NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS
CONTINUED

for the year ended 31 May 2024

3. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT continued
3.4 Financial liabilities continued
3.4.2 Borrowings

	2024 R'000	2023 R'000
Interest-bearing borrowings	**4 075 531**	4 070 401
Non-interest-bearing borrowings	**719**	2 719
	4 076 250	4 073 120
Amounts included in non-current portion of borrowings	**2 910 060**	1 842 765
Amounts included in current portion of borrowings	**1 166 190**	2 230 355
Categories of borrowings:		
Airtime sale and repurchase obligations	**474 831**	988 245
Class A Preference Shares	**180 254**	172 107
Facilities	**3 411 018**	2 902 722
Other third-party borrowings	**10 147**	10 046
Total borrowings	**4 076 250**	4 073 120

	Airtime sale and repurchase obligations			Class A Preference Share*
	From lenders R'000	From other third parties R'000	Total R'000	R'000
Opening balance as at 1 June 2023	**857 319**	**130 926**	**988 245**	**172 107**
Long-term borrowings raised	**260 870**	**—**	**260 870**	**—**
Interest expense	**249 616**	**15 944**	**265 560**	**28 829**
Gain on modification of financial liability	**—**	**—**	**—**	**(20 682)**
Repayments	**(892 974)**	**(146 870)**	**(1 039 844)**	**—**
Closing balance as at 31 May 2024	**474 831**	**—**	**474 831**	**180 254**
Amounts included in current portion of borrowings	**474 831**	**—**	**474 831**	**10 567**
Amounts included in non-current portion of borrowings	**—**	**—**	**—**	**169 686**
Effective interest rate (%) (2023 airtime sale and repurchase)	**40.40**	**25.75**		**11**
Effective interest rate (%) (2024 airtime sale and repurchase)	**14.60**	**—**		**—**

* The preference dividends are indexed to 15% of the 'upside' realised by TPC on the debt funding to Cell C (refer to "Loans to Cell C" in note 2.1.1). The liability has been modified for the change in expectations of the future dividends payable based on the updated expectation of the future cash flows related to the debt funding.

TPC borrowings – from lenders and Class A Preference Share

The 2023 airtime sale and repurchase from lenders represents a financing transaction, with the airtime as security, together with the issue of the Class A and Class B Preference Shares, which provide the lenders with additional compensation for their risk. As such the amount of borrowings was attributed to these three elements at their respective fair values. Refer to note 3.5 for further details on the accounting treatment of the Class B Preference Shares.

The 2024 airtime sale and repurchase from lenders represents a financing transaction, with the airtime as security.

The 2023 and 2024 airtime sale and repurchase loans, and the Class A Preference Shares were recognised initially at their fair values less transaction costs and have been accounted for as financial liabilities at amortised cost. Given that the indexation of the cash flows under the Class B Preference Shares to a 5% shareholding in Cell C results in them containing an embedded derivative which would otherwise need to be stripped out and accounted for separately, the Class B Preference Shares have been designated to be financial liabilities at fair value through profit or loss.

TPC borrowings – from other third parties

The airtime sale and repurchase from a third party represents a financing transaction, with the airtime as security.

The airtime sale and repurchase loan was recognised initially at its fair value less transaction costs and has been accounted for as a financial liability at amortised cost.

Credit facilities

	Facility utilised	
Facility	**2024 R'000**	2023 R'000
General banking facility – Investec	**293 018**	70 722
General banking facility – RMB	**128 000**	32 000
Revolving Facility A – RMB	**660 000**	660 000
Revolving Facility B – Investec	**80 000**	240 000
Transaction Facility – RMB	**350 000**	—
African Bank	**1 900 000**	1 900 000
Total borrowings	**3 411 018**	2 902 722

For terms of these facilities, refer to note 3.2.2.

The Group did not default on any loans or breach any terms of the underlying agreements during the year.

The fair value of the borrowings approximates their carrying amounts due to these balances bearing interest at market related rates.

Changes in liabilities arising from financing activities

	Borrowings due within one year R'000	Borrowings due after one year R'000	Total R'000
Opening balance as at 1 June 2022	2 094 000	474 471	2 568 471
Acquisition of subsidiaries interest-bearing borrowings	12 672	—	12 672
Acquisition of subsidiaries non-interest-bearing borrowings	2 000	—	2 000
Movement between current and non-current	(156 964)	156 964	—
Loan forgiveness	—	(2 778)	(2 778)
Loan modification	—	(7 047)	(7 047)
Interest-bearing borrowings raised	701 479	1 207 966	1 909 445
Interest accrued on interest-bearing borrowings	630 221	13 189	643 410
Interest-bearing borrowings capital repaid	(422 832)	—	(422 832)
Interest-bearing borrowings interest repaid	(630 221)	—	(630 221)
Closing balance as at 31 May 2023	2 230 355	1 842 765	4 073 120
Movement between current and non-current	**917 027**	**(917 027)**	**—**
Loan modification	**—**	**(20 682)**	**(20 682)**
Interest-bearing borrowings raised	**691 515**	**1 976 174**	**2 667 689**
Interest accrued on interest-bearing borrowings	**805 762**	**28 830**	**834 592**
Interest-bearing borrowings capital repaid	**(2 674 283)**	**—**	**(2 674 283)**
Interest-bearing borrowings interest repaid	**(804 186)**	**—**	**(804 186)**
Closing balance as at 31 May 2024	**1 166 190**	**2 910 060**	**4 076 250**