiary defined benefit plans (refer to note 10.4 for the reconciliation of the opening to closing balance)	**6**	7	**—**	—
Telephone rebates (refer to note 10.5 for the reconciliation of the opening to closing balance)	**316**	327	**316**	327
Non-current non-employee-related provisions				
Other	**44**	47	**16**	10
Balance at the beginning of the year	**47**	56	**10**	21
Charged to statement of profit or loss and other comprehensive income	**3**	7	**—**	—
Remeasurements	**(6)**	(16)	**6**	(11)
Current provisions	**1 579**	1 501	**545**	479
Current portion of employee-related provisions	**1 308**	1 229	**506**	440
Annual leave	**411**	424	**68**	74
Balance at the beginning of the year	**424**	423	**74**	62
Charged to employee expenses	**(2)**	27	**(6)**	12
Leave paid/utilised	**(11)**	(26)	**—**	—
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	**854**	762	**395**	323
Balance at the beginning of the year	**762**	329	**323**	78
Charged to employee expenses (refer to note 3.4.3)	**863**	988	**373**	353
Payments made	**(771)**	(555)	**(301)**	(108)
Current portion of non-employee-related provisions				
Other	**271**	272	**39**	39
Balance at the beginning of the year	**272**	298	**39**	31
Charged to statement of profit or loss and other comprehensive income	**39**	75	**20**	—
Remeasurements	**(40)**	(101)	**(20)**	8

Annual leave

In terms of the Group's policy, employees are entitled to accumulate vested leave benefits not taken within a leave cycle, up to a cap of 22 - 30 days (31 March 2025: 22 - 30 days), which must be taken within a 12 - 19 month (31 March 2025: 12 - 19 month) leave cycle. The leave cycle is reviewed annually and is in accordance with legislation.

Notes to the annual financial statements continued

for the year ended 31 March 2026

6. Financing structure and commitments continued

6.5 Provisions continued

Bonus

The bonus scheme consists of performance bonuses which are dependent on the achievement of certain financial and non-financial targets. The bonus is payable annually to all qualifying employees after the Group's results have been made public, with a 14th cheque payable to a certain group of employees.

Non-employee-related provisions

Other provisions relate to restoration provisions, contingent consideration on the acquisition of Dotcom Software Solutions (Pty) Ltd and other general provisions.

6.6 Finance charges paid

	Group		Company	
	31 March 2026 Rm	31 March 2025 Rm	**31 March 2026 Rm**	31 March 2025 Rm
Finance charges paid	**(1 518)**	(2 023)	**(1 311)**	(1 876)
Finance charges and fair value movements per statement of profit or loss and other comprehensive income	**(1 608)**	(1 999)	**(1 359)**	(1 859)
Non-cash items	**90**	(24)	**48**	(17)
Movements in interest accruals and interest on uncertain tax provisions	**(81)**	(45)	**(81)**	(46)
Finance costs capitalised (refer to note 6.2)	**(57)**	(48)	**(37)**	(31)
Hedging costs	**133**	75	**108**	38
Fair value adjustment	**(5)**	11	**—**	—
SARS Voluntary Disclosure Programme adjustment	**—**	10	**—**	10
Foreign exchange loss/(gain)	**100**	(27)	**58**	12

The Group classifies interest paid as cash flow from operating activities.

6.7 Commitments

6.7.1 Capital commitments

	Group		Company	
	31 March 2026 Rm	31 March 2025 Rm	**31 March 2026 Rm**	31 March 2025 Rm
Capital commitments authorised	**9 748**	7 475	**5 700**	3 733
Commitments against authorised capital expenditure	**1 204**	3 562	**615**	2 701
Authorised capital expenditure not yet contracted	**8 544**	3 913	**5 085**	1 032

Capital commitments comprise commitments for property, plant and equipment and intangible assets.

Management expects these commitments to be financed from internally generated cash and borrowings.

The increase in authorised capital expenditure not yet contracted for Group and Company is mainly due to the higher capex budget to improve network infrastructure. The reduction in commitments against authorised capital expenditure is due to the completion of the three-year mobile network project commenced in the 2024 financial year.

6.7.2 Lease commitments

	Group		Company	
	31 March 2026 Rm	31 March 2025 Rm	**31 March 2026 Rm**	31 March 2025 Rm
Future payments on leases committed but not yet commenced	**359**	10	**359**	10

The increase in future payments on leases committed but not yet commenced is mainly due to lease renewals signed in the current year for leases commencing on and after 1 April 2026.