NOTES TO THE COMPANY ANNUAL FINANCIAL STATEMENTS CONTINUED

for the year ended 31 May 2025

10. TRADE AND OTHER PAYABLES

For details regarding the accounting policy refer to note 5.

These amounts represent liabilities for goods and services provided to BLT prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 60 days of recognition.

	2025 R'000	2024 R'000
Financial instruments		
Trade payables	**52**	17
Accrued expenses	**1 350**	2 031
	1 402	2 048

The fair value of the trade and other payables approximates their carrying amounts due to being payable in the short term.

11. FINANCIAL GUARANTEE CONTRACTS

Accounting policy

BLT elects on a contract by contract basis to apply IFRS 9 and IFRS 7 to financial guarantee contracts and not IFRS 17. Financial guarantee contracts are recognised at fair value on the date that BLT becomes a party to an irrevocable commitment. Financial guarantee contracts are subsequently stated at the higher of the amount determined by the ECL model and the amount initially recognised. Any difference between the redemption value guarantee obligation and the amount paid is recognised in the income statement. The fair value of financial guarantees is determined based on the present value of the difference in cash flows between the contractual payments required under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations. Any difference between the redemption value guarantee obligation and the amount paid is recognised in the statement of profit or loss.

FINANCIAL GUARANTEE CONTRACTS RECOGNISED	2025 R'000	2024 R'000
Financial guarantee to Dark Fibre Africa (SPV5)	**39 060**	86 844

The fair value of financial guarantee contracts approximates their carrying amount because the ECL takes into account a market related discount factor.

Pledges, guarantees and sureties

BLT has pledged securities to The Prepaid Company Proprietary Limited (TPC) in relation to TPC's General Banking Facility and Revolving Credit Facility (working capital loan facilities) and TPC's term Facility. At year-end the TPC working capital loan facility amounted to R1.160 billion (2024: R1.240 billion), of which R1.160 billion (2024: R1.161 billion) had been utilised. At year-end TPC's Term Facility amounted to R311 million (2024: Rnil).

- The balance of TPC's General Banking and Revolving Credit Facility are payable in March 2027. The balance of TPC's Term Facility is payable in September 2026.
- The following debt covenants applied to TPC's the General Banking Facility, Revolving Facility A and Term Facility with Investec Bank, Rand Merchant Bank and Future Growth:
  - Total consolidated debt to adjusted consolidated EBITDA ratio must be less than a stipulated decreasing ratio at each measurement period, from 2.75 times at 31 May 2025 to 2.5 times at 31 August 2025; and
  - BLT's market capitalisation must exceed R3 billion.

The Group has not been in breach in respect of these covenants.

BLT and certain Group companies has pledged the following securities in respect of this facility:

- A general covering pledge, cession and security over the assets of BLT;
- A general notarial bond over all the moveable assets of BLT limited to R4.75 billion;
- Cession and Securitatem Debiti by certain Group companies of all of their incorporeal moveable assets and claims;
- A counter indemnity issued by certain Group companies indemnifying the lenders against any loss that they may suffer as a result of enforcing their rights;
- A Cession in Securitatem Debiti by certain Group companies in favour of the lenders as a result of the lenders invoking revisionary and/or principal rights which they may have against any entity guaranteeing the principal debt owed by TPC; and
- A Subordination by BLT and its subsidiaries of any and all inter-group claims which each may have against the other, in favour of debt and/or obligations owed by any of them to lenders.

BLT has issued a company cross-suretyship in favour of FirstRand Bank Limited amounting to R31.9 million (2024: R31.9 million) for the joint and several obligations of the following subsidiary companies to FirstRand Bank Limited:

- The Prepaid Company Proprietary Limited (TPC) – R20.6 million
- Cigicell Proprietary Limited – R5.5 million
- Blue Label Distribution Proprietary Limited – R5.125 million
- Blue Label Data Solutions Proprietary Limited – R175 000
- Blue Label Connect Proprietary Limited – R500 000

The cross-suretyship of R31.9 million (2024: R31.9 million) relates to an overdraft facility amounting to R19.85 million, credit card facilities of R1.050 million, R11 million for settlement payment facilities and R11 million pre-settlement payment facilities for FEC hedging. Management assessed the likelihood of the guarantees being called as remote, and therefore no liability was recognised in the current or prior year.

BLT issued guarantees to the value of R250 million (2024: R250 million) relating to Comm Equipment Company Proprietary Limited's (CEC) facility with African Bank, R75 million (2024: R75 million) relating to CEC's facility with a supplier and R28 million (2024: R2 million) to other Group suppliers. Management assessed the likelihood of the guarantees being called as remote, and therefore no liability was recognised in the current or prior year.

11. FINANCIAL GUARANTEE CONTRACTS continued

Accounting policy continued

Financial guarantee to Dark Fibre Africa (SPV5)

In 2022, a debt owed by Cell C to a lessor was transferred to a newly established special purpose vehicle (SPV5) in exchange for a 10% shareholding in Cell C, which remains SPV5's sole asset. BLT issued a guarantee in favour of the lessor for the repayment of this debt, while TPC committed to providing R275 million ("repayment amount") in funding to SPV5 in exchange for a claim of R699 million in SPV5, enabling it to meet its repayment obligations. The debt will be settled in tranches over the period from 31 December 2024 to 31 December 2026.

Exposure to credit risk

The financial guarantee contracts expose BLT to credit risk, being the risk that BLT will incur financial loss if guaranteed parties fail to make payments as they fall due.

The credit loss allowances for financial guarantee contracts are determined in accordance with the impairment provisions of 'IFRS 9 *Financial Instruments*', which requires a loss allowance to be recognised for all exposures to credit risk. The loss allowance for financial guarantee contracts is calculated based on 12-month expected losses if the credit risk has not increased significantly since initial recognition. In cases where the credit risk has increased significantly since initial recognition, the loss allowance is calculated based on lifetime ECLs. The loss allowance is updated to either 12-month or lifetime ECLs at each reporting date based on changes in the credit risk since initial recognition. If an exposure is considered to have a low credit risk at the reporting date, then it is assumed that the credit risk has not increased significantly since initial recognition. On the other hand, if the underlying loan is in arrears more than 90 days, then it is assumed that there has been a significant increase in credit risk since initial recognition.

In determining the amount of ECLs, BLT has taken into account any historic default experience, the financial positions of the counterparty as well as the future prospects in the industries in which the counterparty operates.

There has been no change in the estimation techniques or significant assumptions made during the current year.

The maximum exposure to credit risk is the carrying amount of the loans subject to guarantee as presented below.

Credit rating framework

For purposes of determining the credit loss allowances on the financial guarantee exposure to credit risk is linked to the credit risk of another counterparty (TPC).

SPV5 financial guarantee liability	**2025**	2024
Lifetime ECL% of TPC (%)	**22.32**	31.58
Carrying value (R'000)	**39 060**	86 844

Credit loss allowances

The following table sets out the loss allowance and measurement basis of ECLs for financial guarantee contracts by credit rating grade:

2025	Basis of loss allowance	Loss allowance R'000	Carrying amount of financial guarantee contract R'000
Financial guarantee to Dark Fibre Africa (SPV5)*	Lifetime ECL (credit impaired)	**39 060**	**39 060**
2024			
Financial guarantee to Dark Fibre Africa (SPV5)*	Lifetime ECL (credit impaired)	86 844	86 844

* The carrying amount represents the maximum exposure to credit risk which is linked to the credit risk of The Prepaid Company.

Reconciliation of loss allowances

The following table shows the movement in the loss allowance for financial guarantee contracts:

	2025 R'000	2024 R'000
Opening balance	**86 844**	40 238
(Reversal)/increase in loss allowance recognised in profit or loss during the year	**(47 784)**	46 606
Closing balance	**39 060**	86 844

12. REVENUE

Accounting policy

Revenue comprises dividends received from companies within the BLT Group. Dividends received is recognised in revenue in profit or loss when BLT's right to receive payment is established.

	2025 R'000	2024 R'000
Revenue other than from contracts with customers		
Dividends received	**109 911**	418 453

13. OPERATING PROFIT/(LOSS)

Operating profit/(loss) is arrived at after including the following:

	Notes	2025 R'000	2024 R'000
The following has been charged/(credited) in arriving at operating profit/(loss):			
Audit fees		**354**	335
Consulting fees		**11 055**	5 509
Depreciation		**—**	6
Legal expenses		**1 807**	257
Secretarial fees		**1 771**	1 542
(Reversal)/increase in expected credit loss (ECL), arising from the application of IFRS 9, comprise the following:			
ECL movement on loans	6	**(224 457)**	371 935
ECL movement on financial guarantees	11	**(47 784)**	46 606
		(272 241)	418 541